Annual Report 2022

James Fisher and Sons plc
Pioneering Sustainably

HARNESSING THE BLUE ECONOMY

Energy

Defence

Marine

Welcome

We are a global group of marine engineering businesses. Together, we enable seismic shifts in the way the world generates power, protects natural resources and transports goods.

Energy

Defence

Marine

In this Annual Report we report on the progress we made in 2022 in returning to sustainable, profitable growth.

Our Strategic report

How our business performed in delivering against our strategic priorities in 2022.

See our Strategic report from **page 02**

Our Corporate Governance report

How we are managed and take decisions, including our report on Directors' remuneration.

See our Corporate Governance report from **page 74**

Our Financial statements

Detailed information on our finances, as well as information for shareholders and readers of this Annual Report.

See our Financial statements from **page 116**

OUR DIVISIONS

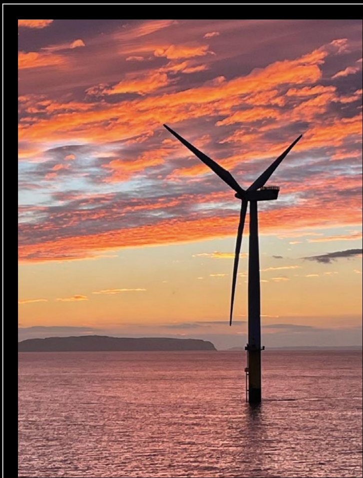
We have four reporting divisions that bring together companies in the Group that have complementary products, services and areas of expertise. Together, these divisions serve the energy, defence and marine markets.

OUR CULTURE

We encourage a culture of innovation, creativity and opportunity. We use the insight from our engagement surveys to guide the actions we take to ensure the best people want to join, stay and grow their careers with us.

MARKET PRESENCE

Our global footprint represents the diverse range of customers and markets we serve. Our network of Group company facilities, partners, agents and support bases means we can deliver flexible, highly responsive and localised support to our customers, wherever they need it.



SUSTAINABILITY AT OUR CORE

Sustainability is integral to everything we do so it's reflected in our purpose. Our sustainability strategy puts all our stakeholders at the heart of what we do and how we choose to work.

Inside this report

We are James Fisher and Sons plc

PIONEERING SAFE AND TRUSTED SOLUTIONS TO COMPLEX PROBLEMS IN HARSH ENVIRONMENTS TO CREATE A SUSTAINABLE FUTURE.

We are a responsible custodian of oil and gas service delivery and pioneer solutions for renewable energy.

2.2GW
of monitored and managed offshore substation assets

An essential and innovative provider of subsea security and defence in an increasingly fragmented and complex world.

30
of the world's Navies are served by us

A long-standing UK ship operator.

175
years working at sea

Always guided by our values:

PIONEERING SPIRIT

We respond innovatively to our customers' current and future needs. We think creatively and challenge conventional thinking.

INTEGRITY

We do the right thing. We treat others as we'd like to be treated, listening respectfully and speaking honestly. We build relationships based on trust and fairness.

ENERGY

We love what we do and take pride in our work – delivering exceptional results for our stakeholders. We are empowered to take the right decisions quickly.

RESILIENCE

We are accountable and courageous, facing into difficult situations. We are tenacious, seeking feedback to learn and develop.

At a glance

Guided by our purpose and valued behaviours, and inspired by the unlimited possibilities of the marine environment, our family of businesses enables seismic shifts in the way the world generates power, protects natural resources and transports goods.

WHO WE ARE

We have a long history. From our origins as a ship owner and operator 175 years ago, to our position today as a global provider of trusted marine engineering solutions.

Our highly skilled global team has deep domain expertise across our markets, enabling us to design and deliver solutions to the most demanding operational and technical challenges faced by our customers around the world.

Employees

2,367

Countries

18

WHAT WE DO

We help our customers solve operating challenges in the energy, marine, and defence markets. The services we offer include:

Energy

- **Oil and gas:** we support the full lifecycle of production from exploration, development and monitoring, to well productivity and decommissioning.
- **Renewables:** we partner with developers and operators to provide site preparation, installation support, commissioning and maintenance for offshore wind projects. We also provide marine life and environmental protection through big bubble barrier technology that reduces noise emissions.
- **Nuclear:** our services include new build, engineering concept design and testing, through to end-of-life decommissioning.

Defence

- We are a leader in the provision of submarine rescue and technical solutions, special operations and diving equipment for the global defence industry.

Marine

- We operate a fleet of chemical and product tankers, which mainly trade along the UK and northern Europe coastline as well as in the Caribbean islands. We also provide ships with technical and crew management services.
- As well as ship-to-ship transfer services of oil and liquefied natural gas (LNG), we offer mooring and fendering solutions.

WHY IT MATTERS

Global trends are driving demand across all three of our key markets.

Energy

2022 saw us enter a global energy crisis of unprecedented depth and complexity, exacerbated by Russia's invasion of Ukraine. Globally, we are navigating growing demand for energy, reduced supply, and increasing focus and investment in clean energy and efficiency. As a Group we are well positioned to play a responsible role in an evolving oil and gas sector as well as having the expert capabilities to support the accelerating investment in offshore wind around the globe.

Defence

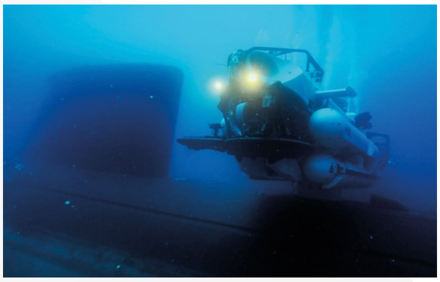
Driven by geopolitical tensions, the global defence market is estimated to be growing at a compound annual growth rate of 3–4% (2021 to 2028). With an expertise in submarine rescue and special operations, we play a critical role in the provision and in-service support of life support equipment which ensures the safety of those who dedicate their lives to protecting our maritime infrastructure.

Marine

As economic activity increased through 2022, so did demand in the maritime transport sector. We saw an increase in demand for ship-to-ship transfers of LNG.

» Read more on our markets on **page 13**

HIGHLIGHTS



Our achievements in 2022 will contribute to our future growth and demonstrate our ability to meet growing demand in our markets. Highlights include:

Energy

Alongside increased demand for renewable energy, there is a growing need for responsible practices and carbon capture projects to optimise extraction from old or uneconomical oil fields. Experts in artificial lift, RMSPumptools opened a new facility in Al Khobar, Kingdom of Saudi Arabia (KSA), to serve the Middle East oil and gas market.

Defence

JFD – diving, submarine and hyperbaric rescue expert – won the prestigious NATO Submarine Rescue System contract worth £63m. The 'Third In-Service Support' (3ISS) contract, sees JFD continuing to deliver safety critical operational assurance services to NSRS for the next five years with the potential to be extended to nine years.

Marine

Our Tankships division rebounded well in 2022 with robust performance driven by improved overall utilisation of 92% compared to 86% in 2021. Favourable market conditions led to improved earnings. Idle days were reduced by 47% YoY and time charter equivalent earnings for the coastal fleet improved YoY by 42%. Our STS operations, run by Fendercare, transported LNG with a market value of over $850m in 2022.

HOW WE WORK

Across our family of businesses we are united by our shared purpose and valued behaviours which guide how we work together and with all our stakeholders.

We work with courage and integrity by focusing on our customers' needs and empowering our people to find the right solutions and make the right decisions.

Safety comes first

We work in challenging, high-risk environments. Protecting our people, those who work with us and those who will be impacted by our activities, is our first priority. Any incident is one too many.

» Read more about our culture of safety on **page 50**

OUR HEADLINE FIGURES

Revenue – continuing operations (£m)

£478.1m

2021: £442.4m

Underlying operating profit – continuing operations* (£m)

£26.4m

2021: £28.0m

Profit/(loss) before tax – continuing operations (£m)

£14.5m

2021: £(28.9)m

Cash from operating activities (£m)

£44.5m

2021: £55.0m

Net borrowings (£m)

£185.8m

2021: £185.6m

» Read more on our key performance indicators on **page 12**

* Excludes adjusting items.

James Fisher uses alternative performance measures (APMs) to assess the underlying performance of the business. An explanation of APMs is set out in Note 2 of the financial statements and explanation and reconciliation.

Chairman's review

The Company I joined in 2021 faced several strategic and operational challenges. It was a portfolio of diverse businesses which lacked either synergies or a common Company purpose; it had an overly leveraged Balance Sheet, a complicated organisational structure and a lack of operational focus and commercial control – all of which had contributed to the disappointing financial performance over the past couple of years. I am pleased to report that early progress has been made to address these challenges with a new leadership team in place and progress on refinancing our borrowing facilities to provide a stable platform for the Group.

Given our debt maturity profile, we had originally planned to refinance later in 2023. However, the technical restrictions and subsequent bank waiver relating to parent company guarantees on the disposal of James Fisher Nuclear accelerated this process. As announced on 26 April 2023, we have agreed terms on a new, secured, £210m revolving credit facility with our existing lenders. Conditions to be completed post-signing of the loan documentation relate to finalising security and some inter-bank arrangements. We anticipate that the refinancing will complete over the coming weeks.

These recent developments have led to a regrettable delay in the publication of our Results and Annual Report for 2022 for which we apologise. However, the business has performed well during the first quarter of 2023 with revenue and profit above our internal Budget and well ahead of the prior year.

Financial performance

After the three years, from 2019 to 2021, which saw the Company's underlying operating profit fall by 58%, to £28m, 2022 was a year of stabilisation.

Angus Cockburn

"We entered 2023 as a more streamlined company and with a new senior management team.

Revenues from our continuing operations grew year-on-year by 8.1% to £478.1m, reflecting growth in our Marine Support, Offshore Oil and Tankships divisions, which was partially offset by a disappointing year in our Specialist Technical division. Underlying operating profit from continuing operations is 5.7% below 2021 at £26.4m (2021: £28.0m) due to improved profitability across Marine Services, Tankships and Offshore Oil which was offset by significant profit falls in our Defence and Nuclear businesses, the latter of which is disclosed as a Discontinued Operation. Operating margins from continuing operations remained weak at 5.5% (2021: 6.3%) and improving our operational performance to increase margin is a key priority for the new leadership team going forward.

As noted last year, the poor performance of several past acquisitions has contributed to an increase in debt levels and a long-term decline in return on operating capital employed (ROCE)*, which fell to 3.6% in 2021. In 2022, ROCE improved to 3.9% which remains an unsustainably low level long-term. As a result, one of our priorities in 2022 was to dispose of non-core assets and reduce the level of the Group's leverage. I am pleased to report that we were successful in doing so. Three businesses were sold in December 2022, being the Mimic and Prolec businesses and the UK operations of Strainstall; and, subsequent to the year end, the Swordfish dive support vessel. All disposals were from the Marine Support division. The business sales in December raised £18.5m in proceeds, helping to reduce our net bank borrowings at the year end from £139.6m to £132.9m. The sale of the Swordfish vessel has reduced net debt further, by £20m, with these proceeds being received in January 2023.

We have continued to streamline and focus our portfolio and sold the Nuclear Decommissioning business in March 2023. This disposal will not reduce debt but will help the Company streamline its activities to improve our focus on our chosen end markets and will help to improve our operating margin. This refocusing of the portfolio will continue over the next couple of years.

I regret that, having not paid a dividend in 2021, we were unable to pay an interim dividend in 2022 and the Board is not recommending the payment of a final dividend for the year. I recognise the disappointment this will cause our shareholders, and I am committed to rectifying this, once circumstances permit.

A new CEO

Having joined the Company in 2019, Eoghan O'Lionaird stepped down as Chief Executive Officer (CEO) in early September and I would like to thank him for having steered us through a difficult period in the Company's history – not least including the challenges presented by the COVID-19 pandemic.

* ROCE is an APM. An explanation and reconciliation of APMs is set out in Note 2 of the financial statements.

His place as CEO was taken by Jean Vernet, whom I am delighted to welcome to the Board. Jean, who was most recently Chief Executive Officer of Smiths Group's largest division, John Crane, is an internationally experienced business leader with extensive energy sector knowledge and experience. His background is ideally suited to leading the turnaround of James Fisher and then positioning the Company to prosper in markets with growth potential where it has competitive advantage. I am delighted to see the injection of pace that Jean has brought and wish him every success not only with addressing the undoubted challenges that lie ahead but also steering the Company towards expansion in the future.

Reshaping the Company

Under Jean's leadership, we have embarked on reshaping the Company, to turn it from being a collection of disparate businesses into a group with a more coherent structure and purpose that is able to realise the synergies inherent in being part of James Fisher. This will take time and will require major organisational and cultural change over the coming years against a challenging backdrop in terms of balance sheet and operating environment. Pace is therefore critical and, from 1 January 2023, the Company has been reorganised into three new divisions which reflect our customer verticals, namely Energy, Defence and Maritime Transport. Each is now directed by a divisional leader, two of whom have been recruited externally. We believe this integration will make our businesses more understandable to customers and will enable us to capture operating efficiencies. We are well placed to take advantage of the energy transition, with businesses designed to support the growth of offshore wind farms and making traditional oil and gas operations more sustainable – including through safe decommissioning. We are world leaders in a number of specialist areas of marine and deep sea operations, both for defence and commercial sector clients.

We now have a number of key priorities. First, we have to turn around the Group's financial performance. Through improving profitability and asset utilisation we will reduce net debt and deliver a value enhancing return on capital employed. Central to this is focusing the portfolio on businesses with attractive end markets and competitive advantage – which means divesting businesses which fail to meet these criteria. Secondly, we will continue to simplify and prioritise the delivery of high quality products and services to our customers, while capturing the synergistic benefits of being part of James Fisher. Thirdly, we must improve execution across the Group through our business excellence programme, and finally we will create a clearer strategy for recruiting and developing talented employees. These actions will enable us to build a strong platform for future growth and allow our stakeholders to share in the benefits after disappointing recent financial and operational results.

We operate in some exciting growth markets described by Gunter Pauli in his book, 'The Blue Economy' as the "sustainable use of ocean resources for economic growth, improved livelihoods and jobs while preserving the health of the ocean ecosystem". Areas such as maritime transport and offshore oil and gas are already well established, while renewable energy in particular offers new opportunities over the longer term. We are already developing solutions to preserve the health of the ocean ecosystem, for example, our bubble curtain solution which protects sea life from the acoustic impact of constructing offshore windfarms.

Employees

In common with most businesses, James Fisher is dependent on the capability and commitment of its employees. We value our employees highly – they are the lifeblood of the Company – and the Board spends considerable time on Health and Safety, employee wellbeing and following up the results of the annual engagement survey. This year, in the face of the global challenges posed by increases in the cost of living, we also looked to support the most vulnerable of our employees with one-off payments, as well as weighting annual pay increases towards those earning the least. I am very grateful to all our employees for their resilience in difficult times and appreciate the hard work that is going into improving our operational and financial performance.

Conclusion

James Fisher has experienced a challenging few years is something of an understatement and any turnaround of the scale we are undertaking will take time and carries a degree of risk, meaning there will likely be bumps along the way. However, the energy and direction that the new leadership team, under Jean Vernet, has brought to the Company in only a few months gives the Board confidence that the challenges we face are being addressed at pace. We have identified the strategic priorities and execution is already underway. We entered 2023 as a more streamlined company with a new senior management team and a strategy for the future based around "Focus, Simplification and Delivery". We have made progress in refinancing our borrowing facilities to provide a stable financial platform from which to execute our plans.

I am confident that what we are setting out to achieve is right for James Fisher and its stakeholders, reflecting its DNA as a 175-year-old business built on the sea and its marine environment. Implementing our strategy and taking advantage of our position in a number of the growing markets of the "Blue Economy" should ensure a brighter future for James Fisher in the years to come.

Angus Cockburn
Chairman

An interview with Jean Vernet, Chief Executive Officer

Jean Vernet joined James Fisher as Chief Executive Officer on 5 September 2022. Jean has considerable experience working in global energy and technology sectors. Prior to joining James Fisher, Jean was Chief Executive Officer of Smiths Group's largest division, John Crane, driving growth across operations in over 50 countries.

Q. What was it that appealed to you about James Fisher?

A few thoughts immediately captured my imagination as soon as I engaged into discussions for the role. What struck me first was the passion our colleagues share for the sea, with its unbound possibilities, and the individual calling they have to make a difference through their personal contribution. Then, the towering legacy of a 175-year rich history, through which James Fisher has shown remarkable resilience, surviving so many drastic economic transformations and disruptive technology shifts, adapting to 'the next big thing', embracing novel business models and taking calculated risks to survive and rebound after many crises.

It is quite an honour to take the helm of the Company and having the chance to write the next chapter of the fascinating story together, driving James Fisher to its full potential. Talking of chapters, the very first thing I did to learn about James Fisher was to read, 'Around the Coast and Across the Seas – The Story of James Fisher' by Nigel Watson. It's a wonderful account of James Fisher's history from 1847 to 1997. There are not many companies that have their own history book!

FOCUS
SIMPLIFY
DELIVER

Q. What's been your highlight so far?

The employees of James Fisher are the highlight. They have grit, determination and a gripping passion for what they do. The pioneering spirit we talk about in our valued behaviours is innate and a culture trait that has enabled us to adapt through change. They have welcomed me to James Fisher and have been incredibly generous with their time and their knowledge. I don't take this for granted, and without it I would not have been able to learn about the business.

Q. What did you focus on for your first 90 days?

I spent my first 90 days visiting as many sites as I could around the globe and meeting customers and partners. I manage by walking around to see and hear what is going on; to talk to those on ships and in workshops and support offices is, for me, the only way to understand and feel what a business is truly like.

Q. Has anything surprised you?

The depth of 'guerrilla' innovation going on around the Group surprised me. It has the feel of a start-up, but at scale; I expected to see some level of innovation, but not as broadly as I found. Also, everywhere I went, the teams that were quite customer focused, engaging in understanding their needs and giving their best to serve in new and original ways; that often translates into inspirational feats of innovation and ingenuity. As a Group, if we can find some ways to harness this innovating culture and leverage it across broader markets, I can see we're going to unlock some incredible value.

Q. What makes you excited about the future for James Fisher?

I think James Fisher has many great opportunities ahead across our three customer verticals and that's reflected in many sections across this Annual Report. But, if I had to pick just one, it would be the energy transition. Because of the climate shift we are facing, renewable energy will grow exponentially to meet increasing energy demand. But, renewables will not be enough. All energy systems (oil, gas, natural gas, hydrogen, wind, solar) are interconnected and we need them all for some considerable future to meet the demand, especially in emerging markets. The key challenge is how do we best help any form of energy going forward to be sustainable, by being more efficient, less carbon intensive and environmentally less invasive. James Fisher has a lot to offer to the oil and gas and renewable energy markets to help solve this critical global challenge.

Q. How would you summarise your approach to change at James Fisher?

Our priority is to regain credibility by delivering on our commitments to stakeholders.

Our priorities in 2023 are to:

- **Focus:** we had already made a commitment to rationalise our portfolio of businesses and to be more 'asset light'. Our plan is to accelerate this. At the end of 2022 we agreed the sale of three businesses and our one remaining Dive Support Vessel.
- **Simplify:** we need to simplify all aspects in the ways we are working, by bringing clarity of purpose for the Company and making it easier to comprehend – for ourselves, for our customers and our stakeholders. We will drive this change in our mindsets and behaviours to ensure our actions deliver against our words and intent.
- **Deliver:** we created a Business Excellence function whose purpose is to transform every aspect of our activities and the ways we work, starting with senior leadership, how we plan our strategy, enhance customer focus, improve our core processes, share and integrate knowledge, and develop people. Over the next two years, our priority will be to work towards business excellence, with our immediate priorities focused on safety and environment, project management and employee engagement.

James Fisher has a lot to offer to the oil and gas and renewable energy markets to help solve this critical global challenge.

Jean Vernet
Chief Executive Officer

RECENT CAREER SUMMARY

2017 – 2022: Smiths Group plc
Chief Executive Officer, John Crane

2012 – 2017: Expro International Group Ltd
Chief Financial Officer

2010 – 2011: Grid Net Inc
Chief Financial Officer

2008 – 2010: FormFactor Inc
Chief Financial Officer

2007 – 2008: Rio Tinto Group
Director of Risk, Alcan

1996 – 2007: Schlumberger Ltd
Various financial and market-facing roles

Business model and strategy

STRATEGY

Our strategy is to focus on specific market sectors where we have, or can develop, a sustainable competitive advantage. United by our expertise as marine engineers, we focus specifically on the energy, defence and marine markets.

We intend to grow organically by leveraging our existing skills, technology and asset base in areas of specialist expertise and through investment in people, working capital, equipment, and a growing element of intellectual property. We are evolving our organisational structure to encourage the delivery of internal synergies that support the strategy and drive efficiencies. Our organic growth will be supported by selective acquisitions and partnerships that expand our product or service offering, or extend geographical coverage to strengthen our value proposition.

We operate in harsh and challenging environments where our specialist expertise in solving complex problems in response to customer needs is highly valued and rewarded. We pursue opportunities in market segments and geographies that are less mature and fast-growing where our track record in delivering safe and trusted solutions provides assurance to our customers. Our specialist capabilities create further possibilities to pursue adjacent market sectors and exploit integration opportunities to increase the value we create.

BUSINESS MODEL

Our strategic business model unites us through three key elements:

1. Our purpose and valued behaviours.
2. A sustainability strategy that puts our five core stakeholder groups at the centre of our decision-making.
3. Our focus on specific market sectors (energy, defence and marine markets) where we have, or can, develop a sustainable competitive advantage.

OUR CULTURE

The key element at the heart of delivering our strategy is, of course, our people. Our customer-focused, entrepreneurial culture encourages personal accountability and development through understanding customers' needs, overcoming the unique challenges of the environments in which we operate and supporting development and deployment of unique solutions focused on value creation for all our stakeholders through effective decision-making.

WHY INVEST IN US

After a difficult few years, we are seeking to deliver sustainable value for our shareholders by implementing a strategy focused on simplifying and focusing the Group, delivering growth, improved margins and enhanced ROCE, while making a positive impact.

Growing demand

Within each of our core markets there are substantial opportunities for growth. The disruption caused by Russia's invasion of Ukraine in 2022 has accelerated longer-term trends, driving increased focus across the globe on energy security, advancing the energy transition and increasing investment in defence. Our breadth of established capabilities mean we are well positioned to play a key role within traditional and new energy markets, transportation of critical supplies to smaller, regional hubs and keeping subsea defence workers safe. We anticipate additional opportunities to invest in less mature markets where our long-standing and proven experience can be applied.

VALUE FOR OUR STAKEHOLDERS

We identify with five core stakeholder groups: shareholders, employees, customers and suppliers, local communities and the environment. Their needs guide us when we are making decisions relating to Planet, People and Partnerships – the pillars of our Sustainability Strategy.

Planet

Transform and refocus our business to ensure our impact on the environment is net positive, and that we enable our stakeholders to do the same.

Focus areas

- Portfolio choices
- Resource efficiency
- GHG emissions

People

Attract, develop, and retain a high-performing workforce, and enhance people's lives by ensuring equal access to opportunities, providing purposeful and safe work, and promoting our core values where we operate.

Focus areas

- Top talent
- Diversity and inclusion
- Health, safety and security

Partnerships

Leverage our deep industry expertise and track record for excellence to innovate responsibly and deliver consistent, value generating results for our customers and shareholders.

Focus areas

- Innovation
- Customer engagement
- Governance

DELIVERING IMPROVED PERFORMANCE

Our goal is to enable a return to top quartile sustainable profitable growth.

Our focus on operational excellence requires that our businesses:

- are cash-generative
- have operating margins in excess of 10%
- provide returns on capital employed in excess of 15%

ROADMAP TO IMPROVED PERFORMANCE

Focus

Rationalise our portfolio and be 'asset light'.

Simplify

Make all aspects of how we work easier to understand.

Deliver

Seek excellence in everything we do.

Established specialisms

Our focus on solving difficult problems in specialist business segments sets us apart from potential competitors. Customers value our unique assets, capabilities and skills of our global network of businesses.

We are the primary fleet operator for the delivery of petrol, diesel and heating fuels to the ports of Britain and Ireland. We hold leading positions across several markets and geographies including in ship-to-ship transfers, submarine rescue, high-voltage engineering for offshore wind and subsea unexploded ordnance removal.

Trusted, innovative partner

Throughout our 175 years, we've reliably demonstrated an ability to solve difficult problems in the harshest of environments, helping our customers navigate seismic shifts in economic and political contexts. We are a trustworthy partner with a reputation for safety, environmental consciousness and efficiency.

We combine subject matter expertise and a deep practical understanding of the reality of working in our chosen markets. In 2022, we've brought new innovations to market, including taking delivery of our first dual fuel vessels, playing a leading role in a consortia that will build and charter dual hull SOVs, designed to meet the challenge of offshore wind farm construction and successfully deploying a new well-abandonment technology to support the safe and efficient decommission of oil wells.

Performance focus

We're focused on actively managing our portfolio, reducing leverage and deploying a balanced capital allocation process, improving and scaling commercial and contracting capabilities and striving for a world-class safety, risk and project management culture.

In 2022 we successfully completed the sale of three businesses that were non-core to our central purpose, vision and mission, as well as selling our remaining dive support vessel.

We have made significant progress in 2022 to embed Lean disciplines and continuous improvement principles. In one business, delivery was 70% more likely to be on time within six months of implementing Lean, when compared to the preceding 12 months.

Key performance indicators

Operating profit – continuing operations (£m)

£24.7m

2022	£24.7m
2021	£(20.7)m
2020	£(43.5)m
2019	£55.6m
2018	£61.4m

The Group's 2022 and 2021 operating profit results exclude operating losses from discontinued operations (2022: £4.2m; 2021: £nil).

Underlying operating profit* – continuing operations (£m)

£26.4m

2022	£26.4m
2021	£28.0m
2020	£40.5m
2019	£66.3m
2018	£62.1m

The Group's 2022 and 2021 underlying operating profit excludes operating losses from discontinued operations. The inclusion of discontinued operations would worsen the results to £19.1m in 2022 and £28.0m in 2021.

Underlying operating margin* – continuing operations (%)

5.5%

2022	5.5%
2021	6.3%
2020	7.8%
2019	10.7%
2018	11.0%

Underlying operating profit including discontinued operations was 3.7% in 2022 and 5.7% in 2021.

* Underlying operating profit, Underlying operating profit margin, return on operating capital employed and leverage are Alternative Performance Measures (APMs) that are reconciled and defined in Note 2 to the financial statements.

Return on operating capital employed* (%)

3.9%

2022	3.9%
2021	3.6%
2020	6.7%
2019	11.3%
2018	12.2%

Cash flow from operating activities (£m)

£44.5m

2022	£44.5m
2021	£55.0m
2020	£88.0m
2019	£58.1m
2018	£87.4m

Leverage* (times)

2.7 times

2022	2.7
2021	2.9
2020	2.8
2019	2.7
2018	1.9

Non-financial KPIs are set out in the Sustainability Report by reference to the priority areas. For any priority not currently including a non-financial KPI, metrics and targets are under development.

» Read more about our non-financial KPIs on **page 56**

Our markets

Anticipating change to deliver innovation, operational excellence and specialist engineering in global energy, defence and marine markets.

GLOBAL TRENDS

The three global mega trends of climate change and resource scarcity, shifting global economic power and technological breakthroughs continue to be our key market drivers, reinforcing our decision to focus on the core markets of energy, defence and marine. These long-term trends present opportunities for our stakeholders.

Climate change and resource scarcity

Climate change consequences and the need to cut emissions are driving a transition to renewable energy whilst population growth across developing markets is increasing demand for resources. Additionally, 2022 saw us enter our first global energy crisis, triggered by Russia's invasion of Ukraine.

Shifting global economic power

Economic growth within emerging markets is stimulating increased energy consumption whilst global political instability is escalating defence concerns and amplifying economic turbulence.

Technological breakthroughs

Technology is advancing exponentially, with significant transformation in data automation and visualisation. Effective and timely adoption of innovative technology is increasingly viewed as a prerequisite of successful differentiation.

OPPORTUNITIES

The necessity to achieve a reduced carbon footprint is driving demand across a number of areas that align with our specialism in our three chosen markets. This includes accelerating demand for low energy sources (such as gas, nuclear and renewables); greater regulation around information management; an increasing need for remote asset management; and requirements for basic resources that now require greater investment in defence capabilities.

"We have a global team to meet global challenges. With teams based in 18 countries around the world, our global network can be continuously available to our customers.

Chief Executive Officer's review

If the 175-year history of James Fisher and its distinguishing characteristics – a love of the sea and a pioneering spirit – were the first features that attracted me to join the Company in September 2022, my confidence in the scale of the opportunity for the business has only grown over the following months.

I have found an organisation with genuine expertise in complex and unconventional facets of maritime life and businesses with unique, creative capabilities which solve customer problems and add value. I have also found a company of passionate and energetic people, resilient to pressure and adaptable to changing circumstances.

I admired the ethos of one of the Company's early leaders, Sir John Fisher, who said that in all of the years he had been in shipping, he had 'rarely known a time when there was not a crisis of some sort', but he believed there was always a rapid recovery waiting around the corner, provided preparations were made during the crisis itself. Reading up on the Company's history, I was struck by the prompt responsiveness of James Fisher's management to new challenges and opportunities, and the Company's traditional adherence to financial prudence. I also discovered that on the occasions that financial prudence was forgotten, trouble soon emerged. It seemed to me there are lessons from the past that can be applied today.

Straightforward analysis

In my first 90 days as CEO, I concentrated on getting to know employees at all levels within the Group and analysing what needed to be done to meet our commitments to stakeholders on the financial, sustainability and operational targets we had set ourselves. The outcome of this analysis was surprisingly straightforward:

- We had to re-adopt financial prudence by divesting ourselves of non-core assets and focusing on our areas of expertise;
- We had to restore the culture of leaders being accountable for performance, delivered against clear corporate objectives; and

Jean Vernet

We have a brilliant culture of ingenuity and technology, and a mobile workforce with an appetite for deploying globally… There is everything to play for.

- We had to build a simpler, united and cohesive organisation from what had become adjacent siloes.

I am pleased to report that we have already made very good progress in all three respects. We have been successful in divesting non-core businesses, as well as selling significant fixed assets, during the latter part of 2022 and into early 2023. We made important changes at senior management level across several of our businesses, to improve profit and loss (P&L) accountability, promoting energetic and disciplined leaders from inside the organisation, as well as bringing in new talent, who have a demonstrable track record in achieving operational targets. In order to simplify the Company and make it more understandable to customers, we are reorganising our businesses and building more integrated and effective teams.

One James Fisher

As a Group that has missed profit expectations several times over the last few years, our focus must be on rebuilding credibility, delivering on expectations and, of course, achieving a recovery in profitability. This means playing to our strengths of being unconventional, responsive and bold, and delivering operational excellence. In terms of simplification, it means that, rather than running a collection of 20 or so businesses, we need a mindset of being 'one James Fisher'. To underpin this, we have set up a single, tight, cohesive, decision-driven Executive Committee that concentrates on a limited set of shared priorities to achieve results for the whole Group.

We have also reorganised the Group from 1 January 2023 into three distinct divisions: Energy, Defence, and Maritime Transport. These divisions were chosen to align our internal structure to the market opportunities for the Group. The Energy division combines the old Marine Support and Offshore Oil divisions, minus Fendercare, which is added to the Tankships division to create Maritime Transport. JFD is the only component of the Defence division.

Each division is led by new leaders, who were appointed because of their commercial acumen, their extensive industry experience and their rigorous focus on operational excellence. The divisional leaders sit on the Executive Committee, and their priority is to put the Group as a whole ahead of divisional objectives.

An immediate outcome of working as one company is the pooling of operating resources internally. In addition, support functions, such as finance, HR, IT and legal, can be standardised and shared, eliminating unnecessary duplication.

As one James Fisher, it is vital that we all speak a common business language. Consequently, the Lean Six Sigma operating principles that have been in place in some parts of James Fisher are now being rolled out across the entire Group. Its purpose is to improve performance by systematically removing waste and reducing variation. We are embedding 'black belts'– professionals with a deep knowledge of Lean Six Sigma principles – in each of the three divisions, complemented by a larger number of 'green belts' with a very good understanding of the system.

Relentless pursuit of targets

Armed with these tools and working to a simpler set of common corporate objectives, every business unit is now expected to pursue the targets of an operating profit margin of at least 10% and a return on capital employed of at least 15%. Businesses that are already achieving results beyond those metrics will continue to receive support to grow. Businesses meeting only one of those criteria will be supported to fix their operating model before they grow and businesses which are struggling to meet either goal will have their strategic merits and synergy value reviewed to form an assessment of their long-term viability within the Group.

Our immediate priorities in 2023 are to improve health and safety at all levels, achieve better project management standards, increase diversity and drive stronger employee engagement. At our heart, we are a service company: giving employees the means to realise their full potential is absolutely critical to enabling us to make the changes we want and need. Through over 100 interviews conducted with employees in my first 90 days, I was heartened to find our colleagues consistently citing the impact of their individual contribution as the main reason they joined James Fisher and why they work for us now – to make a difference to the Company and also to the greater good. Our strategy is to invest and build on that wonderful foundation to create the James Fisher of the future.

Innovation

During my deep dive into the Group, I was surprised and impressed by the innate spirit of innovation that exists in virtually every business. However, a lack of proper process and insufficient co-ordination has caused us to miss out on many of the market opportunities available. This can be fixed and I am confident that innovation will represent a significant growth driver for us over the long-term.

Looking to the future, I am very positive about the Group's prospects, and not just because of the potential from innovation. The markets in which we operate are attractive.

We stand to benefit from the energy transition, where we have a foot both in improving the sustainability of oil and gas and in enabling the exponential growth in renewables. In defence, long-term demand is strong for the safety critical life support equipment and services we supply. The prospects for maritime transport have been boosted by the increased trade in liquefied natural gas, owing to the reduction of Russian gas piped to Europe coupled with an increased emphasis on energy security.

We have a brilliant culture of ingenuity and technology, and a mobile workforce with an appetite for deploying globally. That makes us an employer of choice for engineers the world over. Once we get our house in order as I have described, consistently achieving the highest standards of service delivery across all geographies, there is everything to play for.

Outlook

In a macro-economic environment that remains uncertain for 2023, we expect our industry verticals to be robust. The outlook for oil and gas short and mid cycle outlook is favourable. This will be driven by strong exploration activity across international markets, and particularly in subsea, due to record global demand, enhanced by the urgency for energy security. Offshore wind will continue its unabated secular growth to meet 10% of electricity demand by 2040. Our ship-to-ship transfer activities will continue to benefit from the increased importance of liquefied natural gas as a source of energy, and our coastal shipping activity is well supported by a healthy demand. Subsea deterrence is seeing an increased focus in defence budgets, leading to an acceleration of opportunities for our products and services.

Our 2023 priority is to show significant progress in our turn-around plan by implementing the simplification of our divisional structure, and by delivering on key change management objectives. Our focus areas are to improve safety, the predictability of our forecasts by strengthening our end-to-end commercial process; to accelerate cash collection; and to show progress towards our 10% underlying operating profit margin and 15% ROCE targets across all of our business units. In addition, we are implementing the first steps of a five-year talent and people strategy which will be measured through our employee engagement. Our trading in Q1 2023 gives us confidence in the outturn for the year.

Chief Executive’s review cont.

Operating review

Marine Support

The Marine Support division, consisting of Marine Contracting, Fendercare and Digital and Data Services (DDS), provides products and services to the marine and renewable energy markets.

Marine Contracting principally provides subsea services to both the oil and gas and offshore wind markets; Fendercare provides essential ship-to-ship transfer services and related products; and DDS provides technology aimed at enhancing efficiency and productivity across a number of customer verticals.

As part of the Group’s portfolio rationalisation strategy, three of the DDS businesses (being the Mimic and Prolec businesses and the UK operations of Strainstall) were sold in December 2022, generating £18.5m in gross proceeds and a profit on sale of £2.5m, which is disclosed in the financial statements within adjusting items. The Group has retained one business of significance within DDS, Asset Information Services (AIS), which provides digital twin technology, principally to offshore oil customers, that allows customers real-time asset monitoring capabilities.

After a difficult 2021 for this division, when revenue and underlying operating profit both declined, it achieved revenue growth of 4.7% in 2022 and some positive progress on profitability, although as a division it remains below our 10% underlying operating profit margin target. Underlying operating profit improved to £7.9m, from £5.0m in 2021, and an operating loss of £21.0m in 2021 has improved to an operating profit of £10.1m in 2022.

Marine Contracting

The Marine Contracting businesses continued its turnaround during 2022. Revenue increased by 1.1% to £114.4m (2021: £113.1m) and underlying operating losses narrowed to £1.1m compared to £4.4m in 2021. The business successfully completed a number of projects during the year and operated the Swordfish dive support vessel for the whole of 2022. An agreement was reached to sell the Swordfish in December for US$24.0m, with cash proceeds received in January 2023. As a result, the value of the vessel on the Group’s balance sheet at 31 December 2022 was increased by £5.4m, reflecting the uplift to market value and reversal of a previous impairment of this vessel. This uplift has been disclosed within adjusting items. The Group has retained access to the Swordfish vessel through a bareboat charter agreement which runs until the end of Q3 2023, allowing the business to service existing customer commitments.

The subsea business in Europe had a challenging year. Having secured a seasonal charter on a capable vessel to service diving and related projects in the North Sea, a last-minute cancellation by the customer resulted in under utilisation of the vessel and a financial loss in the region. On assessing the future prospects for this business, and having regard to a number of years of underachievement, an impairment of £4.4m has been recognised in respect of goodwill within adjusting items.

EDS, which provides high voltage cabling services to the offshore wind industry experienced significant business disruption due to high turnover of staff in the first quarter of the year as a result of competitor recruitment activity. This resulted in an increase in operating costs as the business sought to continue to deliver on its customer commitments. The business enters 2023 in a stronger position and with a full complement of staff and under new leadership.

There has been little tangible progress on the major LNG project in Mozambique. We conducted a site survey in Q4 2022 which confirmed that there had been a significant impact on work that had previously been completed as a result of the disruption in 2021. The project remains on hold and the Group is ready to support re-mobilisation in due course.

Fendercare

The Fendercare Group delivered good revenue growth in the year, increasing by 13.5% to £88.4m (2021: £77.9m). However, operating profit remained flat as good progress in the products business was offset by a reduction in margins from ship-to-ship transfer services. The Asian business in particular saw pressure from the under-utilisation of fixed cost anchorages, with the team reducing the number of these to mitigate this risk going into 2023. Good progress was made with ship-to-ship transfer services of LNG, with increasing activity over the year as energy security concerns around the world drove greater demand. The business invested in two additional LNG transfer kits during the year and has retainer agreements in place with key customers to cover peak demand periods. The sale of related products, such as fenders, buoys and anchors showed stronger momentum during 2022. Recognising the pressure on operating margins, a cost restructuring exercise was completed during the year, which is expected to deliver annualised cost savings of £1.5m.

DDS

Revenue from the DDS businesses declined from £23.3m to £21.6m, principally due to Strainstall, which continued to experience difficult market conditions for its load and asset monitoring solutions. The UK business of Strainstall and the Mimic and Prolec businesses were sold in December 2022, in two separate transactions, having contributed £2.0m to the Group’s underlying operating profit in 2022. The retained AIS business made good operational progress, launching an updated and improved version of its Digital Twin technology and securing a number of new installations.

Specialist Technical

Continuing operations

The JFD business experienced a very challenging 12 months. Revenue reduced by 16.4% to £68.1m (2021: £81.5m) and underlying operating profit reduced to £0.6m (2021: £10.0m). The division is at a low point in its project business cycle, with a number of large contracts substantially completing during the year from a revenue and profit recognition perspective. Cash milestones associated with the final completion of two projects remain outstanding, having been delayed principally by lockdowns during 2022 in China. A long-term service contract has experienced challenges during the year, with the customer delaying payments until a number of rectification items were completed and a provision has been recognised in respect of potential future liabilities relating to local purchasing commitments. The team has worked diligently through this and although some work remains, receipts of amounts owed during January and February are positive evidence that the team is delivering well.

Looking forward, the business was awarded the third iteration of the NATO submarine rescue service (NSRS) contract in December. This contract, which commences in July 2023, has a revenue opportunity of up to £63m across a period of up to nine years. JFD has successfully completed the first two iterations of this contract. In total, the business has a contracted order book of £245m, of which c.£50m relates to 2023.

The forward-looking sales pipeline remains strong, with c.£250m of well qualified opportunities across its product portfolio.

Offshore Oil
The Offshore Oil division continued its positive momentum from 2021, achieving 23.5% revenue growth to £106.6m (2021: £86.3m) and 36.9% underlying operating profit growth to £15.2m (2021: £11.1m).

All businesses within the division achieved growth in the year, with RMSPumptools delivering a particularly strong 42.7% growth in revenue, resulting in a strong performance for that business. High demand for its artificial lift products, which extend the life of oil wells, has continued into 2023, with a strong order book to start the year.

The ScanTech businesses, which principally provide well-testing services to the oil and gas industry and bubble curtain services to the offshore wind construction market achieved 17.9% revenue growth. The Group's innovative bubble curtain solutions, which provide a 'wall of air' to protect wildlife from the noise of piling activity in offshore wind construction projects delivered growth of 13.9% from £7.2m to £8.2m. Demand for well-testing services remained at high levels as the oil and gas industry more broadly sought to minimise the impact of the conflict in Ukraine on global energy supplies.

James Fisher Offshore, which provides equipment rentals to offshore operators and decommissioning services to the oil and gas industry continued to make positive progress. Revenue from decommissioning projects in 2022 showed good growth to £11.7m from £7.1m in 2021. We were pleased to complete at the end of the year the first project with the new Seabass technology, which was acquired in 2021. Decommissioning remains an early stage opportunity for the Group, but it is a potentially significant market opportunity over the longer term.

In 2021, adjusting items of £16.3m were recognised in relation to goodwill impairment (£13.9m) and receivables £1.9m. The Group continues to pursue the recovery of the receivables balance, which related to one specific counterparty that is in a scheme of arrangement process and is hopeful of a resolution during 2023.

MARINE SUPPORT

	2022	2021	Change %
Revenue (£m)	224.5	214.5	4.7
Underlying operating profit (£m)	7.9	5.0	58
Operating profit/(loss) (£m)	10.1	(21.0)	n/m

SPECIALIST TECHNICAL (CONTINUING OPERATIONS)

	2022	2021	Change %
Revenue (£m)	68.1	81.5	(16.4)
Underlying operating profit (£m)	0.6	10.0	(94.0)
Operating (loss)/profit (£m)	(2.6)	7.1	n/m

OFFSHORE OIL

	2022	2021	Change %
Revenue (£m)	106.6	86.3	23.5
Underlying operating profit (£m)	15.2	11.1	36.9
Operating profit/(loss) (£m)	14.7	(5.2)	n/m

TANKSHIPS

	2022	2021	Change %
Revenue (£m)	78.9	60.1	31.3
Underlying operating profit (£m)	8.6	4.8	79.2
Operating profit (£m)	9.9	1.3	n/m

Tankships
The Tankships business has recovered well in 2022. The fleet has been highly utilised at an average of 88% over the course of the year (2021: 83%) and spot rates for shorter-term charters have been high even when compared to pre-pandemic rates. During 2022 34% (2021: 23%) of the fleet was deployed on short-term spot voyages, with 66% (2021: 77%) contracted to longer-term charters.

The delivery of our two new dual-fuel (marine gasoil and LNG) vessels has now been completed, with The Sir John Fisher delivered in November 2022 and The Lady Maria Fisher delivered in January 2023. Both have now completed their first voyages and have joined the UK-based fleet. These new vessels were commissioned as part of our fleet renewal strategy and replace two tankers that have reached end of life. One was sold in 2022, generating a £0.9m profit on sale and the second is expected to be sold in 2023.

The recent recovery in the market has led to a £0.3m reversal of an impairment recognised in 2021 against the carrying value of this second vessel. The profit on sale of £0.9m and impairment reversal of £0.3m have been shown as adjusting items in the year.

Cattedown Wharves, which serves the South-West of England, performed well, with volumes of cargoes flowing through the port in line with pre-pandemic levels.

Discontinued operations
The results of JFN have been disclosed as a Discontinued Operation and Held for Sale in the 2022 financial statements. The business was sold to Rcapital in March 2023. The Group retained several legacy parent company guarantees supporting the obligations of JFN (the "PCGs"). It generated an underlying operating loss of £7.3m in the year following challenges with its ongoing projects. Included within adjusting items is a further £13.3m loss, consisting of impairments of goodwill (£8.1m), property, plant and equipment (£3.9m) and anticipated costs of disposal (£1.3m). An income tax credit of £0.8m gives a total income statement charge in respect of Discontinued Operations of £19.8m in 2022 (2021: £0.1m).

Jean Vernet
Chief Executive Officer

Our divisions

MARINE SUPPORT

Fendercare Marine

James Fisher Renewables

James Fisher Subtech

James Fisher Strainstall

Our Marine Support businesses provide products, services and solutions to the global marine market. These are supplied to a range of end market sectors including marine, oil and gas, ports, construction and renewables.

Fendercare

Fendercare is a leading provider of ship-to-ship transfers of oil and liquefied natural gas. The main market drivers are over-supply, available storage capacity and fluctuations in prices caused by demand. Fendercare is also a leading provider of mooring and safety equipment to the global marine industry to support new-builds, conversions and port infrastructure development projects.

JF Renewables

JF Renewables supports the global offshore wind market through the provision of highly specialist services employed in site preparation, installation, commissioning and operations and maintenance phases. Demand is driven by increased investment in offshore wind with increasing numbers of new sites being constructed and operational sites requiring support.

JF Subtech

JF Subtech provides specialist subsea services in support of construction, operations and maintenance and decommissioning activities for the offshore wind, oil and gas and marine markets globally. Demand is driven by increased investment in marine infrastructure, asset management campaigns and decommissioning of legacy assets.

JF Strainstall

JF Strainstall is a leading provider of structural integrity monitoring services and technologies.

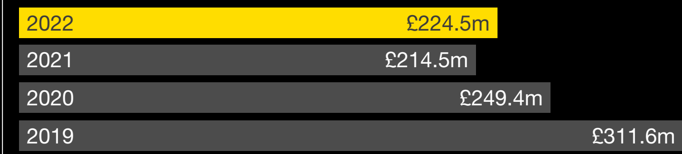
Falling outside our core areas of expertise we completed the divestment of Strainstall's UK operations in December 2022 to British Engineering Services.

LNG GROWTH

In 2021 we invested in a market-leading liquefied natural gas ship-to-ship system. As a result, in 2022 we were able to help transfer LNG with a market value of over $850m.

Revenue (£m)

£224.5m

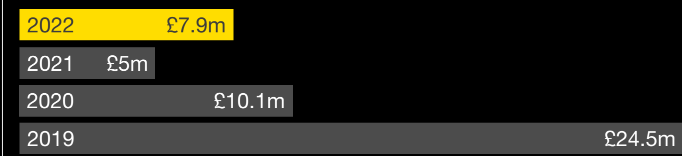


Statutory operating profit/(loss) (£m)

£10.1m

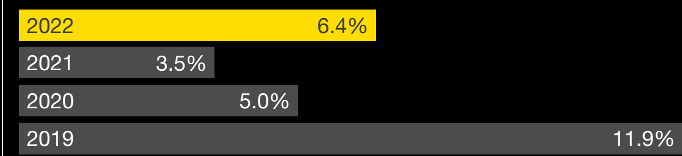
Underlying operating profit* (£m)

£7.9m



Return on capital employed (%)

6.4%



* Before adjusting items.

Our divisions cont.

SPECIALIST TECHNICAL

James Fisher Nuclear

Our Specialist Technical businesses supply diving equipment and services, submarine rescue vessels and through-life rescue services, special operation swimmer delivery vehicles, saturation diving systems and engineering solutions to the international defence, UK nuclear decommissioning and commercial diving markets.

JFD

JFD is a world leader in fixed and portable saturation diving systems and related diving equipment. Demand is largely driven by the construction and replacement of dive support vessels, which in turn drives ancillary service and product demand. Its end markets are oil and gas and defence, based on service, repair and ongoing calibration requirements, and projects requiring specialist diving equipment.

JFD is also a leading provider of submarine rescue services with the ability to design, deliver and operate submarine rescue vehicles. The driver is the tendering of defence projects for provision of the equipment, which can lead to longer-term contracts to operate the service. The business also provides swimmer delivery vehicles to the special operations markets.

JFN

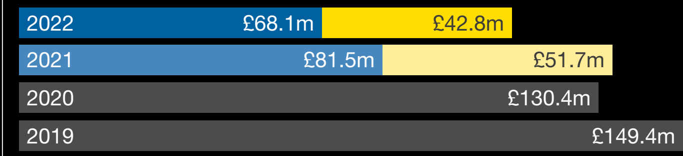
JFN provides engineered decommissioning solutions and remote handling equipment to the nuclear industry as well as calibration, servicing and repair services for radiological instrumentation. The market drivers for JFN are the demand for its products operable in hazardous environments, services and lifetime support from the UK decommissioning industry, radiological calibration requirements and projects within defence.

LONG-TERM TRUSTED DEFENCE PARTNER

In 2022 JFD secured a five-year NATO submarine rescue system contract renewal. The ‘Third In-Service Support’ (3ISS) contract, worth £63m, sees JFD continuing to deliver safety critical operational assurance services to the NATO Submarine Rescue System (NSRS).

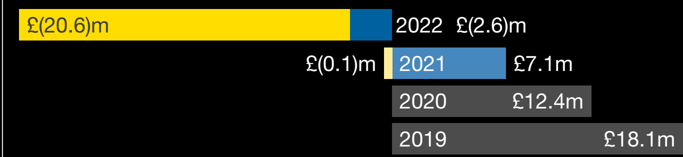
Revenue (£m)

£110.9m



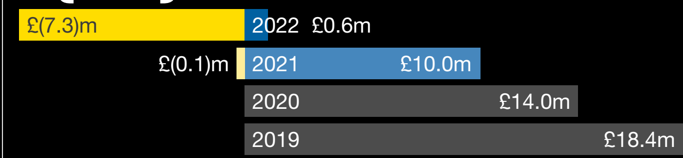
Statutory operating profit/(loss) (£m)

£(23.2)m



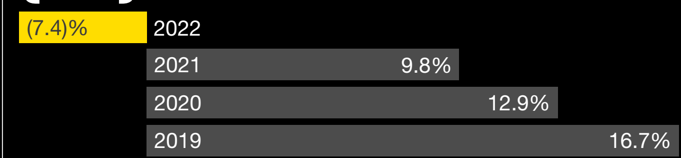
Underlying operating profit* (£m)

£(6.7)m



Return on capital employed (%)

(7.4)%



* Before adjusting items.

Key

Discontinued

Continuing

Our divisions cont.

OFFSHORE OIL

SCANTECH A James Fisher Group Company

ScanTech Offshore

RMS pumptools

Fisher Offshore

Our Offshore Oil businesses supply a range of services and equipment to the global oil and gas and renewable energy industries. This includes the design and engineering of specialist equipment and technology, platform maintenance and modification, well testing support, subsea operations and maintenance services.

Scan Tech AS

Scan Tech AS is one of Norway's leading providers of engineering, design, production, maintenance, installation and commissioning services in the oil and gas, renewables and aqua culture industries. Its equipment is designed and certified to NORSOK standards and supplied to the Norwegian oil and gas market for platform maintenance, well testing and specific projects, such as nanobubble oxygenation to deliver better water quality and fish welfare. The key driver for the business is the operation and maintenance spend on offshore rigs in the Norwegian sector.

ScanTech Offshore

ScanTech Offshore is a leading air and steam service provider to the global energy industry. Their specialised solutions include environmental mitigation equipment, air compressors, steam generators, heat suppression equipment and qualified personnel for large multinational oil service and major marine contracting companies in well testing and offshore wind markets worldwide. The driver for the business is the operation and maintenance spend on offshore rigs and the need to protect the marine environment with noise mitigation during offshore piling operations and unexploded ordnance (UXO) disposal.

RMSPumptools

RMSPumptools is a world leader in artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps supplied to the global downhole oil and gas market. The driver for the business is the need to improve well productivity.

Fisher Offshore

Fisher Offshore provides engineering solutions, equipment and full project support for offshore and subsea operations in the oil and gas and marine sectors. Its market driver is maintenance, inspection and repair demand, and subsea pipeline and cable projects in the oil and gas, renewables and communication sectors with a particular focus on offshore decommissioning.

DEMAND FOR TECHNOLOGY FOR RESPONSIBLE WELL PRODUCTIVITY

Experts in artificial lift, RMSPumptools has seen its most successful trading year since 2019 and opened a new facility in Al Khobar, Kingdom of Saudi Arabia (KSA), to serve the Middle East oil and gas market.

Revenue (£m)

£106.6m

2022	£106.6m
2021	£86.3m
2020	£78.0m
2019	£88.2m

Statutory operating profit/(loss) (£m)

£14.7m

2022	£14.7m
2021	£(5.2)m
2020	£8.4m
2019	£13.7m

Underlying operating profit* (£m)

£15.2m

2022	£15.2m
2021	£11.1m
2020	£11.2m
2019	£14.2m

Return on capital employed (%)

14.9%

2022	14.9%
2021	10.2%
2020	8.9%
2019	10.3%

* Before adjusting items.

Our divisions cont.

TANKSHIPS

Cattedown Wharves Ltd

James Fisher Everard

James Fisher Shipping Services

Our Tankships division operates a fleet of product and chemical tankers which trade along the UK and northern European coastline. Our vessels carry clean petroleum products and chemicals. The division also operates a port in Plymouth, UK.

James Fisher Everard (JFE)

James Fisher Everard (JFE) distributes clean petroleum products and chemicals around the European coast and to islands and ports with size restricted access. It operates a fleet of double-hulled product and chemical tankers with capacity ranging from 3,500mt to 35,000mt. The business driver is the level of consumption of clean petroleum products (petrol, diesel, gasoil and kerosene) and chemical/biofuels in North West Europe and the Caribbean islands where we operate. Products carried serve the marine, transport, agriculture, aviation and chemical industries.

Cattedown Wharves

The division operates Cattedown Wharves, a port in Plymouth, which provides berthing and marine services to the oil majors which own tank farms in Plymouth. It also handles dry cargoes such as animal feed being imported into the South West and clay being exported from the region. The primary driver for the business is the level of consumption of clean oil products within the South West region of the UK.

James Fisher Shipping Services (JFSS)

James Fisher Shipping Services (JFSS) provides technical vessel and crew management to the James Fisher fleet of tankers, as well as to the wider tanker, research and specialised vessel markets.

DUAL FUEL TANKERS SUPPORT ENVIRONMENTAL GOALS

In 2022 we took delivery of the first of two 6,000dwt LNG dual-fuel chemical tankers that will be traded by James Fisher Everard (JFE) alongside its existing fleet. The second vessel is expected in Q1 2023 and together they will replace two of our older conventionally-fueled vessels of the fleet, with a capacity to provide a 45% reduction of carbon emissions.

Revenue (£m)

£78.9m

2022	£78.9m
2021	£60.1m
2020	£60.4m
2019	£67.9m

Statutory operating profit/(loss) (£m)

£9.9m

2022	£9.9m
2021	£1.3m
2020	£8.0m
2019	£12.0m

Underlying operating profit* (£m)

£8.6m

2022	£8.6m
2021	£4.8m
2020	£8.0m
2019	£12.0m

Return on capital employed (%)

26.8%

2022	26.8%
2021	14.7%
2020	25.5%
2019	35.4%

* Before adjusting items.

Sustainability

FOREWORD

We are a business that strives to successfully solve complex and difficult problems in some of the harshest environments. Guided by our valued behaviours, we do this by engaging and empowering our people to achieve.

At James Fisher we are committed to ensuring that our business model creates value for all our stakeholders; shareholders, employees, customers and suppliers, local communities in which we operate, and the environment, in a socially and environmentally responsible manner.

We are committed to carrying out business fairly, honestly, and ethically across all our business activities. In support of this we aim to consider in all that we do, and report on Environmental, Social, and corporate Governance (ESG) factors.

Jean Vernet
Chief Executive Officer

Introduction

Last year we published our first Sustainability Report as part of our Annual Report and Accounts 2021. We talked about rising social inequality, the energy transition, climate change and other macro-challenges facing the world today resulting in sustainability and profitability becoming intertwined.

Our sustainability strategy is a fundamental part of our overall business model and is essential to ensure our sustainable, profitable growth.

We are committed to:

- Investing in capabilities and technologies to deliver a responsible energy transition
- Harnessing the potential of our pioneering employees
- Being good citizens of our local communities
- Becoming a trusted partner for our customers and suppliers
- Driving performance to improve returns for shareholders

What sustainability means to James Fisher

- Delivering strong, profitable growth
- Building on our 175-year history
- Having a positive impact on all our stakeholders
- A shared vision and aspiration for change and doing better

In this section

» For more details see our separate **2022 Annual Sustainability Report.**

Sustainability cont. / Governance

Meeting our targets and commitments, and effective management and tracking of our ESG performance requires clearly defined leadership and direction, and strategic influence. Therefore a robust and regularly reviewed governance structure is essential.

During 2022 the Sustainability Committee carried out a review of the sustainability organisation and governance structure to support our overarching sustainability and climate change agenda. As a result, various clarifications and changes to the executive level committee were made in order that it could be as effective as possible in curating activities across our respective sustainability areas of focus.

Sustainability Committee

Our Sustainability Committee, led by the Chief Executive Officer, reports directly to the Board of Directors and supports the Group's sustainability strategy activation across all our operating companies.

Responsibilities

- Recommending to the Board sustainability/ESG objectives and strategy for the Group, having regard to the interests of its stakeholders.
- Recommending to the Board non-financial KPIs and targets.
- Successful execution of sustainability strategy and KPIs throughout the Group.
- Ongoing oversight of implementation of the individual stakeholder objectives and strategies into operating companies, through review of regular reports from the stakeholder working groups.
- ESG Performance reporting both internally and externally ensuring compliance where regulated.
- Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness.

Stakeholder working groups

The Sustainability Committee is supported by stakeholder working groups, each with the mandate for identifying and driving best practice initiatives for implementation by the operating companies of the strategy and sharing of information and recommendations to the Committee.

Responsibilities

- Translate overarching sustainability objectives and priorities into stakeholder-focused objectives, KPIs and targets.
- Identify, recruit, and empower sustainability champions within operating companies, to drive roll-out of sustainability communication and initiatives.
- Adopt common activity policies among operating companies and locations and assist in coordinating compliance to achieve genuinely sustainable progression.
- Uphold responsible business practices, develop and implement plans to conduct Group operations more responsibly, identifying opportunities to improve.

During 2023 the Group Business Excellence (BEx) team will drive standardisation through the Group's internal processes. This will provide an energetic implementation framework to support our operating companies in achieving their sustainability objectives, reducing operating costs, and growing profit through greater productivity and efficiency in our systems and processes. Together, the sustainability and BEx programmes will provide a complete and dynamic solution for the business with a shared set of focus areas, objectives and KPIs, to drive:

- Improved teamwork and collaboration.
- Environmental, social, and economic consideration embedded into day-to-day practices.
- Improved and streamlined performance tracking.
- Clear, consistent, and transparent communication between programmes and organisational levels.
- Delivery of our sustainability commitments.

> **Sustainability is how we go about our work, as a business and individuals, without negatively impacting our local communities, the environment or society as a whole. When we get it right, everybody wins – today and tomorrow. A vibrant and responsible business is a great place to work and a company to be proud of.**

Jennifer Colquhoun
Group Sustainability Manager

Sustainability cont. / Our sustainability strategy

Ambition with purpose

Underpinned by our purpose and valued behaviours, the three pillars of our sustainability strategy – Planet, People, Partnership – reinforce each other and, together, support our business growth strategy.

In 2022 we implemented our sustainability strategy throughout the Group, launching all nine focus areas derived from the materiality assessment completed in 2021.

Operating companies selected specific areas of focus of critical relevance to their current situation, in order to prioritise engagement and impact. This work is foundational for the Business Excellence team as they look to take these best practices across the remainder of the Group. The Group Sustainability Committee, including stakeholder working group leads provide a key support function as sustainable measures are embedded into 'business as usual' activities, further ensuring there is value in all we do.

The Company was working throughout 2022 to establish suitable targets for all focus areas, and determining how to effectively gather, measure, and monitor performance data in support of these targets. Following a strategic review under new leadership, this work has continued. In areas where progress has been slower than desired, we have set internal targets for the implementation of suitable frameworks, tracking methods and processes in preparation for external target setting in the medium-term.

Underpinned by our valued behaviours

Pioneering spirit

Integrity

Energy

Resilience

Our focus areas

Through our nine focus areas, informed by a materiality assessment conducted in 2021, we are advancing action in the areas which are significant to our stakeholders.

We continue to build and refine the key metrics and KPIs upon which we will focus disclosure across our principal ESG areas, today these include targets for four of our nine focus areas.

FOCUS AREA	GOAL	PAGE REFERENCE
Planet		
Portfolio choices	Evolve our portfolio to serve the energy transition, with focus on growing renewables, remediation capabilities, and improving customers' efficiency.	Page 34
Resource efficiency	Increase energy efficiency and minimise material waste through responsible consumption in processes, re-use, recycle, repurpose. Minimise waste and improve productivity in assets and people by embedding circular economy and Lean principles in our DNA.	Page 35
GHG emissions	Reduce our GHG emissions footprint by sourcing energy and fuels from low carbon sources and investing in emissions abatement initiatives towards a net zero future.	Page 36
People		
Top talent	Ensure talent is a strategic differentiator, through focused recruitment, engagement, and training, and by prioritising the health and wellbeing of our people and those in the communities where we operate.	Page 42
Equity, diversity and inclusion	Promote a diverse and inclusive workplace by recruiting where we work, enforcing pay parity, and celebrating the uniqueness of individuals and their communities.	Page 46
Health, safety and security	Prioritise the health, safety and security of our employees, customers, suppliers and local communities through a 'goal zero' approach, with focus on education, engagement, advocacy, and policy development.	Page 50
Partnership		
Innovation	Develop and champion creative solutions to complex challenges through the integration and smart application of our specialist domain expertise, and in partnership with other players in the industry.	Page 52
Customer engagement	Build stronger customer relationships to better understand and resolve pain points and foster collaboration towards value creation and shared success.	Page 53
Governance	Commit to openness and accountability by living our valued behaviours, ensuring appropriate business policies, standards and controls are in place, and improving transparency of our supply chain.	Page 54

OUR STAKEHOLDERS

The sustainability strategy brings all our stakeholders into the heart of the Group and informs how we actively engage with them. Our strategic objectives are aligned with the interests of our stakeholders:

Shareholders

Consistently deliver attractive returns for shareholders through delivery of long-term strategic growth, leveraging existing specialist skill base and creating incremental value by expanding our offerings and capabilities.

Employees

Engaging, investing in, and retaining our people to create a sustainable business with wellbeing at the heart of all we do.

Customers and suppliers

Establish trust-based relationships and deliver on shared goals through developing sustainable solutions and meeting the needs of our customers now and long into the future. Exceeding expectations for health, safety, quality, and integrity and supporting our customers and suppliers in achieving their sustainability ambitions.

Local communities

See the communities in which we live and work as an extension of our James Fisher community. Strive to be good citizens and support our people in the provision of local community support and education while ensuring local employment and sourcing practices and investment is in place.

Environment

Advocate for restoring and preserving the environment in all we do. Assess, quantify, and manage the impact of our operations on our planet, and how external factors may affect the Groups performance including investment, risks and returns to the Company and shareholders.

Through our nine focus areas (which were informed by a materiality assessment conducted in 2021), we are advancing action in the areas which are significant to our stakeholders.

We continue to build and refine the key metrics and KPIs upon which we will focus disclosure across our principal ESG areas.

Sustainability cont. / Engaging for value

By partnering with our stakeholders, understanding their challenges and managing risks, we find solutions for shared success, ensuring a sustainable business to benefit all our stakeholders.

The Board recognises it has a duty to act in the best interest of the Company for the benefit of its shareholders, as well as considering other stakeholder interests.

In its decision-making, the Board considers all relevant factors, including:

- How the decision would align with the Group's over-reaching purpose
- The likely short-, medium- and long-term consequences of the decision
- The value created for our investors
- The enhancement of our performance created by the decision
- The potential impacts on our people, local communities, and environment of making the decision
- The need to create strong, mutually beneficial customer and supplier relationships
- The Group's commitment to business ethics
- External factors which may impact our decision-making and stakeholders

Section 172(1) statement

This section serves as our section 172(1) statement explaining how the Directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006, when performing their duty under section 172.

The Board aims to promote the success of the Company for the benefit of its shareholders as a whole, taking into account the long-term consequences of its decisions while giving due consideration to the interests of the Company's stakeholders (including employees, customers, suppliers, shareholders, as well as the environment and local communities which are impacted by our operations), while also considering the importance of maintaining our reputation for high standards of business conduct. Examples of what that has looked like in practice over the past year can be found as follows:

Stakeholder:	Strategic report:
Shareholders	Page 30
Employees	Page 30
Customers/suppliers	Page 31
Environment	Page 31
Local communities	Page 31

Further information about how the Directors have accounted for stakeholders in their decision-making in 2022 is set out on pages 82 and 83 in the Corporate governance report.

SHAREHOLDERS

Why we engage

Shareholders provide financial liquidity required for us to operate and are beneficiaries in the value created by the Group. We are committed to transparent communication and engagement with them.

How the Board engages

- The Directors have regular meetings with investors, principally through investor roadshows, investor events and the AGM.
- The Chairman meets with the largest shareholders to discuss results and other announcements.
- The Annual Report and Accounts and the Group website set out the Group's strategy, progress against its strategy and the Group's activities.

How we supported during 2022

- The Board engaged with shareholders at the AGM.
- The Company completed a disposal programme, aimed at improving leverage.
- Following his appointment as CEO in September 2022, Jean Vernet held meetings with the Company's largest shareholders.

Key issues raised

- Operational and financial performance
- Strategy implementation
- Capital structure, liquidity and capital allocation
- Risk management and controls
- ESG-related matters

EMPLOYEES

Why we engage

James Fisher must be an employer of choice. Attracting, developing, and retaining a high performing workforce and enhancing the lives of our employees are critical components of the Group's sustainable and profitable growth.

How the Board engages

- The Executive Directors have held town hall meetings.
- Inken Braunschmidt (designated Non-Executive Director) has undertaken a number of engagement activities, including being on the employee engagement group. She reports back to the Board on a regular basis.
- We have further enhanced the Group exit survey and implemented an employee equity, diversity and inclusion annual survey with the support of Gallup, providing valuable insights for the Board.
- The employee sharesave scheme encourages employees' involvement in Company performance.

How we supported during 2022

- We have deepened engagement understanding through 'lunch and learns' about our different businesses.
- We have extended mental health first aid training and now have over 145 trainers, of whom 33 are also trained in Suicide First Aid trainers.
- We have continued our internship programme, bringing fresh ideas and energy into the businesses.
- We re-communicated our Employee Assistance Programme to remind our employees of the support available to them including: maintaining a healthy work/life balance; improving mental wellbeing; family issues; financial management and money issues.
- In November we provided a hardship payment to all those earning below a certain threshold, recognising the cost of living challenges faced through the winter of 2022-23.

Key issues raised

- Development and progression
- Collaboration
- Remuneration
- Recognition
- Diversity and inclusion

CUSTOMERS AND SUPPLIERS

Why we engage

The Group's success depends on a deep understanding of the challenges our customers face, and the complexities posed by the environments in which they operate. In doing so, and ensuring a resilient supply chain, we can adapt solutions to address our customers' needs, both locally and globally. Additionally, we are co-dependent in our shared net zero and wider sustainability commitments and ambitions.

How the Board engages

- The Board receives regular updates from business Managing Directors on their strategic priorities, their markets, and key customers.
- Through the Sustainability Committee, the Board receives updates on performance throughout the Group to engage with and support our customers and suppliers.
- Where appropriate, our Executive Directors and divisional Heads work with major customers to ensure we develop innovative products and services and/or to find solutions to their problems.

How we supported during 2022

- Investment has continued into innovation in products and services to meet customer needs.
- We have been working to ensure that the Group's sustainability strategy and supporting activities encompass our customers' own social value and environmental ambitions and requirements.
- We have re-developed our supplier Code of Ethics to align with our sustainability strategy and the changing macro factors affecting our business.
- Through the supplier working group, we are identifying synergies and other benefits of procurement co-ordination between Group businesses.

Key issues raised

- Innovation and problem solving
- High quality service
- Trusted relationships
- Social and environmental impacts
- Payment practices

LOCAL COMMUNITIES

Why we engage

Aligned with our purpose and valued behaviours, we conduct business responsibly and sustainably to ensure that we support the local communities that are impacted by our global operations.

How the Board engages

- Through the Sustainability Committee, the Board receives updates on the community integration performance throughout the Group.
- The Board actively encourages and supports employees to engage with projects across the UK and internationally to help make a positive impact, either through charitable fundraising, volunteering time, education, for example STEM learning support and event participation, or collection and distribution of items to support those less fortunate or in need.

How we supported during 2022

- We have continued to support employees' local community initiatives and events through donation of time, material, or provision of expertise for example STEM event participation and local internships.
- A local communities working group was formed to provide information and recommendations to the Sustainability Committee, identifying, driving and influencing best practice initiatives for implementation by the operating companies of the strategy.

Key issues raised

- Environmental and social impacts of our operations
- Health and safety
- Supporting people in difficult times

ENVIRONMENT

Why we engage

Our ambition to be net zero by 2050 is the central commitment of our environment focus area. It is evident that our activities are inextricably linked to the environmental effects of climate change and the energy transition, which will determine the future success of James Fisher.

How the Board engages

- The Board receives regular updates and recommendations from the Sustainability Committee on all nine of our focus areas, including the environment working group.
- The Board engages with shareholders directly to understand their Environmental, Social and Governance (ESG) priorities.

How we supported during 2022

- The sustainability strategy was implemented across the business with three of our nine focus areas forming our 'planet' pillar.
- An ongoing portfolio management programme is aimed at aligning the composition of the Group with our sustainability objectives, material issues, and stated commitments.
- We made progress to implement the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD) and reached a position published in our comprehensive TCFD report in our 2022 Annual Sustainability Report. A summary of disclosures can be found on page 38.
- The Group continued its reporting and disclosures in accordance with the Carbon Disclosure Project (CDP) with an accomplished score in 2022, and the UK SECR regulation.

Key issues raised

- Climate change
- Energy transition
- Strategy and implementation
- Financial performance
- Governance

Sustainability cont. / Alignment with sustainability frameworks

Current framework alignments

We are committed to providing comprehensive public disclosure on our Group-wide sustainability performance which is tracked using well established frameworks and with a continual alertness to changes in regulations and reporting requirements.

Science Based Targets (SBTi)

In guiding efforts in modelling the Group's pathway to net zero, we have adopted the Science Based Targets initiative (SBTi) criteria as these provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. We aim to reduce our emissions in alignment with the SBTi guidance once the measurement of the full breadth of our Scope 1, 2 and 3 emissions has been completed.

SBTi in 2021 paused commitments from fossil fuel sector companies, for which we currently fall into the threshold however, we have remained committed to the SBTi framework and principles, and to continuing to provide responsible stewardship of oil and gas (O&G) service provision. O&G companies are in a position to impact efforts to net zero significantly and we are monitoring the SBTi 'Oil and Gas Sector Project' and new methodology in development for this sector.

Task Force on Climate-Related Financial Disclosure (TCFD)

The Group is making its 2022 disclosure in accordance with the Financial Conduct Authority (FCA) Policy Statement 20/17 and listing rule LR 9.8.6R(8), consistent with the recommendations and recommended disclosures and supporting guidance from the Task Force on Climate-related Financial Disclosures TCFD.

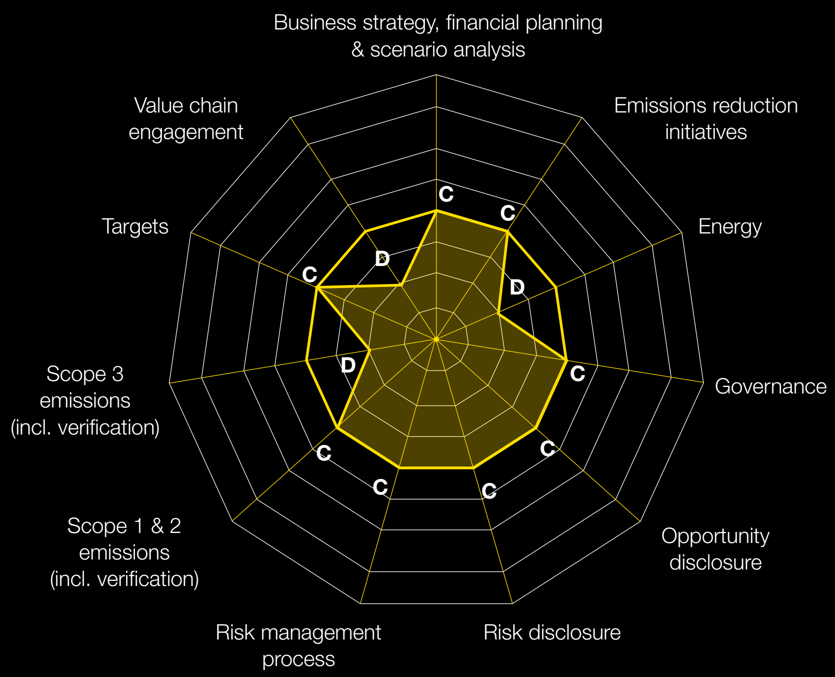
» Refer to our TCFD report within our online 2022 Annual Sustainability Report.

Carbon Disclosure Project (CDP)

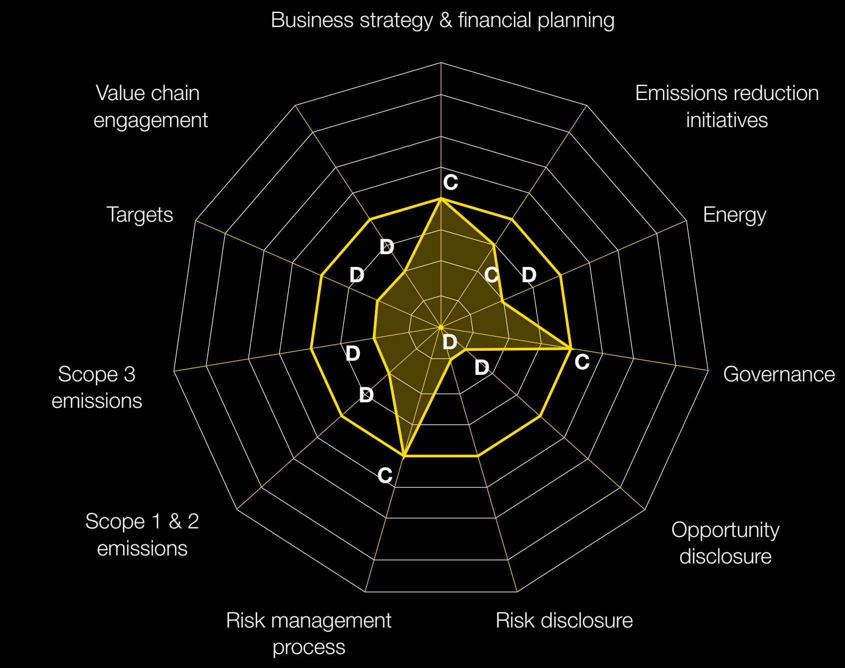
The CDP reporting structure promotes visibility and accountability in our management of climate-related risks and opportunities. We received an accomplished scoresheet in 2022, our third year responding to the climate change questionnaire, for the reporting period 1 October 2020 to 30 September 2021. With an overall score C, five of the 11 categories scored higher than the previous year.

CDP SCORESHEET CURRENT AND PREVIOUS YEAR

2022



2021



GHG and UN SDGs

Alignments also include Greenhouse Gas (GHG) Protocol and the UN Sustainable Development Goals (SDGs), further information can be found in our online 2022 Annual Sustainability Report page 14. Additionally Carbon Reporting (SECR) for which our 2022 disclosure can be found in the Directors' report on page 113).

Contributing to the UN Sustainable Development Goals

CURRENT MEMBERSHIPS

We are proud to be a signatory to the Powering Net Zero Pact (PNZP).

POWERING NET ZERO PACT
COLLABORATION FOR A JUST ENERGY TRANSITION TO NET ZERO

The PNZP brings together different companies across all tiers of the power sector – including civils, shipping, renewables, electrical engineering, and others – that are committed to a fair and just transition to net zero carbon emissions.

An initiative, legacy of COP26, created by 11 founding partners – SSE, Balfour Beatty; DEME Group; GE Renewables; Hitachi Energy; NKT; RJ McLeod; Siemens Energy; Siemens Gamesa; Subsea 7; and Vestas, the pact provides:

- A common ambition for a sustainable future
- Collaborative working within the power sector
- Engagement and commitment at a senior level

» Read more about our planned alignments and memberships in our online 2022 Annual Sustainability Report **page 15**.

Sustainability cont. / Planet

FOCUS AREAS

- Portfolio choices
- Resource efficiency
- GHG emissions

All businesses are responsible for global efforts in solving the challenge of climate change.

Our sustainability agenda is focused on transforming and continually improving our business and day-to-day practices to ensure our impact on the environment is net positive, and that we enable our stakeholders to do the same.

We are a diverse set of companies operating at the intersection of marine, defence and energy markets. Our activities are inextricably linked to environmental considerations related to climate change and the energy transition.

OFFSHORE WIND GROWTH – TAIWAN

In 2022, James Fisher Renewables (JFR) was awarded a multi-million-pound contract to provide high voltage (HV) specialist personnel and HV safety management services at the Formosa 2 offshore wind farm in Taiwan.

The Formosa 2 offshore wind farm project is being jointly developed by JERA, Macquarie's Green Investment Group (GIG) and Swancor Renewable Energy. GIG is supported by its portfolio company, Corio Generation. Once complete, the project will provide 376MW of renewable electricity to approximately 380,000 households and will bring Taiwan's Ministry of Economic Affairs another step closer to achieving its target of 20% renewables generation by 2025.

It is a real privilege to play such a crucial role in the construction of Formosa 2, supporting at the start of Taiwan's journey within offshore wind – this next phase into O&M represents an exciting opportunity for this region, and we are looking forward to once more sharing our knowledge and skills with the team.

Matthew Paterson
APAC Operations Director

Portfolio choices

Evolving our portfolio to serve the energy transition with focus on growing renewables and remediation capabilities.

Through 2022 we have continued to review and act on our portfolio choices. In December we sold three non-core businesses to new owners focused on taking those enterprises to their next level of performance.

Our focus is on the energy transition, defence, and marine sectors. As renewables and remediation activities continue to receive investment and grow, their share of the overall Group revenue will also grow. Oil and gas activities have also seen a resurgence in 2022, and the Group maintains a focus on supporting these markets in a manner consistent with our sustainability focus areas.

Having identified various opportunities through the scenario analysis conducted this year, (for details see our TCFD report, 2022 Annual Sustainability Report page 53), we aim to ensure that these opportunities are realised through continued consideration and opportunity monitoring both at Group and operating company level where appropriate. Opportunities include:

- New service opportunities from low carbon transitions and low carbon infrastructure.
- Increasing demand for services from negative impacts of climate change.
- New service opportunities from negative impacts of climate change (e.g., infrastructure at risk).

During 2023 we aim to:

1. Continue to deliver on re-focusing our portfolio.
2. Invest in and deliver returns from renewables and remediation activities, in particular enhancing the intellectual property and access to critical assets which underpin our market positions.
3. Support our customers through their own energy transition journey.

JAMES FISHER APPOINTS RENEWABLES EXPERT IN NORTH AMERICA

Amidst the backdrop of unique regulatory challenges such as the Jones Act and local content requirements, the US is racing to meet offshore wind energy targets by 2030. The appointment of Barry Craig as Vice President Renewables will enable both James Fisher Renewables and Scan Tech to support the country's offshore wind growth ambitions by driving the identification of key strategic opportunities and local partnerships, in a bid to help accelerate the global energy transition.

For Scan Tech, this follows significant development of its existing product portfolio for the US, with its focus on adhering to the highest emissions standards for swift, compliant deployment. At the same time, James Fisher Renewables, which has led the charge in construction and development of over 17GW of offshore wind installed capacity in under 14-years, is primed to apply its supply chain expertise 'across the pond'.

Resource efficiency

We aim to ensure our resources are used in a sustainable manner, that we protect the life systems that support the planet's natural resources, and that our workforce applies social values and environmental awareness when carrying out their day-to-day tasks.

Good progress is being made with the deployment of a Lean operating system throughout the business and is critical for the new BEx team.

The Lean Operating System pilot conducted at RMSpumptools, helped the business to deliver its highest throughput and revenue ever in 2022. All operating companies are now completing their Lean strategy deployment for 2023, setting clear goals for growth and action plans linked to clear visual indicators. The Lean Operating System will roll-out across all of our operating companies in 2023. The focus is on reporting accuracy and cash collection, with the Lean methodology enabling the BEx teams to ensure we deliver improvements in these areas.

Responsible consumption

We seek to maximise the use of energy and materials through responsible consumption in processes and systematic functional management of all business operations. We can enhance awareness for day-to-day responsible practices through re-use, recycle, repurpose engagement and campaigns. This is all done with a long-term view of delivering more with less than is required today.

Through energy efficiency auditing, consumption monitoring, and the application of three R's principles (reduce, re-use, and recycle) we aim to reduce material waste and conserve natural resources throughout the business. With a focus on energy efficient solutions and initiatives highlighted through quarterly monitoring of waste generated in operations, reduction targets will be implemented by the Group in 2023.

During 2023, supporting our net zero commitment, we plan to combine Energy Savings Opportunity Scheme (ESOS) phase 3 site audits and reports with the identification of best practice solutions, initiatives, and engagement/participation campaigns for implementation across the Group.

Waste is connected to every one of the United Nations' SDGs, and minimising it is an integral element of our sustainability strategy. During 2022 our focus has been improving our data collection processes Group-wide, our tracking methods, and on setting a baseline for material waste generated in operations.

2023 will see use of the improved tracking system and work towards Group-wide efforts in reducing our material waste. Several initiatives and campaigns are being explored to ensure we utilise all available leverages in doing so. For example:

- Energy efficiency in buildings, determining areas for improvement through internal audit.
- Re-use and repurpose of stores packaging.
- Local community opportunities for the repurposing of materials which have reached the end of lifecycle within our business (metals, and electronic equipment for example).

METRICS AND TARGETS

The Group will track and report on energy efficiency through our GHG emissions Scope 1 and 2 GHG emissions target. We will continue to evaluate and measure Scope 3 emissions in line with the GHG Protocol Standards.

» Refer to Key Performance Indicators **page 56** for further details.

Sustainability cont. / Planet cont.

Greenhouse Gas (GHG) emissions

We are committed to minimising and possibly eliminating the detrimental impact of greenhouse gas (GHG) emissions from our operational activities. We also recognise the importance of helping our customers reach their own net zero emissions targets.

James Fisher is committed to achieving net zero across our global operations by 2050.

From today, we are making a science-based commitment to achieve net zero greenhouse gas (GHG) emissions by 2050. In this context, net-zero means reducing the Group's Scope 1 and 2 GHG emissions to as close to zero as possible by 2050 and applying a residual strategy to neutralise the residual emissions.

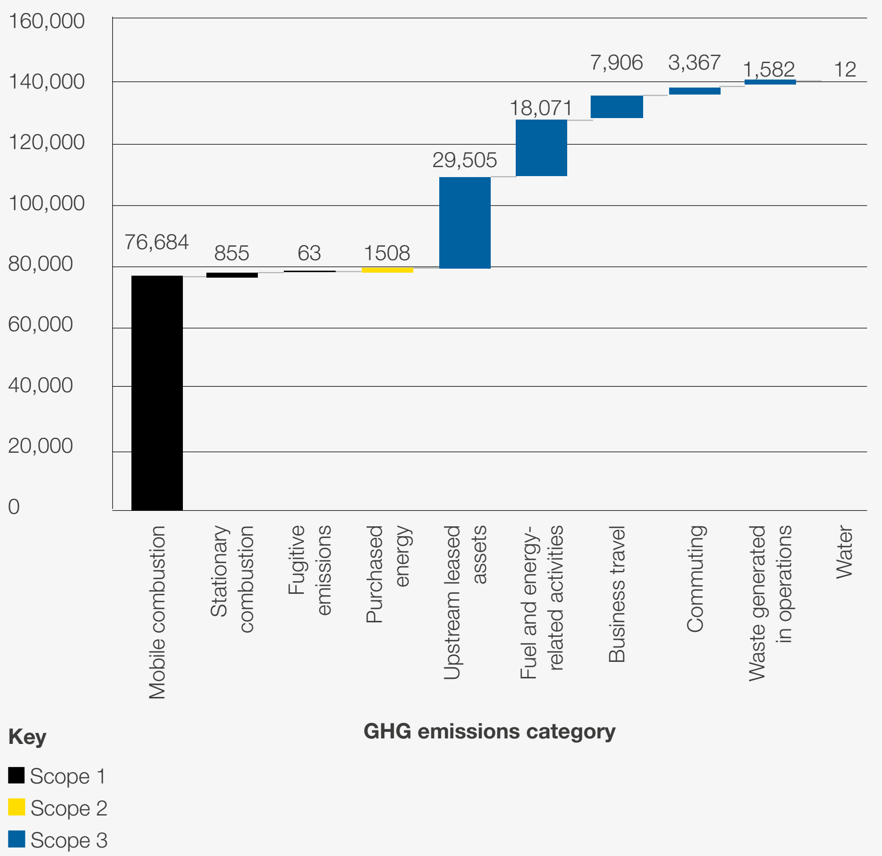
» Further details can be found within our GHG emissions section below, and full details within our TCFD disclosure report, part of our 2022 Annual Sustainability Report, which can be accessed online **www.james-fisher.com/our-approach/sustainability**.

Many of the countries that we operate in, have made a commitment to significantly reduce or reach net zero carbon emissions in line with the Paris Agreement. We recognise that the transition to a net zero economy will affect certain sectors within which we operate and that it will take innovation, technology change, and resources, both human and financial, to achieve a net zero ambition.

This is an undertaking we are passionate about and are pleased to be making our 2022 disclosure in accordance with the Financial Conduct Authority (FCA) Policy Statement 20/17 and listing rule LR 9.8.6R(8), consistent with the 11 recommendations and supporting guidance from the Task Force on Climate-related Financial Disclosures TCFD.

Summary of results below for our GHG emissions reporting year 1 October 2021 to 30 September 2022.

EMISSIONS TYPE/SCOPE (tCO_2e)



» A more detailed breakdown of our 2022 GHG emissions can be found in our 2022 Annual Sustainability Report **page 19**, and within our TCFD report **pages 58 to 60.**

In 2022 we moved from manual data collection, assessment, and impact reporting to an SAAS (Software as a service) solution, an accredited CDP gold software partner. This identified a significant emissions data input error and minor variances due to different conversion factors used, that required us to re-calculate our GHG emissions for the reporting year 2020-21.

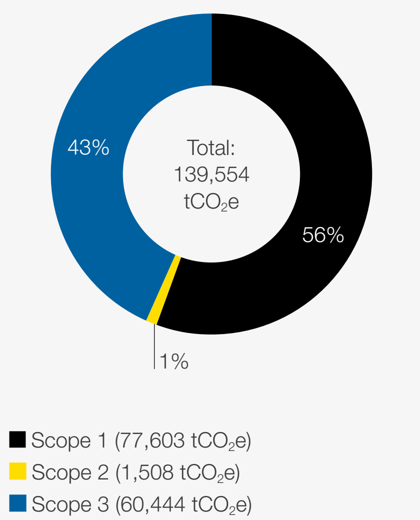
Additionally, during this transition, it was recommended that our baseline and impact disclosures should be based on location-based results, where previously, we reported using market-based data.

The re-calculation resulted in the Group's scope 1 and 2 baseline reducing from 114, 374 tCO_2e, to 84,711 tCO_2e.

The Group's GHG emissions impact disclosures are based on location-based results. We used verifiable activity data, namely meter data and invoices, where reasonable and practicable. Where verifiable data was not available, estimates based on data from previous comparable time periods were used.

Our greenhouse emissions were calculated in accordance with the requirements of the GHG Protocol: A Corporate Accounting and Reporting Standard, revised edition.

tCO_2e % SPLIT 2022



Carbon reduction efforts throughout the Group

In our day-to-day operations and buildings we have various initiatives that contribute to our carbon reduction pathways. They include:

GROUP-LED INITIATIVES

Transitioning to one (renewable) energy supplier in the UK: three businesses have entered into a bespoke contract with others to follow in line with contract renewals.

Utilisation of ESOS phase 3 audits outcomes in 2023 to drive and promote efficiency and reduction opportunities.

The Group's BEx programme will improve efficiency through greater productivity, efficiency measures and streamlining of our systems and global processes.

The Group is re-developing its business travel policy guidance to ensure specific considerations are made for example necessity and means/class of travel.

In order to maintain and promote the good habits which developed through the COVID-19 pandemic travel restrictions we have endorsed ongoing working from home arrangements which contributes to a reduction in GHG emissions created through commuting, also to wellbeing, engagement, and reduction in travelling costs.

In 2022 the Group reviewed its employee benefits taking into consideration our sustainability areas of focus and in 2023 will include the implementation of a salary sacrifice scheme for electric vehicles.

We are looking into the use of Voltage optimisers to reduce CO_2 emissions and energy costs, while prolonging the life and reliability of all equipment.

OPERATING COMPANY INITIATIVES

JFD installed electric vehicle (EV) charge points at two of its UK locations in 2022 and plan to add further locations. Additionally they are piloting EV fleet vehicles: the first two will be delivered in 2023. Scan Tech AS Norway has also installed EV charge points.

Reduce, re-use and recycle initiatives and campaigns to promote innovative and responsible behaviour have been introduced throughout various operating companies. This will be further enhanced by the Group in 2023.

IT equipment at Scan Tech AS is collected through a loop refund agreement meaning the equipment is considered for re-use and recycling.

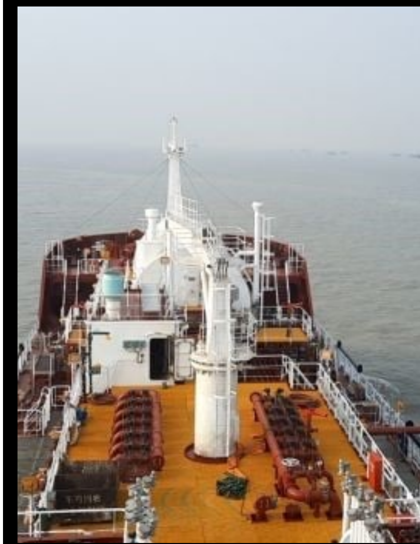
Various operating companies are exploring the use of window/door contact sensors, where the heating system and/or HVAC moves to standby whenever a window or door is opened.

Initiatives such as energy efficient lighting, energy efficient appliances and removing single-use drinking containers are continuing to be rolled out across our operating companies.

Having maintained good practices post-pandemic (utilisation of digital and remote capabilities for example, as well as inclusion of Group determined reduction options within operating companies' strategies and reduction plans for 2023), we expect to see a significant acceleration in new, innovative, and impactful carbon reduction initiatives in 2023.

» Further information, including vessels' efficiencies, read our TCFD disclosure, **pages 63 to 64** in our 2022 Annual Sustainability Report.

DELIVERY OF FIRST DUAL-FUEL TANKERS



James Fisher's second LNG dual-fuel tanker, the Lady Maria Fisher, scheduled for sea trials in January 2023 (successfully completed at the time of report published) will soon join its sister vessel, Sir John Fisher.

Sir John Fisher, the first of two LNG dual-fuel tankers.

METRICS AND TARGETS

» Summary of results can be found in our non-financial key performance indicators **page 56** and detailed results can be found within our TCFD report **pages 58 to 62.**

Sustainability cont. / Planet cont.

Transition to net zero and TCFD disclosures

James Fisher is making its 2022 disclosure in accordance with the Financial Conduct Authority (FCA) Policy Statement 20/17 and listing rule LR 9.8.6R(8), consistent with the recommendations and recommended disclosures and supporting guidance from the Task Force on Climate-related Financial Disclosures TCFD.

We have provided a summary below including status of full disclosure and where disclosures can be found for each recommendation. In line with Listing Rule 9.8.6R, we have published the full TCFD disclosure within our 2022 Annual Sustainability Report which encompasses and provides greater detail on all sustainability topics and performance. The Group's Annual Sustainability Report is, effective from reporting year 2022, a separate, online report, consistent with our responsible consumption efforts, and is published alongside our Annual Report and Accounts.

Providing the summary within our Annual Report and Accounts is consistent with our commitment to put sustainability at the heart of the Group's strategy.

» You can read our full TCFD disclosure report in our 2022 Annual Sustainability Report **www.james-fisher.com/our-approach/sustainability.** Contents and page numbers within the 2022 Annual Sustainability Report are shown in the table below.

During 2022 the Group completed the identification, impact and reporting for climate-related risks and opportunities, and how these map over the short-, medium-, and long-term. It has also extended the metrics used by the Company to support the implementation of these.

Our understanding and management of climate-related risks and opportunities has been enhanced through a detailed qualitative and quantitative scenario analysis exercise. We have evaluated the results of this scenario analysis at multiple levels within the business, including at Company Board-level, and are using them to influence our business strategy and financial planning. We have also concluded the mapping of our emissions reduction pathways for Scope 1 and Scope 2 emissions which demonstrate pathways to achieving the net zero ambition.

We make climate-related disclosures consistent with the TCFD recommendations and recommended disclosures in this TCFD summary against:

- Governance (all recommended disclosures);
- Risk management (all recommended disclosures);
- Strategy (all recommended disclosures); and
- Metrics and targets (disclosures (a) and partial disclosures (b) and (c)).

For metrics and target (disclosures (a) and partial disclosures (b) and (c)), further work is underway to establish our GHG emissions baseline for applicable Scope 3 categories, and subsequent Scope 3 target setting, monitoring and assurance to ensure full compliance in the future. This is being managed at the Group level through our GHG emissions performance and disclosure, and Scope 3 expansion activities. Further details can be found within the 2022 Annual Sustainability Report **page 57.**

TCFD recommended disclosures

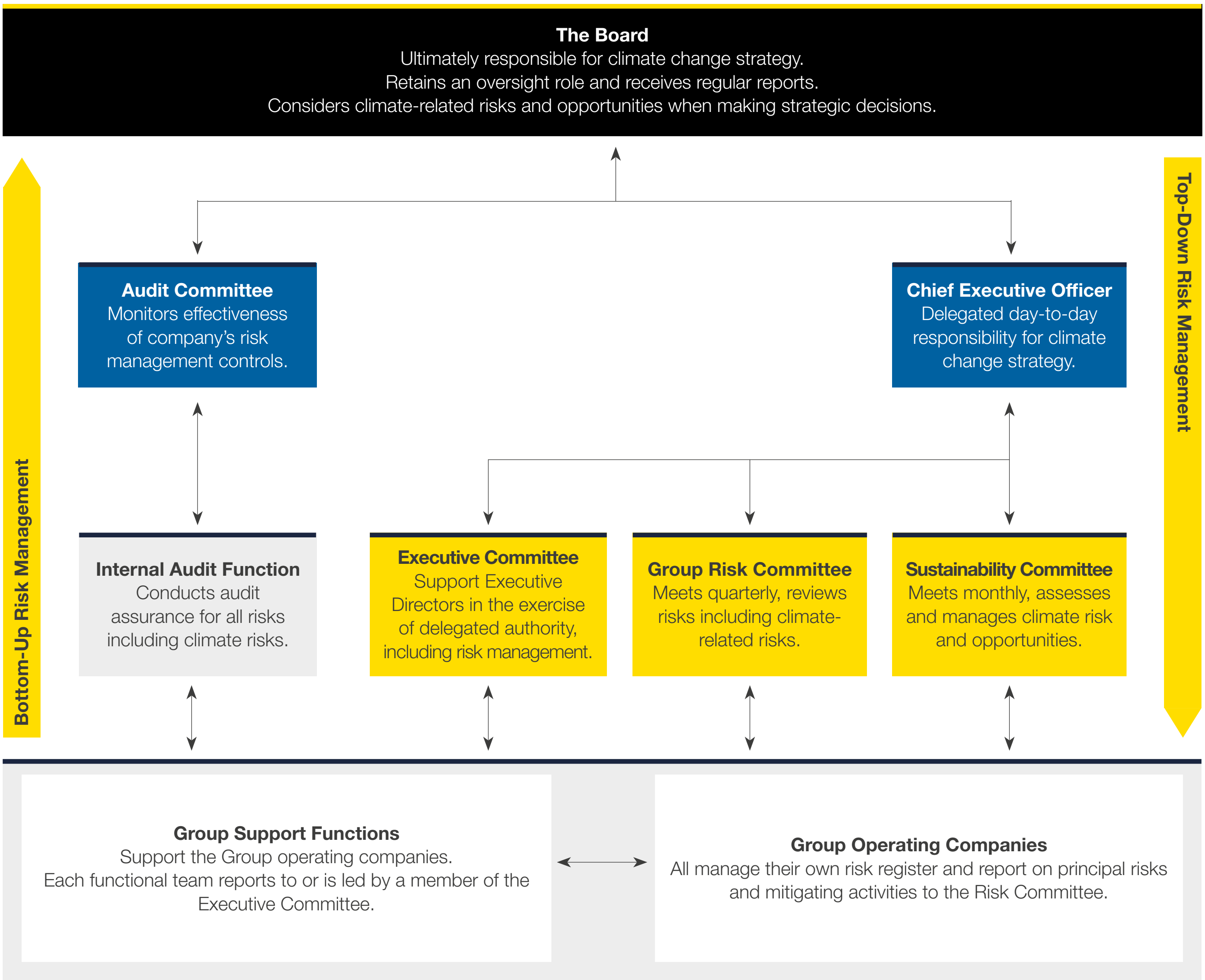
GOVERNANCE Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities. **Status: Disclosed** » **Page 43**	b) Describe management's role in assessing and managing climate-related risks and opportunities. **Status: Disclosed** » **Pages 43 to 46**	
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. **Status: Disclosed** » **Page 46**	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. **Status: Disclosed** » **Pages 47 to 53**	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. **Status: Disclosed** » **Pages 51 to 53**
RISK MANAGEMENT Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks. **Status: Disclosed** » **Page 54**	b) Describe the organization's processes for managing climate-related risks. **Status: Disclosed** » **Pages 43 to 45, and page 55**	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. **Status: Disclosed** » **Page 56**
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. **Status: Disclosed** » **Pages 57 to 58**	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. **Status: Scope 1 and 2 emissions disclosed. Scope 3 emissions in process.** » **Pages 58 and 59**	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. **Status: Scope 1 and 2 climate targets disclosed. Scope 3 targets in process.** » **Pages 60 to 65**

Climate-related Governance

The Company's Board of Directors (the Board) has ultimate responsibility for the Company's climate change strategy and oversees progress against climate-related targets. The Board has at least seven scheduled meetings per year and considers climate-related risks and opportunities on a continuous basis, such as when deciding on the strategic direction of the Group, acquisitions and divestments, access to capital or deciding on major capital expenditures.

The Board delegates day-to-day responsibility for the climate strategy to the Group CEO but is kept informed of climate-related issues via management structures including the Risk Committee, the Sustainability Committee, the Audit Committee, and the Group Support Functional leads. A summary of this Governance structure is provided in Figure 1. Further information of how these bodies work together to manage risk is provided within the principal risks and uncertainties section of this report **page 62**, and with our 2022 TCFD report **page 43 to 45**.

Figure 1. Governance framework overview



Legend: Board elected committee / office; CEO chaired committee; Operations and functions

Climate change is an important consideration in defining the strategic direction of our businesses. To this end, we have conducted a detailed scenario-analysis exercise aligned to the TCFD recommendations with support from SLR Consulting, an external specialist consultancy.

We have begun incorporating scenario analysis into our risk management processes. This is beneficial in assessing the potential size of risks (through a risk score) and the potential scope of those risks (through projecting that risk score across time horizons and climate scenarios).

Sustainability cont. / Planet cont.

Emissions reductions targets

The results of our reduction pathway modelling have been used to inform the setting of emissions reduction targets for Scope 1 and 2 which are science-based, measurable, realistic, and ambitious.

Scope 1 and 2 emissions targets
The Group has selected the absolute contraction approach. With this approach, the Group is committing to an overall reduction in GHG emissions to the atmosphere in the target year relative to the base year (e.g., reduce annual emissions by 38% by 2030, from 2021 levels).

The Group's emissions reduction targets are based on the 1.5°C trajectory in line with the goals of the Paris Agreement and requirements for setting a science-based target (SBT). This is equivalent to an absolute reduction of approximately 4.2% per annum. The 1.5°C trajectory represents the emission reductions required by the Group to reach net zero by 2050 in order to contribute to international efforts to limit global warming to 1.5°C above pre-industrial levels.

Scope 1 and 2 reduction targets

2025	2030	2050
-17%	**-38%**	**Net zero**

% reduction relative to the base year.

The energy intensity of our vessels will be measured internally, using the Carbon Intensity Index to align with the International Maritime Organisation's climate goals, and in line with SBT guidance, will lead to absolute emission reductions which will be reported on within the Annual Report and Accounts from 2023. We will track the energy intensity across the business so that we understand the impact of growth on our absolute targets. We are tracking two intensity indicators; the CO_2e/FTE and CO_2e/£m revenue, and the MWh/FTE and MWh/£m revenue. We will report on these year on year, using 2022 as our baseline.

A selection of the reduction opportunities identified through the Group's reduction pathway modelling is summarised below. All of which are viable reduction opportunities for all three time periods, spanning all shipping companies.

» For more details and to view our full 2022 TCFD disclosure see our separate **2022 Annual Sustainability Report.**

VESSEL'S REDUCTION OPTIONS (NOT LIMITED TO)	DESCRIPTION
Speed management	Develop and implement a standard operating procedure for slow steaming, which considers expected time of arrival, weather, currents, etc.
Draft displacement optimisation in ballast	Develop and implement a standard operating procedure for draft displacement optimisation in ballast. This includes training of the crew.
Fuel switch – MFO to MGO	Develop and implement a green procurement policy which includes a requirement for vessels to switch from marine fuel oil (MFO) to marine gas oil (MGO) in all locations.
Fuel switch – MFO/MGO to biofuel	Develop and implement a green procurement policy which includes a requirement for vessels to switch from MFO/MGO to biofuel where biofuels are readily available and increase in costs is within the accepted pricing strategy.
Auxiliary system optimisation	Develop and implement a standard operating procedure for optimising the vessel's auxiliary systems, thereby reducing fuel consumption and GHG emissions. Procedure to include both operational and technological options for matching the auxiliary system to the vessel's operating profile.
Air cavity lubrication (medium-term, long-term)	Develop and implement a green procurement policy which includes a requirement for new builds to include air cavity lubrication where feasible. The policy should also include a requirement for chartering of vessels with air cavity lubrication where feasible in the long-term.
Hybridisation – conventional hybrid ship (medium-term, long-term)	Develop and implement a green procurement policy which includes a requirement for new builds/chartered vessels to include hybrid propulsion system where feasible.

Despite vessels accounting for the vast majority of the Group's carbon footprint, a significant reduction in emissions out-with vessels, for example from fleet vehicles, offices, and industrial facilities, is an important part of our net zero commitment.

» Read more about our carbon reduction activities on **page 37.**

Sustainability cont. / People

FOCUS AREAS

- Top talent
- Equity, diversity and inclusion
- Health, safety and security

Our employees are our most important assets and are critical to the operation of our business. United by a common purpose and shared valued behaviours, their pioneering spirit, integrity, energy, and resilience enable us to create value for all our stakeholders.

With James Fisher operations spread across six continents, our people are geographically dispersed and represent a multitude of cultures. We will continue to develop and build upon a culture which allows them to use their skills and to develop career paths for realising their potential.

We are committed to ensuring that sustainability is at the heart of everything we do, and nothing is more important than keeping our employees and service users safe in all their activities.

Top talent

Key drivers for sustainability focus area top talent are; stakeholder working groups; engagement, wellbeing, and talent management.

Top-down approach

We believe that managers must lead by example and be strong advocates for our talent initiatives to be successful for both the business and our people. Employee engagement and talent management are important for both individuals and company performance, but unsustainable unless it goes hand-in-hand with employee wellbeing.

EMPLOYEE EMPOWERMENT

We aim to build a foundation for success across the business by empowering our people to grow and drive performance. We aim to ensure our people are provided with experiences, through mentoring and secondment opportunities and participation in activities which fall outside their day-to-day roles and we believe this is crucial in retaining top talent.

Talent management

Change does not happen overnight, but small changes in day-to-day behaviours can and will lead to improvement. Through continual consideration and demonstration of sustainable practices, including talent management, we are more likely to have aligned values with our employees.

Following on from our 'Leading in an Inclusive World' series in 2021, we are developing a 'Leading the Business programme' (LTB). Manager behaviour is pivotal to engagement, wellbeing, and retaining top talent. Managers therefore represent a vital lever for creating a workforce that is both engaged and well. A performance series has been developed and delivered through virtual and digital learning support, with focus on creating a culture of performance conversations through line manager and employee communication, and objective setting for success.

A career development toolkit has been launched to help employees own, design, and drive their career progress, create opportunities for career development benefiting both our employees and the business, and create a workforce that is pioneering, agile, and able to respond to the ever-changing external environment.

During 2023 we plan to develop training further to:

- Help our leaders focus on what matters
- Help managers become better coaches
- Help our employees do their best work

Our 2023 priorities include:

- Identifying our high potential: We plan to review our current processes and define our key indicators with focus on simplifying for our people whilst being effective for our business needs.
- Retain our top talent: During 2022 we identified a number of areas for improvement and aim to design and implement these during 2023.
- Employee development: We aim to further enhance this area through onboarding, continual learning and development, performance management and talent mobility.

2022 was an exciting year from a learning and development perspective. Forming new L&D partnerships with Corndel, Capita, Working Voice and MTD training, will ensure we can continue to provide a suite of learning for all employees to enable their continuous growth in their specified fields of expertise. Supporting the growth and development of our internal talent is key…, this makes James Fisher a very exciting Company to work in.

Laura Porter TAP, cert
Learning and Development Business Partner

CAREER DEVELOPMENT/ INTERNAL PROGRESSION

The size and diversity of our Group presents vast opportunities for career growth.

Employees from across the Company are encouraged and supported to progress their careers internally, with development opportunities made available across the breadth of the Group's activities and regions.

Sebastian (Seb) Scorrer, now Strategy and Sales Analyst at EDS, is one example of an employee who recently took advantage of moving between operating companies and specialisms in pursuit of his personal goals.

Explaining the drivers behind his decision to adjust his career path and upskill, Seb said:

"The motivation behind the move was to branch into renewables. As sustainability is a part of my personal life, I wanted to feel like I was 'doing my bit' in my work life too. I also just felt like it was time for a change, and it's good that at James Fisher we can move within the business when that is the case."

In making this decision and in the experience he has subsequently had in his new role, Seb feels he has received and benefitted from a large amount of support:

"(I've had) Loads! A big one was EDS encouraging me to get my GWOs – these are safety qualifications that allow me to go offshore/onsite…. I've also been invited to/involved in a few senior leadership team meetings which I really enjoy. Just listening to how everyone interacts and also getting a better all rounded business knowledge has helped."

Sustainability cont. / **People** cont.

Engagement

We believe engagement in the Company's sustainability work enhances employee job satisfaction, providing employees with a sense of belonging, drive, passion, and purpose, and ultimately ensures growth and long-term prosperity for our people and the business.

During 2022 our engagement champions, who act as representatives from throughout the Group, have been fully trained and are actively supporting their operating company managers and local activities.

We are working to create a physical and emotional connection that develops a shared purpose, and commitment with our people.

It's like a self-fulfilling circle; the more engaged your colleagues and employees are, the more successful the company. The more successful the employees are, they develop further and advance which further engages.

Inken Braunschmidt
Non-Executive Director for Employee Engagement

FOGHORN: JAMES FISHER'S EMPLOYEE ENGAGEMENT SURVEY

A short, multiple-choice survey administered independently through Gallup, a global analytics and advice firm and employee engagement partner to the Group.

Following our 2021 engagement survey (the results of which are reflected in our 2022 engagement and retention metrics), and results analysis, the engagement working group committed to, and achieved, the following key objectives:

- Reduce voluntary turnover across the Group. This was 1.5% for January 2022 and reduced to 0.9% in December 2022.
- Monitor the Group retention rate (engaged employees are less likely to leave).This rate was maintained at around 98% from January – November 2022. December retention rate dropped to 94% due to the sale of Mimic, Strainstall UK, and Prolec.
- Encourage a performance culture through the giving and receiving of feedback. Throughout 2022 the number of employees giving feedback increased from 3.8% to 8.3% (positive) and 1.1% to 2.3% (constructive). Employees receiving feedback increased from 8.2% to 16.1% (positive) and 1.2% to 2.4% (constructive).
- Support line managers to interpret and share their engagement survey results with their teams, and to create and progress action plans.
- Support the promotion of the accountability index survey (May 2022) which maintains the engagement momentum and gives an indication of how a team may score in the following annual engagement survey.

The survey and results analysis are cascaded to our senior leadership teams. A number of steps, personalised to each operating company, are then outlined for action. Each operating company has the flexibility to tailor best solutions and improvement opportunities for the business, with a directive on timelines and progress reporting led by the Group.

INTERNAL COMMUNICATION HUB LAUNCHED

JFN has taken active steps to improve its internal communications. During 2022 JFN launched an 'Internal Comms HUB', bringing together internal communications from across the company into one central, easy to access place. Its weekly Business as Usual newsletter has evolved into the main feature, making for a more dynamic channel allowing for more immediate publication of news and announcements.

SHARING THE MESSAGE OF BREAST CANCER AWARENESS

October 2022 marked Breast Cancer Awareness Month and we took the opportunity to share the support on offer to those affected by cancer.

Several colleagues shared tips and resources to help promote this topic including Emma Holmes, Contracts Manager at JF Subtech and head of the Group's wellbeing working group who shared some great advice.

"Life can be busy and distracting, so I signed up to CoppaFeel's monthly text alerts which remind me to check. I would highly recommend visiting the website – they have some great instructional videos and leaflets which guide you through the signs and symptoms of breast cancer, and help you get to know your chest."

On 30 September 2022, teams from James Fisher and Sons plc, JFN and EDS HV Group came together to assist Macmillan Cancer Support by raising funds through an organised Coffee Morning in Bamber Bridge, UK.

METRICS AND TARGETS

In our 2021 Annual Report and Accounts we reported our intention to set a target and measure and report on our employee engagement score. We are pleased to confirm this has now been implemented.

» Refer Key Performance Indicators **page 56** for further details.

Wellbeing

A renewed focus for the wellbeing working group in 2022 provided a preventative, culturally challenging and sustainable approach to delivering a physically and mentally healthy workplace in which our employees can thrive.

We identified 'big picture' topics and developed a series of strategic areas of focus which have an emphasis on preventative measures which focus on the causes, not just the symptoms:

- Awareness Training
- Campaigns
- Connectivity
- Mental health first aiders
- Planning/policy

Building on our commitment to train 50% of the mental health first aid (MHFA) population in suicide first aid (SFA), the first of our sessions by our MHFA England training provider commenced in August 2022. We are proud to have SFAs in our business and continue to build on the numbers into 2023 with a committed target as detailed in the Key Performance Indicator section page 56.

The wellbeing intranet page was published in 2022 creating a hub for information, guidance, working group news, contact information and useful resources. The annual engagement survey update incorporated the inclusion of wellbeing specific question(s), and a campaign calendar has been co-designed with Group Marketing contributing to mental health and wellbeing awareness and support, for example World Suicide Prevention Day 2022, stress awareness month, and Breast Cancer Awareness Month.

THIS IS A CONVERSATION STARTER

The JFD teams at Bibra Lake and Perth, Australia, have recently taken up a new fun, bespoke piece of PPE to wear on Fridays in the office and after work in public spaces.

Embellished with a multi-coloured pattern on the lower torso, sleeves and collar, the back of the PPE hosts an eye-catching phrase – 'This is a conversation starter' – to literally start a conversation around the garment and the awareness around men's health it is trying to raise.

We are proud to see our teams across the world coming together in honour of supporting charitable causes.

BANDING TOGETHER FOR MOVEMBER

MOVEMBER®

Banding together for Movember and men's health in November 2022, our colleagues at James Fisher Everard (JFE) from our Tankships Division, worked together to raise awareness by completing a distance of 60km between them.

JFE are used to supporting the health and safety of men and women onboard the Group's fleet of tankers. Similar to their daily operations in this way, their charitable work looks for an external way to continue supporting the mental health and wellbeing of others.

Sustainability cont. / People cont.

Equity, diversity and inclusion

There was significant progress through 2022 due to improvements made to our learning and development, internal recruitment documentation and exit interview procedures that strengthen ED&I throughout the employee lifecycle.

2022 saw the launch of our first annual ED&I survey, developed in conjunction with Gallup. Key findings from this survey were:

- People feeling like they can be themselves at work and feeling that everyone is treated fairly
- There are opportunities available to discuss diversity more openly
- There is a strong correlation between our local employee engagement, company advocacy and ED&I scores

Additional activities during 2022 included a review of learning and development and internal recruitment documents to provide greater diversity coverage, and the team contributed to an overhaul of our exit and new starter feedback processes.

The annual ED&I survey results helped to determine the following key objectives for 2023:

- Increasing ED&I survey response rate from 55%
- Building on our ED&I overall index score of 4.03

We are implementing metrics to measure and monitor response rates for the newly implemented annual ED&I survey, and performance in relation to diversity within specific employee tiering bands for example senior leadership teams, and female attrition rates.

IF NOT NOW WHEN

At James Fisher our commitment to equality, diversity and inclusion extends beyond our own workforce. We aim to benefit and positively influence the communities where we live and work through proactive engagement, employing local people, contributing to local economies, and investing in local supply chains.

In line with regulatory requirements, our gender pay gap information is listed below.

GENDER DIVERSITY METRICS, 2022 VS 2021

	2022			2021		
Gender diversity	Male	Female	% Female	Male	Female	% Female
Board Directors(1)	5	3	38%	6	2	25%
Executive Team(2)	5	2	29%	8	4	33%
Senior Managers(3)	102	33	24%	69	34	33%
Employees	1,724	493	22%	1,991	577	22%
Total	1,836	531	22%	2,074	617	23%

(1) In Q1 2022, we appointed Claire Hawkings to the Board, increasing the total of Main Board Directors to eight and raising the % female metric up to 38%.

(2) Excludes Jean Vernet and Duncan Kennedy in calculation.

(3) Movement in % female metric is due to the extension of the Executive Team to include heads of operating divisions.

REDRESSING THE BALANCE

In March 2022, Subtech South Africa (Pty) Ltd completed a major Broad-Based Black Economic Empowerment (B-BBEE) transaction, transferring a 51% stake in the business to South African black owned consortium, Tacenda Consulting (Pty) Ltd (100% black female owned) and Thembani Shipping (Pty) Ltd.

South Africa introduced B-BBEE policy in 2003 to redress the unjust effects of the apartheid past. Aligned with the goals of B-BBEE, James Fisher Subtech has invested in, and is committed to the socio-economic development of black South Africans through employment, management, and ownership opportunities within Subtech South Africa.

This is a powerful example of what can be achieved through meaningful Broad-Based Black Economic Empowerment.

Nomkhitha Mbele
Director at Subtech South Africa

Sustainability cont. / **People** cont.

Local community integration

Our objective is to be a good citizen and active member of the community through:

- Encouraging our employees to engage and make a difference
- Creating local employment and sourcing opportunities within our communities
- Investing and engaging in people development, wellbeing, training, and other initiatives to enhance the lives of people in the community

We have had an outstanding year in terms of supporting our local communities and we are exceptionally proud of the time and effort our employees across the Group have dedicated to this focus area.

Group-wide, we remain committed to supporting local charities and organisations, and for our employees to engage directly with the people we are helping, in order to maximise impact. As part of that commitment, the Group is formalising its endorsement of one workday allocation per employee, per annum, to support their local community.

During 2022 we formed a communities working group which has been actively working in preparation for planned activities in 2023 which include:

- A comprehensive data gathering exercise ensuring we are capturing all local community efforts
- Development of an internal hub for the James Fisher community including discussion and collaboration forum
- Regional reviews to ensure global coverage and determine where our operating companies can join forces and support local communities through collaboration
- Development of standardised guidance for those looking to identify suitable charities/ organisations in their area

Behind the scenes

At James Fisher, community within the workplace is the lifeblood of our business. We want our employees to feel they are working towards a greater goal as a source of inspiration within themselves, their roles, and their local communities day-to-day.

As part of continuing efforts to develop a sustainable and inclusive culture throughout the Group since launching our sustainability strategy in 2022, our internal community hub planned for launch in 2023 will be the heart of 'we are one'. The intention behind the community hub is to bring our people together, improve knowledge sharing, increase personal employee connections, improve productivity, and empower employees of all backgrounds to share their experiences.

In 2023 we will continue to:

- Work with local communities as collaborators and partners in order to strengthen existing partnerships
- Support STEM initiatives, promote education in local schools and explore further partnership opportunities
- Engage customers and suppliers on their community development efforts, with the intent to collaborate where possible

FUTURESTARS CHARITY

James Fisher is proud to support **Futurestars Charity** in Ghana, an education-through-sports charity founded in 2018.

One of its latest projects has been the refurbishment of Twedaase School.

The assistance the charity has rendered the local community in Ghana is amazing, and we are honoured to be part of the team!

SUPPORTING THE ARMED FORCES

ARMED FORCES COVENANT

Various James Fisher companies have committed to supporting the Armed Forces community, demonstrated by their signing of the Armed Forces Covenant. In alignment with this pledge, the companies will endeavour to uphold the key principles of the Covenant in its business dealings.

» Refer to our online 2022 Annual Sustainability Report for further information and examples.

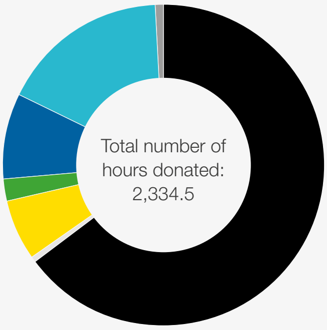
JFN PROUD TO SUPPORT SKILLS FAIR IN FEBRUARY 2022

Alongside various businesses, training providers and national employers exhibiting at the #Workingtonskillsfair, Mechanical Design Engineer, Sophie Cullen, and EC&I Design Manager, Duncan Oates, took time out of their busy schedules to speak with young people about their future aspirations and to explore the potential career opportunities available at JFN.

2022 COMMUNITY INITIATIVES

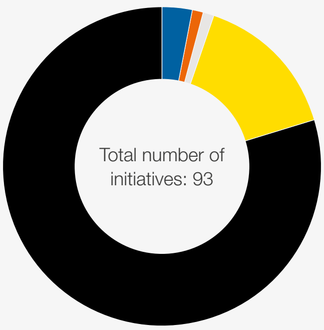
Spanning five countries worldwide, 93 initiatives were conducted in 2022 totalling 2334.5 people hours donated.

Split by theme (Hours donated)



- Charity (1,511.5)
- Donation (3)
- Fundraising (11)
- Health and wellbeing (144)
- Hobby (0)
- Local business support (55)
- Local community group (198)
- School/education (396)
- STEM (16)

Split by country (Number of initiatives)



- Australia (3)
- Netherlands (1)
- Singapore (1)
- South Africa (14)
- UK (74)

VOLUNTEERING AT WALKMILL COMMUNITY WOODLAND

Walkmill Woodland is a vital and much-loved green space for the communities of Moresby near Whitehaven. The 36-hectare site is of significant interest in terms of its heritage woodland and habitats, and its social history and industrial archaeology.

'A Wilder Walkmill' project is funded by the National Lottery Heritage Fund and JFN have been signing up volunteers to help with various activities.

- Tree/hedge planting
- Wildflower meadow sowing
- Footpath maintenance and repair, boardwalk and step construction
- Pond construction and maintenance
- Bridge construction
- Citizen science surveys – such as butterfly monitoring and wildflower identification
- Fence removal

METRICS AND TARGETS

In our 2021 Annual Report and Accounts we reported our intention to set a target and measure and report on our community efforts. We are pleased to confirm this has now been implemented.

» Refer to the Key Performance Indicators **page 56** for further details.

Sustainability cont. / People cont.

Health, safety and security

Our overarching goal remains to maintain the health and safety of our employees, contractors, suppliers, and customers at all times.

The nature of our operations means that we frequently face hazards and harsh environments for which we are well prepared, trained and equipped.

We want people, including those benefitting from our products and services, to return safely to their homes, families, and friends every day.

This is the inspiration for our "goal zero" incidents vision. To embed the right mindset and realise this vision, we will invest our efforts in three areas: policy development, education, and engagement.

The Group's health, safety and security priorities, objectives, and performance monitoring are co-ordinated and governed by:

- The Health and Safety Committee: Chaired by the CEO and comprising the Executive Team, the Committee has oversight and conducts quarterly reviews of the Group's health, safety, and security performance.
- The Safety Forum: Comprising the health and safety leaders from each operating company, the forum is responsible for providing updates on health, safety and security issues and events, sharing best practices, and advising the Health and Safety Committee on Group-wide initiatives to improve performance.

THE DISTINGUISHED GENTLEMAN'S RIDE

JFD Ortega are proud supporters of the Distinguished Gentleman's Ride (DGR) which unites classic and vintage style motorcycle riders all over the world to raise funds and awareness for prostate cancer research and men's mental health.

Health and safety training

2022 health and safety performance did show an improvement on 2021 HSE performance data. During 2022, there have been incidents including high potential near misses and Lost Time Injuries. The Group has appointed a central HSEQ leader to improve the HSEQ performance and adopt best practice frameworks, processes, and standards across the Group.

Executive leaders continue to increase the level of awareness and focus on health and safety, and the Group safety forum is successfully sharing best practice, improving root cause analysis, initiatives and lessons learned amongst all stakeholders across the Group.

The Health, Safety and Security (HS&S) focus area will be led through our BEx team from 2023. The safety forum supports a Group-wide commitment to a positive, collaborative culture that focuses on people empowerment while developing and deploying business critical standards, policies, procedures, and systems, ensuring compliance through monitoring.

LOOK. THINK. ACT

look.think.act. safety in a healthy environment.

From day 1 of employment throughout the lifecycle of an employee's career the provision of health and safety information and training is paramount.

In 2022, we introduced a new enhanced employee induction with stronger focus on health and safety through engaging and interactive learning. We continue to provide several health and safety courses from mandatory compliance modules to wider health and safety issues, with all mandatory courses repeated year-on-year to ensure continued focus and adherence.

- Health and safety in the workplace
- See it, sort it, report it
- Fire safety awareness
- Driver safety awareness
- Slips and trips
- Personal protective equipment (PPE) awareness
- Hazard identification and risk control
- And many more...

SAFETY OBSERVATION AWARENESS TRAINING

During 2022 JFD launched a safety observation awareness campaign which included the introduction of a new digital platform for safety observations with the following benefits:

- Increase safety awareness
- Decreases anxiety or threat of reporting errors
- Provides additional means of submitting feedback

Employees can now report safety observations using the 'fill out a card' method, or the new digital, more environmentally friendly, method.

> We continue to be a close partner with the Canal & River Trust to maintain the green-blue space, accessibility and history of our waterways.
>
> **Alex Ratcliffe**
> **Assistant Project Manager, James Fisher Subtech**

CANAL & RIVER TRUST

JF Subtech successfully identified and replaced defective anodes for the Canal & River Trust with completion in September 2022, ensuring the longevity and safe operation of the historic Went Aqueduct on the Sheffield and South Yorkshire, UK, navigation.

The challenge

- As the waterway had been affected by unusual levels of rainfall, JF Subtech topside workers had to carefully navigate operating in tidal conditions close to the waterline.
- As a result, extra precaution was to be taken so as not to cause an environmental hazard to wildlife as well as other canal users.

The solution involved close liaison with the Canal & River Trust locally to ensure that the job was completed safely and to a high standard. Environmental conditions were carefully monitored to identify effective work windows and the project successfully completed in September 2022.

JF Subtech successfully completed a subsea inspection, repair and maintenance (IRM) contract for NEO Energy in 2022 on its floating production storage and offloading (FPSO) vessel, Global Producer III (GPIII), located in the Balloch field, Central North Sea.

The contract saw the safe and efficient execution of the FPSO's IRM scope and required JF Subtech to apply its comprehensive experience of technically complex project scopes in harsh environments, utilising its air diving and ROV expertise to undertake the operation on the GPIII vessel's hull, in accordance with NEO Energy's asset integrity program.

METRICS AND TARGETS

» Refer to Key Performance Indicators on **page 56** for our 2022 metrics and targets performance.

Sustainability cont. / Partnerships

FOCUS AREAS

- Innovation
- Customer engagement
- Governance

In our 175-year history, we have differentiated ourselves through innovation and technology. We are pioneers in our chosen markets, emerging as the global leader in submarine rescue, removal of offshore unexploded ordnance (UXO) and ship-to-ship (STS) transfer.

We are uniquely positioned to support our customers and suppliers through highly skilled capabilities from product or service design, installation, delivery and ongoing maintenance.

Our culture of shared success means that we seek out collaborations – with customers, suppliers, and other industry players – that align with our values and contribute to our shared vision for a sustainable future. We aim to build trust with our partners through transparency, compliance and by operating with the highest standards of business ethics.

Innovation

Innovation is a key element for sustainable growth enabling the Group to meet our current customer expectations and to optimise new opportunities.

We are uniquely positioned to influence and help our customers to share in the future of our chosen markets with 175 years of expertise spanning marine, nuclear, transportation, oil and gas and renewable energy.

Our innovation goal is value creation – to deliver tangible revenue gains and cost savings for our customers while maintaining and exceeding products and service quality. We consistently strive to better understand market challenges, articulating the value we can and do create by:

- Tapping into the brain power and expertise of our exceptionally talented workforce to feed the innovation stream
- Partnering with customers and key industry players to co-design, develop, and commercialise cutting-edge solutions to industry challenges
- Engaging our suppliers in co-design and to ensure services are provided in accordance with our valued behaviours and code of conduct

Similarly, with opportunities identified through the scenario analysis work in our market areas, we aim to ensure that the opportunities identified through our products and service offerings are realised through continued consideration and opportunity monitoring both at Group and operating company level where appropriate. Opportunities identified through scenario analysis include:

- Development and/or expansion of low emission goods and services
- Development of new products or services through R&D (research and development) and innovation

» Further details on the opportunities identified through scenario analysis can be found in our TCFD disclosure on **page 53.**

Individual James Fisher operating companies have applied their own unique methodologies to the innovation process, driving cutting edge, market defining solutions as in the examples shown within this section.

During 2023 and 2024 we aim to develop and roll-out a Group-wide process and framework for innovation with a minimum of two innovation projects fully reviewed in line with the new process.

JF RENEWABLES

James Fisher Renewables (JF Renewables) are working with Ho Lung Power Engineering (HLPE) to provide planning, reporting, engineering support/technical review and skilled labour for cable termination and testing (T&T) of Orsted's Greater Changhua wind farm in the Taiwan Strait. This news follows the recent announcement of the partnership between JF Renewables and HLPE to strengthen localisation in Taiwan.

James Fisher's SEABASS

In 2021 we acquired Subsea Engenuity Ltd to increase our decommissioning capability with innovative well abandonment technology to enable the seabed to be returned to its natural state with no pollution impact.

The technology – SEABASS – is a revolutionary, single trip mechanically locking system for the abandonment of subsea wells. As well as meeting global market criteria, it is designed to deliver cost and time efficiencies and to remove contaminants upon plugging to allow the well site to return to its original environmental state.

Despite significant supply chain challenges due to the pandemic, SEABASS was brought to market in 2022. In October, in-depth simulation testing and in-house and customer testing was successfully completed. In December, a collaboration with a major Oil and Gas operator and Major North Sea vessel operation was undertaken, with James Fisher Decommissioning providing tools and equipment for the abandonment of two subsea wells in the central North Sea.

We are investing in further development and in 2023 we expect the system to be adaptable to other subsea well applications. Additionally, new handling equipment and methodology are being adapted to further reduce operating time and increase safety during operations.

Customer engagement

With a network of world-wide operators, partners, industry experts and support bases, we are well placed to support our customers across the globe.

We excel in complex and time sensitive or emergency response situations as well as in the provision of bespoke solutions in high-risk environments. We pioneer life preserving solutions for our customers while ensuring operator safety and security.

We build partnerships with customers and key industry players to co-design, develop, and commercialise cutting-edge solutions to industry and customer challenges.

We have been working to ensure the Group's sustainability strategy and supporting activities connect with our customers' own social value and environmental commitments. For example, we are developing tools and guidance for the Group's operating companies which will help embed best practice methods used in meeting the needs of our customers, therefore, for example, in alignment with the UK Government Social Value Model.

With a renewed approach to customer engagement following re-structuring which took effect in January 2023, the Group's BEx programme will develop a standard process for customer engagement to roll-out across the Group.

Customer engagement is integral to our business. The initial focus is to transform our customer feedback processes into a standardised process with a consistently tracked metric across the businesses.

We aim to gain a more accurate understanding of our customers through increased communication in order to support them in meeting their own needs and objectives. For example, we aim to better understand their:

- attitudes and behaviours or decision-making processes
- challenges so we can better support them through the identification of sustainable solutions
- decarbonisation agendas in order to provide innovative products and services which afford a positive impact for them

Through building on our customer relationships and continuing to identify shared sustainability goals we aim to support our customers in meeting their own needs and objectives.

We will deploy Net Promoter Score (NPS) as the KPI across the Group. Currently data capture is inconsistent with limited measures in place to support the feedback loops and process improvements. This will be addressed later in 2023, and we expect to be able to report on this from 2024 onwards.

JAMES FISHER AND GRAIG LAUNCH AN INNOVATIVE SOV CONCEPT TO TRANSFORM THE UK OFFSHORE WIND SUPPLY CHAIN

James Fisher and Graig Shipping PLC (Graig), a long-established UK shipowner, unveiled a pioneering service operation vessel (SOV) design concept in June 2022. The Ulstein Twin X-Stern SOV has been designed to support the UK's ambitious target of 50GW of offshore wind energy generation by 2030.

Meeting developer demand
The innovative design is intended for series construction, meaning it reduces time and cost to build while still allowing for configuration for owners and developers.

Lower GHG emissions
Because the vessels have two sterns, they are extremely manoeuvrable which reduces power consumption. They are also future-fuel ready, designed for conversion to zero emissions when technology has matured.

Better for seafarers
As larger turbines are installed further out at sea, vessels and crews will be travelling greater distances and working for longer periods of time. The hull design results in reduced motion in the water which makes it more comfortable for seafarers as well as contributing to the vessel's energy efficiency.

Sustainability cont. / Partnerships cont.

Governance

Values and ethics

We believe that ethical leadership and effective stewardship, consistent with the valued behaviours demanded of every James Fisher employee, are essential attributes for our success.

We believe that every James Fisher employee, from the Board of Directors to the engineer at the work site, must live and breathe our valued behaviours – pioneering spirit, integrity, energy, and resilience. We also expect our suppliers, sub-contractors, and trusted partners to align with and demonstrate these.

A solid Governance framework ensures we continue to deliver value for all our stakeholders while managing and minimising our risk exposure.

» Refer to **page 62** for further information on our principal risks.

Business ethics

Our business ethics commitments are established in the Group's Code of Ethics, Anti-Bribery and Corruption Policy and Modern Slavery Policy, which are reviewed on a periodic basis to ensure they are current and align with evolving challenges in the world, whilst staying true to our core values and principles. Clear expectations and obligations are set out with our employees, partners, suppliers, and customers in alignment with these policies, and processes are in place to monitor compliance. Several training programmes and assurance processes support our policies, and these are described on pages 72 to 73.

Supply chain management

We expect our suppliers and sub-contractors to adhere to our principles and to commit to sustainable business principles and practices generally. It is important to have accountability and full disclosure on issues such as human rights, health and safety, product and service quality, and environmental impacts. Our supplier onboarding process includes a detailed questionnaire capturing their governance processes, policies, and commitments, and examines the credentials of their own supply chains.

Corporate governance

During 2022 the Sustainability Committee has continued to embed into the Governance protocols of the Group.

We are continuing our focus on supply chain management in 2023 with the appointment of our Group PMO (Project Management Office) Director, the Group Head of Supply Chain and divisional Head of Supply Chain positions. The transformation team driven by our BEx programme, will:

- Roll-out our supplier code of conduct
- Determine appropriate methods and tools for developing mutually sustainable, beneficial and collaborative supplier partnerships that offer superior value whilst attaining the highest standards aligned to our Group values
- Work with the Group Sustainability Committee to determine best approaches as we expand the Group's Scope 3 reporting and establish shared environmental goals with our suppliers

The value local suppliers can create is epitomised in the example of a family-run precision engineering and manufacturing company based a short distance from our Inchinnan facility in Scotland which was identified by JFD's research and development team during a design project. The SME has become an integral part of JFD's supply chain and has expanded significantly as a business since 2015 through continued and significant work opportunities. Often going above and beyond and providing a solid alternative option where a primary allocation supplier is unable to support, this collaborative relationship, similar to many of our valued suppliers, contributes significantly to the resilience of our business.

Supply chain resilience, optimisation, and our local communities

It is important to us that local start-up businesses, entrepreneurs, small and medium-sized enterprises (SMEs), voluntary and social enterprises (VCSEs) have the same opportunity to supply our operating companies.

We do not currently measure and monitor the use of SMEs and others as described above at Group level but plan to in 2023 and we are looking at how our ERP, or alternative, systems can support this.

We will continue to optimise cost through common categorisation, spend allocation, and supplier relationship management. For example, we are realising new economies of scale through Group-wide use of strategic suppliers. A specific example of this, which supports our focus on GHG emissions by securing energy from low carbon sources, is that we are in the process of transitioning to one (renewable) energy supplier for our UK based operating companies. So far, three of our companies have signed up to the Group contract with others pending on contract completion with their current suppliers.

The expected level of service required from our supply chains demands supply chain resilience

In March 2022 James Fisher signed a charter agreement with Go Marine Group for the exclusive use of the Multi-purpose Service Vessel, Go Electra, adding much needed security for our customers amid cost and supply chain crunches in the industry.

The long-standing agreement will see quicker response times and tailored health and safety standards implemented, as well as stabilised and reliable day rates for customers. In addition, there will be an increase in operational uptime, with a consistent crew and shortened mobilisation and demobilisation times between projects resulting in boosted productivity and reduced environmental impact due to fewer overall transits to shore.

Putting sustainability and efficiency at the forefront of decision making, James Fisher selected the Go Electra following an extensive vessel research and evaluation process. The Go Electra was built in 2011 and measures around 80m in length with Dynamic Positioning System (DP2) capabilities, it has an onboard capacity for 66 crew and passengers.

Closing statement

Sustainability is a complex space; it covers an array of environmental, economic, and social issues, as well as a large web of stakeholders, from investors, regulators, and customers to employees.

Evolving to be the heart of everything we do at James Fisher. We are working toward sustainability becoming part of our DNA, our culture, our everyday decision-making and considerations. Why?

WE ARE PREDICTING OUR FUTURE BY CREATING IT.

» For more details see our separate **2022 Annual Sustainability Report.**

Non-financial key performance indicators

Through our nine focus areas we are advancing action in the areas which are significant to our stakeholders. We continue to build and refine the key metrics and KPIs upon which we will focus disclosure across our principal ESG areas.

Key
Target
2022
2021

Lost Time Incident Frequency (LTIF)*

0.51

2023	0.459
2022	0.51
2021	2.6

* LTIF = (Number of lost time injuries x 1,000,000)/(Total hours worked).

Base year
2021

Baseline
2.6

Employee Engagement Score (Gallup)

3.84

2023	3.95
2022	3.84
2021	3.6

Base year
2021

Baseline
3.6

Total Recordable Injury Frequency (TRIF)*

2.65

2023	2.385
2022	2.65
2021	7.4

* TRIF = (Fatality + Lost Time Injury + Restricted Work Day Case + Medical Treatment Case) x 1,000,000)/(Hours worked).

Base year
2021

Baseline
7.4

Fatalities

0

2023	0
2022	0
2021	0

Base year
2021

Baseline
0

Hours spent supporting local community integration*

56%

2023	75%
2022	56%
2021	N/A

* (2hr per employee headcount).

Base year
2022

Baseline
56%

Scope 1 and Scope 2 emissions (tCO_2e)

79,110

2025	70,480
2022	79,110
2021	84,711

Base year
2021

Baseline
84,711

Scope 3 emissions – business travel (tCO_2e)

7,906

2023	7,115.4
2022	7,906
2021	N/A

Base year
2022

Baseline
7,906

Financial review

The rationalisation and simplification of the portfolio included the sale of three businesses, agreement to sell a significant fixed asset and the Board's commitment to sell one further business. All disposals are complete as at the date of signing the Annual Report and the net proceeds have been used to reduce Group indebtedness. Post the end of the year we have made good progress in refinancing our borrowing facilities to provide a more stable platform for the future.

Duncan Kennedy

The Group made progress against its strategic and financial objectives during 2022, achieving growth in revenue, operating profit and profit before tax from its continuing operations.

Continuing operations

The Group generated revenue of £478.1m in 2022, an increase of 8.1% compared to £442.4m in 2021. Divisional performance was somewhat mixed, with Marine Support (+4.7%), Offshore Oil (+23.5%) and Tankships (+31.3%) all showing good growth, partially offset by a more challenging year within Specialist Technical (-16.4%) where JFD's business is at a low point in its large projects business cycle.

Gross margin of 26.6% showed an improvement of 320 bps over the 23.4% achieved in 2021. This was principally due to a number of adjusting charges in the 2021 financial statements not being repeated in 2022. Excluding these adjusting items, gross margin is in line with 2021 despite the generally higher inflationary environment. The Group has commenced a Group-wide Business Excellence programme aimed at simplifying operations, consolidating common activities across businesses (such as supply chain) and delivering margin enhancements over time.

Total administrative expenses reduced from £118.9m in 2021 to £104.4m in 2022. This includes a significant reduction in adjusting items to a £8.2m loss in 2022, from a loss of £33.4m in 2021. A summary of all adjusting items is included below. In 2021 a provision of £7.3m was made against certain trade receivables. In 2022 the group recognised a £0.3m credit in relation to a net reversal of impairments against trade receivables following the receipt of some balances previously provided for. Excluding adjusting items, administrative expenses increased by 12.5% to £96.2m (2021: £85.5m). This includes the impact of salary increases awarded in January 2021 (average 3% across the Group, with market levelling adjustments in addition) and performance-related bonuses accrued at year end to reward those businesses that achieved their financial targets in 2022 (£2.0m vs £0.8m in 2021).

The Group generated £24.7m in operating profit in 2022, a £45.4m improvement compared to the £20.7m operating loss in 2021. The majority of the improvement was due to a significant reduction in adjusting items and impairments against trade receivables (+£47.0m), with the balance of £1.4m (-5.7%) representing a slight reduction from underlying business performance. The Group's underlying operating profit margin reduced slightly to 5.5%.

Adjusting items

The Group has recognised a net operating loss of £1.7m in relation to adjusting items, significantly reduced from £48.7m in 2021.

The Group sold three businesses, the Swordfish dive support vessel and one tanker during the year. Cash proceeds of £18.5m were received prior to the end of 2022 in relation to the three businesses and a profit on sale of £2.5m was achieved. Cash proceeds of US$24.0m were received in January 2023 in relation to the Swordfish. This vessel was designated as Held for Sale in the Group's balance sheet in 2021 and 2022 and accordingly the 2022 results include a £5.4m reversal of impairment to reflect fair value less costs to sell. The tanker sale generated a £0.9m profit. In 2021, the Paladin dive support vessel and two businesses were sold, generating net cash proceeds of £20.8m and a profit on disposal of £0.6m.

A non-cash goodwill impairment charge of £4.4m has been recognised in the 2022 financial statements in relation to the Marine Support division. In 2021, non-cash goodwill and intangible asset impairments of £29.2m were recognised. Impairment provisions of £9.3m were also recognised against tangible fixed assets in the 2021 results.

A restructuring programme within the Fendercare and JFD businesses, completed during 2022, resulted in £2.7m of restructuring costs (2021: nil), of which £1.2m relates to people costs and £1.5m to property costs. The Group also recognised a £1.5m charge in relation to its share (c.2%) of the obligations under a defined benefit pension fund following a settlement in relation to benefits payable by the scheme to past members. £1.1m of debts previously provided for were collected during 2022 (2021: £4.3m impairment loss) and we continue to pursue other amounts for which provisions have been made through legal and commercial discussions. No costs were incurred in relation to ongoing litigation and disputes, compared to £3.1m in 2021. One dispute was settled in the year, with settlement proceeds covering the Group's costs.

Finance charges

The Group's net finance charges increased by £2.0m to £10.2m (2021: £8.2m). Net bank interest payable increased from £6.0m to £8.1m during the year as a result of the Group's higher leverage and interest rate rises. Non-cash pension and lease liability charges are broadly in line with 2021 at £2.1m (2021: £2.2m).

The Group's interest cover ratio*, which is calculated by dividing underlying operating profit by net finance charges (excluding IFRS 16 finance charges) is 3.5 times (2021: 5.4 times), which compares to banking covenants that require the ratio to be greater than 3.0 times.

Taxation

The Group has recognised an overall net tax debit in respect of continuing operations of £5.5m in the year (2021: net tax credit of £0.8m). The underlying tax charge for the year is £4.3m (2021: £10.1m) representing an underlying effective tax rate of 26.8% (2021: 51.2%). Compared to the UK Corporation Tax rate of 19%, the following principal factors have had an adverse impact in 2022:

- Higher effective tax rate in overseas jurisdictions (+14pps)
- Losses incurred during 2021 but not provided for as a deferred tax asset (+4pps)
- Prior year overprovision (-8pps)

Tax on adjusting items is a net charge of £0.8m (2021: £10.9m credit). In 2021 this principally related to the recognition of a deferred tax asset in the UK on certain fixed assets that were impaired in 2020.

* Interest Cover Ratio is an APM. An explanation and reconciliation of APMs is set out in Note 2 of the financial statements.

Financial review cont.

Discontinued operations

The Group's JFN business, which provides services to the UK nuclear decommissioning market, was designated as Held for Sale at 31 December 2022 following the Board's decision to sell the business. The sale of the business completed on 3 March 2023, for proceeds of £3. The Group retained several legacy parent company guarantees supporting the obligations of JFN (the "PCGs"). JFN's financial performance during 2022 deteriorated, with revenue 17.2% lower at £42.8m (2021: £51.7m) and significant challenges with one project resulting in additional costs and an operating loss of £7.3m (2021: operating loss £0.1m). A loss of £13.3m was recognised in relation to the remeasurement of the business' assets and liabilities in line with IFRS 5 'Non-current Assets Held for Sale', primarily relating to the impairment of goodwill (£8.1m), tangible fixed assets (£3.9m) and costs to sell of £1.3m.

Dividend and EPS

The Board has not recommended dividends in 2022 or 2021 given the overall financial position of the Group. The Board remains committed to reintroducing a sustainable dividend policy at the right time. Basic and diluted earnings per share are a loss of 22.1 pence, compared to a loss of 55.2 pence in 2021.

Cash flow and borrowings

The Group generated £44.5m (2021: £55.0m) from operating activities. This includes the impact of a £2.6m working capital outflow as the Group built inventory to satisfy higher demand for its products (£3.2m). Reductions in debtors were broadly offset by reductions in creditors. Tax payments were in line with last year at £8.1m (2021: £7.9m).

Cash flows from investing activities generated a £15.8m outflow (2021: £8.0m outflow). Net cash proceeds from the sale of businesses and assets in 2022 were £17.3m, compared to £20.9m in 2021. Shortly after the balance sheet date the Group collected US$24.0m from the sale of the Swordfish dive support vessel. This was balanced against the deployment of £31.7m (2021: £28.2m) of capital expenditure. The Board approved one significant capital project in the year, being the investment in 24 newly designed, more energy efficient, compressors to supplement the ScanTech Offshore business and its bubble curtain offering in particular, in total a £9.0m commitment spread between 2022 and 2023. The compressors have been delivered in Q1 2023 in anticipation of deployment during Q2 2023 on new projects in the US.

M&A activity in 2022 related to the payment of deferred consideration on prior acquisitions, principally the Continental business in Brazil. M&A payments in 2021 were principally in relation to the Subsea Engenuity acquisition.

Financing costs increased in the year from £5.6m to £7.5m as interest rates increased on variable rate borrowings and an interest rate swap that had been placed in 2017 at ~0.7% matured and was replaced with a new five-year interest rate swap at ~2.3%.

The Group's net debt, including all lease liabilities, remained stable at £185.8m (2021: £185.6m). Within this, the net bank borrowing position improved by £6.8m to £132.9m (2021: £139.6m).

Additional lease liabilities principally relate to a new charter vessel in the Caribbean and the renewal of seven existing leases within the Tankships division (see table A).

The Group's net debt for the purposes of its banking covenants consists of net bank borrowings, finance lease liabilities (on an IAS 17 basis), and bonds and guarantees, as summarised in table B. On a covenants basis, net debt has reduced by £13.8m. The ratio of net debt : EBITDA* has improved slightly to 2.7 times (2021: 2.9 times), which compares to banking covenants requiring the ratio to be less than 3.5 times (see table B).

Liquidity

The Group retained access to £247.5m of borrowing facilities during 2022, unchanged from 31 December 2021. In April 2023 the Group agreed new borrowing facilities with its lending banks of £210m with a maturity date of March 2025, which provides the Group with a stable financial platform from which to execute its strategic plans. We expect to complete final documentation and to satisfy remaining conditions before the long stop date of 7 June 2023. The continued access to liquidity has been included as a Group Principal Risk (see page 63) due to the relatively short term nature of the new facilities.

Balance sheet

The Group's net assets increased by £7.7m in the year to £218.3m (2021: £210.6m). The loss for the year of £10.8m was offset by Other comprehensive income of £18.1m, principally in relation to foreign exchange movements and hedging (£12.4m) and an actuarial gain from the Group's defined benefit pension fund of £5.8m in the year (net of tax), and other movements in reserves of £0.1m.

* Net debt: EBITDA is defined as leverage APM. An explanation and reconciliation of APMs is set out in Note 2 of the financial statements.

Non-current assets

Non-current assets reduced by £12.7m in the year from £333.9m to £321.4m. Goodwill reduced by £17.2m to £116.3m (31 December 2021: £133.5m) as a result of business disposals (£7.1m), held for sale transfer in relation to the JFN business of £8.1m, impairment charges of £4.4m, offset by foreign exchange differences of £2.4m. Intangible assets reduced to £8.2m from £13.3m due to additions of £1.3m and disposals/transfers with a net book value of £1.2m offset by amortisation charges of £5.2m.

Within Property, Plant and Equipment the Group invested £27.4m in additions. This was offset by disposals with a net book value of £2.5m, depreciation of £23.3m, the reclassification of assets to Assets Held for Sale of £5.8m, a net reversal of impairment charges of £0.7m and foreign exchange differences of £2.4m.

Right-of-use assets increased by £10.5m, principally as a result of movements in the Group's Tankships fleet. The Sir John Fisher vessel, which is leased, was delivered to the business in November 2022, resulting in the inclusion of the associated right-of-use asset and lease liability. Depreciation of £12.6m against vessels was provided in the normal course.

The Group has recognised a £5.5m asset in relation to the Group's Shore Staff defined benefit pension scheme in accordance with IFRIC14 following movements in actuarial assumptions. The Group continues to make deficit repair payments in line with agreed profiles.

Current assets and current liabilities

The Group's net current assets reduced from £91.5m at 31 December 2021 to £61.3m at 31 December 2022. There are a number of common factors affecting the movements in these balances, which are summarised in table D. The current assets and liabilities of JFN have been reclassified to Assets Held for Sale. In addition, businesses sold in December 2022 resulted in the sale of the associated Balance Sheet assets and liabilities.

Inventory increased by £0.8m to £49.8m (31 December 2021: £49.0m) due principally to an increase in production levels to keep pace with demand, offset by inventory sold as part of the businesses disposed of in the year. Trade and other receivables reduced from £153.3m to £148.2m at 31 December 2022, again reflecting the impact of businesses sold in the year and the reclassification of JFN's receivables balances to Assets Held for Sale (£10.5m), offset by an underlying increase relating to higher revenues outstanding from Q4 trading. A net charge to the Income Statement of £0.3m was made in relation to impairment of trade receivables, a significant improvement from the £7.3m provided for in 2021.

Balances of £8.4m (2021: £7.8m) that had previously been provided for were cleared from the debtors ledger as no recovery is expected. These adjustments had no effect on the Income Statement.

Within net current assets, the Group's cash, overdraft and borrowings were a net liability of £13.8m (31 December 2021: net asset of £34.4m). This reduction in the net current asset position is principally due to the inclusion of one revolving credit facility balance (c.£45.5m drawn at 31 December 2022) within current liabilities as the facility agreement matures in October 2023 and no extension has been agreed with the lender.

Trade and other payables, excluding movements relating to reclassifications and sales, remained broadly flat in the year. Provisions due within one year increased by £3.3m, reflecting increases in warranty and foreign offset agreement provisions in the year. Lease liabilities increased following the renewal of property leases and additional vessel leases.

Assets held for sale increased from £10.7m to £36.2m at 31 December 2022. The balance relates to the Swordfish (£18.5m), which is an increase of £7.7m in the year following agreement having been reached to sell the vessel in December 2022, JFN's current assets of £16.3m (£14.0m current assets and £2.3m of fixed assets) and £1.5m relating to certain assets in Singapore. Liabilities associated with assets held for sale of £16.3m relate to JFN.

Non-current liabilities

Long-term bank borrowings reduced to £121.8m (2021: £173.9m) during the year, partly as a result of one revolving credit facility being disclosed as a current liability at 31 December 2022 as discussed above. Net pension liabilities, as measured under IAS 19, reduced to £0.4m compared to £1.9m at 31 December 2021 in relation to the Group's portion of multi-employer schemes.

Financial reporting, looking forward

The Group has implemented a new divisional structure, effective 1 January 2023. The Group's businesses are being organised into three divisions: Energy, Defence and Maritime Transport. This change will be reflected in the Group's 2023 segmental reporting in line with the requirements of IFRS 8. The Group will also adopt IFRS 17 from 1 January 2023, the effect of which is being finalised.

Duncan Kennedy
Chief Financial Officer

Table A

£m	2022	2021	Movement
Bank net borrowings	**(132.9)**	(139.6)	6.7
Finance leases (IAS 17 basis)	**(6.9)**	(7.8)	0.9
Right-of-use liabilities	**(46.0)**	(38.2)	(7.8)
Net debt	**(185.8)**	(185.6)	(0.2)

Table B

£m	2022	2021	Movement
Bank net borrowings	**(132.8)**	(139.6)	6.8
Finance leases (IAS 17 basis)	**(6.9)**	(7.8)	0.9
Bonds and guarantees	**(2.3)**	(8.4)	6.1
Net debt – covenants basis	**(142.0)**	(155.8)	13.8
EBITDA – covenants basis	**52.6**	54.3	(1.7)
Net debt : EBITDA	**2.7**	2.9	(0.2)

Table C

£m	2023	2024	2025	2026	Total
No extensions	47.5	200.0	–	–	**247.5**
With extensions	–	87.5	30.0	130.0	**247.5**

Table D

£m	At 31 December 2021	Transfer to Assets Held for Sale	Balances sold as part of business disposals	Held for sale fixed asset adjustments	Movement excluding disposals and transfers	At 31 December 2022
Inventory	49.0	(0.7)	(3.5)	–	5.0	**49.8**
Trade and other receivables	153.3	(10.5)	(4.8)	–	10.2	**148.2**
Net cash and other borrowings	34.4	(2.8)	(1.6)	–	(43.8)	**(13.8)**
Trade and other payables	(139.5)	13.7	3.0	–	0.4	**(122.4)**
Provisions	(2.0)	–	–	–	(3.3)	**(5.3)**
Current tax	(4.5)	0.3	–	–	2.3	**(1.9)**
Lease liabilities	(9.9)	2.2	0.4	–	(5.9)	**(13.2)**
Assets held for sale	10.7	14.0	–	11.5	–	**36.2**
Liabilities associated with assets held for sale	–	(16.3)	–	–	–	**(16.3)**
Net current assets	**91.5**	**–**	**(6.5)**	**11.5**	**(35.2)**	**61.3**

Principal risks and uncertainties

Managing risk and enabling growth

The Group's emerging and principal risks

The Group is subject to a combination of macro risks and business-specific risks. The Group's risk management process (described in more detail on page 70 below) provides the framework for risk management practices across all parts of the Group and seeks to ensure that business risks are adequately identified, quantified and understood. The framework and accompanying risk management processes continue to evolve and improve across the Group.

Changes in 2022

Following a review of the Group's risk management framework in 2021 by PwC LLP, the Group has continued to implement improvements during 2022. The Executive Committee conducted a series of facilitated discussions on the Group's key risks from a "bottom-up" basis. Each key risk has been allocated an Executive Committee owner and a series of mitigating actions have been defined. Review of progress against the mitigating actions is a standing agenda item once a quarter at Executive Committee meetings. These risks have been discussed at the Board and Audit Committee meetings during 2022.

As a result of these reviews, two additional principal risks have been separately articulated due to their nearer-term nature, reflecting specific situations that the Group is subject to and seeking to mitigate:

- Transformation risk – as articulated in the Chief Executive's report (on pages 14 and 15) the Group is commencing a period of transformation, with the aim of achieving a simplified, more efficient operating structure. This is a significant project that over a period of two to three years will affect almost all areas of the Group's operations. An Operational Excellence team has been established to lead the Group through this period of change, which carries the inherent risk of distracting the business from its core business activities.
- Maintaining access to adequate funding – the Group has four revolving credit facilities with a total of six lending banks. Post year end the Group has received commitment letters from its six lenders to enter into a single Revolving Credit Facility for £210m. The Group and lenders have agreed a long-stop date of 7 June to complete the necessary next steps that will allow the new RCF to be drawn. The new facility has an expiry date of 31 March 2025. Given the relatively short-term nature of the new facility, this risk is being separately highlighted in this Annual Report. The Group's auditors draw attention to this risk in their audit report on page 117.

The Board is committed to continuous improvement in risk management and during 2022 has outsourced its internal audit function to PwC, appointed a Head of Internal Controls and developed a comprehensive programme aimed at internal control improvements over the coming 24 months, with significant support from BDO. An additional governance body, the Investment Committee, has also been established during the year. This is a sub-committee of the Executive Committee and has specific authority delegated to it by the Board. All investment decisions that require Board approval will first be scrutinised by the Investment Committee before being presented to the Board.

1. NEW RISK: GROUP TRANSFORMATION PROGRAMME

Nature:	Potential impact:	Mitigation:
The Group is embarking on a period of significant simplification and integration, carrying the risk of disruption and/or distraction to its core activities if not managed well.	• The change management process may disrupt core business delivery activities if roles and responsibilities are not clear • Staff may become distracted by the change process	• An Operational Excellence team has been established, with a clear remit • Objectives have been set and cascaded through the organisation to ensure priorities are clear across the Group • Executive Committee oversight and escalation process has been established

Context:

The Group has operated a largely decentralised operating model for a number of years. The Executive Committee sees opportunity to improve the efficient working of the Group by simplifying and integrating common functions. This is one of the Executive Committee's and Board's highest priorities for 2023 but will involve a significant amount of change in both the operating model and supporting functional activities of the Group. Strong project management and clarity on roles and responsibilities will be required to ensure that the delivery teams remain focused on the most important identified tasks.

Movement:

This risk is being separately disclosed for the first time in 2022. The Board recognises that all change management programmes contain risk and has made the management of this change process one of its highest priorities for 2023.

Opportunity:

The opportunity to simplify the Group's operating model, integrating common functions such as Supply Chain, Project Management, Engineering, Health and Safety is aimed at providing enhanced ways of working and operational efficiencies. It is also expected to support the simplification of the Group's legal entity structure and systems infrastructure.

2. NEW RISK: MAINTAINING ACCESS TO ADEQUATE FUNDING

Nature:

The Group relies on external sources of funding to ensure it has the financial liquidity to fund its operations and future growth, without which there is a risk to the execution of the Group's strategy.

Potential impact:

- The Group may not have the liquidity required to ensure that it remains a going concern
- Disposals of additional businesses may be required
- The Group's reputation and ability to secure competitive contracts with suppliers and customers may be adversely impacted

Mitigation:

- Regular meetings are held with all lenders to provide trading and operational updates
- Selection of third-party expert support to assist with refinancing
- Ongoing dialogue with potential new lenders
- Refinancing commitment letters received from the lenders and long form term sheet agreed with expected completion by 7 June 2023

Context:

The Group has experienced three consecutive years of difficult trading conditions and financial results have been adversely impacted. The Group has made good progress in refinancing its borrowing facilities post year-end, though lenders have required security for the first time. The new facility matures in March 2025. Net debt as measured for the purposes of banking covenants has reduced in each of the last three years, however the ratio of net debt to EBITDA (leverage) has remained above the Board's target level of 1-1.5x. At 31 December 2022 leverage was 2.7x (2021: 2.9x; 2020: 2.8x; 2019: 2.7x).

Movement:

This risk is being separately disclosed for the first time in 2022 due to the ongoing challenges of ensuring adequate liquidity at competitive pricing.

Opportunity:

The Group has taken the opportunity to simplify and right-size its borrowing facilities through to March 2025 to provide additional certainty to all stakeholders.

3. HEALTH AND SAFETY RISK

Nature:

Group trading companies may experience and adverse operational incident or failure to maintain appropriate levels of health and safety.

Potential impact:

- The health and safety of our workforce and others could be impacted by our operations
- The Group's reputation could potentially suffer if there was a major accident or health and safety issue
- Claims and regulatory action may be taken against the Company or the affected business

Mitigation:

- First item on plc and business board agendas
- Appointment of a Group Head of HSE as part of the Operational Excellence team in January 2023
- Policy and training
- Group Health and Safety Committee
- Group safety forum
- Insurance
- Internal Audit
- Group-wide safety initiative

Context:

In 2022, there continue to be operational incidents, including a number of high potential near misses. Executive management continues to increase the level of awareness and focus on HSE, including a new appointment of a Group Head of HSE from January 2023. The Group's activities in 2022 include the continuation of the Group safety forum, improving root cause analysis and sharing incident learnings amongst the Group's HSEQ specialists. The Group also commissioned an audit of its Group HSE policies and procedures as part of the annual Internal Audit programme. As a result, the HSE team has a number of agreed actions to implement during 2023.

Movement:

No change. On balance the net risk has remained the same, and efforts to bring greater co-ordination, diligence and awareness in this area are ongoing.

Opportunity:

Operating in competitive markets there is an increased opportunity to provide differentiation to our customers by our strong commitment to health and safety, thereby building long-term trust.

Principal risks and uncertainties cont.

4. CYBER SECURITY RISK

Nature:	Potential impact:	Mitigation:
The Group may experience loss or harm related to technical infrastructure or the use of technology within the Group.	Cyber attacks could result in financial and reputational damage by way of significant interruption to business systems. Phishing could result in financial and reputational damage by way of theft or fraud.	• Further embedding of new Group-wide operating system with enhanced security, alongside infrastructure and software updates to existing systems • Regular review of IT security issues, including penetration testing • Enhanced cyber awareness training and regular briefings • Improved threat detection software and cyber phishing testing across the Board and all employees • Independent review of cyber security by a specialist third party in 2022; inclusion in the 2023 Internal Audit cycle

Context:

The Group has continued to invest in cyber security and awareness during 2022, with improvements in cyber training and awareness, threat detection software and phishing testing. A third-party review of the cyber security environment was conducted in 2022 by a specialist organisation and recommended improvements have been implemented. The Board reviewed this principal risk in December 2022 and cyber security is included in the Internal Audit plan approved by the Audit Committee for 2023. Despite the increased protections in place at the Group, the external threat continues to increase.

Movement:

Increase. The Group is reliant on its systems in order to operate effectively and has continued to invest to enhance cyber resilience. The external threat is continually adapting and increasing, notwithstanding the mitigating activities.

Opportunity:

Upgraded IT systems increase security, but also flexibility, facilitating secure working while travelling or from home.

5. OPERATING IN EMERGING MARKETS

Nature:	Potential impact:	Mitigation:
The Group operates in overseas emerging markets and key growth economies with fluctuating legislative restrictions, embargoes, sanctions and exchange controls, often undertaken in association with local joint venture partners.	Those operations may expose the Group to increased risk of governance and compliance issues. Any significant failure to comply with laws or regulations could lead to penalties and other financial liabilities, as well as reputational issues. Where there is a jurisdictional requirement for local investment or representation, the Group's ability to continue business in that jurisdiction could be adversely impacted from an ethical or legal perspective.	• Corporate governance framework, including limits of authority • Risk tracking of JVs, agents and other third-party relationships, including use of bespoke web-based platform • Policies and training • Corporate structuring of relationships, using external local legal advice • Implementation of regional operating model during 2023 organising all of James Fisher's product lines under common leadership in each major operating territory • Internal Audit programme includes overseas businesses resourced with local audit team, to leverage advantages of working in local language and consistent with local law/regulation

Context:

Operating in developing markets remains a key part of our strategy. A gradual return to free travel following the relaxation of global travel restrictions in response to COVID has allowed management to increase the frequency of their visits to overseas territories during the year. The improvements in mitigating controls, along with an ongoing increase in Group awareness in this area, result in the net risk being unchanged. During the course of 2023 the Group is intending to further enhance its operating model to consolidate all product lines in major operating territories under common local leadership teams.

Movement:

No change. Commercial and financial controls, project management and risk management, along with increasing Group awareness in this area continue to mitigate the risk.

Opportunity:

The Group's ability to operate in emerging markets for global customers offers an increased opportunity to be differentiated from our competitors.

6. CLIMATE CHANGE

Nature:

The Group operates in industries which may be adversely impacted due to the change in energy mix. The Group is committed to minimising the impact of its operations on climate change.

Potential impact:

The Group may suffer operational impacts of extreme weather events, as well as potential changes in technologies, markets and regulation in response to climate change which could increase costs, challenge the viability of Group services or affect assets values. The Group is also conscious of the need to reduce its impact on the climate, including its emission of greenhouse gases.

Mitigation:

- Continuing the Group's end market and geographical diversity
- Focus on decommissioning of oil and gas assets, increasing support of LNG and renewables markets
- Initiatives to reduce the Group's emissions and other impacts on the environment

Context:

Energy markets remain a key source of Group revenue, including both the oil and gas and renewables industries. With the strategic focus of the Group supporting the "energy transition", from oil and gas to renewables, with increased investment in oil and gas decommissioning and renewables markets, the Board continues to consider the impact of climate change on energy markets as one of the Group's principal risks, as well as one of the Group's key strategic opportunities. The risk of climate change to the Group's strategy is mitigated by the continuing diversification of the Group into new markets which, aligned with focused strategic opportunities, targets the ongoing long-term sustainability of the Group. The Board believes that the global market for renewable energy will continue to grow, and therefore sees the energy markets as both a risk (long-term oil and gas, post decommissioning) and an opportunity (renewables).

Movement:

No change. The Group has built its strategic goals around sustainability, driven in part by the impacts of climate change on the Group and the markets it serves.

Opportunity:

The Board believes that the global market for renewable energy will continue to grow, and therefore sees the energy markets as an opportunity.

7. CONTRACTUAL RISK

Nature:

The Group operates in markets where larger project-based contractors may seek to pass risk down the supply chain.

Potential impact:

Through its growth and diversification into new markets and geographies, the Group may be exposed to increased contractual risks, which could result in financial impact caused by late payment, cost overruns, increased claims and litigation, and/or exposure to non-UK legal jurisdiction uncertainty.

Mitigation:

- Internal contract management governance, including policy and training
- Internal and external specialist legal support
- Appropriate balance of risk and reward in contracts, based on Group principles
- Investment Committee and (if large enough) plc Board review and approval of all major bids/tenders
- Targeting increased contract management skills
- Insurance

Context:

The Board and Executive Committee have increased oversight of significant contracts with the introduction of the Investment Committee during 2022. The purpose of the Investment Committee is to scrutinise all significant new contracts, some of which will also require plc Board approval. There is continued use of internal and external legal support.

Movement:

No change. The Group is diversifying its operations to secure a more sustainable future for its energy businesses and that will bring its own challenges whilst the Group adjusts to new customer expectations and industry developments.

Opportunity:

As the Group pursues its strategy, contracts become a key mechanism for managing risk and also enhancing engagement with our customers and suppliers.

Principal risks and uncertainties cont.

8. PROJECT DELIVERY

Nature:

Group businesses may fail to meet customer expectations or contractual requirements on project delivery.

Potential impact:

This could cause significant adverse financial and reputational consequences, and/or increased cost and management time resulting from management of disputes and litigation.

Mitigation:

- Increasing the specialist project management skillset across the Group through training and recruitment
- Implementation of project management best practices
- Focus on post-signature contract management
- Salary benchmarking and role banding exercise
- Formation in early 2023 of an Operational Excellence team within the Group, the remit of which includes standardising and improving the Group's Project Delivery

Context:

The profile of the work undertaken by the businesses continues to shift more towards project work. Established mitigating processes include targeting increased project delivery skillsets through external hire and training, ongoing development of project management best practice, and building post-signature contract management into the project management skillset. We remain focused on improving outcomes and have formed an Operational Excellence team at the start of 2023 to drive standardisation, simplification and process improvement.

Movement:

No change. There has been one high-profile project challenge within the James Fisher Nuclear business during 2022 which demonstrates the need for continuous improvement. Elsewhere in the Group there have been a number of successfully delivered projects, particularly in the Marine Contracting business, which has been on a journey of continuous improvement for the past three years.

Opportunity:

Our customers require suppliers which can manage large projects in demanding environments. The Group is in a key position to support them, grow our customer engagement, and win new work.

9. RECRUITMENT AND RETENTION OF KEY STAFF

Nature:

The Group may fail to attract, retain and develop personnel of the requisite calibre and to plan for succession in key leadership positions.

Potential impact:

This may result in the Group not being able to maintain its existing strong and experienced management teams in its operational businesses, and/or a risk to the Group's delivery of its strategic objectives, which depends on recruiting and retaining the right people in all areas of our business to maintain competitive advantage.

Mitigation:

- Implementation of employee strategy
- Graduate recruitment
- Talent identification and management
- Management development programmes
- Appraisal process
- Training plans
- Remuneration incentives
- Succession planning
- Salary benchmarking and role banding exercise

Context:

Progress continues on implementation of the employee strategy to improve recruitment and retention. New senior management positions have been filled during the course of 2022. Succession and recruitment have improved. Retention has been a challenge and remains a key focus, particularly in a high inflation environment.

Movement:

Increase. The Group's voluntary turnover rate has stabilised during 2022. Senior management changes have been implemented during the year but the recruitment market for talent remains highly competitive.

Opportunity:

Improvements in recruitment and retention will strengthen our teams worldwide, as well as the ability to compete in our chosen markets.

10. FINANCIAL RISK

Nature:

The Group is exposed to interest rate, foreign exchange and credit risk. The Group's decentralised operating model requires robust and effective financial controls.

Potential impact:

An increase in interest rates or change in exchange rates or credit restriction would have a financial impact on the Group. Poor financial controls may impact adversely on reporting accuracy or risk of fraud.

Mitigation:

- Formalised Group internal controls and accounting policy manuals
- Documented levels of delegated authority for all operating companies
- Half-yearly self-certifications covering the effectiveness of financial controls signed by operating company Finance Directors
- Third party whistleblowing hotline available to all employees (from mid-2022)
- Internal Audit reviews on a periodic basis for all operating companies
- Internal controls improvement programme
- Non-syndicated banking relationships plus 3-bank RCF club
- Centralised finance function management of Group net debt, and FX
- Forward currency contracts
- Interest rate swaps

Context:

The Group's central internal controls and treasury functions continue to drive standards across the Group. During 2022 the Group has commenced a project specifically aimed at improving internal controls, using a third party to support the Group's Head of Internal Controls. The Treasury team continues to implement the Group's FX hedging policy and transacted a new interest rate swap during the year upon expiry of the existing hedge. Recent increases in interest rates have increased the sensitivity of the Group's results to its Interest Cover covenant (EBIT divided by Interest).

Movement:

Increase, due to current covenant compliance risk, albeit the Group remained in compliance with all banking covenants for 2022.

Opportunity:

The Group's hedging policies are designed to provide certainty on cashflows. The internal controls improvement project is aimed at enhancing efficiency as well as strengthening control.

Principal risks and uncertainties cont.

11. PANDEMIC RISK

Nature:

The Group is a global business and has been impacted by the COVID pandemic during 2022. The Group may face a risk of future pandemics, and in particular an enhanced international government response to future potential virus spread which may lead to quicker triggering of restrictions on work and travel in the places where the Group needs to provide its services.

Potential impact:

The current impact on the Group's operations created by the COVID pandemic may continue. A future pandemic, or governmental response to a potential virus spread may impact the Group's ability to provide services to its customers.

Mitigation:

- Tracking and following Government restrictions and recommendations
- Making office locations safe for work
- Home working where possible, supported by improved IT services enabling better communication
- COVID working group providing advice and support to employees
- Enhanced employee assistance programme
- Encouraging vaccination where possible

Context:

The ongoing COVID pandemic has continued to impact the Group's results, particularly in China during 2022 where local lockdowns adversely impacted JFD's ability to complete customer contracts and collect final payment milestones. Although the impact of the pandemic on 2022 was not as severe as in 2020 and 2021, it remains a risk to the Group. From an internal operating perspective, the Group now has robust working from home provisions and policies to govern safe working at sites where working at home is not possible. These controls, however, cannot totally mitigate the business interruption should customers choose to delay or cancel projects.

Movement:

Decrease. The impact during 2022 was largely; limited to the JFD business.

Opportunity:

Through finding creative ways to continue to deliver for our customers through the pandemic, we are able to build further customer loyalty and differentiate ourselves through our energy and resilience.

Emerging risks
Our risk management programme includes a review of emerging risks. We define emerging risks as those which take the form of a systemic issue or business practice that has either not previously been identified, has been identified but has remained dormant, or has yet to rise to an area of significant concern. The Risk Committee is continuing to work on improvements in this area and has specifically discussed during the year, based on the frequency with which businesses are reporting risks in this areas, whether Transformation, Funding, Competition and Supply Chain risks are adequately included in the Group's Principal Risks. The Committee concluded that both Transformation risk and the Group's ability to maintain access to adequate funding had risen to the level of being considered principal risks. The Committee further concluded that the key aspects of each of Competition and Supply Chain risk are adequately covered in the Group's current principal risks and that neither should therefore be included specifically as a key risk.

The impacts of the COVID pandemic since 2020 have created a heightened awareness of new and emerging risks that could impact the Group, its customers and suppliers – this has come through in the trading company reporting in relation to the pandemic, although no specific individual "new" issues or business practices have been identified; for example, post-pandemic ways of working and longer-term skill requirements may emerge as workforce planning risks, closely associated with risk in relation to the recruitment and retention of key people. Furthermore, ongoing scenario planning work in line with TCFD guidelines is focusing in on the identification and assessment of potential short to longer-term emerging physical risks linked with climate change, which are already captured in part in the Group's principal risks relating to energy markets, although this will develop in further directions once the analysis is complete.

The ongoing development with respect to an energy mix in transition continue to be at the forefront of the Company's risk management and strategic planning, as renewable sources produce more energy, and environmental concerns lead to an increased focus on the decommissioning of oil and gas assets. Although the Company recognises that oil and gas will remain part of the energy mix for some time, we aim to provide services for the benefit of the production, delivery and decommissioning industries in a safe and sustainable way, whilst we support the energy transition to low carbon sources.

Risk governance framework
The Board is responsible for the management of risk in the Group, supported by the Risk Committee and the Group functions, including internal audit. The internal control and risk management framework is comprised of a series of policies, processes, procedures and organisational structures which are designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and strategic objectives, as defined by the Board.

The framework is overseen by the Risk Committee which helps the businesses with their risk management and reporting, consolidates reporting, overlays the functional and macro-economic view of risk and reports to the Board on the management and assessment of risk within the Group. An assessment of the Company's risk management and internal control systems is carried out annually by the Audit Committee on behalf of the Board. The results of that assessment are reported in the Audit Committee report as set out on page 91 and below. The focus for further improvements to the framework are set out in more detail on page 62.

Group functions
The Group's trading companies are supported by Group functions. Each functional head reports to an Executive Director. The Board retains an oversight role and receives regular reports on key issues: on financial, tax and treasury matters from the Chief Financial Officer, on people and HR matters from the Chief HR Officer, and on legal and regulatory matters from the Group General Counsel. The Board conducts a "deep dive" review into the Group's most potentially impactful principal risks at most scheduled Board meetings. The Board has a schedule of matters specifically reserved to it for decision, designed to ensure that it maintains full and effective control over appropriate strategic, investment, financial, organisational and compliance issues. This schedule is subject to review by the Board on an annual basis and was last updated on 13 December 2022.

Internal Audit
The Group's Internal Audit function was outsourced to PwC, effective April 2022. PwC has defined and undertaken regular reviews of the individual businesses' operations and their systems of internal controls. They make recommendations to improve controls and follow up to ensure that management implements the recommendations made. The annual Internal Audit plan is determined on a risk assessment basis and is reviewed and approved by the Audit Committee.

Internal Audit's findings are reported to the individual management team, the Executive management team, the functional heads, and the chairman of the Audit Committee. PwC attends all Audit Committee meetings and presents a summary of the Internal Audit findings, recommendations, and implementation progress on an ongoing basis. During 2022 Internal Audit performed 10 reviews on specific topics such as Business Continuity Planning, Health and Safety, Forecasting and Budgeting in addition to more traditional internal controls-based audits at businesses across the Group.

Risk Committee
The Company has a Risk Committee, which meets quarterly and is attended by the Executive Directors and the heads of the functional teams. Each of the functional teams provides a report at each Risk Committee meeting which identifies any matters in their functional area which relates to the Group's principal risks and uncertainties, or to the individual trading companies' risk registers.

The minutes of the Risk Committee are reported to the Board, and any key issues raised are discussed at meetings of the Board. The main responsibilities of the Risk Committee are: to keep under review the effectiveness of the Group's overall risk management framework and processes and ensure corrective action is taken where necessary; to make recommendations to the Board/Audit Committee with respect to the appropriate risk appetite for the Group; to review the principal and emerging risks that the Group is willing to take across all major activities, taking into account the risk appetite, the long-term strategy of the Group and the interests of its stakeholders (shareholders, employees, customers/suppliers, the environment and local communities impacted by the Group's activities); to review reports from the functional leads on risks that their teams are encountering in their interactions with the trading companies; to review reports from the trading companies on their principal risks and mitigating activities, as well as any emerging risks; and to ensure that a robust assessment of the principal and emerging risks facing the Group has been undertaken annually by reference to risk registers from trading companies and functions.

Principal risks and uncertainties cont.

Through the Executive Directors and the Group General Counsel, the Risk Committee presents to the Board its annual assessment of the principal and emerging risks of the Group, taking into account the existing principal risks of the trading companies, and those tracked by the functional teams, as well as presenting the emerging macro risks, and those emerging risks identified by the trading companies, the impact of which could potentially develop to impact the Group as a whole. This enables the Board to carry out its own robust assessment of the principal and emerging risks of the Group as a whole. The results of that assessment, including risk management and mitigating activities, are set out on page 84.

Risk management systems
The key features of the Group's risk management systems used to identify and monitor material risks are as follows:

- Each operating business is required to maintain an up-to-date risk register, which identifies key and emerging risks, assigns each a "risk score" based on the likelihood of it arising, and the potential impact on the business of an adverse outcome, both before and after mitigation measures are taken. Risk scores are established by reference to a set of standard criteria for each type of risk. The risks and their respective risk scores before and after mitigation are reviewed by each business and discussed with the Executive Directors at each quarterly operating board meeting.
- The risk registers are reviewed by Internal Audit, the Risk Committee and the Board twice a year, based on the process outlined in the "Risk Committee" section above, with the mid-year review focused on the material changes to those risks.
- The risk registers are supported by an internal control and risk management review questionnaire, completed annually by each trading company managing director. This is a robust self-assessment of operational controls and compliance with Group policies, applicable laws and regulations relating to their business. This ensures that managing directors identify risks and relevant mitigating strategies, and have in place adequate control systems to identify, mitigate and report any weaknesses that require management attention.
- The risk registers are used twice a year by the Board to help to determine the Group's principal and emerging risks and uncertainties, their potential impacts, how they are being managed and/or mitigated, and any change in the nature of the risk. Internal Audit uses them to define its areas of focus for the forthcoming period.

Business reporting and performance reviews
The Group operates an annual budgeting process and produces formal, detailed quarterly forecasts which are reviewed and approved by the Board. In the intervening months a high-level forecast is updated to provide additional visibility on business outlook. Monthly business performance reviews are conducted at all businesses by the Executive Directors, comparing performance against agreed financial and KPI measures. In addition to the annual budget, all businesses prepare five-year strategic plans which are consolidated and presented to the Board as a Group five-year strategic plan. The Executive Directors hold quarterly board meetings with each business unit to discuss strategy, financial results and forecasts, business needs and the management of risks facing the business.

Regulatory compliance policies

Whistleblowing
As part of its internal control procedures, the Group maintains a whistleblowing policy which:

- encourages the workforce to report any suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate;
- provides staff with guidance as to how to raise those concerns; and
- reassures staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

The policy covers any suspicions of criminal activity, failure to comply with any legal obligation, miscarriages of justice, danger to health and safety, damage to the environment, bribery under our anti-bribery and corruption policy, facilitating tax evasion, financial fraud or mismanagement, and breach of our internal policies and procedures including our Code of Ethics. The policy is designed to ensure that any employee who raises a genuine concern is protected. Any concerns can be raised in the first instance with the Chief Financial Officer or the Group General Counsel in confidence. The Group has launched a new externally-facilitated whistleblowing hotline in the first quarter of 2022 providing a simple platform for communication and management of whistleblowing issues, in the many languages used around the Group.

The Board has overall responsibility for the policy, its application to individual concerns raised under the policy and for reviewing and approving the effectiveness of actions proposed in response to concerns raised under the policy.

Anti-bribery and corruption
The Board is committed to ensuring the highest standards in all of the Group's business dealings and condemns corruption in all its forms. The Group has a formal anti-bribery and corruption statement and policy and does not tolerate or condone corruption or bribery in any of the Group's business dealings. This policy has been implemented throughout the Group and is supported by a Group-wide training programme (both online and in person), delivered by the Group legal team and regular compliance reviews through Internal Audit. The Group's auditors have also introduced additional procedures as part of their audit for the first time in 2022. The policy is reviewed annually by the Board and is available on the Group's website. More detail is provided on page 73.

Modern slavery
The Board has a zero-tolerance approach to any form of modern slavery and is committed to acting in an ethical manner and with integrity and transparency in our Group's business dealings. The Group has a formal slavery and human trafficking statement and policy which outlines the steps taken by the Group to ensure that slavery and human trafficking is not taking place within any part of the Group's business or within the Group's supply chains. Both the statement and the policy are available on the Group's website. More detail is provided on page 73.

Viability statement

Viability statement
The Group's business model and strategy are detailed on pages 10 and 11, and our risk management framework is described on pages 69 to 70. Understanding of our business model, our strategy and our principal risks is a key element in the assessment of the Group's prospects, as well as the formal consideration of viability.

As part of the strategic planning process, the Directors have assessed the Group's viability over a three-year period ending 31 December 2025. The Group prepares a five-year outlook in its strategy planning process, however when assessing the appropriate period over which to consider viability, a shorter period of three years was chosen as it is more closely aligned with the timeline of the Group's transformation programme, which is aimed at simplifying the organisation and divesting non-core businesses. In addition, should the risks and uncertainties identified on pages 62 to 68 have an impact on the Group, it is reasonable to believe that they will occur within this period.

In preparing this viability assessment, the Board assumes and expects that the refinancing process as described in the going concern section of note one is successfully completed. The remaining conditions to be satisfied, although not entirely within the direct control of the Group, are common in many borrowing agreements. That said, the Board highlights that the material uncertainties referred to in respect of the Going Concern assessment may cast significant doubt over the future viability of the Group should they arise.

During the strategy planning process, the Board reviews the Group's strategy and its detailed financial plan in light of the Group's current position and prospects, together with factors and risks that might affect the future outlook. The Board carefully assesses the performance and prospects of each business regarding entering new markets and geographies, current and expected growth rates, macro and individual business risks, prospective new projects (and their timing), and the robustness of individual business performance.

The Group's plan overlays a number of assumptions and sensitivities which are reviewed by the Board; this includes a review of whether additional bank facilities will be required and available in the plan period, as well as a robust assessment of the severe but plausible scenarios aligned to the principal and emerging risks facing the Group as set out on pages 62 to 68, and the potential impact of those scenarios on its business model, future performance, solvency and liquidity over the period. The scenarios which are considered include the diverse nature of the markets and geographies in which the Group's businesses operate, and their ability to react quickly to change.

Whilst all the principal and emerging risks identified could have an impact on the Group's performance, the specific risks that could potentially impact the Group's financial position are:

- financial risk – trading downside risks, which assume the Group is not successful in delivering the anticipated profitability levels, including in relation to contractual risk (see below). To reflect this, operating profit was reduced by 10% in 2023 and 25% for the rest of the viability period. Exposure to an increase in interest rates/borrowing costs was also considered by aligning interest rates and borrowing costs with the new facilities' term sheet and increasing the underlying SONIA rate by 50bps.
- maintaining access to adequate funding – the Group has historically maintained good access to adequate funding. As at the date of this report, the Group has received commitment letters from all of its six lenders to enter into a single Revolving Credit Facility for facilities of £210m and, as further detailed in the Going Concern assessment on page 91, the Group expects to complete this refinancing by 7 June 2023. The refinancing is subject to conditions subsequent which include granting of guarantees and security to the lenders, the execution of which is not entirely within the Group's control. The new facilities will expire in March 2025 which also falls withing the viability assessment period. The strength of the Group's strategic plan, which shows continued deleveraging and reduction in total borrowings gives the Board confidence that further refinancing in advance of March 2025 will be achievable, however, the Directors recognise that this is outside of the direct control of the Group.
- contractual risk – winning larger contracts and operating in more geographies with partners potentially exposed to increased risk of late payment or cost overruns. To reflect this operating cashflows were reduced by £20m over the three-year period to 31 December 2025 and in line with the trading risk scenario described above, operating profit was reduced by 10% in 2023 and 25% for the rest of the viability period.
- project delivery – risk that a project not delivered in line with the budgeted profit and payment terms. The potential impact of this risk is modelled through cashflow and operating profit reduction as above.
- group transformation - the risk of disruption and/or distraction to its core activities if the transformation programme is not managed well. The potential impact of this risk is modelled through cashflow and operating profit reduction as above.

An additional downside scenario was considered by modelling the potential cumulative impact of an annual operating profit reduction of 10% in 2023 and 25% for the rest of the viability period, cash reduction of £20m and 50pbs increase in interest rates. In this scenario the Group remained viable assuming successful completion of refinancing in 2023 and a subsequent refinancing before the facilities expire in 2025.

It is considered unlikely that all of the risks outlined above will arise at once. Whilst it is unlikely that the climate change risk will have notable impact on the Group's financial position over the viability assessment period, over the longer term it is likely to have adverse impact on the oil and gas servicing businesses and maritime transport, however, it presents a significant opportunity for the Group's businesses that service the renewables sector. These potential market dynamics are reflected in the Group's strategic planning, portfolio decision-making and impairment testing.

Given the severity of the scenarios run, the Board consider that the Group is resilient to the risks outlined above. Additional mitigating actions are available to the Group in more severe scenarios of reduced profitability and/ or liquidity:

- reduction of capital expenditure;
- not declaring dividends;
- outright sale or sale/leaseback of Group assets;
- further divestments of the Group's businesses/divisions; and
- the anticipated positive impact of the transformation activities that the Group plans to undertake over the viability period, no benefit from which has been assumed in the underlying financial model.

Based on their assessment of the Group's prospects and viability, and in accordance with Provision 31 of the Code, the Directors confirm they have a reasonable expectation that the Group will be able to continue to operate and to meet its liabilities, as they fall due, for the period to 31 December 2025. This conclusion is based on the expectation that the current refinancing process will successfully complete and further refinancing is achieved before the facilities expire in 2025.

Non-financial information statement

The information set out below, together with the cross references listed in the table below as to where further information can be found in the main body of the Strategic report, is in compliance with the Non-Financial Reporting requirements as set out in sections 414CA and 414CB of the Companies Act 2006:

Reporting requirement	Relevant policy	Location	Page
Business model		Business model	10 to 11
Environmental matters	Group Health, Safety and Environmental policy	Planet	34 to 41
		Principal risks and uncertainties	65
Employees	Group Health, Safety and Environmental policy	Empowering our People	42 to 51
	Code of ethics	Directors' report	112
Social matters	Code of ethics	People	42 to 51
Respect for human rights	Modern slavery and human trafficking policy	Partnerships	52 to 55
	Code of ethics	Non-financial information	73
Anti-bribery and corruption	Anti-bribery and corruption policy	Principal risks and uncertainties	70
		Audit Committee Report	92
Principal risks		Principal risks and uncertainties	62 to 70
Non-financial KPIs		Key performance indicators	56 to 57

Our policies

A combination of online and in person training on all the key policies is carried out across the Group, and there is also a system of bi-annual certification for compliance officers, certifying that the relevant individuals in their businesses have read and understood the policies and are fully compliant. All employees, contractors and third parties are encouraged to report any circumstances where there is a suspected or actual breach of any Group policies, applicable laws, or the high standards as set out in the Code of ethics. All reported incidences of actual or suspected breach of any of the policies are promptly and thoroughly investigated. The Audit Committee also considers any high-risk areas identified by the internal audit function, the Group legal team or the business' compliance officers.

Key policy	Relevant policies
Code of ethics	James Fisher is committed to ensuring the highest standards in its activities and is particularly concerned that appropriate and ethical policies and procedures are followed in all business dealings across the Group. The Group strives for a culture of honesty, openness and accountability. The Group's commitment to the highest level of ethical conduct should be reflected in all our business activities including relationships with our stakeholders. All employees and others must conduct themselves according to the language and the spirit of this Code and seek to avoid any appearance of improper behaviour.

Key policy	Relevant policies
Group Health, Safety and Environmental policy	Health and safety is the top priority and the Group actively strives for the continuous improvement of health and safety in the workplace. We aim to provide a healthy and safe working environment for all our employees and to ensure the safety of others affected by our operations. The Group recognises its responsibility to protect the environment for the benefit of all. This policy represents a declaration of our intent and commitment to minimise the environmental impact of our activities, our consumption of raw materials and our production of waste. The ultimate responsibility for health and safety, and the environment rests with the Group Chief Executive Officer, the Board members, and the Executive team. This responsibility is cascaded through the organisation via divisional/regional MDs and their leadership teams. In the case of health and safety, this is supported by the Group Safety Committee, as well as by the Group safety forum and its individual members, who are the HSEQ representatives for each business. In the case of the environment, this is supported by the Sustainability Committee, and by the environmental working group, with representation from across the Group.
Anti-bribery and corruption policy	James Fisher has zero tolerance for any form of bribery or corruption and is committed to complying with all applicable anti-bribery and corruption laws. The Group has an established anti-bribery and corruption policy and has introduced a compliance programme which has the support of the Board and senior management within the Group. This includes communication of the statement and policy, training, risk assessment and ongoing monitoring. Employees assessed to be at risk are required to complete the training and to self-certify that they understand and agree to be bound by its provisions. Ongoing compliance is monitored by local compliance officers who are required to report to their local boards and to the Group Compliance Officer on at least a biannual basis. The compliance officers are responsible for ensuring that risk assessments, training and awareness are carried out where appropriate and are kept up-to-date. In addition to ensuring that our people are compliant with the Group's anti-bribery and corruption policy, we require that all third-party agents and joint venture partners engaging with any Group entity comply with these policies in order to ensure compliance with applicable anti-bribery and corruption laws. The policy is supplemented by due diligence on all third-party agent and joint venture relationships, enabled by a bespoke web-based platform available to all Group businesses. It provides a robust tool through which our businesses can risk assess agent and joint venture partners with whom they are considering doing business. It forms part of our internal control procedures and helps mitigate the business' compliance risk. The platform was rolled out throughout the Group in 2020.
Modern slavery policy	James Fisher respects fundamental human rights, and is committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains or in the communities in which we operate across our international businesses. We have implemented work practices and policies throughout the Group which are designed to ensure that respect for human rights is integrated into the systems and culture of our businesses. We do not tolerate the use of child or forced labour within our business and take all steps possible to ensure that our suppliers and customers also uphold internationally recognised human rights. This is enabled through risk assessments undertaken by our Group businesses which identify parts of their supply chain which could be susceptible to risk in this area, as well as confirmation from our suppliers of compliance with our policy and relevant law. Our progress in the area of modern slavery is set out in our annual Modern Slavery statement which is available on the Group's website and outlines steps taken by the Group to ensure that there is transparency in the Group and throughout our supply chains. The Group encourages any concerns relating to modern slavery to be raised using the procedure set out in the whistleblowing policy.

Approval of Strategic report
The Strategic report on pages 2 to 73 was approved by the Board on 28 April 2023.

Jean Vernet
Chief Executive Officer

28 April 2023

Governance at a glance

Applying the Principles of the UK Corporate Governance Code

This governance section of the report is structured around the Company's application of the Principles of the Code:

1 Board leadership and company purpose

» Details about the Company's purpose, culture and values are set out on page 85

» The key activities of the Board during the year and key priorities for 2023 are summarised on pages 82 to 83

2 Division of responsibilities

» An explanation of our governance structure is set out on page 78

3 Composition, succession, and evaluation

» Details of this year's Board evaluation is set out on page 84

» Report from the Chair of the Nominations Committee is set out on pages 86 to 88

4 Audit, risk and internal control

» Report from the Chair of the Audit Committee is set out on pages 89 to 93

5 Remuneration

» Report from the Chair of the Remuneration Committee is set out on pages 94 to 95

» Details of the Directors' remuneration policy for 2023 is set out on pages 96 to 99

Governance structure

Board membership and meetings

The composition of the Board and the Board Committees meets the requirements of the Code.

The Board and Board Committees held a number of scheduled and unscheduled meetings in 2022 and individual attendance is set out in the table below.

Board and Committee scheduled meetings attendance (2022)

	Board	Audit	Remuneration	Nominations
Executive Directors				
Jean Vernet(1)	4/4	N/A	N/A	N/A
Duncan Kennedy(1)	10/10	N/A	N/A	N/A
Non-Executive Directors				
Angus Cockburn	10/10	N/A	N/A	4/4
Aedamar Comiskey	10/10	4/4	5/5	4/4
Justin Atkinson	10/10	4/4	5/5	4/4
Inken Braunschmidt	9/10	4/4	5/5	4/4
Kash Pandya	9/10	4/4	4/5	3/4
Claire Hawkings	10/10	4/4	5/5	4/4
Former Directors and Non-Executive Directors				
Eoghan O'Lionaird(1)	5/5	N/A	N/A	N/A
Michael Salter(2)	3/3	2/2	3/3	2/2

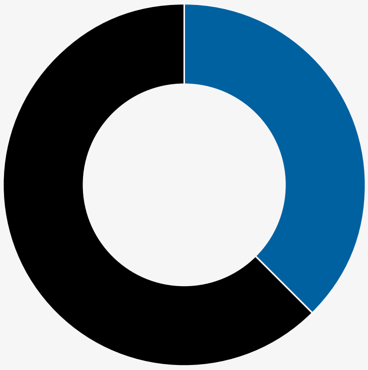
(1) Eoghan O'Lionaird stepped down from the Board on 5 September 2022. Jean Vernet joined the Board on 5 September 2022.

(2) Michael Salter stepped down from the Board following the Company's AGM on 5 May 2022.

Where exceptionally, a meeting has been arranged at short notice and due to other commitments, a Director has been unable to attend a meeting, they have separately submitted their comments and input on the matters under discussion to the Chairman of the Board or the relevant Board Committee.

HIGHLIGHTS

Diversity (all Directors)



- Female: 3
- Male: 5

Length of Tenure (Chairman and Non-Executive Directors)

- 0-2 years: 5
- 2-5 years: 1
- 5-9 years: 2

Chairman's introduction to corporate governance

Dear Shareholders

On behalf of the Board, I am pleased to present the Company's corporate governance report for 2022. As we set out elsewhere in this report, 2022 continued to be a challenging year for the Group. In times of challenge, it remains critical to ensure the Company has a strong governance framework, overseen by an experienced and engaged Board with the right information to make informed decisions in the interest of stakeholders. Over the course of 2022, the Board has supported the Executive team in addressing the issues created by macroeconomic and geopolitical matters, as well as by the poor financial performance of the Group to ensure that all its decisions and actions were taken with a clear governance framework in place.

During 2022, we reacted quickly to the situation in Ukraine, offering immediate support to our Ukrainian seafarers, but also introducing new governance processes in relation to doing business related to Russia, to stay up to date with a quickly changing situation, and to ensure that none of our Group businesses are taking on obligations which they either cannot fulfil, or which would result in some form of financial benefit to Russia. The Group remains vigilant of the situation in Ukraine and continues to employ processes which enhance supply chain transparency.

The Board continues to be focused on turning around our performance and resetting the Group onto a path towards sustainable profitable growth, whilst ensuring that the Group also delivers for all its stakeholders, especially during a time of uncertainty for our staff, our customers and the communities in which we operate. The Group has previously laid out a clear purpose supported by a strong values-based framework and the Board will continue to ensure that the Group is run in a manner consistent with this framework.

Progress against 2022 governance priorities

Last year, I outlined the Board's priorities for 2022, which were focused on putting in place the governance structures to support and enable the short-term business objectives of reducing leverage through improved operational performance and the disposal of non-core businesses, as well as supporting the implementation of the Group's long-term strategy.

The Board's governance priorities for 2022 included:

- the review and refinement of the delegated authority matrix;
- the creation of a new Investment Committee consisting of key members of the Executive team, with the mandate to oversee capital expenditure, acquisitions and disposals and the delivery of key business projects; and
- the detailed review of our risk management systems and controls and embedding the improved risk framework across the business.

During 2022, we have agreed and implemented a new delegated authority matrix, which includes updated reserved matters for the Board (available on the Group website), and the formation of the Investment Committee with the mandate to oversee capital expenditure, acquisitions and disposals and the delivery of key business projects for approval or escalation to the Board under the reserved matters. Due to the complexity and diversity of the Group's businesses in terms of size, markets and locations, it has been challenging to employ a single, consolidated delegated authority matrix. During 2022, we have created a two-tiered delegated authority matrix, with application (and therefore authority levels) to individual businesses dependent on a number of size and risk factors. The review of our risk management systems and control, supported by PwC, has resulted in a number of key changes to the processes that underpin the consideration of risk by the Group operating companies, as well as the structure of the Risk Committee and the systems it employs to review operational risk, as well as the macro economic and political risk environment in which the Group operates.

2023 governance priorities

Following another challenging year, the Board's focus in 2023 remains on putting in place the governance structures to support and enable the short-term business objectives of reducing leverage through improved operational performance and the disposal of non-core businesses, as well as supporting the implementation of the Group's long-term strategy. In order to support these business objectives, the Board's governance priorities for 2023 include the ongoing implementation of the new delegated authority matrix and the formation of the Investment Committee. We will also look to restructure and reshape the Executive Committee under the leadership of Jean Vernet to ensure he has the support he needs to implement the Group strategy. We are also in the process of finalising the detailed review of our risk management systems and controls and will then look to embed the improved risk framework across the business. I look forward to reporting on progress on these priorities next year.

Board and Committee composition

During 2022, there were a number of changes to the membership of the Board. Firstly, Claire Hawkings was appointed to the Board as an independent Non-Executive Director on 1 January 2022. Following the Company's AGM on 5 May 2022, Michael Salter retired as independent Non-Executive Director. Jean Vernet joined the Board as Chief Executive Officer with effect from 5 September 2022, with Eoghan O'Lionaird stepping down with effect from that date.

UK Corporate Governance Code

The Board understands that good corporate governance is an important element in helping to build a successful business in a sustainable manner. The UK Corporate Governance Code 2018, publicly available at **www.frc.org.uk** (the Code) applied to the Company through the year, and this report explains how the Company has applied the principles set out in the Code. During the year ended 31 December 2022 (and up to the date of this report), the Company has applied all the principles, and complied with the relevant provisions of the Code.

In addition, the Company has focused recently on how best to engage with the workforce on Executive remuneration under one of the elements of Code provision 41. On page 96 of the Remuneration Committee report, we outline the steps undertaken so far by the Non-Executive Directors to engage the workforce to explain how Executive remuneration aligns with wider Company pay policy. While the Company is compliant with provision 41, this is an area of ongoing development, and the Company intends to build on this during 2023 as part of its engagement activities with employees.

Strategy, purpose and values

The Code provides that a Board should establish the Company's strategy, purpose and values, and that its directors should lead by example and promote the desired culture. In terms of leading by example, the importance of the Executive Directors being visible in the business and reinforcing the messaging about our purpose and values goes without saying. In addition, there is a programme of visits organised for the Non-Executive Directors, a key element of which is meeting with the workforce for a two-way dialogue about a wide range of issues, including purpose and values.

Employee engagement

To better understand the views of our workforce, an externally facilitated engagement survey of all our employees is conducted annually. During the year, over 80% of employees completed the survey, an improvement on the completion rate in the prior year. The results of the engagement survey were reviewed by the Board and it was pleasing to see that many of the challenges revealed by the survey in the prior year are being addressed.

» The results of the survey and the actions being taken as a result are set out more fully on page 44.

Stakeholder engagement

The Code highlights the importance of effective engagement with shareholders and other stakeholders. We have identified shareholders, employees, the environment, customers and suppliers and local communities as being our key stakeholders.

During Board and Committee meetings, the Group's key stakeholders and their differing perspectives are identified and considered as part of the decision-making process. These discussions, assessments and conversations focus not only on delivering increased value for shareholders, but also assess the impacts of our decisions and strategies on the Group's wider stakeholders.

The Board recognises the importance of regular, open and constructive dialogue with shareholders and other stakeholders, and this has long been a key aspect of our culture and decision-making. The Executive Directors meet key shareholders regularly and other members of the Board are available to be consulted as appropriate. I have met with most of our largest shareholders since starting with the Company and will continue to engage as appropriate.

The Board is also committed to embedding sustainability into day-to-day decisions and making this a central theme of delivering the Group's strategy. The Sustainability Committee, which reports into the Board, monitors progress on achieving the Group's ESG priorities. One of its key roles is overseeing the stakeholder working groups, which include employee representatives from all around the Group which play an important role in delivering our sustainability objectives.

Given the nature of the services we provide, stakeholder engagement is a multi-faceted issue and is one that is frequently discussed at the Board.

» More information about how we consider and engage with our stakeholders as part of our Board activities is set out on pages 82 and 83.

Managing risk

The Board, assisted by the Audit Committee, ensures that our approach to risk management is effective, extending beyond financial risk to a wider range of strategic and operational risks. There is a full report on our risk management activities in our Principal Risks and Uncertainties section of the Strategic report on pages 62 to 70. Given the challenges posed by the pandemic as well as the trading issues that have faced the Group, in 2021 the Board engaged PwC LLP, to carry out an independent review of the Group's risk management systems and controls. This review concluded that the risk framework is generally appropriate, but it also recognised that the Group's diversity in terms of its operations and geographies added an inherent layer of complexity to risk management. The report recommended a number of improvements, which the Group continued to implement in 2022, as described in more detail on page 62.

Board composition and diversity

We are committed to ensuring that the composition of the Board has the diversity required to be as effective as possible. The Board is currently composed of eight Directors, each bringing a variety of skills, knowledge and experience, in addition to diversity of thought. With two Executive Directors and five Non-Executive Directors (excluding myself as Chairman), there is a strong independent element to the Board, which ensures that the balance of power rests with the Non-Executive members of the Board. Diversity is a matter which we consider regularly, and in 2022 we updated the Board Diversity Policy to include aspects such as sexual orientation, disability and socio-economic background, when considering candidates for the Board and its Committees. The Board Diversity Policy is available on the Group website and sets out our aims to ensure an appropriate mix of skills and experience on the Board as well as the Board's Committees.

Further to the new Listing Rules disclosure requirements introduced during the year relating to board diversity, the Board is committed to meeting the following targets: at least 40% of the individuals on the Board are women; at least one of the senior Board positions is held by a woman and at least one Board member is from a minority ethnic background. The disclosure requirements will apply to the Company in relation to the financial year ending 31 December 2023. As at 31 December 2022, one Director on the Board is from an ethnic minority background and one of the senior Board positions (Senior Independent Director) is held by a woman. The female representation on the Board is 37.5% and the Board succession planning conducted by the Nomination Committee will determine plans to achieving the targets stated above.

» More details in relation to diversity can be found in the Nominations Committee report on pages 86 to 88.

Board effectiveness review

As Chairman, I lead an annual evaluation of the effectiveness of the Board, its Committees and the individual Directors. Following an externally-facilitated review in 2021, for 2022, the Board undertook a formal internal evaluation. I am pleased to report that the review highlighted that the Board continues to be committed and cohesive during what remains to be a period of change in its membership.

» The evaluation process identified some recommended actions which can be found on page 85.

Conclusion

Having the right governance structure is vital in enabling the Group to operate effectively in a rapidly changing political, economic, social and technological environment, and to make the most of the resulting opportunities that present themselves, as well as managing the associated risks. As this letter sets out, we are undertaking a number of reviews to improve our governance structure. I am pleased with the progress we are making but there is more to do in building the optimal organisational structure and supporting governance and control frameworks. In turn, this will provide a strong foundation from which the Group can build its turnaround and deliver sustainable growth and returns, whilst making a positive impact for the benefit of all our stakeholders. This Governance report outlines the ongoing actions required to continue this work, and I look forward to reporting to you on progress next year.

Angus Cockburn
Chairman

28 April 2023

Governance framework

THE BOARD

Chairman: Angus Cockburn

Meets regularly, with at least seven scheduled meetings for the year. During 2022 the Board also met outside of the scheduled meetings to discuss and approve event-driven matters, such as trading updates.

The Board is responsible for steering the Group's purpose, culture and values, for setting the Group's strategic priorities and for overseeing their delivery in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of effective controls. It has a schedule of key matters which are reserved for its own decision-making, which is reviewed annually and approved by the Board.

Chairman

- Leads the Board, sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors.
- Regularly meets with the Chief Executive Officer, the other Executive Directors and other senior management to stay informed.
- Ensures effective communication with our shareholders.

Senior Independent Non-Executive Director

- Provides a sounding board to the Chairman and appraises his performance.
- Meets with Directors to review the Chairman's performance. This review is then shared with the Chairman.
- Available to respond to shareholder concerns when contact through the normal channels is inappropriate.

Non-Executive Directors

- Contribute to developing our strategy.
- Scrutinise and constructively challenge the performance of management in the execution of our strategy.

Non-Executive Director for Employee Engagement

- Responsible for representing the voice of our colleagues in the boardroom.
- Provides a regular platform for the independent element of the Board to have direct conversations with the employees, individually and in group settings, to gain insights into their experiences, concerns and perspectives, and to better understand whether the cultural change is already underway.

Executive Directors

- Responsible for management of the Group as a whole.
- Delivers strategic objectives within the Board's stated risk appetite and delegated limits of authority.
- Responsible for management of Group finances and records.

Matters reserved for the Board

At least once a year the Board reviews the nature and scale of matters reserved for its decision. These include:

- Company strategy and financial performance;
- internal control and risk management systems; and
- review of the Board's own effectiveness.

BOARD COMMITTEES

To assist in fulfilling its oversight responsibilities the Board has established Non-Executive and Management Committees that provide dedicated focus to particular areas, and management of the day-to-day operations of the business. Supported by its principal Non-Executive Committees (Nominations, Audit and Remuneration Committees), the Board sets the strategic direction of the business. The Committees operate within defined terms of reference as defined by the Board. Each principal Board Committee is comprised of independent Non-Executive Directors appointed by the Board. Terms of reference are available upon request from the Group Company Secretary and are also published on the Company's website. The Group Company Secretary acts as secretary to each of the Committees. Each Committee chair reports to the Board on the Committee's activities following each Committee meeting.

KEY MANAGEMENT COMMITTEES

Group Health and Safety Committee

Chaired by Group CEO

Meets on a quarterly basis.

Discusses all health and safety issues including incidents, root cause analysis, mitigating actions and training requirements. Reports updates on material safety incidents and developments to the Board.

Group Sustainability Committee

Chaired by Group CEO

Meets on a monthly basis.

Identifies, monitors and co-ordinates the Group's sustainability commitments, includes representation from each of the stakeholder working groups. Works with sustainability champions from each operating business. The Sustainability Committee report on page 27 describes in detail the Committee's role and activities.

Group Risk Committee

Chaired by Group CEO

Meets on a quarterly basis.

Identifies and monitors operational risks throughout the Group, supports the internal control and risk management strategy and policy. The Principal Risks section of this report on pages 62 to 70 describes in detail the Committee's role and activities.

Investment Committee

Chaired by Group CEO

Formed to advise and assist in the assessment of capital investments and significant contractual commitments entered into by the Group in accordance with the authorities delegated to the Committee by the Board and in accordance with the agreed strategy and budget.

Audit Committee
Chair: Justin Atkinson

Meets at least three times a year.

Assists the Board in its oversight and monitoring of financial reporting, reviews the Group's internal financial controls and systems for risk management and internal controls and assesses independence and objectivity of external auditor.

» The Audit Committee report on pages 89 to 93 describes in detail the Committee's role and activities.

Remuneration Committee
Chair: Aedamar Comiskey

Meets at least three times a year.

Agrees the remuneration policy for Executive Directors and oversees remuneration for other senior executives; reviews the appropriateness and relevance of the Group's remuneration policy; and ensures that the provisions of the Code relating to remuneration are fulfilled.

Reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive remuneration.

» The Directors' remuneration report on pages 94 to 110 describes in detail the Committee's role and activities.

Nominations Committee
Chair: Angus Cockburn

Meets at least three times a year.

Reviews the structure, size and composition of the Board (including skills, knowledge, diversity and experience) and recommends changes.

Reviews succession planning for Directors and senior executives.

Identifies and nominates candidates for approval by the Board, to fill vacancies when they arise.

» The Nominations Committee report on pages 86 to 88 describes in detail the Committee's role and activities.

Disclosure Committee

Consisting of the Chairman, the Executive Directors and the Group General Counsel.

Oversees the Company's compliance with its disclosure obligations and meets when necessary.

Special Purposes Board Committee

Consisting of the Chairman and the Executive Directors.

Empowered, under its terms of reference, to take specific actions relating to the affairs of the Company in the normal course of business and of a routine nature, subject to such limits as the Board in its discretion determines. Meets according to business requirements.

Executive Committee

Chaired by:

- Chief Executive Officer and comprises:
- Chief Financial Officer.
- Chief HR Officer.
- Head of Corporate Development.
- Group General Counsel.
- Group Business Development Director.
- Head of Business Excellence.
- The head of each division.

Responsible for supporting the Executive Directors in the exercise of their delegated authority from the Board and the day-to-day operation of the Group and meets on a monthly basis.

Operating Divisions

- Day-to-day business delivery.
- Executive Directors meet on at least a quarterly basis and have monthly performance management calls with managing directors of principal businesses.

Corporate Functions

- Day-to-day business delivery.
- Executive Directors and heads of corporate functions meet at the Risk Committee on a quarterly basis.

Board of Directors

1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Key

- A Audit Committee
- R Remuneration Committee
- N Nominations Committee
- Chair of Committee
- Member of Committee

1. ANGUS COCKBURN

Independent Non-Executive Chairman of the Board and Nominations Committee
Year of appointment: 2021

Appointment:
Angus was appointed Non-Executive Chairman to the Board and the Nominations Committee in 1 May 2021.

Key strengths and experience:

- Extensive business leadership experience.
- Strong strategic and financial knowledge.

Angus joined from Serco Group plc, where he was Group Chief Financial Officer, a position he held since October 2014. Angus's previous roles have included Chief Financial Officer and Interim Chief Executive of Aggreko plc, Managing Director of Pringle of Scotland, and senior finance positions at PepsiCo Inc. He was also previously a Non-Executive Director of Howdens Joinery Group plc and GKN plc.

He is a chartered accountant with an MBA from the IMD Business School in Switzerland and is an Honorary Professor at the University of Edinburgh and a member of the Institute of Chartered Accountants of Scotland.

External appointments:
Senior Independent Non-Executive Director of Ashtead Group plc; Senior Non-Executive Director of the privately owned Edrington Group Limited and Non-Executive Director of Securities Trust of Scotland plc.

2. JEAN VERNET

Chief Executive Officer
Year of appointment: 2022

Appointment:
Jean joined the Group as Chief Executive Officer on 5 September 2022.

Key strengths and experience:

- Strong leadership skills.
- Clear strategic mindset.
- Significant financial experience.
- Commercial and business management.

Jean has considerable experience working in the energy and the technology sectors in both the UK and around the world. Most recently, Jean was Chief Executive Officer of Smiths Group's largest division, John Crane, where he drove a highly effective growth strategy in a business that operates in over 50 countries. He has an engineering degree and spent over a decade in various financial and market-facing roles with energy services business, Schlumberger. His experience also includes five years as Chief Financial Officer of Expro, the offshore energy services provider, during which he played a key role in its successful turnaround.

External appointments:
None.

3. DUNCAN KENNEDY

Chief Financial Officer
Year of appointment: 2021

Appointment:
Duncan was appointed to the Board as Chief Financial Officer in May 2021.

Key strengths and experience:
- Significant managerial and financial experience.
- Track record of creating sustainable stakeholder value through both organic and acquisitive strategies.

Duncan joined from (BTG) plc (BTG), previously a FTSE250 international specialist healthcare company, where he was Chief Financial Officer for two years until the company was acquired in 2019. Duncan joined BTG in 2005 and held a number of finance and commercial leadership positions from that time. Duncan is a chartered accountant with a primary degree in mathematics.

External appointments:
None.

4. AEDAMAR COMISKEY

Senior Independent Non-Executive Director and Chair of the Remuneration
Year of appointment: 2014

Appointment:
Aedamar was appointed to the Board in November 2014. She was appointed chair of the Remuneration Committee in May 2018 and Senior Independent Non-Executive Director in March 2019.

Key strengths and experience:
- Extensive global business experience.
- In-depth knowledge of legal, regulatory and governance issues for listed companies.

Aedamar is the Senior Partner of Linklaters LLP, where she has been a partner since 2001. Aedamar specialises in mergers and acquisitions, joint ventures and fundraisings, and is the lead relationship partner for many of the firm's FTSE clients.

External appointments:
Linklaters LLP and Trustee of Tommy's.

5. JUSTIN ATKINSON

Independent Non-Executive Director and Chairman of the Audit Committee
Year of appointment: 2018

Appointment:
Justin was appointed to the Board in February 2018 and was appointed Chairman of the Audit Committee in May 2018.

Key strengths and experience:
- Significant operational and financial experience through his previous and current roles.
- Substantial experience on boards of listed companies in both executive and non-executive roles.

Justin was formerly Chief Executive Officer of Keller Group plc between April 2004 and May 2015, having previously held the position of Group Finance Director and Chief Operating Officer. He was also previously a Non-Executive Director of Sirius Real Estate Ltd and Chair of the Audit Committee. Justin was a financial manager at Reuters plc, and trained and qualified as a chartered accountant at Deloitte Haskins & Sells.

External appointments:
Chairman of Forterra plc and Senior Independent Non-Executive Director of Kier Group plc.

6. INKEN BRAUNSCHMIDT

Independent Non-Executive Director and Non-Executive Director for Employee Engagement
Year of appointment: 2019

Appointment:
Inken was appointed to the Board in March 2019.

Key strengths and experience:
- Strategic growth mindset.
- Significant global operational experience.
- Track record in innovation, technology, digital transformation and management.

Inken is Chief Innovation and Digital Officer and member of the Executive Board at Halma plc. Prior to joining Halma plc in 2017, Inken spent 13 years at RWE AG, the German energy giant, and its renewables subsidiary innogy SE, where she held various international leadership roles focusing particularly on strategy, innovation, digital transformation and change management. Inken studied Innovation & Technology at Kiel University and has a PhD in Technology Management. Inken is a committee member of the Royal Academy of Engineering Enterprise Hub.

External appointments:
Halma plc.

7. KASH PANDYA

Independent Non-Executive Director
Year of appointment: 2021

Appointment:
Kash was appointed to the Board in November 2021.

Key strengths and experience:
- Considerable international leadership experience.
- Strong knowledge of manufacturing and service businesses.

Kash is Chair of Climate Impact Partners, a world leading Voluntary Carbon Market Group. Kash was formerly Chief Executive Officer of Helios Towers plc (HTWS), a FTSE 250 company, between August 2015 and April 2022, and Non-Executive Deputy Chairman between May 2022 and August 2022. Prior to joining HTWS, Kash spent eight years on the board of Aggreko plc, with responsibility for managing its European and International businesses. Kash previously worked for various engineering and manufacturing companies in a number of senior roles, including Jaguar, General Electric Company, Ford Motor Company, Novar plc (then Caradon) plc, APW Limited and Johnston Group.

External appointments:
Climate Impact Partners.

8. CLAIRE HAWKINGS

Independent Non-Executive Director
Year of appointment: 2022

Appointment:
Claire was appointed to the Board on 1 January 2022.

Key strengths and experience:
- Significant experience in the energy sector.
- ESG/sustainability leadership and management expertise.
- Experience of the development and delivery of organisational strategies including business process transformation, leadership succession and diversity and inclusion.
- Extensive experience in portfolio management and leading complex commercial transactions.

Claire is a Non-Executive Director and Chair of the ESG Committee of Ibstock Plc, a market-leading manufacturer of clay and concrete building products. Claire is also a Non-Executive Director and Chair of the Responsible Business Committee of FirstGroup plc, as well as a Non-Executive Director of Defence Equipment and Support, a Bespoke Trading Entity and Arm's Length Body of the Ministry of Defence. Claire has over 30 years' experience in the energy sector, where she held a variety of international leadership positions, most recently with Tullow Oil plc, and prior to that with BG Group plc and British Gas plc. Claire is a fellow of the Energy Institute and Chapter Zero.

External appointments:
Ibstock Plc, Defence Equipment and Support and FirstGroup plc.

Corporate governance report

Board focus in 2022 and principal activities

The principal activities of the Board during 2022 and how the Board considered the interests of its stakeholder groups in its decision-making and key priorities for 2023 are set out below:

TOPIC	KEY ACTIVITIES AND DISCUSSIONS IN 2022	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2023
Trading	• Received regular updates from the Executive Directors on Group trading. • Invited divisional and business MDs to present to the Board on trading and strategic delivery. • Carefully managed Group indebtedness through a programme of disposals and an enhanced cash forecasting process.	• The Board carefully considered the impact of trading updates on its stakeholders. The Board also balanced its decision-making in relation to dividends against the Company's trading, the need to reduce leverage and the need for equitable treatment of all of the Company's stakeholders. • In working to address and reduce the Company's leverage, the Board in particular took into account the views and interests of shareholders, lenders and employees.	• Continue to maintain a close review of Group trading. • Ensure delivery of disposals programme and successful implementation of an enhanced cash forecasting process.
Strategy	• Approved the Group priorities for the future based on strategic focus, organisational simplification and execution. • Approved the reorganisation of the Group into three divisions supported by a cohesive Executive Committee.	• The Board received updates on strategic implementation from the Executive Directors and businesses. • In reviewing implementation, and agreeing on strategic priorities, the Board sought to balance the impact of prioritisation on all stakeholder groups, notably shareholders, employees and the environment.	• Oversee implementation of strategic priorities. • Ensure reduction of Group indebtedness. • Building KPIs for strategic priorities.
Risk management	• Reviewed risk management systems and controls. • Considered key principal risks in individual risk "deep dives". • Agreed actions for the improvement of risk management controls, following the review conducted by PwC.	• The Board considered the perspectives of each stakeholder group when reviewing the Group's risk management systems and controls, with particular focus in 2022 on internal controls, risks in relation to cybersecurity, recruitment and retention, operating in emerging markets and climate change.	• Oversee implementation of risk management controls improvements. • Ongoing principal risk "deep dives". • Improvements in analysis of emerging risks and risk appetite.
Governance	• Engaged with institutional shareholders and other stakeholders throughout the year. • Reviewed and approved the 2021 Annual Report and Accounts. • Approved the updated Board Diversity Policy. • Approved the establishment of the Investment Committee and enhancement of the delegated authority matrix.	• The Board recognises the importance of good governance for all its stakeholders. The Board confirmed governance as one of the key pillars of the Group's sustainability strategy (as set out on page 27) and the potential resulting impacts on stakeholder groups.	• Maintain and enhance the Group's culture and values and key policies and procedures. • Oversee governance framework improvements. • Continue to strengthen internal controls and reporting.

TOPIC	KEY ACTIVITIES AND DISCUSSIONS IN 2022	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2023
Organisational capacity	• Closely monitored health and safety performance across the Group. • Health and safety governance and reporting reviewed and enhanced. • Supported by the Nominations Committee, monitored senior executive talent management and development plans with succession planning for all senior leadership positions. • Oversaw ongoing implementation of employee engagement strategy.	• During the year, the health and safety of those working for the Group continued to be an area of focus and discussion by the Board. • The Board has received safety updates from the CEO at each Board meeting. In addition, Inken Braunschmidt, in her role as designated Non-Executive Director for employee engagement, has reported to the Board on a regular basis on her activities, including her discussions with employee representatives on the employee engagement working group. • The Board carefully reviewed the outcomes of the employee engagement survey and closely monitored actions to address the challenges identified.	• Continue to monitor senior executive talent management, succession plans and diversity for all key positions. • Continue to engage with senior leaders regarding health and safety governance and performance. • Enhance employee engagement at all levels.
Board development	• Continued to focus on the composition, balance and effectiveness of the Board and the induction of a new Chief Executive Officer. • Reviewed Board composition, diversity, and discussed and acted on the recommendations of the Nominations Committee. • Undertook a formal evaluation of the Board, its Committees and individual Directors, and developed an action plan.	• The Board has considered the interests of its stakeholders in making changes to the membership of the Board. In particular, the Nominations Committee has sought to make recommendations for new Board members who bring expertise and experience of working with all stakeholder groups, and can improve the engagement to ensure that stakeholder interests are heard clearly in the Boardroom.	• Enhance the Board's strategic understanding of key markets. • Increase the number of Board site visits to promote understanding of markets and to promote employee engagement with Board. • Annual internal evaluation of Board and Committee performance.

Corporate governance report cont.

Employee engagement

The Board understands the importance of making visits to businesses in the Group to engage with employees. Such visits enhance Non-Executive Directors' knowledge of operations and strengthen their individual contribution to Board debate. The Board conducted an extensive programme of site visits during the year. In addition, as part of his induction, Jean Vernet completed a tour of the Group's businesses which was an opportunity to meet and connect with a diverse group of employees. The Board discussed the outcomes of the business visits, which assisted in identifying areas of focus for the site visits scheduled in 2023. The divisional and functional heads continue to attend certain Board and Committee meetings to discuss areas of strategic focus and employee engagement. An externally facilitated engagement survey of all our employees is conducted annually and reviewed by the Board.

Governance, risk and internal controls

The Board is responsible for determining the nature and extent of the Company's principal risks and for ensuring that the Company maintains sound risk management and internal control procedures. More information in relation to those principal risks, the Group's approach to mitigating them, and the risk management and internal control procedures within the Group are set out in the Strategic report on pages 62 to 70.

The Audit Committee monitors the Group's risk management and internal control process and reviews its effectiveness on an ongoing basis. This is part of an established process, in accordance with the Code and the FRC's associated Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, for the identification, evaluation and management of the significant risks facing the Group, which operates and is reviewed continually throughout the year.

The Group's governance framework is described in more detail on pages 78 and 79. The Group's internal control systems are designed to provide the Board with reasonable assurance as to the effective and efficient operation of the Group in accordance with the governance structures, and to ensure the quality of internal and external reporting and compliance with all applicable laws and regulations. However, there are inherent limitations in any system of internal controls and accordingly even the most effective system can provide only reasonable and not absolute assurance. During 2023, we will be implementing improvements to the governance structure, in particular the implementation of the delegated authority matrix.

As part of its internal control procedures, the Group maintains policies and processes for whistleblowing, anti-bribery and corruption and to uphold its zero-tolerance approach to any form of modern slavery. More information in relation to those policies are included in the principal risks and uncertainties section of the Strategic report on page 70 and in the non-financial information statement on pages 72 and 73.

The Board has carried out a robust assessment of the overall effectiveness of the Group's system of internal controls and risk management procedures; and of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; and of emerging risks. This included a process of self-certification by the management teams of each trading business in which they were asked to confirm that their businesses have complied with Group policies and procedures.

During 2021, PwC undertook a review of the Group's risk management framework, following which the Board confirmed that, although the controls and systems were adequate, a programme of improvements was agreed for 2022. Further details on changes implemented during the year can be found on page 62. An overview of the Company's risk management and internal control systems is included in the principal risks and uncertainties section of the Strategic report on pages 69 to 70.

Board composition

Details about the current composition of the Board are set out in the biographies of the Directors on pages 80 to 81.

Board diversity

The Board believes that increasing diversity at the Board level is important to achieve its strategic objectives and to attract and retain talent, as well as cultivating a culture of inclusion and diversity through clear tone from the top. The Board and Executive Committee champion diversity and inclusion in their own membership and throughout the Group. Supported by the Nominations Committee, the Chairman monitors the composition of the Board to ensure that it is made up of an appropriate mix of skills, experience and knowledge required to effectively oversee and support the management of the Group and the delivery of the strategy, having regard to the interests of the Group's stakeholders – shareholders, customers and suppliers, employees, the environment and local communities. When considering candidates for the Board, the Nominations Committee, on behalf of the Board, takes into account factors such as: professional experience, skills, education, international and industry knowledge, social-economic background, sexual orientation, disability, age, ethnicity and gender.

The Nominations Committee report on pages 86 to 88 sets out its progress in this respect, along with an example of the Nominations Committee's work in identifying a new CEO candidate on behalf of the Board.

Board evaluation

Before the end of each year, the Board undertakes an annual evaluation of the performance of the Board, the Remuneration, Nominations and Audit Committees, and the individual Directors, including the Chairman, against the framework of Board effectiveness produced by the Financial Reporting Council.

The 2022 annual review of individual Directors' performance was conducted internally. The Chairman's performance was reviewed by the other Non-Executive Directors led by the Senior Independent Non-Executive Director and taking into account the views of the Executive Directors. The performance of the Executive Directors was reviewed by the Non-Executive Directors with the Chairman in attendance. The Chairman and the Executive Directors reviewed the performance of each of the other Non-Executive Directors. The Board considers that each Director continues to contribute effectively and to demonstrate commitment to the role. The agreed actions resulting from the Board evaluation are set out in the table on page 85.

Training and development

Ongoing training and development for Directors is available as appropriate and is reviewed and agreed with the Chairman annually. Specific and tailored updates were provided by external advisers and management to the Audit, Nominations and Remuneration Committees. Key themes included the increase of geographical risks associated with energy supplies, costs, sanctions, compliance and security. During the year the Board also received reports from the Group General Counsel on compliance, as well as current legal and governance updates. The Board is confident that all its members have the knowledge, ability, and experience to perform the functions required of a director of a listed company.

Upon appointment to the Board, Directors undertake an induction programme, receiving a broad range of information about the Group tailored to their previous experience. This includes information on the Group businesses and their operational performance, along with an overview of Group strategy, corporate governance, and Board procedures. The programme also includes one-to-one meetings with all Board and Executive Committee members, as well as individual site visits to key Group operating locations to understand the business and meet management teams.

Assisted by the Group Company Secretary, the Chairman has responsibility for these induction programmes, and for the Board's training and professional development.

Stakeholders

The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by the Executive Directors (as well as representatives from the Group's businesses and functions who are invited to present to the Board), and through regular updates from Directors on their engagement activities with the stakeholders themselves. This includes regular updates:

- from the Chairman and the Executive Directors on their discussions with investors;
- from the Company's brokers on the feedback received from investors;
- from the Executive Directors, Chief HR Officer and Inken Braunschmidt (in her role as designated Non-Executive Director for employee engagement) in relation to employee engagement;
- from the Group CEO on feedback from customers;
- from the senior management team on their engagement with employees, customers, suppliers, local communities; and
- from the Sustainability Committee on the Group's approach to reducing its environmental impacts.

On pages 30 and 31 of our Strategic report, we set out our principal stakeholders, how we engage with them, the issues which are important to them and how we respond. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making. On pages 82 and 83 we set out how the Board has taken into account the interests of stakeholders when discussing and agreeing decisions on key matters in 2022.

Purpose, culture and values

The Board recognises the importance of its role in building a sustainable business by setting the tone of James Fisher's purpose, culture and valued behaviours, and embedding them throughout the Group. Our core valued behaviours and our Code of Ethics (the behaviours we expect) underpin everything that we do and set out the type of organisation we want to be. Everyone who works for and with us is required to comply with these.

The Executive Directors set the tone of our organisation and demonstrate our valued behaviours. Various indicators are used to provide insight into our culture, including employee engagement and health and safety. We regularly assess the state of our culture, through activities such as employee engagement surveys and compliance reviews, and we address behaviour that falls short of our expectations.

Financial and business reporting

The Board considers that the Annual Report and Accounts taken as a whole present a fair, balanced and understandable assessment of the Group and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. More information about how this assessment was made is set out in the Audit Committee report on page 90.

The going concern assessment is set out in the Directors' report on page 111; the viability statement is set out on page 85 and the Strategic report on pages 10 to 11 sets out an explanation of the Company's business model and the strategy for delivering the Company's objectives.

BOARD EVALUATION

Action
Increased number and regularity of Director site visits.

Progress in 2022/23
2023 site visit schedule agreed, including increasing number of Non-Executive Director visits to overseas operations.

Action
Ongoing improvements in Board discussions on ESG matters.

Progress in 2022/23
Presentation to the Board on ESG-related strategy and targets scheduled in 2023.

Action
Strengthen engagement with senior management to inform succession planning discussions.

Progress in 2022/23
Planned interactions with senior management scheduled during the year including Board presentations, informal interactions and engagement during site visits.

Action
Regular updates to be provided to the Board and Audit Committee on the implementation of the enhanced risk management framework.

Progress in 2022/23
Update on the enhancement of internal controls provided to the Audit Committee in January 2023 and further reviews scheduled in 2023.

Action
Enhance the monitoring of Internal Audit findings and actions.

Progress in 2022/23
Internal Audit findings are discussed at each scheduled Audit Committee and reported to the Board.

Nominations Committee report

MEMBERSHIP	SINCE
Angus Cockburn (Chair)	2021
Michael Salter (until 5 May 2022)	2013
Aedamar Comiskey	2014
Justin Atkinson	2018
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings	2022

Key objectives

Reviewing the composition of the Board and succession planning.

Key responsibilities:

- To regularly review the structure, size and composition of the Board (including skills, knowledge, independence and experience) and recommend any changes.
- Succession planning for Directors and senior executives of both the Company and the operating businesses, taking into account the challenges and opportunities facing the Company and the skills and expertise therefore needed in the future.
- Identifying and nominating candidates for Board positions, for approval by the Board.

The Committee's terms of reference are available on the Group's website.

Meets at least three times a year. During 2022 the Nominations Committee met four times.

The Nominations Committee reviews the leadership and succession needs of the Company and ensures that appropriate procedures are in place for nominating, training and evaluating Directors.

Overall, our objective is to ensure that the Board is balanced, with the Directors having a broad range of knowledge, skills and experience to ensure the team works together effectively in discharging its responsibilities, including in relation to corporate governance. We recognise the benefits of a diverse Board and senior leadership team, including diversity of skills, sector experience, background, gender, and ethnicity.

2022 in review

During 2022 there were the following changes in membership of the Board:

- On 1 January 2022, Claire Hawkings joined the Board as a Non-Executive Director. Claire is a Non-Executive Director and Chair of the ESG Committee of Ibstock Plc, a market-leading manufacturer of clay and concrete building products, as well as a Non-Executive Director of Defence Equipment and Support, a Bespoke Trading Entity and Arm's Length Body of the Ministry of Defence and Non-Executive Director and Chair of the Responsible Business Committee of FirstGroup Plc. Claire has over 30 years' experience in the energy sector, where she held a variety of international leadership positions, most recently with Tullow Oil plc, and prior to that with BG Group plc and British Gas plc.
- On 5 May 2022, following the Company's AGM, Michael Salter (Non-Executive Director) retired from the Board, as reported in last year's report; and
- On 5 September 2022, Eoghan O'Lionaird stepped down from the Board and as Group Chief Executive Officer, and Jean Vernet joined the Board as Group Chief Executive Officer. Jean joined the Company from Smiths Group, where he was Chief Executive Officer of its largest division, John Crane.

I would like to take this opportunity to thank both Mike Salter and Eoghan O'Lionaird for their service to the Company. Mike's experience and knowledge of the oil and gas and marine industries were of huge benefit to James Fisher during his nine years on the Board. Eoghan made a considerable contribution to James Fisher during his tenure as CEO, helping to navigate the Group through some challenging events, not least the COVID pandemic.

We were pleased to welcome Claire Hawkings to the Board at the beginning of the year. Claire's significant experience of the energy sector is extremely valuable to the Board. Jean Vernet, who joined the Board in September, has considerable experience working in the offshore energy sector in both the UK and globally. Prior to his role at Smiths Group, Jean spent a decade in various financial and market facing roles with energy services business, Schlumberger, and five years as Chief Financial Officer of Expro, the offshore energy services provider, where he played a key role in its successful turnaround.

Board appointments and succession planning

The Committee leads the process for Board appointments and makes recommendations to the Board within its agreed terms of reference. Appointments are made having regard to the balance of skills and experience of current Directors as well as the diversity of the Board, including gender and ethnicity. The Committee adopts a formal, rigorous, and transparent procedure for the appointment of new Directors to the Board, working with independent executive search consultants.

During 2022, the Committee sought support from a specialist executive search consultant. Lygon Group assisted with the appointments of both Claire Hawkings and Jean Vernet. With respect to Jean's appointment, Lygon Group was instructed to search for Executive candidates who were established business leaders with extensive energy sector knowledge, and proven experience of leading companies through turnaround situations. Lygon Group has no connection with the Company (other than assisting with recruitment), nor with any individual Director.

The graphic on page 87 sets out an example of the selection and appointment process undertaken by the Nominations Committee, in this case leading to the appointment of Jean Vernet to the Board as Chief Executive Officer.

The Committee keeps under regular review succession planning at the Executive Director level and supports succession planning at senior management levels to ensure a diverse pipeline. The Chief HR Officer has also briefed the Committee on the talent review and actions undertaken in relation to the Group's top management positions.

Director induction, training and development

As Non-Executive Chair, I am responsible for the formal induction of all new Directors, assisted by the Group Company Secretary. Each new Director is provided with the necessary background materials to familiarise themselves with the Group, and meetings are arranged with other members of the Board, the Group General Counsel, Group Company Secretary, and members of the Executive Committee.

Site visits to businesses around the Group are arranged to provide a deeper understanding of the Group's operations, risks and strategic priorities. A detailed induction programme was undertaken by Jean Vernet and Claire Hawkings, which included training from the Company's external legal adviser on directors' responsibilities, the Corporate Governance Code and Market Abuse Regulation, as well as in-person site visits and management meetings at the Group's key sites.

Assisted by the Group Company Secretary, I am also responsible for the Board's training and professional development. Directors were given presentations during 2022 on topics such as impacts of the war in Ukraine, sustainability reporting, developments in health safety practice and regulatory action, insurance, investor relations, developments in corporate governance and financial reporting, as well as Directors' remuneration. Directors will continue to receive regular training updates from appropriate internal and external specialists on governance and risk issues, and on financial and reporting standards. In addition, Directors are fully aware of their own responsibility for identifying and satisfying their own specific training requirements. In 2022, the Board visited key sites, and had management and employee engagement meetings, in order to deepen the Board's understanding of the operations of the Group's businesses and teams.

Board composition and time commitment

There were eight Directors on the Board as at 31 December 2022, comprising the Non-Executive Chair, Chief Executive Officer, Chief Financial Officer and five independent Non-Executive Directors. The names and biographical details of the members of the Board are set out on pages 80 to 81.

The Company judged the Non-Executive Chair to be independent at the time of his appointment and considers all other Non-Executive Directors to be independent under the terms of the Code.

Under the Code, the reasons for the Board permitting its members to enter into significant new external appointments should be explained in the Annual Report. On 24 January 2022, the Company announced that Claire Hawkings had been appointed Non-Executive Director of FirstGroup Plc. The Committee keeps under review the time commitments of the Directors to ensure that they have sufficient time to discharge their duties effectively. As part of the process of the appointment to the Board of Claire Hawkings, the Committee assessed the time commitments required by her other roles. It then also considered her proposed new role at FirstGroup Plc and concluded that she would continue to have sufficient time to commit to James Fisher. In considering Claire Hawkings' external commitments, the value of Claire's international, leadership and sector experience was taken into account alongside her existing external appointments when approving the additional appointment. Jean Vernet has no external appointments.

Directors standing for election or re-election

The Committee discussed and unanimously recommended that each of the Directors should be put forward for election or re-election by the shareholders at the AGM scheduled for 14 June 2023. In making this recommendation the Committee members (with each Committee member recusing themselves from the discussion and recommendation in relation to their own re-election) have evaluated each Director in terms of their performance, their commitment to the role and their capacity to discharge their responsibilities in an effective manner given their other time commitments and responsibilities.

Board evaluation

The Board carries out a Board/Committee evaluation each year, and in 2021, the Board appointed the Chartered Governance Institute (CGI) to undertake an external evaluation. The CGI has no other connection to the Company or any individual Director. Further details of the 2021 external evaluation were set out on pages 84 and 85 of the 2021 Annual Report. The resulting actions have all been implemented in full, with the exception of implementation of the review of risk management, which is in the process of being implemented, and will be completed in 2023.

For 2022, the Board undertook an internal evaluation of its own performance, and that of the Remuneration, Nominations and Audit Committees, and the Chair, supported by the Company Secretary. The evaluation picked up on some of the key actions from the 2021 CGI review. The results of the 2022 evaluation and resulting actions are set out in the graphic on page 85.

Process leading to the appointment of Jean Vernet

- The Nominations Committee agreed a detailed candidate profile for a new CEO, setting out the capabilities and experience required.
- Lygon Group was appointed by the Committee to support the process and identify candidates fitting the agreed profile.
- The Nominations Committee appointed the Non-Executive Chair to work with Lygon Group on the process to appoint a new CEO, regularly reporting back to the Committee on progress.

- Following engagement, Lygon Group created a long list of potential candidates, which was shared by the Chair with the Nominations Committee.
- The Nominations Committee agreed a shortlist of candidates to be invited for interview by members of the Committee, the Group CFO and the Chief HR Officer.
- Lygon Group arranged interviews for that group with the shortlisted candidates.

- Following the interviews, each person who had met with the shortlisted candidates provided feedback to the Chair.
- The Nominations Committee discussed the feedback received and the relative merits of each candidate.
- The Committee agreed to recommend to the Board that Jean Vernet be appointed as Chief Executive Officer.
- The Board approved the appointment, to take effect on 5 September 2022.

Nominations Committee report cont.

Following the internal evaluation, the Committee believes the Board functions effectively and efficiently, and is appropriate for a Group of its size. The Committee considers that each Director demonstrates the knowledge, ability and experience required to perform the functions of a director of a listed company and is of the calibre necessary to support and develop the Company's long-term strategy and success. The Committee also considers that no individual or small group of individuals dominates discussions or the decision-making process.

Diversity and inclusion

James Fisher recognises the importance of diversity of thought, skills and experience in the effective functioning of the Board, its Committees and the wider organisation. This diversity may arise from any number of sources, including differences in age, gender, ethnicity, disability, sexual orientation, cultural background and religious belief.

The Board's intention is to maintain diversity in all its senses in its own constitution, and to encourage the same throughout the organisation. The Board Diversity Policy is a policy which acknowledges the importance of diversity and includes an explicit requirement to take into account diversity when considering appointments to the Board. The Board and its Committees is committed to ensuring that all have an equal chance of developing their careers within our Group.

The promotion of a diverse and inclusive workplace by recruiting where we work, enforcing pay parity, and celebrating the uniqueness of individuals and their communities is one of the key foundations of the Group's sustainability policy. During the year, the Board and the Committee have discussed with the Chief HR Officer the progress made on implementing initiatives to promote diversity and inclusion throughout the Group. More detail on the progress of those initiatives can be found on page 46.

There has been progress in increasing the international and gender diversity of the Group's senior management group but the Company is aware that more needs to be done to improve the gender and ethnic mix in the leadership population. The Board supports the aims of the FTSE Women Leaders and Parker Reviews, and is mindful of the targets specified by recent updates to the Listing Rules, against which we are required to report from next year, and which we are voluntarily reporting on this year in line with good practice.

We have eight Directors on our Board, of whom three are women. The female representation on the Board as at 31 December 2022 was therefore 37.5%. We acknowledge that this falls slightly below the target of 40% specified in the new Listing Rule.

As noted on page 86, all appointments to the Board are made having regard to the balance of skills and experience of current Directors as well as the diversity on the Board, including gender.

The position of Senior Independent Director is (and as at 31 December 2022 was) held by a woman, Aedamar Comiskey.

The Board has one Director from an ethnic minority background (12.5% as at 31 December 2022).

The Chief Executive Officer chairs an Executive Committee of 10 people, with women representing 20% of the Executive Committee at 31 December 2022. Apart from creating a forum to bring together a range of specialist skills and experience it also acts as a platform for our succession strategy into the future. Within the wider leadership team, being the Executive Committee and those reporting to members of the Executive Committee, there are 33 women (2021: 28), representing 24%. Further information about the Company's approach to diversity and inclusion is set out in the Strategic report at page 46.

2023 priorities

The Committee's priorities for 2023 are:

- to consider the key skills, experience and requirements for succession planning for the Board;
- to keep under review succession planning at the Executive Director level and to support succession planning at senior management level; and
- to monitor the Group's progress towards increasing the relative diversity in senior management positions.

Angus Cockburn
Chairman of the Board and Nominations Committee

28 April 2023

Audit Committee report

MEMBERSHIP	SINCE
Justin Atkinson, Chairman of the Audit Committee	2018
Michael Salter (until 5 May 2022)	2013
Aedamar Comiskey	2014
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings	2022

Key objectives

To monitor the integrity of the Group's reporting process and financial management and to ensure that risks are carefully identified and assessed and that sound systems of risk management and internal control are in place.

Key responsibilities:

- The accounting principles, policies and practices adopted in the Group's accounts.
- Reviewing external financial reporting and associated announcements.
- Managing the appointment, independence, effectiveness and remuneration of the Group's external auditor, including the policy on the award of non-audit services.
- Initiating and supervising a competitive tender process for the external audit when next required.
- The resourcing, plans and effectiveness of Internal Audit.
- The adequacy and effectiveness of the internal control environment.
- The Group's risk management processes and performance.
- The establishment and oversight of fraud prevention arrangements.
- The provision of advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

The Committee holds a minimum of three scheduled meetings per year. During the year, the Audit Committee met four times.

Dear Shareholders

I am pleased to present the report of the Audit Committee for the year ended 31 December 2022, which provides an overview of the Audit Committee's role in supporting the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. It is my responsibility as Chairman of the Audit Committee to ensure that the Audit Committee fulfils its responsibilities in a rigorous and effective manner.

The Audit Committee remains focused on ensuring compliance with the UK Corporate Governance Code 2018 (the Code) and is committed to ensuring the highest standards of corporate governance. In line with the Code, this report seeks to focus on specific aspects considered by the Audit Committee during the year and aims to provide assurance to our shareholders that the control environment of the Group is being properly supervised and monitored.

Following on from the impacts of COVID in the previous two years, and the market and operational issues encountered in 2021, the Company has faced another challenging year in 2022.

As noted in the announcement made on 24 March 2023, required consent for the retention of several legacy parent company guarantees under the Group's debt facilities prior to the sale of the JFN business was not obtained. Following discussions, all lenders under the debt facilities agreed relevant waivers and on 26 April it was announced that the Group had reached agreement on the terms of a new £210m secured revolving credit facility (RCF). Because the long form documentation of the RCF had not been signed by the date of this Annual Report this gives rise to a material uncertainty, as defined in the accounting standards, relating to material events and circumstances which may cast significant doubt of the Group's ability to realise its assets and discharge its liabilities in the normal course of business. It is, however, anticipated that the refinancing will complete by 7 June.

I am satisfied that the Audit Committee is properly constituted with written terms of reference, which include all matters referred to in the Code and is provided with good quality information to allow proper consideration to be given to topics under review. I am also satisfied that meetings are scheduled to allow sufficient time for discussion and to ensure that all matters are considered fully. The Audit Committee's terms of reference are available on our website.

Of particular importance is the requirement to ensure that the Group's financial reporting is fair, balanced, and understandable. We therefore review all the Group's financial reports before publication, including where necessary alternative performance measures, and we are satisfied that they provide a fair, balanced, and understandable assessment of the Group's position and performance.

Audit Committee composition and operation

The Audit Committee met on four occasions during the year, with meetings scheduled to align with the Company's external financial reporting obligations. Details of attendance of individual Directors can be found on page 75. The Audit Committee was attended by the Committee members, the Company Chairman, Chief Executive Officer, Chief Financial Officer, Group General Counsel, Company Secretary and the Group Financial Controller, together with representatives of the external auditor, and the internal auditor.

In 2022, the Audit Committee held four scheduled meetings in order to allow time for consideration and fulfilment of its responsibilities. The Audit Committee will continue to meet on an ad hoc basis outside the scheduled timetable, as required.

At each scheduled meeting the Audit Committee provides the opportunity to discuss matters privately with the external auditor and the internal auditor. In addition, the Chairman of the Audit Committee holds regular meetings or phone calls with the reporting partner of external auditor, KPMG and the relevant partner from the internal auditor, PwC, to discuss matters related to the Group.

The Board is satisfied that as chair of the Audit Committee, I have significant, relevant financial experience being a chartered accountant who formerly served as finance director of a FTSE company. I have been attending audit committee meetings for over 20 years and have chaired three other FTSE company committees. The members of the Audit Committee collectively have broad financial, commercial, professional, and technical experience and are considered to have competence relevant to the sectors in which the Group operates.

Audit Committee report cont.

Whilst each Non-Executive Director will largely manage their own continuing development, the Audit Committee receives regular, technical and governance updates throughout the year from the external Auditor, and may request additional information, as required.

Details of the Audit Committee's specific responsibilities and how it exercises those responsibilities are set out in the remainder of this report. The performance of the Audit Committee (alongside the Board and the other Committees) was internally evaluated during the year. The results of this review provided assurance that the Audit Committee discharges its duties and responsibilities in accordance with its terms of reference.

Matters of particular focus for the Audit Committee during 2022

January 2022

- Review of findings from the work undertaken on behalf of the Committee by PwC to evaluate and suggest improvements to the Group's risk management framework and system of internal controls.
- Status report from internal audit in relation to the completion of the 2021 internal audit programme, and commencement of the 2022 internal audit programme.
- Update from external auditors on the progress of the 2021 audit of the Group.

March 2022

- Review of the 2021 results, Annual Report and announcement, including a review to ensure the report was fair, balanced and understandable.
- Consideration of specific disclosures and adjusting items.
- Review of the going concern and viability statements.
- Impairment assessment review.
- Review with KPMG of the external auditor report for 2021.
- Review of external auditor performance and remuneration for 2021.
- Review of the Group's principal and emerging risks.
- Review of internal audit work during 2021, and approval of the internal audit plan for 2022.
- Review of internal auditor performance 2021 (including PwC as co-sourced partner).
- Appointment of PwC LLP as sole internal auditor of the Group.

August 2022

- Review of the 2022 Half Year results, Interim Statement, and announcement.
- Going concern review.
- External auditor Half Year report.
- Review of the Group's principal and emerging risks.
- Review of adequacy and effectiveness of Group's internal control and risk management systems.
- Review of internal audit assurance work to 30 June 2022 and consideration of internal audit plan to 31 December 2022.
- Presentation of KPMG's initial strategy.

November 2022

- Approval of KPMG's external audit plan for 2023.
- Update on the implementation of internal control enhancements.
- Update from PwC in relation to their review of the Group's risk management controls and systems.
- Review of internal audit on their work for the year, and approval of the internal audit programme for 2023.
- Review of results of the evaluation of KPMG as external auditor, and of PwC as internal auditor.

Financial reporting

The Audit Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, with both senior management and the external auditor, the appropriateness of the Group's Interim Statement and Annual Report and Accounts, with particular focus on:

- whether suitable accounting policies have been adopted and properly applied;
- the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- whether management has made appropriate estimates and judgements in material areas or where there has been discussion with, or issues raised by the external auditor; and
- whether the Annual Report and Accounts 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.

Fair, balanced, and understandable

In making its assessment on whether the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company, the Board has taken into account its own knowledge of the Group, its markets, its strategy and performance in the year, a review of content of the Annual Report and Accounts and other periodic financial statements and announcements, together with the recommendation from the Audit Committee. Key considerations of the Committee have included ensuring that there is consistency between the accounts and the narrative provided in the front half of the Annual Report and Accounts, and that there is an appropriate balance between the reporting of weaknesses, difficulties and challenges (in particular with reference to the Group's principal risks and uncertainties, as set out on pages 62 to 70), as well as successes, in an open and honest manner.

Significant issues and accounting judgements

The Audit Committee has a primary responsibility to review the integrity of the Annual Report and Accounts and the Interim Statement of the Company, which includes the review and discussion of papers prepared by management and takes account of the views of the external auditor. The key areas reviewed in the 2022 financial year are set out below. The Audit Committee considered these matters and how they were tested and reviewed, including the judgements and disclosures.

APMS AND ADJUSTING ITEMS

The Committee gave careful consideration to the judgements made in the disclosure of alternative performance measures and adjusting items as set out in Note 2. In particular, the Committee sought to ensure that the treatment followed consistent principles and that reporting in the accounts is suitably clear and understandable. The Committee considered the appropriateness of items included within adjusting items and concluded that the judgements made are appropriate. The committee agreed with the reduction in the number of APMs used in the report and change in presentation of the Income statement to remove the 'before separately disclosed items' and 'separately disclosed items' columns presented in the 2021 Annual Report and Accounts.

GOODWILL VALUATION

The Audit Committee considered the Group's carrying value of goodwill and impairment reviews based on underlying assumptions, together with the achievability of long-term forecasts and the discount rates applied to forecast cash flows. Senior management provided detailed analysis to determine the sensitivity of the outcome to changes in key assumptions and we are satisfied that the judgements made are both reasonable and appropriate.

REVENUE RECOGNITION AND CONTRACT DISPUTES

The estimation of contract margin and the level of revenue and profit to recognise in a single accounting period requires the exercise of management judgement. In addition, the Group has a number of projects where payments of amounts invoiced or considered due under of the contract have yet to be paid or were delayed during the year. The Committee reviewed key estimates and judgements applied in determining the financial status of the more significant projects.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Audit Committee considered the appropriateness of classifying the Dive Support Vessel known as the Swordfish within the Marine Support division and the Nuclear business in the Specialist Technical division as assets held for sale and, in case of the Nuclear business, discontinued operation at 31 December 2022. The Committee reviewed the key considerations for such classification and were satisfied that the treatment was appropriate. The Committee also reviewed the methodology and estimates used in arriving at the fair value of assets held for sale and liabilities associated with assets held for sale and considered them appropriate.

VALUATION OF THE PLC COMPANY ONLY INVESTMENTS AND EXPECTED CREDIT LOSSES ON LOANS TO SUBSIDIARIES

The Company holds significant investments in and loans to various subsidiaries of the Group. The Committee considered the recoverability of the carrying value of those investments and expected credit losses (ECL) in relation to the loans to subsidiaries and concurred with the management's approach to evaluating the recoverable amounts and ECL and the resulting provisions and reductions in the balances.

GOING CONCERN AND VIABILITY STATEMENTS

The analysis of the evidence underpinning the going concern basis of accounting and viability statement in the 2022 Annual Report continues to be an area of focus for the Group.

The Committee received reports and analysis prepared by management, taking into account the external auditor's review of these papers and their observations. These included details on the selection of the going concern and viability assessment periods, the key assumptions, the forecasting process, the committed facilities available, and the mitigations within direct control of the Group. The Committee considered both base case cash flow forecast and severe but plausible downside scenario analysis, including the assessment of the principal risks facing the Group which may potentially impact the Group's financial position.

The Audit Committee is satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements and that it is reasonable to expect that the Group will be able to continue to operate and meet its liabilities, as they fall due, for at least 12 months since the date of the financial statements.

The Group is finalising the renewal of its borrowing facilities. The Committee recognise that the finalisation of the outstanding areas in order to complete refinancing are not totally in the direct control of the Group which gives rise to a material uncertainty. The Committee reviewed the disclosures presented in Note 1 of the consolidated financial statements together with the viability statement on page 71 to ensure there was sufficient detail provided to explain the basis of preparation and the Board's conclusion.

Risk management and internal controls

The Board has overall responsibility for the Group's risk management and internal control systems, including financial, operational and compliance controls. The Audit Committee is responsible for monitoring and reviewing the effectiveness of these systems and the Group's internal audit function, and reporting to the Board. This work was informed by regular updates from Internal Auditor (PwC) and self-assessment process undertaken across the Group. In addition, Head of Group Internal Controls, a newly created role in 2022, attends the Audit Committee and provides updates on internal controls and readiness for the upcoming internal controls reforms.

As reported last year, PwC were engaged by the Audit Committee to carry out an independent review in relation to the Group's risk management controls and systems. Following the PwC review, the Committee made a number of recommendations for ongoing improvement in this area, particularly around risk identification and risk assessment (likelihood and impact) which the Board approved for implementation in 2022. This process of implementation has taken place through 2022 and continues into 2023.

Through the course of the year, the Board received regular reports from the Group Risk Committee and has reviewed the Group's systems of risk management and internal controls including financial, operational and compliance controls.

The Audit Committee receives reports on any internal control failings, which are mainly identified from internal audits. The external audit work also highlighted the informal nature of many of the Group's controls and identified numerous control deficiencies together with recommendations for improvement. The Audit Committee reviews all such reports with both the internal and external auditors to ensure that appropriate and timely actions are identified and completed. The internal control failings are graded based on materiality within the context of that operating company, and an action plan with associated timeframes is agreed with the relevant management team. Progress against that plan is reported to the Audit Committee on an ongoing basis until the actions are complete. In addition, the new Head of Group Internal Controls position will lead a controls enhancement programme with a view to identify any gaps and improve the internal controls framework across the Group.

In 2022, in order to accelerate the implementation of PwC internal audit recommendations and in preparation for the changes in internal controls requirements under the upcoming audit and governance reforms, the Internal Controls department was established. An Internal Control Enhancement Programme has been initiated, led by the Internal Controls Department and BDO, to improve and formalise controls where required.

During the year, the Audit Committee assessed the Group's risk management and internal control systems as adequate, but with improvements required in particular around formalisation and documentation of controls. Following the Committee's recommendation, the Board approved the Group's risk management and internal control systems improvement initiatives.

Audit Committee report cont.

A more detailed summary of the Group's risk management and internal control systems is set out in the principal risks and uncertainties section of the Strategic Report on pages 62 to 70, along with a description of some of the actions taken and planned to bring improvements to those controls.

Anti-bribery and corruption

We have an established anti-bribery and corruption policy aimed at ensuring adherence to the associated legal and regulatory requirements. The policy includes sections in relation to:

- the Group's zero tolerance approach to payment of bribes;
- the reasonableness and proportionality of offering or receipt of gifts or hospitality;
- the appointment and management of third parties who are engaged to assist with our sales and marketing activities, including approval via procedures which include appropriate internal and external due diligence using web-based tools provided by Control Risks (the international risk consultancy). The Group conducts robust due diligence on its agent and joint venture relationships prior to engagement, and requires them to comply with the Group's policy and relevant law. The Board receives reports on agent and joint venture relationships twice a year; and
- the Group's condemnation of facilitation payments.

The Group has anti-bribery and corruption training in place which is provided on induction, and each business maintains a training log for its people which is reported back to the Audit Committee.

External audit performance

The Audit Committee recognises that the quality of an audit is of paramount importance. The Audit Committee continually assesses the performance of the external auditor, KPMG, from the initial planning stage when they receive and discuss the audit plan and proposed strategy, approach, objectives, significant risk areas and other areas of focus, drawing on input from the Group's senior management, until conclusion of the audit.

The Audit Committee conducts annually a formal assessment of the external auditor's performance based on its own experience and that of the Group's senior management.

The most recent assessment considered the relationship between the external auditor and the Group, the external auditor's knowledge of the Group's business, its capability, planning and execution of the external audit, fees and independence.

The results of the review were considered by the Audit Committee and discussed with KPMG, with the main areas for focus identified as being around recent increases in fees, as well as planning and communications regarding key judgmental areas.

The Committee is satisfied that KPMG provided an effective audit and remain independent and objective. KPMG are recommended for re-appointment at the Company's forthcoming AGM.

External audit appointment and fee

KPMG were first appointed to audit the Company in 2008. They were re-appointed external auditor of the Company in 2017, following a competitive tender process. Following the conclusion of the 2021 external audit, Mike Barradell stepped down as lead external audit partner for the Group following his permitted tenure of five years. Ailsa Griffin was appointed as lead audit partner for the 2022 financial year. Following this rotation of the lead external audit partner, the Committee considers a full tender for the Group's external audit services, subject to its annual reviews, likely in the year ending December 2026. This allows for any potential new audit firm to take up the role for the year ending December 2027. The Committee believes this approach is in the best interests of shareholders, as over this period the Group will benefit from an efficient and effective audit, whilst receiving fresh challenge from a new lead external audit partner.

Details of the external auditor's remuneration for 2022 are set out in Note 4 on page 94. Against a general background in the market of increasing fees, in 2022, there has been a material increase in audit fees from the prior year. This has primarily been due to the delay in the announcement of the results by around one month and the resultant increase in audit work on the going concern and viability statements together with unexpected difficulties in the audit of the JFN business following its sale post the year end and increased work following the Financial Reporting Council (FRC) review of the Annual Report for 2021 and subsequent enhanced disclosure requirements.

The Company has complied throughout the financial year under review, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Independence and objectivity

The Audit Committee accepts that certain non-prohibited work is best undertaken by the external auditor and to safeguard the external auditor's objectivity and independence the Audit Committee has a policy on engagement of the external auditor for non-audit services, which includes a requirement for Audit Committee approval if the permitted services exceed a threshold of £50,000.

The Audit Committee reviews the policy annually and recommends it to the Board for approval. In accordance with relevant Audit Regulations and standards published by the FRC in June 2016, the Audit Committee has not engaged the external auditor on matters restricted by those Regulations and standards, and fees from permitted work (including the Interim Statement) have been pre-approved by the Audit Committee. KPMG were not instructed to carry out any prohibited non-audit services during 2022.

KPMG provided the following non-audit services to the Group during 2022, all of which were approved by the Audit Committee:

- under the Norwegian Companies Act, KPMG provided an assurance service on the control and review procedures over the tax submissions in relation to ScanTech AS. The work does not result in any accounting judgements and the fee for this service was £8k.
- KPMG carried out the Group's interim statement for the period ended 30 June 2022. The fee amounted to £0.1m.

Internal audit

The Audit Committee is responsible for reviewing the work carried out by the internal audit function which considers, reviews and reports on key commercial, financial and control risks across the Group. The internal audit function undertakes their work in accordance with an annual programme approved by the Audit Committee. The scope of each internal audit review is agreed by the Audit Committee in consultation with the internal auditor to ensure that key areas for each business are addressed.

As indicated in last year's report, early in the year, the Audit Committee recommended that the role of internal audit be outsourced in its entirety to PwC from April 2022. This took effect during the year, with PwC taking over and continuing to execute the agreed internal audit plan. In total 10 internal audits were undertaken in 2022 (2021: 13). Reports in relation to the internal audits carried out were presented to the Audit Committee for review and shared with senior managers for action, as well as being provided to the external auditor for information. The actions identified by the internal audit function were followed up with management for response and identification of appropriate actions to mitigate the associated risks. There has been continued focus by senior management to improve the control environment through the timely closure of audit actions.

There were no findings in the internal audit reports which are considered material to the Group, although to date PWC's work has not identified any business which operates in a control environment which could be described as strong. Internal audit is responsible to the Audit Committee for ensuring that all required actions are followed up and completed in a timely manner.

Following the final 2022 review, the Audit Committee recommended, and the Board concluded that the Group's internal audit process was appropriate and effective. The effectiveness of the Group's internal audit function is continually reviewed, including an annual formal review undertaken by the Audit Committee, with the benefit of feedback from Group businesses and functions which have been subject to internal audit during the year.

FRC correspondence

During November 2022, the Company received correspondence from the Financial Reporting Council (FRC) in relation to its review of the Company's Annual Report and Accounts for 2021 in accordance with part 2 of the FRC Corporate Reporting Review Operating Procedures, which requested further information in relation to the Company's compliance with relevant reporting and disclosure requirements in certain areas. The FRC also highlighted that the impairment loss on trade receivables should be separately disclosed on the face of the Consolidated Statement of Comprehensive Income. Previously it was included within administrative expenses. This balance is now shown separately with no impact on profit. In addition, certain disclosures in the notes to the financial statements have been enhanced to provide greater clarity for readers of the Annual Report and Accounts. In particular, the Income statement presentation has been amended to remove the 'before separately disclosed items' and 'separately disclosed items' columns presented in the 2021 Annual Report and Accounts. This change was made to simplify the income statement presentation and show alternative performance measures previously included within 'separately disclosed items' in Note 2.1. There has been no change to continuing results for revenue, gross margin and operating profit. The FRC review is ongoing at the time of writing of this report.

BAM Consultation on Restoring Trust in Audit and Corporate Governance

In March 2021, the Department for Business and Trade (BAM) released its consultation paper 'Restoring trust in audit and corporate governance' outlining its proposals for strengthening the UK's framework for major companies and the way that they are audited.

The reforms in the BAM consultation paper address the findings of the previous Kingman, CMA and Brydon reports and include proposed new measures in relation to directors, auditors, shareholders and the audit regulator. On 31 May 2022, the UK Government published its response to the consultation, setting out its plans for action which will be implemented through a variety of mechanisms, including audit development and work by the professional bodies, primary and secondary legislation, and changes by the regulator. The response sets out how and to what extent it is anticipated the proposals in the consultation would be carried forward. The measures include proposals for strengthening the UK's approach to internal controls over financial reporting, including more disclosure and attestation requirements. The May 2022 response envisages a strengthening of the Code in this area as opposed to legislation.

The Internal Control Enhancement Programme is underway to ensure that the Group is well placed to address these provisional proposals, through evolution, documentation and formalisation of the existing controls. The Audit Committee is satisfied that management's approach to the reforms is appropriate, and will continue to review ongoing developments and progress.

ESG reporting

The ESG reporting environment has been an area of significant regulatory development recently, and this is set to continue and the pace of change increase in the short- to medium-term. Guidance on reporting (particularly in the environmental area) has been issued by a number of bodies. Recent events, in particular the creation of the ISSB (International Sustainability Standards Board) which consolidated the VRF (Value Reporting Foundation) and the CDSB (Climate Disclosure Standards Board) under the umbrella of the IFRS Foundation, to develop a single set of sustainability standards, will create further focus on this area.

The Group continues to strengthen its ESG-related disclosures, reporting under the requirements of the TCFD (Task Force on Climate-related Financial Disclosures) on pages 38 to 41 and in alignment with the GHG (Greenhouse Gas) protocol on pages 113 to 114.

The Directors have received briefings during the year covering the evolving reporting, disclosures and standard setting body changes, recognising the increasing link between ESG-related measures and the presentation of financial information and associated business commitments.

Conclusion

The Audit Committee operates in an open manner, has clear and concise channels of communication with the Board and, should it be necessary, I would be available to meet with investors. I will also be available to answer any questions at the AGM.

Justin Atkinson
Chairman of the Audit Committee

28 April 2023

Directors' remuneration report

MEMBERSHIP	SINCE
Aedamar Comiskey, Chair of the Remuneration Committee since May 2018	2014
Michael Salter (until 5 May 2022)	2013
Justin Atkinson	2018
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings (appointed to the Committee on 1 January 2022)	2022

Key objectives

The Committee's objectives are to create a fair, equitable and competitive total reward package that supports the Group vision and strategy; and to ensure that rewards are performance-based, encourage long-term shareholder value creation and are straightforward to communicate and operate.

Key responsibilities:

- Designing the remuneration policy.
- Implementing the remuneration policy.
- Ensuring the competitiveness of reward.
- Designing the incentive plans.
- Setting incentive targets and determining award levels.
- Overseeing all share awards across the Group.

The Committee meets at least three times a year.

Annual statement

Introduction by Aedamar Comiskey, Chair of the Remuneration Committee

On behalf of the Board and the Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 December 2022.

This report is comprised of two parts, namely:

Part 1 – Remuneration policy report – which provides a summary of the Directors' remuneration policy approved by shareholders at the 2021 AGM, as context for the Committee's decision-making in relation to remuneration. In keeping with the remuneration reporting regulations with which the Group is required to comply, the Committee will be conducting a review of the current remuneration policy during 2023. We will be engaging with shareholders on the proposed policy ahead of putting this to a binding shareholder resolution at the 2024 AGM; and

Part 2 – Annual report on remuneration – which sets out payments and awards made to the Directors, details the link between Company performance and remuneration for 2022, and explains how we intend the remuneration policy will operate for 2023. This part of the report will be put to an advisory vote at the 2023 AGM.

Work of the Committee during 2022

During 2022, the Committee undertook the following main activities, having due regard at all times to the broader performance context and the experience of the Group's key stakeholders:

- assessing performance against the targets set for the 2021 annual bonus awards;
- setting the targets for the 2022 annual bonus;
- assessing performance against the targets set for the 2019 LTIP awards and determining vesting levels;
- agreeing the award levels and performance targets for the 2022 LTIP awards;
- agreeing the leaving arrangements for Eoghan O'Lionaird and Jean Vernet's package on appointment; and
- agreeing the Chairman's fee and Executive Directors' base salaries to apply from 1 January 2023.

In discharging its responsibilities, the Committee seeks to ensure that its policy and practices remain consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

- Clarity – The current policy is understood by our senior executive team, and we have sought to articulate it clearly to our shareholders and representative bodies (both on an ongoing basis and during consultation when material changes are being made).
- Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.
- Risk – Our policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded. We do this via: (i) the balanced use of both short-term (annual) bonuses and longer-term incentive plans (LTIPs), which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.
- Predictability – Our incentive plans are subject to individual caps and clearly defined performance targets, with our share plans also subject to market standard dilution limits.
- Proportionality – There is a clear link between individual reward, delivery of strategy and the Group's long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- Alignment to culture – Our executive pay policies are aligned to culture through the use of metrics in both the annual bonus and LTIP that measure how we perform against our KPIs.

Pay and performance in 2022

James Fisher encountered another challenging year in 2022, with performance outcomes against our primary financial measures as follows:

- Underlying operating profit from continuing operations of £19.1m (2021: £28.0m);
- Operating cashflow of £44.5m (2021: £55.0m); and
- Underlying diluted earnings per share (17.1p) (2021: 20.0p).

Executive Directors' bonus potential for 2022 was capped at 100% of salary, with 70% based on meeting the Group's financial objectives and 30% based on individual achievement of personal objectives. However, as a result of the Group's financial performance for the year ended 31 December 2022 being below the thresholds set at the start of the year, the Remuneration Committee concluded that it would not be appropriate to award any annual bonus to the Executive Directors with respect to 2022, notwithstanding that the personal objectives were partially met.

Awards granted under the LTIP in 2020 are ordinarily eligible to vest in 2023, subject to the achievement of pre-defined 3-year performance targets. However, as a result of failing to hit the threshold level set for earnings per share (EPS) and total shareholder return (TSR), 2020 LTIP awards will lapse in full. Neither Jean Vernet nor Duncan Kennedy participated in this LTIP award cycle.

Further details of the targets and achievement against them for the annual bonus and LTIP are set out on pages 103 to 104.

Executive Director changes during the year

As announced in June 2022, Jean Vernet was appointed as Chief Executive Officer and took up this position on 5 September, at which point Eoghan O'Lionaird stepped down from the Board. Mr O'Lionaird, however, remained an employee of the Company until February 2023 to enable a smooth and effective transition of responsibilities. Details of the leaving arrangements for Mr O'Lionaird and Mr Vernet's package on appointment – both of which are in line with our policy and normal remuneration practices – are set out on pages 104 and 105.

2023 remuneration

There are no changes proposed for the remuneration policy in 2023. A summary of the proposed approach to the implementation of the remuneration policy in 2023 is as follows:

- **Base salary:** the Committee has delayed its review of Executive Director salaries until later in 2023, to align with the second of a two-phase salary review process adopted by the Company for other employees earning an annual base salary of £70,000 or higher. Effective 1 January 2023, base salary increases have been awarded to the rest of the workforce; of 5% on average for lower-paid colleagues (earning annual base salaries of less than £70,000) and 3% on average to those higher earners who will be eligible for a second review later in the year. This approach is considered to be fair and appropriately reflect the prevailing inflationary environment, while ensuring that the available pay budget at year end is focused on supporting lower-paid colleagues, in particular, with ongoing cost-of-living pressures;
- **Pension:** no change to the pension contributions received by the Executive Directors;
- **Annual bonus:** no change to the opportunity of 100% of salary which, for 2023, will be based 50% on adjusted operating profit (2022: 40%), 25% on operating cashflow (2022: 30%), and 25% on strategic (including ESG-related) objectives (2022: 30%). Bonus payouts will also be subject to a discretionary assessment by the Committee of progress on other important initiatives during the year, including our Environment agenda;
- **LTIP:** in respect of 2023 LTIP awards for Executive Directors, awards will be made as normal after the announcement of the 2022 preliminary results, with award levels set at 175% of salary for Jean Vernet and 125% of salary for Duncan Kennedy. 50% of awards will be based on 3-year EPS growth, 30% of awards will be based on relative TSR, and the remaining 20% based on Return on Capital Employed (ROCE) targets. At the time of signing this report, the EPS and ROCE performance targets attaching to these awards have not yet been agreed by the Committee. Consistent with previous cycles, the TSR element will vest subject to the Group's relative TSR performance being at least median (25% vesting) compared to the constituents of the FTSE250 excluding investment trusts, with full vesting requiring performance to be at least upper quartile. EPS and ROCE targets will be set to be appropriately stretching. These will be disclosed in the RNS announcement at the time of making the awards; and in next year's Directors' remuneration report; and
- **NED fees:** the fees payable to the Chairman and Non-Executive Directors are unchanged.

Shareholder feedback

The Committee is grateful for the strong shareholder support at the 2022 AGM for the advisory resolution to approve the Annual statement and Annual Report on Remuneration. We remain committed to effective and regular engagement with our shareholders in relation to remuneration, and hope that we can count on your continued support.

I hope you will join me in supporting the remuneration-related resolution at the AGM on 14 June 2023.

Aedamar Comiskey
Chair of the Remuneration Committee

28 April 2023

Directors' remuneration report cont.

Remuneration policy report

Overview of Directors' remuneration policy

James Fisher and Sons plc operates in a competitive international environment. To continue to compete successfully, the Committee considers that it is essential that the level and structure of remuneration and benefits achieve the objective of attracting, retaining, motivating and rewarding the necessary high calibre individuals at all levels of the business. The Company therefore sets out to provide competitive remuneration to all of its employees, appropriate to the business environment in those countries in which it operates.

The remuneration strategy, as a significant contributor to competitive advantage, is designed to support the Company's corporate strategy, and to align with the Company's valued behaviours of pioneering spirit, integrity, energy and resilience.

A cohesive reward structure with a timely pay review process, consistently applied to all employees and with links to corporate performance, is seen as critical in ensuring all employees can associate with, and are focused on, the attainment of the Company's strategic goals. Accordingly, the remuneration package for the Executive Directors is reviewed annually. Where an Executive Director's responsibilities change during the course of a year, the Committee will consider whether a review is appropriate, outside of the annual process.

Executive remuneration reviews are based upon the following principles:

- total rewards should be set at appropriate levels to reflect the competitive market in which the Company operates, and to provide a fair and attractive remuneration package;
- reward elements should be designed to reinforce the link between performance and reward. The majority of the total remuneration package should be linked to the achievement of appropriate performance targets; and
- Executive Directors' incentives should be aligned with the interests of shareholders. This is achieved through setting performance targets to reward increase in shareholder value and through the Committee's policy to encourage shareholding by Executive Directors.

How the Directors' remuneration policy relates to the wider Group

The remuneration policy set out within this report provides an overview of the structure that operates for the Executive Directors in the Group. Employees below Executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's delivery of strategy and Group performance. The Committee considers pay and conditions across the workforce when reviewing and setting the Executive Director remuneration policy. During 2022, members of the Committee engaged with employees on a number of matters (more detail on page 30), including while attending offsite engagement sessions. Any feedback received through this and other engagement channels is presented to, and discussed by, the Committee at its next meeting; and informs decision-making at both a Group and business level. Wider engagement on Executive remuneration is planned in 2023 as part of the Board's employee engagement initiatives and the upcoming review of the Remuneration Policy.

How shareholders' views are taken into account

The Committee takes an active interest in stakeholder views on our executive remuneration policy and its operation, and is particularly mindful of the concerns of shareholders. At the 2021 AGM, the current remuneration policy was supported by a significant majority of shareholders. In advance of that AGM, the Committee consulted with the Company's major shareholders and the main representative groups in relation to the proposed changes to the Company's remuneration policy, the vast majority of feedback received on which was supportive. Similarly high levels of support were received for the advisory vote to approve the Annual report on remuneration at the 2022 AGM.

Directors' remuneration policy

The table on the following pages summarises the remuneration policy approved by shareholders at the 2021 AGM. This policy took effect from that date for a period of up to three years. Minor amendments have been made to the drafting of this policy from the version approved by shareholders in 2021 (which can be found in the 2020 Annual Report) including: (i) the data used in the pay-for-performance scenarios; (ii) page references; and (iii) the sections on Executive Director service contracts and Non-Executive Director letters of appointment, to reflect changes in Board composition since then.

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
Salary	Designed to attract, retain, motivate and reward the necessary high calibre individuals to the Board.	Base salaries are a fixed annual sum normally effective 1 January and payable monthly in cash. Salaries are reviewed each year, normally effective 1 January and recognising the individual's performance and experience, developments in the relevant employment market and having regard to the Group's performance as well as comparing each Executive Director's base salary to market data.	No prescribed maximum salary or salary increase. Salaries are set for each Executive Director within a range around the market median for similar positions in appropriate comparator companies. The Committee is also guided by the general increase for the employee population although increases may be higher or lower than this to recognise, for example, an increase in the scale, scope or responsibility of an individual and/or performance.	Not applicable.
Pensions	To offer competitive retirement benefits.	Executive Directors are eligible to join the Group's defined contribution scheme, receive a company contribution into a personal pension scheme or be paid a cash supplement in lieu of pension.	Workforce aligned on or before 1 January 2023.	Not applicable.
Benefits	To offer competitive benefits.	Provision of a company car or cash alternative, life assurance and healthcare insurance. Other benefits may be provided where appropriate. These benefits do not form part of pensionable earnings.	No prescribed maximum.	Not applicable.
Annual bonus	To incentivise and reward the Executive Directors to deliver annual financial and operational targets.	Payable on the achievement of financial and personal objectives and non-pensionable. The first 70% is payable in cash. Bonus in excess of 70% of basic salary is subject to deferral into shares, with awards vesting after three years, subject to normal good/bad leaver provisions, but no further performance targets. Dividend equivalent payments may be awarded (in cash or shares). Malus and clawback provisions operate.	Up to 100% of base salary.	Majority of the bonus potential is based on financial targets derived from the annual plan; and a minority of the bonus potential based on individual achievement and personal objectives.

Directors' remuneration report cont.

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
LTIP	To align the interests of the Executive Directors with the Group's long-term performance, strategy and the interests of shareholders.	Annual grant of share awards. Non pensionable. A two-year post-vesting holding period applies to awards granted to Executive Directors. Malus and clawback provisions operate.	Up to 200% of base salary. Awards above 125% will be subject to stretch targets.	Sliding scale targets linked to financial, share price and/or strategic metrics. No more than 25% of an award vests at threshold, increasing to 100% vesting at maximum.
Share ownership	To ensure alignment between the interests of Executive Directors and shareholders.	Executive Directors are required to retain half of the shares vesting after tax under the LTIP until the guidelines are met. Post-cessation guidelines apply to share awards granted following the 2021 AGM. In determining the relevant number of shares to be retained post-cessation, shares acquired from own purchases and share awards granted prior to the 2021 AGM will not be counted.	**In Employment:** 200% of base salary for all Executive Directors. **Post-cessation:** 100% of the "in employment" requirement, until the second anniversary of cessation (or the actual shareholding if the guideline has not been met at cessation).	Not applicable.
Sharesave	To encourage share ownership and align the interests of all employees and shareholders.	An all-employee share plan.	As per prevailing HMRC limits.	Not applicable.
Non-Executive Directors	To provide fees to reflect the time commitment and responsibilities of each role in line with those provided by similarly sized companies.	Fixed annual fee, paid quarterly in cash reviewed annually: the Committee determines the Chairman's fees. The Chairman and Executive Directors determine fees for the other Non-Executive Directors.	No prescribed maximum fee or fee increase, although fees are limited by the Company's Articles of Association. The Board/Committee is guided by market rates, time commitments and responsibility levels.	Not applicable.

Notes:

(1) The choice of the performance metrics applicable to the annual bonus reflects the Committee's belief that any incentive compensation should be appropriately challenging and tied to the delivery of both financial and personal objectives;

(2) LTIP performance conditions are selected based on the delivery of long-term returns to shareholders and the Group's financial growth and are consistent with the Company's strategy. Where operated: (i) TSR performance is monitored by an independent advisor; and (ii) EPS growth and ROCE are derived from the audited financial statements;

(3) The Committee operates its share plans in accordance with the plan rules and the Listing Rules. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans (e.g. treatment of awards for leavers, change of control, adjustments to performance targets);

(4) The Committee retains the right to exercise discretion to override formulaic outcomes and ensure that the level of bonus or share awards payable is appropriate. It may use its discretion to adjust outcomes to ensure that any payments made reflect overall Company performance and stakeholder experiences more generally. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant Directors' remuneration report;

(5) Consistent with HMRC legislation, the all-employee share plan does not have performance conditions; and

(6) In approving the Directors' remuneration policy, authority is given to the Company to honour any past commitments entered into with current or former Directors including the vesting of share awards granted in the past.

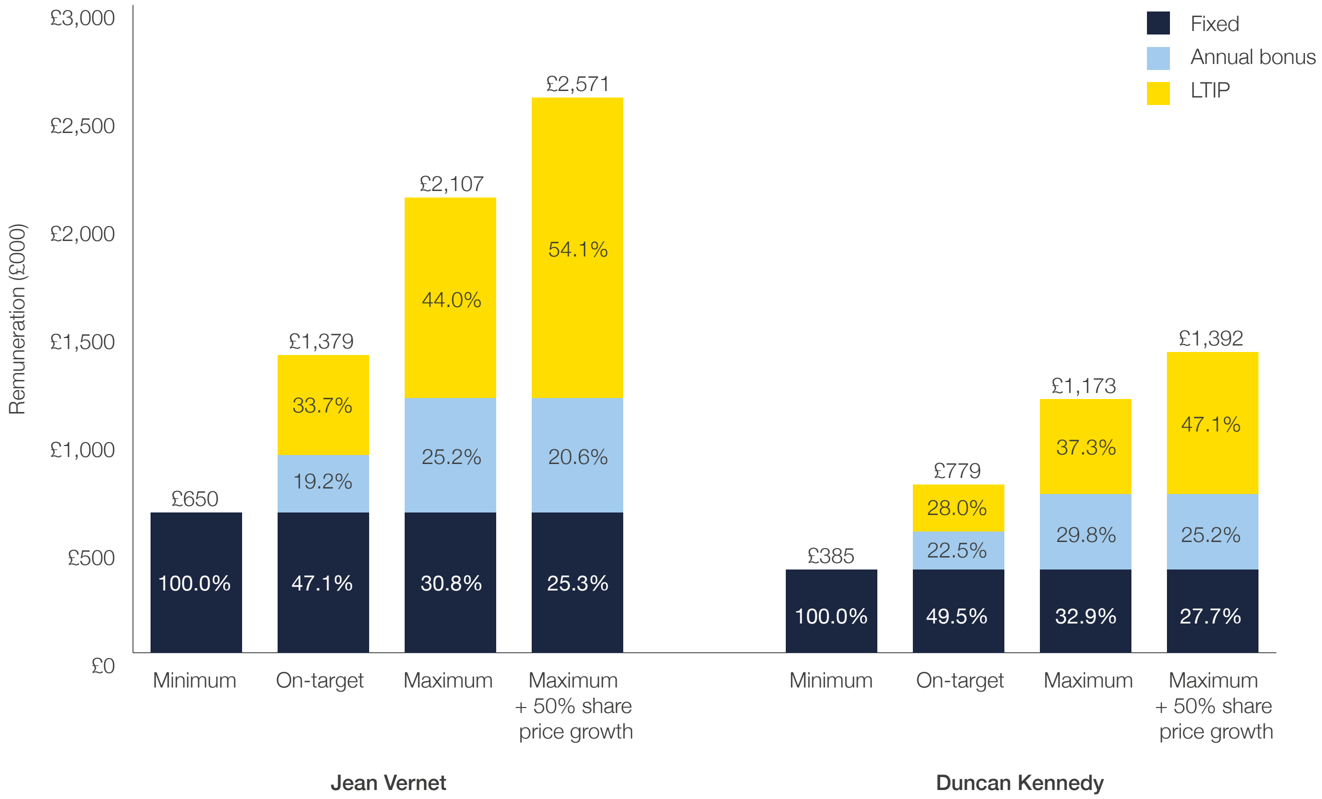
Malus and clawback provisions

Malus and clawback provisions operate in respect of the annual bonus (cash and deferred shares) and LTIP awards, with Committee discretion to apply them in the event of a material misstatement in the Company's financial results, miscalculation, serious reputational damage to the Company, in the event it is discovered that the participant committed serious misconduct that could have warranted summary dismissal or a corporate failure/ insolvency.

The Committee may decide to operate the malus and clawback provisions within a three-year period commencing on the date that the cash part of any annual bonus is paid (for cash and deferred share bonus awards), and within a three-year period of any LTIP vesting date.

Scenario charts, 2023 remuneration

The charts below illustrate the potential value of the 2023 packages for the Executive Directors (see page 110 for further detail), assuming: nil bonus payout and nil vesting for the LTIP in the 'minimum' scenario; and a 50% bonus payout and 50% LTIP vesting in the 'on-target' scenario.



Approach to recruitment

New Executive Directors will be appointed on remuneration packages with the same structure and elements set out in the Directors' remuneration policy table. Ongoing incentive pay/share-based awards will be limited to:

- Maximum annual bonus of 100% of salary; and
- LTIP award of up to 200% of salary.

For external appointments, the Committee may offer additional cash or share-based elements to replace deferred or incentive pay forfeited by an executive when leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. Shareholders will be informed of any such payments as soon as practicable following the appointment.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and incidental expenses as appropriate.

Directors' remuneration report cont.

Loss of office

In relation to Executive Directors leaving the Company, the Committee is committed to applying a consistent and equitable approach to ensure the Company is equitable, but pays no more than necessary. The loss of office policy is in line with market practice and will be dependent on whether the individual is deemed a 'good leaver' or 'bad leaver'. The 'good leaver' policy includes:

- payment in lieu of notice equal to one year's basic salary or, if termination is part way through the notice period, the amount of salary relating to any unexpired notice to the date of termination. There is an obligation on Directors to mitigate any loss which they may suffer if the Company terminates their service contract;
- bonus payments for the period worked may be made, subject to the original performance targets, at the discretion of the Committee. Any such payments would be made on the normal payment date;
- vesting of share scheme awards is not automatic and the Committee retains the discretion to prevent awards from lapsing depending on the circumstances of the departure and the best interests of the Company. For a 'good leaver': (i) deferred bonus awards will normally vest in full at the normal vesting date (although may vest earlier, including at cessation); and (ii) LTIP awards will normally vest at the normal vesting date (although may vest earlier, including at cessation) subject to performance against the performance targets and LTIP awards will normally be pro-rated;
- the 'good leaver' reasons are death, injury, illness or disability, redundancy, retirement, transfer of business resulting in cessation of the individual's employment within the Group and any other reason at the Committee's discretion;
- no compensation is paid for summary dismissal, save for any statutory entitlements;
- Executive Directors will also be entitled to a payment in respect of accrued but untaken annual holiday entitlements on termination; and
- legal fees and outplacement support may be paid by the Company where appropriate.

Service contracts

It is the Board's policy that Executive Directors are employed on contracts subject to no more than 12 months' notice from either side. The Board recognises however that it may be necessary in the case of new executive appointments to offer an initial longer notice period, which would subsequently reduce to 12 months after the expiry of the initial period. The service agreements do not have a fixed term. If it becomes necessary to consider termination of a service contract, the Committee will have regard to all the circumstances of the case, including mitigation, when determining any compensation to be paid. Details of the current service contracts are as follows:

	Contract date	Notice period
Jean Vernet	5 September 2022	12 months
Duncan Kennedy	1 May 2021	12 months

The Executive Directors are permitted to serve as non-executive directors of other companies, provided the appointment is first approved by the Remuneration and Nominations Committees. Directors are allowed to retain their fees from such appointments. During 2022, the Executive Directors held no external appointments.

Non-Executive Directors do not have service contracts but have a letter of appointment setting out their terms and conditions. Non-Executive Directors are appointed each year for up to 12 months (subject to re-election at the AGM) and are entitled to one month's prior written notice of early termination for which no compensation is payable. Details of the letters for the currently appointed Non-Executive Directors are set out below:

	Date of appointment	Letter of appointment
Angus Cockburn	1 May 2021	1 January 2023
Justin Atkinson	1 February 2018	1 January 2023
Inken Braunschmidt	1 March 2019	1 January 2023
Aedamar Comiskey	1 November 2014	1 January 2023
Kash Pandya	1 November 2021	1 January 2023
Claire Hawkings	1 January 2022	1 January 2023

Annual report on remuneration

Remuneration Committee

The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided.

They have no conflicts of interest arising from cross-directorships with the Executive Directors, nor from being involved in the day-to-day business of the Company.

The Committee operates under clear written terms of reference and confirms that its constitution and operation comply with the applicable provisions of the UK Corporate Governance Code (the Code) (prevailing at the date this report is signed) in relation to Directors' remuneration policy and practice and that it has applied the Code throughout the year. As noted on page 30, with respect to Code provision 41, various channels have been established for the Board's engagement with employees, including in relation to remuneration. The channels include the employee engagement survey, the activities of the Designated Non-Executive Director for Employee Engagement (including regular attendance at the employee engagement working group), and direct engagement between the Non-Executive Directors and employees during the annual calendar of Board site visits. Any feedback or questions arising on the subject of remuneration (whether in relation to the workforce generally, or executives specifically) is tabled at the Committee's next meeting for discussion. The Board is also considering further enhanced mechanisms for employee engagement in relation to executive remuneration for implementation in 2023.

The Committee's terms of reference include:

- to determine and agree with the Board the framework and policy for Executive Directors and senior managers;
- to review the appropriateness and relevance of the remuneration policy;
- to agree the measures and targets for any performance-related bonus and share schemes of the Executive Directors;
- to determine within the terms of the policy the total individual remuneration package of the Executive Directors and selected senior management immediately below Board; and
- to review senior management pay and workforce remuneration policies and practice.

The Committee consults the Chief Executive Officer and invites him to attend meetings when appropriate. The Chief Human Resources Officer and Ellason LLP, the Committee's independent adviser, attend meetings of the Committee by invitation. The Committee also has access to advice from the Chief Financial Officer. The Company Secretary acts as secretary to the Committee. No Director or other attendee is present when his or her own remuneration is being determined.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. Following a competitive tender, the Committee appointed Ellason LLP (Ellason) as its principal external adviser from August 2021.

The Committee confirms that Ellason provided independent remuneration advice to the Committee during 2022, and that Ellason does not have any other connections with the Company that may impair independence. Ellason is a member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at **www.remunerationconsultantsgroup.com**.

During 2022, Ellason provided independent advice on remuneration matters including the external environment and incentive design for 2022, as well as other matters within the Committee's remit. Ellason provides no other services to the Company. The fees paid to Ellason in respect of work carried out for the year under review were charged on a time and materials basis and totalled £73,089.

Directors' remuneration report cont.

Non-Executive Directors

The structure of Non-Executive Directors' fees for 2022 and 2023 are set out below, all of which are payable in cash.

	2023 £	2022 £
Chairman	**210,125**	210,125
Other Non-Executive Director fees:		
Basic fee	**54,632**	54,632
Additional fee for the chair of Audit Committee	**12,000**	12,000
Additional fee for the chair of Remuneration Committee	**8,000**	8,000
Additional fee for the Senior Independent Director	**8,000**	8,000

Total remuneration of the Executive Directors (audited)

	Jean Vernet(1)		Eoghan O'Lionaird(1)		Duncan Kennedy(2)	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Base salary	**173**	–	**359**	530	**350**	232
Benefits(3)	**44**	–	**19**	26	**11**	7
Pension(4)	**13**	–	**27**	42	**16**	11
Bonus in cash	**–**	–	**–**	–	**–**	–
Bonus in deferred shares	**–**	–	**–**	–	**–**	–
Total short-term remuneration	**230**	–	**405**	598	**377**	250
LTIP – performance	**–**	–	**–**	–	**–**	–
LTIP – share appreciation	**–**	–	**–**	–	**–**	–
Dividend equivalents	**–**	–	**–**	–	**–**	–
LTIP – total	**n/a**	–	**–**	n/a	**n/a**	n/a
Other(5)	**400**	–	**–**	–	**–**	–
Total remuneration	**630**	–	**405**	598	**377**	250
Total fixed remuneration	**230**	–	**405**	598	**377**	250
Total variable remuneration	**400**	–	**–**	–	**–**	–

(1) The amounts disclosed in relation to 2022 reflect the period:
(i) For Jean Vernet, from his appointment to the Board on 5 September 2022 to 31 December 2022;
(ii) For Eoghan O'Lionaird, from 1 January 2022 until he stepped down from the Board on 5 September 2022, although he continued to be paid until cessation of employment on 19 February 2023, subject to mitigation. Further details can be found on page 105.
(2) For Duncan Kennedy, the amounts disclosed above for 2021 reflect the period from 1 May 2021, when he took up his role on the Board.
(3) Benefits comprise a cash allowance in lieu of car and medical insurance. For Jean Vernet, the figure also includes c.£38k in reimbursed expenses in relation to his relocation to the UK, see page 104 for further details.
(4) Pension contributions may be paid into personal pension plans, the Company pension scheme or taken as a separate cash allowance, subject to income tax. In line with the approach taken across the UK workforce, the Group passes on 75% of the National Insurance cost saving arising from an individual's election to join the Group's SMART pension scheme arrangement through salary sacrifice. During 2022, Eoghan O'Lionaird elected to participate in the Group's SMART pension in this way, and the value of the cost saving passed on to him is reflected above.
(5) This relates to a one-off restricted share award granted to Jean Vernet on his appointment, in connection with share awards forgone on leaving his previous employer. Further details are set out on page 105.

Annual bonus awards for 2022 (audited)

The maximum annual bonus for Executive Directors was 100% of base salary, with 70% based on financial objectives (Note 1 below) and 30% based on individual achievement of personal objectives (Note 2 below). The first 70% of any bonus award is paid in cash and the balance is awarded in shares and deferred for three years (with dividend equivalents and malus and clawback provisions applying). No bonus was awarded to the Executive Directors with respect to 2022, as set out below.

Note 1 – Financial objectives (70% of maximum):

Performance measure	Performance target	Assessment against targets
Underlying operating profit (40%[1])	Minimum threshold £31.0m Maximum £37.5m	Threshold starts at 0% and increases to 100% of this element of the bonus at maximum performance.
Actual performance	£19.1m	0% of this part of the bonus was paid out.
Operating cashflow (30%[1])	Minimum threshold £55.3m Maximum £62.8m	Threshold starts at 0% and increases to 100% of this element of the bonus at maximum performance.
Actual performance	£44.5m	0% of this part of the bonus was paid out.

(1) Updated to reflect a minor correction to the weightings published in last year's Report.

Note 2 – Personal objectives (30% of maximum):

Jean Vernet (5 September – 31 December 2022) and **Eoghan O'Lionaird** (1 January – 5 September 2022)

Objectives	Weighting (% bonus)
Operational	
Reduce net debt/EBITDA, including disposal of the Board-approved businesses	5%
Roll-out Lean program	5%
Roll-out NPS program and Group-wide sales training	5%
ESG	
Improve engagement mean score for all employees and senior leadership	5%
Structured analysis and framework for carbon reduction program	5%
Strategy	
Evolve the strategy for renewables and decommissioning with clear operational plans and execution underway	5%
Total	**30%**

Duncan Kennedy

Objectives	Weighting (% bonus)
Operational	
Reduce net debt/EBITDA, including disposal of the Board-approved businesses	5%
Roll-out Lean program	5%
ESG	
Improve engagement/e-NPS results for all employees and the global finance function	5%
Roll-out and embed risk management improvements	5%
Define and begin deployment of BEIS/UK SOX project	5%
Strategy	
Evolve the strategy for renewables and decommissioning with clear operational plans and execution underway	5%
Total	**30%**

Eoghan O'Lionaird stepped down from the Board with effect from 5 September 2022, although he continued to be paid until cessation of employment on 19 February 2023. As a 'good leaver', it was agreed that he should retain a pro-rated opportunity under the 2022 bonus, and for which personal performance was to be assessed by the Committee on a discretionary basis (i.e. following the end of the financial year).

Notwithstanding their valued contribution and achievement of some of the personal objectives set, the Committee did not consider that it would be appropriate to award any part of the 2022 bonus to the Executive Directors (including Eoghan O'Lionaird) under this element given that the financial thresholds had not been met. Therefore, no formal assessment of these targets has been conducted. The Executive Directors' strategic objectives have been reset for 2023, and further details are set out in the implementation of the remuneration policy for 2023 section on page 110 (and will be disclosed fully in the 2023 remuneration report).

Directors' remuneration report cont.

Vesting of 2020 LTIP awards (audited)

LTIP awards granted on 24 July 2020 were due to vest in July 2023 subject to the achievement of defined EPS and TSR performance targets. EPS is measured over the three-year period ended 31 December 2022, while TSR is measured over the three-year period from 6 April 2020.

The EPS performance condition (70% of the award) comprises a sliding scale, under which 25% of this part of an award vests where growth of diluted earnings per share of RPI plus 9% is achieved over the three-year performance period, increasing pro-rata to full vesting where growth of RPI plus 18% is achieved.

Performance target	Base EPS	EPS at year end	EPS growth	Threshold RPI +9%	Maximum RPI +18%	Vesting %
Underlying diluted EPS	47.9p	**(17.1p)**	**(135.7%)**	32.5%	41.5%	0%

The TSR performance condition (30% of the award) also comprises a sliding scale, under which 25% of this part of an award vests for median TSR increasing pro-rata to full vesting for upper quartile TSR, measured against the constituents of the FTSE 250 excluding investment trusts.

Performance target	Performance period	Threshold Median TSR	Maximum UQ TSR	James Fisher TSR	Vesting %
Relative TSR	6 April 2020 – 5 April 2023	(1.6%)	28.7%	(79.7%)	0%

TSR is calculated in GBP, using 3-month average opening and closing return index values.

As a result of EPS and TSR performance, 2020 LTIP awards will lapse in full.

Neither Jean Vernet nor Duncan Kennedy were participants in the 2020 LTIP award cycle. However, Eoghan O'Lionaird and Stuart Kilpatrick (both former Directors) retained interests in the 2020 LTIP cycle, as set out on page 105.

LTIP awards granted in 2022[1] (audited)

	Award date	Proportion of salary	Maximum shares awarded	Face value at date of grant(1)
Eoghan O'Lionaird	21 April 2022	100%	146,773	£530k
Duncan Kennedy	21 April 2022	100%	96,926	£350k

(1) The share price at date of award was based on the five-day average closing price from 10 March 2022 (the date of the preliminary results) to 16 March 2022, of 361.1 pence. Recognising the prevailing share price at the time of grant, the Committee agreed to scale back the award size from 125% of salary to 100% of salary, effectively reducing the grants by 20%, to mitigate the potential for windfall gains.

Vesting of the 2022 LTIP award (granted in the form of a conditional share award) is subject to achievement of performance targets over a three-year period as disclosed in the RNS announcement notifying the market of the granting of the awards (dated 25 April 2022). 50% of the award is based on EPS targets, 30% based on TSR targets and 20% of the award based on return on capital employed (ROCE):

- None of the EPS element of the 2022 LTIP shall vest if EPS for the 2024 financial year is less than 66 pence. 25% of the EPS element shall vest if 2024 EPS is 66 pence, rising on a straight-line sliding scale to 100% vesting of this element if 2024 EPS is at least 76 pence.
- The TSR element of the award is subject to the Company's TSR performance relative to the FTSE 250 index excluding investment trusts, over the three-year period from 6 April 2022. If at the end of the period the Company ranks in the upper quartile, all of the TSR element of the award will vest. If the ranking is below median, none of the TSR element of the award will vest. 25% of the TSR part of the award will vest for performance at median, with a straight-line sliding scale between median and upper quartile.
- Return on capital employed (ROCE) was introduced as a measure to align the LTIP scorecard with the key pillars of our latest strategy. None of the ROCE element of the 2022 LTIP shall vest if ROCE for 2024 is less than 11%; 25% shall vest if 2024 ROCE is 11%, rising on a straight-line sliding scale to 100% vesting if 2024 ROCE is at least 13%.

Any part of the award that does not vest at the end of a performance period will lapse immediately. In line with the Remuneration Policy approved by shareholders at the 2021 AGM, a two-year post-vesting holding period applies to these awards.

Deferred bonus awards granted in 2022 in respect of 2021 annual bonus (audited)

No deferred bonus awards were granted in 2022 in respect of the 2021 annual bonus as a result of no bonus being payable.

Appointment of new Chief Executive Officer

Jean Vernet joined the Board as Chief Executive Officer on 5 September 2022. His salary was set at £530,000, and his pension contribution is up to 7.5% of salary, in line with the remuneration arrangements of his predecessor. He was eligible in 2022 for a maximum bonus of 100% of his pro-rated salary, and is eligible in 2023 for a maximum bonus of 100% of salary and an LTIP award of 175% of salary. These award opportunities remain within the maximum limits permissible under the remuneration policy, and have been set to provide an appropriate balance between fixed and variable pay in his remuneration package (and, within the variable component, between short- and long-term performance). To assist with his relocation to the UK, Mr Vernet is eligible to receive a relocation allowance of up to £115,000 to cover agreed relocation and COBRA reimbursement expenses incurred in the first two years of his appointment.

In addition, to compensate Mr Vernet for share awards forfeited on leaving his former employer, the following restricted share award (structured as a conditional award of shares) was granted to him on 13 September 2022:

Recruitment award granted in 2022 (audited)

	Award date	Basis on which award made	Maximum shares awarded	Face value at date of grant(1)
Jean Vernet	13 September 2022	Buy-out	135,516	£400k

(1) The share price at date of award was based on the average closing price over the three trading days from 8 September 2022 to 12 September 2022, of 295.2 pence.

No consideration was paid for the grant of the award. 50% of the shares will vest on 13 September 2023 and 50% on 13 September 2024, subject to Mr Vernet continuing to be employed by the Group and not being under notice of termination of employment as at the vesting date. The value and vesting period of the recruitment award was determined taking into account the value and time period for the incentive arrangements forfeited by Mr Vernet, and replicating these to the extent possible.

Payments for loss of office (audited)

Eoghan O'Lionaird stepped down from the Board on 5 September 2022 and remained an employee to support the Company until 19 February 2023. Details of the arrangements in respect of remuneration are as follows:

- Contractual entitlement to salary (based on an annual salary of £530,000) and benefits during a period of garden leave, which continued until his cessation of employment by reason of mitigation on 19 February 2023.
- In respect of outstanding incentive awards, Mr O'Lionaird remained eligible to receive a pro-rata bonus in respect of the 2022 financial year. Due to company performance, no bonus was payable for 2022. Unvested LTIP awards will vest on their normal vesting dates, subject to time prorating and performance conditions. The two-year post-vesting holding period will apply as normal. Dividend equivalents may be credited to the extent that awards vest. Eoghan O'Lionaird's 2020 LTIP award will lapse in full due to the performance thresholds not being met. His 2021 and 2022 LTIP awards remain outstanding.
- Mr O'Lionaird received a contribution of £5,000 (excluding VAT) in respect of legal fees and £50,000 (excluding VAT) in respect of outplacement support.

Payments to former Directors (audited)

As previously disclosed, Stuart Kilpatrick stepped down from the Board of the Company with effect from 29 April 2021. As set out in the 2021 Directors' remuneration report, he continued to receive his contractual entitlement to salary and benefits during a period of garden leave that ended on 31 March 2022. The contractual entitlement paid to Mr Kilpatrick in respect of the 2022 period was £91,192 (2021: £267,182). His 2019 LTIP award lapsed in full, and his remaining 2019 Deferred Bonus Plan (DBP) award vested in April 2022. Mr Kilpatrick retains an interest in his 2020 LTIP award (which, based on performance, will lapse in full). Mr Kilpatrick received no payment in lieu of notice or any other termination payments.

Fergus Graham, who stepped down from the Board in March 2020, also retained an interest in the 2019 DBP award. This award vested in full in April 2022. Mr Graham has no further outstanding incentive awards with the Company.

CEO pay ratio (unaudited)

The table shows how the CEO's single figure remuneration for 2022 compares to equivalent single figure remuneration for full-time equivalent UK employees as at 1 December, ranked at the 25th, 50th and 75th percentile (and how this ratio has evolved since 2019):

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	35:1	25:1	16:1
2021	Option A	22:1	16:1	10:1
2020	Option A	19:1	14:1	9:1
2019	Option A	28:1	19:1	13:1

	Salary			Total pay and benefits		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2022	£26,500	£36,050	£54,590	£29,682	£41,852	£65,557
2021	£25,000	£34,000	£50,000	£27,770	£37,120	£59,280
2020	£24,000	£33,127	£50,000	£27,000	£37,500	£58,963
2019	£24,480	£34,150	£52,000	£25,459	£36,541	£55,240

For 2022, the CEO single figure remuneration reflects the aggregate single figures for Eoghan O'Lionaird and Jean Vernet. No components of pay and benefits have been omitted for the purpose of the above calculations. As in previous years, Option A was selected given that this method of calculation was considered to be the most robust approach in respect of gathering the required data for 2022.

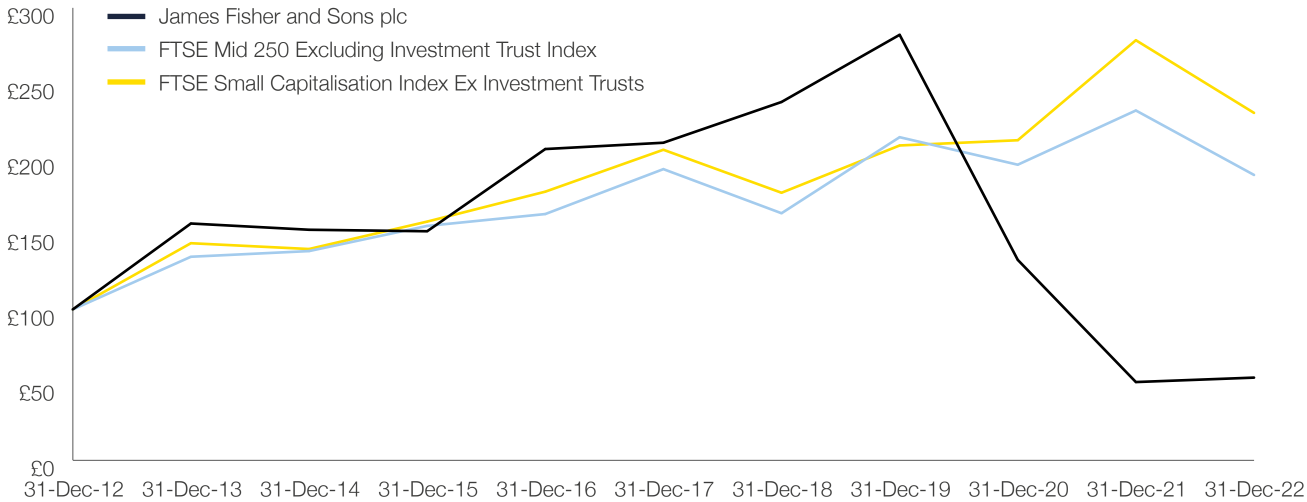
Directors' remuneration report cont.

The Committee monitors the trend in CEO pay ratio over time, noting that the ratio reported above for 2022 captures the recent CEO transition. In line with the reporting regulations, the 2022 single figure includes the face value of the buyout award made to Jean Vernet on his appointment. Were this to be excluded, the median pay ratio would be 15:1; and in line with the general trend of recent years. The Committee will continue to keep under review the trend, in particular the impact of incentive payouts in future years. It is expected that these would be reflected in a higher ratio, due to the relative upweighting of variable remuneration in the CEO's package, compared with market competitive norms for the wider UK workforce (and consistent with our pay practices and policies). However, this will take time to normalise, with the first LTIP award to be made to Jean Vernet (in early 2023) not due to vest until 2026.

Aligning pay with performance (unaudited)

The following graph shows the value, to 31 December 2022, of £100 invested in the Company on 31 December 2012, compared with the value of £100 invested in the FTSE 250 and FTSE SmallCap indices (excluding investment trusts) on the same date. The other points plotted are the values at intervening financial year-ends.

Growth in the value of £100 holding over 10 years



Remuneration of CEO compared with growth in underlying diluted earnings per share

	Nick Henry							Eoghan O'Lionaird				Jean Vernet
	2013	2014	2015	2016	2017	2018	2019	2019	2020[(1)]	2021	**2022**	**2022[(2)]**
Annual change – underlying diluted EPS (pence)	18%	13%	(7)%	11%	7%	14%	4%	4%	(52)%	(58)%	**(186)%**	**(186)%**
Salary, pensions and benefits (£000)	439	471	492	492	512	526	421	189	522	598	**405**	**230**
Annual performance bonus (£000)	263	287	97	429	392	448	35	–	–	–	**–**	**–**
Short-term remuneration (£000)	702	758	589	921	904	1,010	456	189	522	598	**405**	**230**
Share schemes (£000)	691	728	318	183	109	889	418	–	–	–	**–**	**400**
CEO total remuneration (£000)	1,393	1,486	907	1,104	1,013	1,899	874	189	522	598	**405**	**630**
Actual bonus as a percentage of maximum	100%	100%	23%	100%	88%	91%	17%	–	–	–	**–**	**–**
LTIP vesting as a percentage of maximum	100%	100%	100%	47%	15%	100%	59%	n/a	n/a	n/a	**–**	**n/a**
ESOS vesting as a percentage of maximum	100%	100%	–	45%	–	–	–	n/a	n/a	n/a	**n/a**	**n/a**

(1) As part of the measures implemented by the Company at the start of the COVID pandemic, Eoghan O'Lionaird's 2020 salary (£530,000) was reduced by 50% for three months from 1 April 2020, and not repaid.
(2) The share schemes figure for Jean Vernet relates to the restricted share award granted to him on 13 September 2022 in compensation for the value of incentive awards forfeited by him on leaving his previous employer in order to join James Fisher.

Percentage change in remuneration (unaudited)

The table below shows the annual percentage change in earned salary or fees, benefits and annual bonus for those individuals who were appointed as Board Directors during the 2022 financial year, compared to the average earnings of all of the Group's other UK employees. As required by the remuneration reporting regulations with which the Company is required to comply, the analysis has been expanded to include this information for the financial year under review, and will continue to be built up until it displays a five-year history. Note that Directors who were not a Director at any point during 2022 have not been included. The percentage changes in their remuneration for prior years (and in which they were a Director) are disclosed in relevant previous Annual Reports.

The Committee chose the Group's UK employees for the below pay comparison. Our UK employee population represented around 60% of the Group's workforce in 2022, and is therefore considered to be the most meaningful comparator group (by comparison, employees of James Fisher and Sons plc represented less than 5% of the workforce). The Committee monitors this information carefully to ensure that there is consistency in the fixed pay trend for Board Directors compared with the wider workforce.

	Base salary/fee[1]			Benefits			Annual bonus		
	2021 to 2022	2020 to 2021	2019 to 2020	**2021 to 2022**	2020 to 2021	2019 to 2020	**2021 to 2022**	2019 to 2020	2019 to 2020
Executive Directors									
Jean Vernet[2]	**N/A**	N/A	N/A	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Eoghan O'Lionaird[3]	**0%**	14%	(12)%	**7%**	13%	0%	**N/A**	N/A	N/A
Duncan Kennedy[4]	**0%**	N/A	N/A	**0%**	N/A	N/A	**N/A**	N/A	N/A
Non-Executive Directors									
Angus Cockburn[5]	**0%**	N/A	N/A	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Justin Atkinson	**0%**	5%	(3)%	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Inken Braunschmidt	**0%**	5%	(3)%	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Aedamar Comiskey	**0%**	5%	(3)%	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Claire Hawkings[6]	**N/A**	N/A	N/A	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Kash Pandya[7]	**0%**	N/A	N/A	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Michael Salter[8]	**0%**	5%	(3)%	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Employee population[9]	**0%**	3.4%	5%	**1.4%**	2%	N/A	**256%**	(88)%	(19)%

(1) The 2020 to 2021, and 2019 to 2020, comparison reflects the 20% reduction to base salary volunteered by all Board Directors for three months from 1 April 2020 (the CEO volunteering a 50% reduction), not a change in base salaries or Directors' fees.
(2) Jean Vernet joined the Board on 5 September 2022 so a year-on-year comparison is not available.
(3) For the comparison of 2021 to 2022, the percentage changes for Eoghan O'Lionaird reflect annualised values for 2022 remuneration. Eoghan O'Lionaird left the Board on 5 September 2022.
(4) Duncan Kennedy joined the Board in May 2021. For the comparison of 2021 to 2022, the percentage changes reflect annualised values for 2021 remuneration.
(5) Angus Cockburn joined the Board in May 2021. For the comparison of 2021 to 2022, the percentage change reflects annualised values for 2021 remuneration.
(6) Claire Hawkings joined the Board in January 2022, so a year-on-year comparison is not available.
(7) Kash Pandya joined the Board in November 2021. For the comparison of 2021 to 2022, the percentage change reflects annualised values for 2021 remuneration.
(8) For the comparison of 2021 to 2022, the percentage changes for Michael Salter reflect annualised values for 2022 remuneration. Michael Salter left the Board on 5 May 2022.
(9) For the employee population, the year-on-year change in annual bonus is based on the year of payment; as the data required to calculate the change based on bonuses earned in relation to the year is not available at the time of signing off this report.

Relative importance of remuneration (unaudited)

	2022 £m	2021 £m	Change £m
Total employee remuneration	**145.8**	136.4	9.4
Total dividends paid	**–**	–	–

Directors' remuneration report cont.

Interests in shares (audited)

The interests of Directors and their connected persons in ordinary shares as at 31 December 2022, including any interests in shares provisionally awarded under the LTIP and share options provisionally granted under the Sharesave Scheme, are as follows:

	Beneficial number	Unvested LTIP number(1)	Unvested deferred bonus shares(1)	Unvested restricted shares(1)	Unvested options(1)	Vested but unexercised options	At 31 December 2021 number
Angus Cockburn	5,000	–	–	–	–	–	5,000
Jean Vernet	–	–	–	135,516	–	–	N/A
Duncan Kennedy	5,000	132,716	–	–	9,259	–	5,000
Justin Atkinson	3,150	–	–	–	–	–	3,150
Inken Braunschmidt	–	–	–	–	–	–	–
Aedamar Comiskey	–	–	–	–	–	–	–
Claire Hawkings	–	–	–	–	–	–	N/A
Kash Pandya	–	–	–	–	–	–	–
Former Directors							
Eoghan O'Lionaird(2)	42,313	243,277	–	–	2,935	–	42,313
Michael Salter(3)	–	–	–	–	–	–	–

(1) The unvested LTIP awards are subject to performance conditions. The unvested deferred bonus and restricted share awards are not subject to performance conditions. Unvested options comprise grants under the Sharesave scheme and are not subject to performance conditions;
(2) Eoghan O'Lionaird's interests in shares are shown based on the position on the date he stepped down from the Board (5 September 2022); and
(3) Michael Salter's interests in shares are shown based on the position on the date he stepped down from the Board (5 May 2022).

No Director has an interest in the preference shares of the Company, or in the shares of any subsidiary or associated undertaking. The Directors' interests stated above include any shares held by their connected persons and, between 31 December 2022 and 28 April 2023, there were no changes to the Directors' shareholdings.

Against the 200% of salary ownership guideline and based on the share price and prevailing base salary levels as at 31 December 2022, Jean Vernet held shares equivalent to 42% of his base salary (being the estimated net of tax value of unvested restricted share awards), and Duncan Kennedy's beneficial holding was equivalent to 4% of his base salary. In accordance with our Policy, the Executive Directors are required to retain half of the shares vesting (after tax) under the LTIP until the guideline level of holding is met.

Executive Directors' interest in share awards (audited)

Conditional share awards

		1 January 2022	Granted during year (no.)	Vested during year (no.)	Lapsed during year (no.)	**31 December 2022**	Vesting date	Expiry date
Jean Vernet	Restricted Share Award(1)	–	67,758	–	–	**67,758**	13.09.23	n/a
	Restricted Share Award(1)	–	67,758	–	–	**67,758**	13.09.24	n/a
		–	135,516	–	–	**135,516**		
Duncan Kennedy	LTIP	35,790	–	–	–	**35,790**	28.05.24	n/a
	LTIP	–	96,926	–	–	**96,926**	21.04.25	n/a
		35,790	96,926	–	–	**132,716**		
Eoghan O'Lionaird(2)	LTIP	42,307	–	–	–	**42,307**	24.07.23	n/a
	LTIP	54,197	–	–	–	**54,197**	09.04.24	n/a
	LTIP	–	146,773	–	–	**146,773**	21.04.25	n/a
		96,504	146,773	–	–	**243,277**		
Total		132,294	379,215	–	–	**511,509**		

(1) This is the buyout award in connection with Jean Vernet's appointment, the details of which are set out in page 105.
(2) The interests in shares for Eoghan O'Lionaird are included as at the date he stepped down from the Board (5 September 2022). To the extent the awards vest, they will be subject to time pro-rating.

A two-year holding period applies to LTIP awards granted after the 2018 AGM.

Share option grants

		1 January 2022	Granted during year (no.)	Vested during year (no.)	Lapsed during year (no.)	Exercise price	31 December 2022	Vesting date	Expiry date
Duncan Kennedy	Sharesave	–	9,259	–	–	£3.24	**9,259**	01.06.27(2)	01.12.27
Eoghan O'Lionaird(1)	Sharesave	2,935	–	–	–	£10.22	**2,935**	01.12.25(3)	01.06.26
Total		2,935	9,259	–	–		**12,194**		

(1) The interests in shares for Eoghan O'Lionaird are included as at the date he stepped down from the Board (5 September 2022).
(2) Duncan Kennedy was granted options under the five-year all employee Sharesave scheme granted on 11 April 2022. The options will mature on 1 June 2027, at which point the participant may elect to receive shares or the cash saved.
(3) Eoghan O'Lionaird was granted options under the five-year all employee Sharesave scheme granted on 21 October 2020. The options will mature on 1 December 2025, at which point the participant may elect to receive shares or the cash saved.

The schemes above (other than Sharesave) are not tax-advantaged for HM Revenue and Customs purposes. As at 28 April 2023, being the last practical date prior to the publication of this report, the only change to the Executive Directors' interests in shares awards was the lapsing of Eoghan O'Lionaird's Sharesave award (of options over 2,935 shares).

Sourcing of shares and dilution

The Committee has regard to the limits on dilution advised by the Investment Association and contained in the relevant share plan rules and reviews the number of shares committed and headroom available under share incentive schemes in accordance with these dilution limits.

On vesting, the LTIP awards are satisfied by the shares held by the James Fisher and Sons plc Employee Share Trust (Trust). During the year the Trust purchased no ordinary shares on the open market (2021: 50,000) and at 31 December 2022 the Trust held 47,856 ordinary shares (2021: 54,571).

Share price during the financial year

The middle market price of one ordinary share in the Company during the financial year ranged from 251.0 pence to 510.0 pence and at 31 December 2022 was 390.5 pence.

Non-Executive Directors' remuneration (audited)

	Total fees	
	2022 £000	2021 £000
Angus Cockburn(1)	**210**	140
Justin Atkinson(2)	**67**	67
Inken Braunschmidt	**55**	55
Aedamar Comiskey(3)	**71**	71
Claire Hawkings(4)	**55**	N/A
Kash Pandya(5)	**55**	9
Former Directors		
Michael Salter(6)	**19**	55

(1) Joined the Board on 1 May 2021.
(2) The fees include an additional fee for chairing the Audit Committee fee (of £12,000 per annum).
(3) The fees include additional fees for chairing the Remuneration Committee (of £8,000 per annum) and acting as Senior Independent Director (also of £8,000 per annum).
(4) Joined the Board on 1 January 2022.
(5) Joined the Board on 1 November 2021.
(6) Retired from the Board on 5 May 2022.

Directors' remuneration report cont.

Shareholder voting (unaudited)

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions including in relation to Directors' remuneration, the Company seeks to understand the reasons for any such vote and will report any actions in response to it. The following table reflects the voting on the Directors' remuneration report for the year ended 31 December 2021 at the 2022 AGM and the voting on the Directors' remuneration policy at the 2021 AGM:

	Directors' remuneration report (2022 AGM)		Directors' remuneration policy (2021 AGM)	
Remuneration resolutions	**Total number of votes**	**% of votes cast**	Total number of votes	% of votes cast
For	**37,913,927**	**95.0%**	37,499,177	97.6%
Against	**1,995,607**	**5.0%**	938,426	2.4%
Total votes cast (excluding withheld votes)	**39,909,534**	**100.0%**	38,437,603	100.0%
Total votes withheld	**18,745**	**–**	311,116	–
Total votes cast (including withheld votes)	**39,928,279**	**–**	38,748,719	–

Implementation of the remuneration policy for 2023 (unaudited)

With effect from 1 January 2023, the salaries of the Executive Directors remain £530,000 for Jean Vernet and £350,000 for Duncan Kennedy. The Committee has delayed the review of Executive Director salaries until later in 2023, to align with the second of a two-phase salary review process adopted by the Company for other employees earning an annual base salary of £70,000 or higher. Base salary increases have been awarded to the rest of the workforce; of 5% on average for lower-paid colleagues (earning annual base salaries of less than £70,000) and 3% on average to those higher earners who will be eligible for a second review later in the year. This approach is considered to be fair and appropriately reflect the prevailing inflationary environment, while ensuring that the available year end pay budget is focused on supporting lower-paid colleagues, in particular, with ongoing cost-of-living pressures.

The maximum bonus opportunity continues to be set at 100% of base salary. Financial targets are set to be challenging and appropriately demanding. The measures remain unchanged from 2022 and will be operating profit (weighted 50%); operating cash flow (25%) and strategic objectives (25%). Strategic objectives for 2023 will include ESG targets focused on employee engagement and health & safety, and other short-term business priorities. The bonus will additionally be subject to a discretionary assessment by the Committee of progress on other important initiatives during the year, including our Environment agenda. The targets are commercially sensitive but disclosure of the targets and performance against these will be set out in the 2023 Directors' remuneration report.

As described in the Annual statement prefacing this remuneration report, awards will be granted in 2023 under the LTIP with face values of 175% of salary for Jean Vernet and 125% of salary for Duncan Kennedy. 50% of the award will be based on EPS growth, 30% on relative TSR and 20% on Return on Capital Employed (ROCE).

The performance period for the EPS and ROCE elements of the award will run for three years ending 31 December 2025. For the TSR element, performance will be measured over three years from 6 April 2023 against the constituents of the FTSE 250 excluding investment trusts, with full vesting if the Company ranks in the upper quartile and 25% of the TSR element vesting for ranking median; and straight-line vesting in between. At the date of signing this report, the Committee has not finalised the EPS and ROCE performance targets. These will be set to be appropriately stretching in the context of the Group's strategic plan. The Committee intends to disclose the targets in the RNS announcement at the time of making awards.

Aedamar Comiskey
Chair of the Remuneration Committee

28 April 2023

Directors' report

Additional information and statutory disclosures

SUBJECT MATTER	LOCATION	PAGES
Particulars of important events affecting the Company which have occurred since the end of financial year	Strategic report	06 to 07 14 to 17
Likely future developments in the business	Strategic report	14 to 17
Research and development	Strategic report	52
Employee involvement and engagement	Strategic report	30
Relationships with suppliers, customers and others	Strategic report	31
Greenhouse gas emissions, energy consumption and efficiency action	Directors' report	113 to 114
Use of financial instruments	Note 29	170

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. The Directors' report comprises this section as well as the rest of the Governance section (from pages 74 to 110) and those sections of the Strategic report or financial statements as referenced in this section.

We have chosen, in accordance with the Companies Act 2006, to include certain information in our Strategic report or financial statements that would otherwise be required to be disclosed in the Directors' report. This is set out in the table above.

The Directors' report and Strategic report comprise the 'management reports' for the purposes of compliance with Financial Services Authority's Disclosure Guidance and Transparency Rules (DTR) 4.1.8R. The information that fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7 can be found in the governance information on page 76 (all of which forms part of this Directors' report) and in this Directors' report. The statement of Directors' responsibilities on page 115 is incorporated into this Directors' report by reference.

Going concern

The Group's business activities, together with the factors likely to affect its future development, the financial position of the Group and a description of the principal risks and uncertainties are set out in the Strategic report on pages 2 to 73. Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing this Annual Report and Accounts as set out in Note 1 on page 134.

Dividends

As a result of performance challenges, the Company did not pay an interim dividend for 2022, and the Board is not recommending the payment of a final dividend for the year. The Board is committed to reinstating the dividend when appropriate.

Share capital

Details of the share capital of the Company and the shares held by the Company's Employee Share Trust, including the rights and obligations attaching to the shares are set out in Note 30 to the Financial statements on page 178. The rights and obligations attaching to the shares are set out in the Company's Articles of Association (Articles). There are no specific restrictions on the size of a holding nor on the transfer of shares, both of which are governed by the general provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital. Where shares are held on behalf of the Company's employee benefit trust, the trustees have discretion to vote on any shares as they see fit and have not waived their right to receive dividends.

At the AGM held on 5 May 2022, the Company was given authority to purchase up to 2,519,776 of its ordinary shares until the date of its next AGM. No purchases were made during the year and up to the date of this report by the Company.

The Company has one class of ordinary share and one class of preference share. As at 31 December 2022, 50,395,519 ordinary shares of 25 pence each have been issued, are fully paid up and are listed on the London Stock Exchange, representing 99.8% of the Company's share capital, and 100,000 cumulative preference shares of £1 each have been issued and fully paid up, representing 0,2% of the Company's share capital.

Substantial shareholders

Information provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website. As at 31 December 2022, the Company had been notified (in accordance with Rule 5 of the DTRs) of the following holdings of voting rights attached to the issued Ordinary Share capital of the Company:

Directors’ report cont.

Substantial shareholders

	Ordinary shares	%[1]	Nature of holding
Trustees of the Sir John Fisher Foundation	11,592,360	22.98	Direct
Schroders plc	4,970,246	9.89	Indirect
Aberforth Partners LLP	2,582,790	5.12	Indirect
Invesco Limited	2,520,890	5.00	Indirect
Odyssean Investment Trust	2,192,220	4.35	Direct
NFU Mutual Insurance Society Limited	1,976,768	3.92	Direct/ Indirect
Montanaro Asset Management Limited	1,471,066	2.91	Direct

(1) The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTRs.

In the period from 31 December 2022 to the date of this report, the Company received the following notification:

Substantial shareholders

	Ordinary shares	%	Nature of holding
Odyssean Investment Trust	2,520,000	5.00	Direct

Directors

The biographies of the current Board of Directors are set out on pages 80 and 81. Details in relation to changes in the composition of the Board are provided in the Nominations Committee report on pages 86 to 88.

Powers of Directors

The powers of the Directors are determined by the Company’s Articles, the Companies Act 2006 and in certain circumstances (including in relation to the issuing or buying back by the Company of its shares) the authority given by the Company in general meeting. The Directors will be seeking shareholder approval for the authorities granted to them in prior years at the forthcoming AGM. The Directors are authorised to issue and allot ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company’s shares. Any shares purchased may be cancelled or held as treasury shares.

Appointment and replacement of Directors

The rules regarding the appointment and replacement of Directors are determined by the Company’s Articles and the Companies Act 2006. The Articles provide that at each AGM every Director who has held office on the date seven days before the date of notice of the AGM shall retire from office and shall be eligible for re-election at the AGM.

In accordance with the UK Corporate Governance Code 2018 (Code), all Directors will offer themselves for election or re-election at the forthcoming AGM.

Directors’ and officers’ liability insurance and indemnities

The Company maintains an appropriate level of directors’ and officers’ liability insurance. Pursuant to the Company’s Articles, the Company may indemnify the Directors of the Company and its subsidiaries against liability to third parties and against liability incurred in connection with the Company’s activities as trustee of an occupational pension scheme, to the extent permitted by the Companies Act 2006.

Directors’ conflict of interest

Under the Companies Act 2006, a director must avoid a situation where a direct or indirect conflict of interest may occur. The Board has adopted established procedures to address the management of any potential or actual conflicts of interest. A conflict must be authorised in advance by the Board. Directors are asked at each Board meeting to check the register of conflicts and confirm that the register remains up to date and that it remains appropriate for the relevant matter to remain authorised.

Employment of disabled persons

James Fisher is an equal opportunities employer and is firmly committed to both the principle and realisation of equality. The Group is committed to complying with all applicable laws governing employment practices and to the prevention of discrimination on the basis of any unlawful criteria. In addition to complying with legislative requirements, the Group strives to ensure that disabled employees (including anyone who becomes disabled whilst employed with James Fisher) are treated fairly and that their training, career development and promotion needs are met.

The Group recognises its responsibility to provide a safe operating environment for all its employees. Our strong focus on employee training, regulatory compliance and accident reduction provides the support to allow accountability to remain with local management who are best-placed to ensure that their businesses comply with local laws and regulations and specific needs on a day-to-day basis. The review of health and safety performance is the first item on the agenda at each Board and business board meetings.

We recognise that the success of our business depends on our talented workforce. Employees throughout the Group are encouraged to participate in training and development programmes and to obtain professional qualifications relevant to their roles.

Additional information for shareholders

The Articles can only be amended by a special resolution at a general meeting of the shareholders.

No political donations were made during the year. Details of the Group’s involvement in charitable initiatives is set out on pages 31 and 45.

Details of Group subsidiaries can be found on pages 192 to 195. Companies within the Group have overseas branches in Chile, Mozambique, the United Arab Emirates and Taiwan.

Significant agreements – change of control

There are a number of agreements that take effect after, or terminate upon, a change of control of the Company, such as commercial contracts. None of these are considered to be significant in terms of their likely impact on the business as a whole apart from those set out below.

The Company is a guarantor of all of the Group’s bilateral bank facilities which upon a change of control could be withdrawn.

The Singapore Submarine Rescue Service Agreement made between James Fisher Singapore Pte Ltd. and First Response Marine Pte Ltd. dated 17 October 2008 may terminate upon a change of control of the Company or James Fisher Singapore Pte Ltd.

The rules of the Company’s LTIP, ESOS and Sharesave schemes set out the consequences of a change of control on the rights of participants under those schemes. Participants are generally able to exercise their options on a change of control, provided that the relevant performance conditions have been satisfied.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that arise in the event of a change of control of the Company.

Disclosure of information to the Auditor

Each Director in office at the date of approval of this Directors' report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Information required by Listing Rule 9.8.4

The details of long-term incentive schemes as required by LR 9.8.4R are set out in the Remuneration Report on pages 94 to 110.

Streamlined Energy and Carbon Reporting (SECR)

Having expanded on the Group's Scope 3 reporting for our 2022 GHG assessment, we have updated our SECR reporting format to better align with the mandatory Scope 1 and 2, and voluntary Scope 3 requirements for SECR reporting.

Annual Energy Use

In 2022, the Group's total energy consumption associated with Scope 1 and 2 was 287,865 MWh. The Group's UK facilities accounted for 63%, with the non-UK facilities accounting for the remaining 37%.

Fuel was the largest source of energy consumed (97.1%), followed by electricity (1.9%), and gas (0.9%). Outside the UK, fuel was also the largest source of energy (98.5%), with a minor contribution from electricity (1.2%), and gas (0.3%).

Fuel consumption includes liquid fuels, namely diesel, petrol, burning oil, fuel oil, and gas oil, used for stationary (e.g., generator sets) and mobile combustion (e.g., vessels and company fleet vehicles) activities. Gas consumption includes gaseous fuels, namely natural gas, and liquid petroleum gas, used for stationary (e.g., boilers) and mobile combustion (e.g., forklifts) activities.

Greenhouse Gas Emissions

In 2022, the Group's total Scope 1 and 2 greenhouse gas emissions was 79,110 tCO_2e. As with energy consumption, the Group's non-UK facilities accounted for most of the greenhouse gas emissions (64%), with the UK facilities accounting for the remaining 36%.

Fuel consumption accounted for most of the greenhouse gas emissions (97.4%), followed by electricity consumption (1.9%), gas consumption (0.6%), and refrigerants (0.1%). With respect to the non-UK facilities, fuel consumption also accounted for most of the greenhouse gas emissions (98.0%), with a minor contribution from electricity consumption (1.7%), gas consumption (0.2%), and refrigerants (0.1%).

Assessing the full Scope 3 emissions across the Group is an ongoing exercise. However, we have reported on certain Scope 3 emissions: waste generated in operations emissions category 5, business travel emissions category 6, employee commuting emissions category 7, and upstream leased assets emissions category 8. Further details on our Scope 3 reporting and commitments made can be found on page 36 and within our 2022 Annual Sustainability Report, including TCFD report on pages 58 and 59.

	2020-21				2021-22			
	UK		Non-UK		UK		Non-UK	
SECR	tCO_2e	MWh	tCO_2e	MWh	tCO_2e	MWh	tCO_2e	MWh
Fugitive Emissions (Scope 1)	32	0	79	0	27	0	36	0
Mobile Combustion (Scope 1)	31,843	115,796	49,593	180,013	27,495	99,989	49,189	178,310
Stationary Combustion (Scope 1)	926	4,312	360	1,488	639	3,026	216	950
Purchased Energy (Scope 2)	852	3,917	1,026	2,756	675	3,407	832	2,182
Scope 1 & 2 Total	**33,653**	**124,025**	**51,058**	**184,257**	**28,836**	**106,422**	**50,273**	**181,442**
Business travel by car (Scope 3)	179	717	7	23	227	914	397	1,488
Scope 1 & 2 + business travel by car (Scope 3)	**33,832**	**124,742**	**51,065**	**184,280**	**29,063**	**107,336**	**50,670**	**182,930**
Business travel (Scope 3)	2,217	0	1,201	0	1,504	409	5,778	0
Commuting (Scope 3)	232	917	68	264	671	2,755	2,696	10,314
Fuel- and energy-related activities (Scope 3)	7,670	0	11,416	0	6,623	0	11,448	0
Upstream leased assets (Scope 3)	12,980	20,670	6,024	22,029	19,625	73,495	9,881	35,775
Waste generated in operations (Scope 3)	27	0	166	0	437	0	1,146	0
Water (Scope 3)	0.2	0	2	0	9	0	3	0
Scope 3 excluding business travel by car (Scope 3)	**23,126.2**	**21,587**	**18,877**	**22,293**	**28,869**	**76,659**	**30,952**	**46,089**
Total tCO_2e	**56,958.2**		**69,942**		**57,932**		**81,622**	
Total MWh		**146,329**		**206,573**		**183,995**		**229,019**
Scope 1 & 2 + business travel by car (Scope 3) CO_2e intensity ratio (tCO_2e/£m revenue)	**68**		**103**		**57**		**99**	
Scope 1, 2 & 3 CO_2e intensity ratio (tCO_2e/£m revenue)	**115**		**142**		**113**		**160**	

Having expanded on the Group's Scope 3 reporting for our 2022 GHG assessment, we have updated our SECR reporting format to better align with the mandatory Scope 1 and 2, and voluntary Scope 3 requirements for SECR reporting.

Directors' report cont.

Emissions Intensity Ratio

The Group measures intensity as greenhouse gas emissions per unit of revenue (£ m). We are also tracking intensity per employee count, and specific intensity measures within the businesses where relevant.

Methodology

The Group used verifiable activity data, namely meter data and invoices, where reasonable and practicable. Where verifiable data was not available, estimates based on data from previous comparable time periods was used to close the gaps. The activity data was reported at an operational company level and collated and analysed at Group level. Our greenhouse emissions are calculated in accordance with the requirements of the GHG Protocol: A Corporate Accounting and Reporting Standard, revised edition.

Emission conversion factors from the UK Department for Business, Energy & Industrial Strategy (2021), International Energy Agency (2021), United Nations (2022), and the Environmental Protection Agency (2022) were used, amongst others, in the calculation of the energy usage and greenhouse gas emissions.

Energy Efficiency Action

As part of our commitment to setting net zero targets in alignment with the Paris Climate Agreement, emissions reduction pathways have been modelled and 2023 will see the relevant reduction options embedded into the strategies and plans of our operating companies, not replacing the detailed planning in place at this level but enhancing and ensuring alignment with Group priorities and targets.

Throughout the Group we are continuing to install energy efficient lighting, replace end-of-life appliances with energy efficient replacements, we are looking into the use of voltage optimisation technology to regulate incoming power supply, and we are continuing to install interior motion sensors throughout the Group where appropriate. Solar panels are also being explored across various operating companies.

Due to our decentralised model, our operating companies have continued to adapt solutions to address their areas of focus. We are working to put in place, the tooling, guidance, and tracking methods to measure the reduction associated with these actions and increase co-ordination across businesses.

We plan to review our policies around the use of appliances and switching off equipment at the end of a working day.

We are in the process of transitioning across to one (renewable) energy supplier for our UK based operating companies, three of which have entered into our unique contract and with others to follow in line with contract renewals. While this does not directly lead to increased energy efficiency, this does lead to less emissions (market-based) and greater awareness of our net zero activities throughout the Group. When it comes to workplace energy expenditure, we believe the employee's day-to-day habits are more influential than any design change.

Energy efficiency campaigns and initiatives planned for 2023 will focus on encouraging energy-efficient habits. This may include:

- Routine energy audits.
- Encouraging use of electronic signing, note taking and file storage, minimising the use of printers.
- 'Switch off' when not in use.
- Optimising room ventilation instead of using A/C, when practical.
- Use of low brightness, dark mode, and other power-saving settings on computers.

Our Business Excellence programme will lead our ESOS phase 3 audits in 2023, the outputs of which is a key driver toward greater building efficiencies for example conserving energy through stabilising indoor temperatures through roofs and ceilings.

The Business Excellence programme, through traditional schemes (Lean manufacturing and continuous improvement) will provide input into energy efficiency opportunities and help make greater use of what we have through greater productivity and efficiency in our systems and processes.

» Further details on how we plan to deliver against target on energy efficiency and progress made in 2022 can be found page 35 and in our 2022 Annual Sustainability Report, online, page 18.

2021 data

In 2022 we moved from manual data collection, assessment, and impact reporting to a SAAS solution. This identified a significant emissions allocation and manual data input error and minor variances due to different conversion factors used, that required us to re-calculate our GHG emissions for the reporting year 2020-21.

Additionally, during this transition, it was recommended that our baseline and impact disclosures be based on location-based results, where previously, we reported using market-based data.

The re-calculation resulted in the Group's Scope 1 and 2 baseline reducing from 114,374 tCO_2e, to 84,711 tCO_2e.

While the SAAS solution, including Quality Analysis (QA) by expert sustainability analysts, plays a key role in ensuring assessment accuracy, the system and its output is only as good as the data going in. We are continually developing guidance and supporting tools for those reporting, such as providing step by step instructions to assist with accounting for the emissions from leased assets.

» Further details can be found on page 21 in our 2022 Annual Sustainability Report.

Annual General Meeting (AGM)

The AGM is to be held at 11.00 am on Wednesday, 14 June, 2023 at Abbey House Hotel and Gardens in Barrow-in-Furness. Further details will be provided in the Notice of AGM.

The Directors' report was approved by the Board of Directors and is signed on its behalf by:

Duncan Kennedy
Chief Financial Officer

28 April 2023

Statement of Directors' responsibilities
in respect of the Annual Report and the Financial statements

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements on the same basis.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent 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 the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, 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.

Signed on behalf of the Board of Directors

Jean Vernet
Chief Executive Officer

28 April 2023

Duncan Kennedy
Chief Financial Officer

28 April 2023

Independent auditor's report
to the members of James Fisher and Sons plc

1 Our opinion is unmodified

We have audited the financial statements of James Fisher and Sons plc ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statement, the Consolidated and Company Statement of Changes in Equity and the related notes, including the accounting policies in note 33.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. 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 first appointed as auditor by the directors on 30 June 2008. The period of total uninterrupted engagement is for the fifteen financial years ended 31 December 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

No non-audit services prohibited by that standard were provided.

OVERVIEW

Materiality: group financial statements as a whole	£1.65m (2021: £1.10m) 0.3% of revenue from continuing operations (2021:3.9% of Group operating profit, normalised to exclude items disclosed in Note 2.1)	
Coverage	78% (2021:87%) of group revenue	
Key audit matters		vs 2021
Recurring risks	Revenue recognition	◀▶
	Impairment of goodwill	◀▶
	Parent company impairment of investments	◀▶
Event driven	New: Going concern	▲

2 Material uncertainty related to going concern

	THE RISK	OUR RESPONSE
Going concern Refer to page 89 (Audit Committee report and disclosure of material uncertainty related to going concern (Note 1). We draw attention to note 1 of the financial statements which indicates that the Group is in the process of refinancing its banking facilities following the identification and short-term waiver of technical restrictions on parent company guarantees relating to the disposal of James Fisher Nuclear. The Group has received a signed commitment letter from its lenders, together with a long-form term sheet and a waiver period extension to 7 June 2023. In order to complete the refinancing by the long-stop date of 7 June 2023 and allow the new facility to be drawn, certain areas remain, including drafting of full documentation and finalisation of the security package. These actions are not all in the direct control of the Group. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least 12 months from the date of approval of the financial statements. There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the group and company to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	Our procedures included: **Assessing transparency** We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, and related sensitivities. Our work over management's going concern assessment also included: **Refinancing assessment** We inspected the signed commitment letter, associated term sheet and waiver amendment letter provided by the lenders to ascertain the committed level of financing, the relevant expiry dates and the related covenant requirements. **Refinancing assessment** We assessed the outstanding areas in order for the Group to complete refinancing and whether these are within the control of the Group. **Covenant calculation** We reperformed the year end covenant calculation for the existing banking facilities in line with the loan agreements. **Benchmarking assumptions** We critically assessed assumptions in base case and downside scenarios, in particular those which would impact on the net debt/EBITDA and interest cover covenants included in the new facility term sheet. Consistency with assumptions used in other areas was checked. Key assumptions included underlying operating profit, net debt and forecast interest rates. The interest rate assumption was benchmarked against third party evidence to determine an appropriate range of possible outcomes. **Historical comparisons** We have reviewed the Group's ability to achieve forecasts and the accuracy of historical forecasts. **Sensitivity analysis** We have considered whether the assumptions applied in the severe but plausible scenario are considered to be severe enough using our assessment of the possible range of each key assumption and taking account of plausible (but not unrealistic) adverse effects that could arise. **Our results:** We found the going concern disclosure in note 1 with a material uncertainty to be acceptable.

Independent auditor's report cont.
to the members of James Fisher and Sons plc

3 Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, 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. Going concern is a significant key audit matter and is described in section 2 of our report. We summarise below the other key audit matters (unchanged from 2021), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Revenue recognition over construction contract income £33.5m (2021: £38.6m), Contract assets £46.3m (2021: £55.5m) and Contract Liabilities £8.5m (2021: £9.0m) Risk vs 2021: Stable

Refer to page 89 (Audit Committee report), page 189 (accounting policy) and page 140 (financial disclosure).

The risk: Subjective estimates

The contractual arrangements that underpin the measurement and recognition of revenue by the Group can be complex, with subjective estimates involved in the assessment of current and future contract performance.

In particular, where services rendered are provided through long-term contracts and are not completed at the balance sheet date and output measures cannot be estimated reliably, revenue is recognised in proportion to the inputs measure of the contract. These input measures include physical progress, attributable man hours and costs incurred measured against the expected outcome which leads to contract asset or liabilities at the period end. The measure of progress is estimated by the Group and includes certain judgements as contracts may run over a number of accounting periods and include forecasts in relation to future costs including labour and materials which are not yet known.

For long-term contracts, disputes with customers and contract delays can lead to uncertainty over the total contract price and contract assets representing work completed where payment is not yet due. The effect of these matters is that, as part of our risk assessment, we determined that revenue recognition and the associated recoverability of contract assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

In addition, within the Specialist Technical division, it is common for international customers to require defence contractors to comply with their industrial cooperation regulations, often referred to as offset requirements. Within these agreements, penalties can arise, normally as a fixed percentage of the unfulfilled offset obligation, and consideration is needed of whether these penalties are accounted for as variable consideration or a levy recognised as a cost of sale. This is highly judgemental due to the complexities of offset agreements and uncertainties over whether offset claims will be accepted by the relevant country's offset authority.

Our response: We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them.

Our audit procedures included:

1 **Test of details:** For long term contracts, selecting contracts for substantive audit procedures based on qualitative factors, such as commercial complexity, delays for completion and life of contract, and quantitative factors, such as financial significance and profitability that we considered to be indicative of risk.

   For the selected contracts, agreeing observable inputs used in the calculations of costs incurred to date to be able to assess the stage of completion. Costs incurred are those such as direct costs and labour charges; we agreed a sample of these to source data, including customer acceptance documentation and countersigned agreements.

   Our testing included assessing the impact of delays to timetable by reviewing contracts and communication with customers and reviewing evidence over the Group's ability to fulfil contract requirements, including third party legal advice.

   We inspected the offset contracts and challenged management's accounting for these. We recalculated the offset provision for two contracts based upon factual and forecast claims, challenged management on actual and forecast spend and verified accepted claims submitted to the relevant offset authority.

   In our testing we identified a number of misstatements that management have adjusted for.

2 **Historical comparisons:** Assessing the reliability of the Group's forecasts of costs to complete by considering historical accuracy of their forecasts on contracts.

3 **Personnel interviews:** Corroborating the forecasts and financial assumptions through discussions with operational management for a sample of contracts and comparing these to the forecasts and assumptions used by the Group in respect of revenue recognition and recognition of contract assets and liabilities.

4 **External corroboration:** Seeking direct confirmation of amounts outstanding with the customer where appropriate.

5 **Our sector expertise:** Utilising KPMG industry specialists who have particular skills in contracting to review the risks associated with contracts that have offset requirements, and to review the submitted claims and likely future spend to challenge the offset provision recorded.

6 **Assessing transparency:** Assessing the appropriateness of the Group's disclosures in respect of revenue recognition, contract assets and liabilities and offset arrangements.

We found revenue recognition, associated contract assets and liabilities and accounting for offset arrangements, to be acceptable (2021: acceptable).

Impairment of goodwill related to JFD with carrying value of £34.1m (2021: £32.3m) and a CGU included within 'Multiple CGUs without significant goodwill', including impairment charge of £4.4m (2021: £27.5m) Risk vs 2021: Stable

Refer to page 89 (Audit Committee report), page 185 (accounting policy) and page 148 (financial disclosure).

The risk: Forecast based assessment

The recoverability of goodwill in the Group is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in light of the ongoing trading and operational difficulties faced in the current and prior years.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements note 12 discloses the sensitivity estimated by the Group for goodwill.

We have isolated the risk of material impairment to JFD and a CGU without individually significant goodwill balances as these have the lowest headroom within both the Group's discounted cashflow workings and our own sensitivities.

Our response: We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that detailed testing is inherently the most effective means of obtaining audit evidence.

Our audit procedures included:

1 **Historical comparisons:** Assessing the reasonableness of management's budgets by considering the historical accuracy of previous forecasts.

2 **Our sector experience:** Evaluating the assumptions used, in particular those relating to anticipated revenue growth, including expected new business and rates of contract retention, the discount rate and the terminal growth rate. We have considered market conditions, including potential impacts of climate change and known or probable changes in the business environment, in the procedures performed and reflected our knowledge of the business and industries. We assessed the key inputs to the Group's forecasts, drawing on historical data and our own research and sector experience.

3 **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as market growth rate, terminal growth value, discount rate (using our own valuation specialist), and the period of cash flows included within the model. Review of the capital expenditure included in the budget and considering whether such items are allowable in the value-in-use cash flow forecasts under the accounting standards.

4 **Sensitivity analysis:** Performing sensitivity analysis on the key assumptions noted above either in isolation or in aggregate. This included reperforming management's sensitivities within their goodwill model.

5 **Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amounts of goodwill.

Our results: We found the Group goodwill balance, and the related impairment charges, to be acceptable (2021: acceptable).

Parent Company impairment of investment in and loans to subsidiaries, £1.1m (2021: £nil), carrying value £456.5m (2021: £486.3m) Risk vs 2021: Stable

Refer to page 89 (Audit Committee report), pages 155 and 156 (accounting policy) and pages 155 and 156 (financial disclosure).

The risk: Forecast based assessment

The recoverability of the Parent Company's investments in accordance with IAS 36 and loans to subsidiaries in accordance with IFRS 9 is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in light of the ongoing trading, the Group's market capitalisation vs Parent company's net assets and operational difficulties faced in the current and prior years.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of investment in subsidiaries and of loans to subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements note 17 discloses management's process for undertaking the impairment and expected credit loss assessment, including details of key assumptions and sensitivity analysis.

Our response: We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that detailed testing is inherently the most effective means of obtaining audit evidence.

Independent auditor's report cont.
to the members of James Fisher and Sons plc

Our audit procedures included:

1 **Benchmarking assumptions:** Assessing the reasonableness of management's forecasts by utilising the procedures carried out in respect of the Group's impairment of goodwill assessment (see above) and assessing the reasonableness of any differences in assumptions for the purpose of the Company's assessment in relation to the impairment of investment in and loans to subsidiaries.

2 **Assessing methodology:** Assessing the Company's methodology in relation to recoverability of investments and loans in accordance with applicable accounting standards. This resulted in a change to the methodology used.

3 **Assessing transparency:** Assessing whether the Company's disclosures about the sensitivity of the outcome of the recoverability assessment to changes in key assumptions reflected the risks inherent in the recoverable amounts of the investment and loans balances and the methodology of the Company's assessment.

Our results: We found the carrying value of Parent Company investments in and loans to subsidiaries and the related impairment charges, to be acceptable (2021: acceptable).

4 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 £1.65m (2021: £1.10m) determined with reference to a benchmark of Group revenue from continuing operations, of £478.1m of which it represents 0.3% (2021: Group operating profit, normalised to exclude items disclosed in Note 2.1, of £28.0m, of which it represented 3.9%).

During the year, we have reconsidered the most appropriate benchmark on which to set materiality, and this has resulted in a change to the benchmark and materiality amount. We consider total Group revenue from continuing operations to be the most appropriate benchmark because of the significant fluctuations in the profit before tax in recent years caused by impairments and delays to contracts following the pandemic. Whilst the Group is focused on profit measures, there has been significant volatility in recent years which has impacted the Group's profit before tax without any significant reduction in the scale of the operations.

Materiality for the Parent company financial statements as a whole was set at £1.6m (2021: £1.0m), determined by reference to the parent company's total assets of £487m (2021: £510m), of which it represents 0.32% (2021:0.20%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the group was set at 65% (2021: 65%) of materiality for the financial statements as a whole, which equates to £1.1m (2021: £0.7m).

We applied these percentages in our determination of performance materiality based on the level of control deficiencies and identified misstatements during this period and the prior period.

Performance materiality for the parent company was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £1.2m (2021: £0.75m).

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £82k (2021: £55k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 176 (2021: 189) reporting components, we subjected 13 (2021: 15) to full scope audits for Group purposes and 2 (2021: 2) to specified risk-focussed audit procedures. The latter were not individually financially significant enough to require a full scope audit for Group purposes but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of components	Group Revenue	Group profit before tax	Group total assets
Audits for group reporting purposes	13 (2021: 15)	75% (2021: 85%)	75% (2021: 75%)	78% (2021: 83%)
Specified procedures for group reporting purposes	2 (2021: 2)	3% (2021: 2%)	0% (2021: 1%)	4% (2021: 2%)
Total	15 (2021: 17)	78% (2021: 87%)	75% (2021:76%)	82% (2021: 85%)

The remaining 22% (2021: 13%) of total Group revenue, 25% (2021: 24%) of Group profit before tax and 18% (2021: 15%) of total Group assets is represented by 161 (2021: 172) reporting components, none of which individually represented more than 4% of any of total Group revenue, 2% Group profit before tax and 2% total Group assets.

For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £0.1m to £1.0m (2021: £0.1m to £0.7m), having regard to the mix of size and risk profile of the Group across the components.

The work on 12 (2021: 13) of the 15 (2021: 17) components was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group audit team.

The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited 5 (2021: 1) component locations to assess the audit risk and strategy. Regular video and telephone conference meetings were also held with all component auditors. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

5 The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the group's business operations and its financial statements taking into account the different divisions. We recognise given the diverse nature of the group's operations there are potentially both risks and opportunities arising as a result of climate change.

The potential effects of climate change vary for different activities of the group, with those divisions that are more linked to fossil fuel activity potentially being more affected as there is a transition to focus on more renewable energy sources.

Uncertainties and potential changes to the longer-term activity of the group could affect the elements of financial statements with forward-looking assessments such as impairment of, or reassessment of the life of, long-term assets and goodwill balances.

As part of our risk assessment we made enquiries of management and reviewed board minutes and related risk and internal audit documents. We have held discussions with our own climate change professionals to challenge our risk assessment. Our risk assessment took into account the nature of the group's long-term assets and the relative size of assets related to the divisions with most exposure to climate change uncertainty.

In the course of our audit work, we also took climate change factors into account in evaluating the directors' assessment of the useful life of vessels.

We have read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

Independent auditor's report cont.
to the members of James Fisher and Sons plc

6 Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic for at least 12 months from the date of approval of the financial statements ("the going concern period").

As stated in section 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated management's assessment of going concern is set out section 2 of our report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting, and their identification therein of a material uncertainty over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the same statement under the Listing Rules is materially consistent with the financial statements and our audit knowledge.

7 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit, the Group General Counsel and the Company Secretary and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee and risk committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved discussion between the engagement partner, the Group audit team and the forensic professionals.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards and taking into account possible pressures to meet profit targets, covenants for banking facilities and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates and judgements such as provisions for contract disputes; and the risk of bias in accounting for estimates and judgements in relation to revenue recognition over long term contracts including variable consideration.

Further detail in respect of revenue recognition is set out in the key audit matter disclosure in section 3 of this report. On this audit the risk relating to fraudulent revenue recognition is in relation to construction contract income as described in Section 3. For the remaining revenue streams, we do not believe there is a fraud risk related to revenue recognition as the recognition is not complex.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to revenue, expense, cash accounts; and commissions paid to agents as well as journals posted by senior members of management.
- Evaluating the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We discussed with the audit committee matters related to actual or suspected fraud, for which disclosure is not necessary, and considered any implications for our audit.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, the Group General Counsel, the Company Secretary and other management (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence and discussed with the directors, the Group General Counsel, the Company Secretary and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, foreign corrupt practices act, employment law, maritime law and certain aspects of company legislation recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors, the Company Secretary and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

8 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. 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.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditor's report cont.
to the members of James Fisher and Sons plc

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 71 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; 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.

We are also required to review the viability statement, set out on page 71 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a corporate governance statement has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

10 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 115, 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 parent 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 parent 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud 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.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 this report, or for the opinions we have formed.

Ailsa Griffin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St. Peter Square
Manchester
M2 3AE

28 April 2023

Consolidated income statement
for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 Total £m	Year ended 31 December 2021 restated* Total £m
Continuing operations			
Revenue	3	**478.1**	442.4
Cost of sales		**(350.9)**	(338.8)
Gross profit		**127.2**	103.6
Administrative expenses		**(104.4)**	(118.9)
Impairment of trade and other receivables	29	**0.3**	(7.3)
Share of post-tax results of associates	16	**1.6**	1.9
Operating profit/(loss)	4	**24.7**	(20.7)
Finance income	7	**0.7**	0.3
Finance expense	7	**(10.9)**	(8.5)
Profit/(loss) before taxation		**14.5**	(28.9)
Income tax	8	**(5.5)**	0.8
Profit/(loss) for the year from continuing operations		**9.0**	(28.1)
Loss for the year from discontinued operations, net of tax	5	**(19.8)**	(0.1)
Loss for the year		**(10.8)**	(28.2)
Attributable to:			
Owners of the Company		**(11.1)**	(27.8)
Non-controlling interests		**0.3**	(0.4)
		(10.8)	(28.2)
Loss per share		**pence**	pence
Basic	10	**(22.1)**	(55.2)
Diluted	10	**(22.1)**	(55.2)
Profit/(loss) per share – continuing activities		**pence**	pence
Basic	10	**17.4**	(55.0)
Diluted	10	**17.4**	(55.0)

* 2021 results are restated due to a business classified as discontinued operations – see Note 5.

The presentation of the consolidated income statement has been amended to include a line item 'impairment of trade and other receivables' and for removal of columns headed 'separately disclosed items' in the 2021 Annual Report – see Note 1: Presentation of financial statements.

Consolidated statement of other comprehensive income
for the year ended 31 December 2022

	Notes	**Year ended 31 December 2022 £m**	Year ended 31 December 2021 £m
Loss for the year		**(10.8)**	(28.2)
Other comprehensive income:			
Items that will not be classified to the income statement			
Actuarial gain in defined benefit pension schemes	23	**7.1**	6.3
Tax on items that will not be reclassified		**(1.3)**	(0.5)
		5.8	5.8
Items that may be reclassified to the income statement			
Exchange differences on foreign currency net investments		**8.8**	(2.6)
Effective portion of changes in fair value of cash flow hedges	29	**3.6**	(2.6)
Effective portion of changes in fair value of cash flow hedges in joint ventures	16	**0.4**	0.3
Net changes in fair value of cash flow hedges transferred to income statement		**0.6**	0.3
Tax on items that may be reclassified	8	**(1.1)**	0.4
		12.3	(4.2)
Total other comprehensive income for the year		**18.1**	1.6
Total comprehensive income for the year		**7.3**	(26.6)
Attributable to:			
Owners of the Company		**6.9**	(26.1)
Non-controlling interests		**0.4**	(0.5)
		7.3	(26.6)

Consolidated and Company statement of financial position
at 31 December 2022

		Group		Company	
	Notes	**31 December 2022 £m**	31 December 2021 restated* £m	**31 December 2022 £m**	31 December 2021 £m
Non-current assets					
Goodwill	12	**116.3**	133.5	**–**	–
Other intangible assets	13	**8.2**	13.3	**–**	–
Property, plant and equipment	14	**119.7**	122.2	**1.1**	1.4
Right-of-use assets	15	**52.3**	41.8	**1.0**	1.3
Investment in joint ventures	16	**8.7**	8.0	**–**	–
Investments in subsidiaries	17	**–**	–	**456.5**	486.3
Other investments	17	**1.4**	1.4	**1.4**	1.4
Retirement benefit surplus	23	**5.5**	–	**5.5**	–
Other receivables	19	**0.7**	4.1	**–**	–
Deferred tax assets	9	**8.4**	9.6	**–**	1.0
		321.2	333.9	**465.5**	491.4
Current assets					
Inventories	18	**49.8**	49.0	**–**	–
Trade and other receivables	19	**148.2**	153.3	**22.2**	6.9
Assets held for sale	20	**36.2**	10.7	**–**	–
Cash and cash equivalents	27	**53.6**	68.0	**0.4**	11.7
		287.8	281.0	**22.6**	18.6
Current liabilities					
Trade and other payables	21	**(122.4)**	(139.5)	**(27.2)**	(19.5)
Provisions	22	**(5.3)**	(2.0)	**–**	–
Liabilities associated with assets held for sale	20	**(16.3)**	–	**–**	–
Current tax	8	**(1.9)**	(4.5)	**–**	–
Borrowings	27	**(67.4)**	(33.6)	**(45.3)**	(20.3)
Lease liabilities	27	**(13.2)**	(9.9)	**(0.2)**	(0.2)
		(226.5)	(189.5)	**(72.7)**	(40.0)
Net current assets		**61.3**	91.5	**(50.1)**	(21.4)
Total assets less current liabilities		**382.5**	425.4	**415.4**	470.0
Non-current liabilities					
Other payables	21	**(0.5)**	(1.3)	**–**	–
Provisions	22	**(1.4)**	(1.1)	**–**	–
Retirement benefit obligations	23	**(0.4)**	(1.9)	**(0.2)**	(1.4)
Cumulative preference shares	30	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Borrowings	27	**(121.8)**	(173.9)	**(121.8)**	(173.9)
Lease liabilities	27	**(39.7)**	(36.1)	**(1.3)**	(1.4)
Deferred tax liabilities	9	**(0.3)**	(0.4)	**(0.8)**	–
		(164.2)	(214.8)	**(124.2)**	(176.8)
Net assets		**218.3**	210.6	**291.2**	293.2
Equity					
Called up share capital	30	**12.6**	12.6	**12.6**	12.6
Share premium		**26.8**	26.8	**26.8**	26.8
Treasury shares		**(0.6)**	(0.6)	**(0.6)**	(0.6)
Other reserves		**(6.8)**	(20.4)	**3.6**	–
Retained earnings		**185.8**	191.5	**248.8**	254.4
Total shareholders equity		**217.8**	209.9	**291.2**	293.2
Non-controlling interests		**0.5**	0.7	**–**	–
Total equity		**218.3**	210.6	**291.2**	293.2

* Non current other receivables, Current trade and other receivables and Current trade and other payables have been restated for the 2021 comparative period (see Note 1).

The Company's loss for the year was £11.6m (2021: £12.2m profit).

The financial statements were approved by the Board of Directors on 28 April 2023 and signed on its behalf by:

Duncan Kennedy
Chief Financial Officer

Company number: 00211475

Consolidated and Company cash flow statement
for the year ended 31 December 2022

	Notes	Group 31 December 2022 £m	Group 31 December 2021 restated* £m	Company 31 December 2022 £m	Company 31 December 2021 restated* £m
(Loss)/profit for the year		**(10.8)**	(28.2)	**(11.6)**	12.2
Tax (credit)/charge		**4.7**	(0.8)	**(0.5)**	(0.2)
Adjustments to reconcile (loss)/profit before tax to net cash flows					
Depreciation and amortisation		**41.1**	44.2	**0.8**	1.0
Impairments	2	**0.7**	38.4	**27.7**	2.0
Loss on remeasurement to fair value less costs to sell	5	**13.3**	–	**–**	–
Net finance expense/(income)		**10.3**	8.3	**(6.1)**	(5.2)
(Gain)/loss on disposal of businesses, net of disposal costs		**(2.5)**	0.2	**–**	–
Other non-cash items		**(1.7)**	(1.0)	**0.1**	0.6
Decrease/(increase) in inventories		**(3.2)**	(2.7)	**–**	–
Decrease/(increase) in trade and other receivables		**2.5**	(5.1)	**(3.9)**	(1.7)
(Decrease)/increase in trade and other payables		**(1.9)**	11.8	**5.2**	8.6
Defined benefit pension cash contributions less service cost		**0.1**	(2.2)	**0.3**	(1.9)
Cash generated from operations		**52.6**	62.9	**12.0**	15.4
Income tax payments		**(8.1)**	(7.9)	**(0.1)**	(0.1)
Cash flow from operating activities		**44.5**	55.0	**11.9**	15.3
Investing activities					
Dividends from joint venture undertakings		**1.7**	1.6	**–**	–
Proceeds from the disposal of a subsidiary, net of cash disposed	26	**15.1**	6.2	**–**	–
Proceeds from the disposal of property, plant and equipment		**2.2**	14.7	**–**	–
Finance income		**0.8**	0.3	**14.7**	11.4
Acquisition of subsidiaries, net of cash acquired	25	**(2.6)**	(1.1)	**–**	–
Loans advanced to subsidiaries		**–**	–	**(34.8)**	(49.9)
Loans repaid from subsidiaries		**–**	–	**32.8**	69.3
Acquisition of property, plant and equipment		**(31.7)**	(28.2)	**(0.4)**	(0.3)
Development expenditure		**(1.3)**	(1.5)	**–**	–
Cash flows from/(used in) investing activities		**(15.8)**	(8.0)	**12.3**	30.5
Financing activities					
Proceeds from the issue of share capital		**–**	0.1	**–**	0.1
Finance costs		**(7.5)**	(5.6)	**(7.2)**	(4.7)
Acquisition of non-controlling interests (NCI)	25	**(1.5)**	–	**–**	–
Net purchase of own shares by Employee Share Ownership Trust		**–**	(0.5)	**–**	(0.5)
Purchase of own shares for LTIP vesting		**–**	(0.5)	**–**	(0.5)
Capital element of lease repayments		**(14.5)**	(13.7)	**(0.2)**	(0.2)
Proceeds from borrowings		**166.0**	205.0	**166.0**	205.0
Repayment of borrowings		**(182.6)**	(210.9)	**(182.5)**	(210.7)
Cash flows used in financing activities		**(40.1)**	(26.1)	**(23.9)**	(11.5)
Net increase in cash and cash equivalents	28	**(11.4)**	20.9	**0.3**	34.3
Cash and cash equivalents at 1 January	27	**34.5**	13.5	**(8.6)**	(42.9)
Net foreign exchange differences		**2.5**	0.1	**–**	–
Cash transferred to asset held for sale	5	**(2.8)**	–	**–**	–
Cash and cash equivalents at 31 December	27	**22.8**	34.5	**(8.3)**	(8.6)

* Cash generated from operations for the year ended 31 December 2021 has been re-presented to reallocate 'separately disclosed items' to the relevant line items within cash generated from operations. In addition, £6.1m prepayments related to the acquisition of property, plant and equipment has been reclassified from trade and other receivables (see Note 1). Proceeds from borrowings and repayment of borrowings have also been restated (Note 1).

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Treasury shares £m	Total shareholders equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2021	12.6	26.7	214.6	(16.5)	(0.2)	237.2	0.7	237.9
Loss for the year	–	–	(27.8)	–	–	(27.8)	(0.4)	(28.2)
Other comprehensive income	–	–	5.8	(4.1)	–	1.7	(0.1)	1.6
Contributions by and distributions to owners:								
Remeasurement of non-controlling interest put option	–	–	–	0.2	–	0.2	–	0.2
Changes in ownership interest without a change in control	–	–	(0.7)	–	–	(0.7)	0.5	(0.2)
Share-based payments	–	–	0.3	–	–	0.3	–	0.3
Tax effect of share-based payments	–	–	(0.1)	–	–	(0.1)	–	(0.1)
Purchase of shares by ESOT	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Notional purchase of own shares	–	–	(0.5)	–	–	(0.5)	–	(0.5)
Arising on the issue of shares	–	0.1	–	–	–	0.1	–	0.1
Transfer	–	–	(0.1)	–	0.1	–	–	–
At 31 December 2021	12.6	26.8	191.5	(20.4)	(0.6)	209.9	0.7	210.6
Loss for the year	–	–	(11.1)	–	–	(11.1)	0.3	(10.8)
Other comprehensive income	–	–	5.8	12.2	–	18.0	0.1	18.1
Contributions by and distributions to owners:								
Remeasurement of non-controlling interest put option	–	–	–	1.4	–	1.4	–	1.4
Changes in ownership interest without a change in control	–	–	(0.9)	–	–	(0.9)	(0.6)	(1.5)
Share-based payments	–	–	0.5	–	–	0.5	–	0.5
At 31 December 2022	**12.6**	**26.8**	**185.8**	**(6.8)**	**(0.6)**	**217.8**	**0.5**	**218.3**

Other reserve movements

Other reserves	Translation reserve £m	Hedging reserve £m	Put option liability £m	Total £m
At 1 January 2021	(14.3)	0.5	(2.7)	(16.5)
Other comprehensive income	(2.6)	(1.5)	–	(4.1)
Remeasurement of non-controlling interest put option	–	–	0.2	0.2
At 31 December 2021	(16.9)	(1.0)	(2.5)	(20.4)
Other comprehensive income	8.7	3.5	–	12.2
Remeasurement of non-controlling interest put option	–	–	1.4	1.4
At 31 December 2022	**(8.2)**	**2.5**	**(1.1)**	**(6.8)**

Company statement of changes in equity
for the year ended 31 December 2022

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserves £m	Treasury shares £m	Total shareholders equity £m
At 1 January 2021	12.6	26.7	236.7	1.9	(0.2)	277.7
Profit for the year	–	–	12.2	–	–	12.2
Other comprehensive income	–	–	5.9	(1.9)	–	4.0
Contributions by and distributions to owners:						
Share-based compensation	–	–	0.3	–	–	0.3
Tax effect of share-based compensation	–	–	(0.1)	–	–	(0.1)
Purchase of shares by ESOT	–	–	–	–	(0.5)	(0.5)
Notional purchase of own shares	–	–	(0.5)	–	–	(0.5)
Arising on the issue of shares	–	0.1	–	–	–	0.1
Transfer on disposal of shares	–	–	(0.1)	–	0.1	–
At 31 December 2021	12.6	26.8	254.4	–	(0.6)	293.2
Loss for the year	–	–	(11.6)	–	–	(11.6)
Other comprehensive income	–	–	5.5	3.6	–	9.1
Contributions by and distributions to owners:						
Share-based compensation	–	–	0.5	–	–	0.5
At 31 December 2022	**12.6**	**26.8**	**248.8**	**3.6**	**(0.6)**	**291.2**

Notes to the financial statements

1. GENERAL INFORMATION

James Fisher and Sons plc (the Company) is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements comprise the financial statements of the Company, its subsidiary undertakings and its interest in associates and jointly controlled entities (together the Group), for the year ended 31 December 2022. The Company's shares are listed on the London Stock Exchange. The Company and consolidated financial statements were approved for publication by the Directors on 28 April 2023.

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards. The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. The financial statements are prepared on a going concern basis and on a historical cost basis, modified to include revaluation to fair value of certain financial instruments. As permitted by section 408 of the Companies Act 2006, a separate income statement and related notes for the holding company have not been presented in these financial statements. The loss after taxation in the Company was £11.6m (2021: £12.2m profit). The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest 0.1 million pounds (£0.1m) except when otherwise indicated.

Presentation of financial statements

As part of an ongoing review of the financial statements for the year ended 31 December 2021 by the FRC's Corporate Reporting Review Team, the presentation of the consolidated income statement has been amended to include a line item for 'impairment of trade and other receivables'. The 2021 comparative has been amended to reclassify £7.3m which was previously within administrative expenses and disclosed within Note 29. There was no impact on profit. In addition two prior year adjustments were identified in relation to the presentation of contract assets and contract liabilities (see Balance sheet prior year restatements below).

The Income statement presentation has been amended to remove the 'before separately disclosed items' and 'separately disclosed items' columns presented in the 2021 Annual Report and Accounts. This change was made to simplify the income statement presentation and show alternative performance measures previously included within 'separately disclosed items' in Note 2.1. Any material items disclosed under IAS1 are included in Note 4. There has been no change to continuing results for revenue, gross margin and operating profit.

The FRC's review was based on the Annual Report and Accounts and did not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. Please note that the review carried out by the FRC provides no assurance that the Annual Report and Accounts were correct in all material respects. The FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Balance sheet prior year restatements

In the prior year a contract asset and corresponding contract liability of £6m was recognised in respect of what was understood to be a commission payment for which there was considered to be an obligation to make payments over a number of years. It is now recognised by the Directors from further analysis of the underlying agreement that these costs relate to services that will be performed over a number of years which are cancellable under the agreement. The Directors do not consider there to be a contractual obligation under the agreement and therefore have restated the comparatives to derecognise the contract liability and therefore the corresponding asset. This change in presentation within the Consolidated statement of financial position has no effect on the profit of the Group or Company, the cash position of the Group or Company in their balance sheets and has no further impact on the Group's or Company's financial statements. The effect of the restatement on the Consolidated statement of financial position in respect of the comparative amount for the year ended 31 December 2021 is set out below.

In the prior year other payables of £4.8m was recognised in respect of a pain provision. It is now recognised by the Directors that this pain provision should have been presented as a reduction in contract assets to represent a single net position on one contract. This change in presentation within the Consolidated statement of financial position has no effect on the profit of the Group or Company, the cash position of the Group or Company in their balance sheets and has no further impact on the Group or Company's financial statements. The effect of the restatement on the Consolidated statement of financial position in respect of the comparative amount for the year ended 31 December 2021 is set out below.

	31 Dec 2021 As reported £m	Adjustment £m	Adjustment £m	31 Dec 2021 Restated £m
Prepayments	9.8	–	0.8	10.6
Contract assets	60.3	(4.8)	–	55.5
Current trade and other receivables	157.3	(4.8)	0.8	153.3
Current assets	285.0	(4.8)	0.8	281.0
Contract assets	6.0	–	(6.0)	–
Non-current other receivables	10.1	–	(6.0)	4.1
Non-current assets	339.9	–	(6.0)	333.9
Accruals	(72.0)	–	5.2	(66.8)
Other payables	(15.2)	4.8	–	(10.4)
Current liabilities	(199.5)	4.8	5.2	(189.5)
Total assets less current liabilities	425.4	–	–	425.4

1. GENERAL INFORMATION CONT.

Cash flow prior year restatement

The movement in trade and other receivables presented in the prior year Consolidated cash flow statement included prepayments in respect of the acquisition of property, plant and equipment of £6.1m.

It is now recognised by the Directors that the movement in trade and other receivables in respect of this prepayment of £6.1m presented within the Consolidated cash flow statement for the year ended 31 December 2021 was incorrectly presented within 'cash flows from operating activities' when it should have been included within 'cash flows from investing activities'. In preparing the Consolidated cash flow statement for the year ended 31 December 2022, the Directors have therefore restated the comparative amounts to now present the movement in trade and other receivables of £6.1m in respect of prepayments in relation to the acquisition of property, plant and equipment within cash flows from investing activities. This change in presentation within the Consolidated cash flow statement has no effect on the cash position of the Group or Company in their balance sheets and has no further impact on the Group's or Company's financial statements. The effect of the restatement on the Consolidated cash flow statement in respect of the comparative amount for the year ended 31 December 2021 is set out below:

	Group consolidated cash flow statement	
	31 Dec 2021 As reported £m	31 Dec 2021 Restated £m
Decrease/(increase) in trade and other receivables	(11.2)	(5.1)
Cash flow from operating activities	48.9	55.0
Acquisition of property, plant and equipment	(22.1)	(28.2)
Cash flows from/(used in) investing activities	(1.9)	(8.0)

Gross up of drawdowns and repayments of external borrowings

The proceeds from and repayments of borrowings had been incorrectly calculated in the prior year Group and Company cash flow statement. In preparing the Group and Company cash flow statement for the year ended 31 December 2022, the Directors have restated the comparative amounts to show the proceeds from and repayments of borrowings as gross balances in line with IAS 7.21. This change in presentation within the Group and Company cash flow statement has no effect on the cash position of the Group or Company in its balance sheet and has no further impact on the Group or Company's financial statements. The effect of the restatement on the Consolidated and Company cash flow statement in respect of the comparative amount for the year ended 31 December 2021 is set out below.

	Group consolidated cash flow statement		Company cash flow statement	
	31 Dec 2021 As reported £m	31 Dec 2021 Restated £m	31 Dec 2021 As reported £m	31 Dec 2021 Restated £m
Proceeds from borrowings	84.0	205.0	–	205.0
Repayment of borrowings	(89.9)	(210.9)	(5.7)	(210.7)
Cash flows used in financing activities	(26.1)	(26.1)	(11.5)	(11.5)

Gross up of subsidiary loans

The net loans advanced to subsidiaries presented in the prior year Company's cash flow statement included the net position of the loans made to and from subsidiaries instead of the gross cash receipts and payments. In preparing the Company's cash flow statement for the year ended 31 December 2022, the Directors have restated the comparative amounts to show the loans advance to and repaid from subsidiaries separately in line with IAS 7.21. This change in presentation within the Company cash flow statement has no effect on the cash position of the Company in its balance sheet and has no further impact on the Company's financial statements. The effect of the restatement on the Company cash flow statement in respect of the comparative amount for the year ended 31 December 2021 is set out below.

	Company cash flow statement	
	31 Dec 2021 As reported £m	31 Dec 2021 Restated £m
Loans advanced to subsidiaries	–	(49.9)
Loans repaid from subsidiaries	19.4	69.3
Cash flows from/(used in) investing activities	30.5	30.5

Notes to the financial statements cont.

1. GENERAL INFORMATION CONT.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the Board is required to consider whether the Group and Parent Company can continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, as set out below.

The Group had £88.0m of undrawn committed facilities at 31 December 2022 (31 December 2021: £111.5m). At 31 December 2022, the Group had £247.5m of committed facilities (31 December 2021: £287.5m). £40.0m of revolving credit facilities which existed at 31 December 2021 were due for renewal in July 2022, however the Board did not pursue the renewal of this facility given the significant liquidity headroom.

Following the sale of James Fisher Nuclear in March 2023, the Group retained several legacy parent company guarantees supporting the obligations of JFN (the "PCGs"). The retention of the PCGs required consent under the Group's debt facilities prior to the sale of JFN, which was not obtained at the time. This resulted in the Group needing to obtain waivers in respect of the PCG and accelerating its refinancing process. As at the date of this report, the Group has received commitment letters from all of its six lenders to enter into a single Revolving Credit Facility for facilities of £210m. In addition, the Group has an agreed long-form term sheet, together with agreed principles to govern security and inter-creditor arrangements. The Group and lenders have agreed a long-stop date of 7 June to complete the necessary next steps that will allow the new RCF to be drawn. The agreed term sheet contains conditions subsequent, including finalisation of the security package, the execution of which is not entirely within the Group's control. The existing waiver in respect of the technical restriction on parent company guarantees relating to the disposal of James Fisher Nuclear remains in place until 7 June 2023, the agreed long-stop date, and the Group expects to complete the refinancing by this date.

The key terms of the new facility agreement are:

- Maturity date: 31 March 2025.
- Net debt/EBITDA covenant (measured quarterly): 3.5x for 30 June and 30 September 2023, 3.25x for 31 December 2023 and 31 March 2024, 3x for 31 March 2024, 2.75x for 30 June 2024 and 2.5x thereafter.
- Interest cover covenant (measured quarterly): 2.5x in June and September 2023, 1.75x in December 2023 and March 2024, 2x in June and September 2024, 2.5x in December 2023 and 2.75x in March 2025.
- Scheduled amortisation of: £15m on 30 September 2023, £10m on 31 December 2023 and £10m on 30 June 2024.
- Minimum liquidity requirement: £10m.

The Group has been in compliance with the requirements of its financial covenants under the existing agreement and remained so at the 31 December 2022 measurement date.

Going concern assessment period

Accounting standards require the directors to make an assessment of the company's ability to continue to operate as a going concern for at least 12 months from the date of approval of the financial statements. The Board has considered an appropriate period for going concern assessment taking into account any known liquidity events that will occur after the 12 months period. Given that the refinancing is agreed with the completion expected in the coming weeks, the directors concluded that the 12 months going concern assessment period is appropriate.

Board assessment

Base case

The Group continues to closely monitor and manage its liquidity and covenants compliance. The Group has prepared base case cash flow forecasts that demonstrate the Board's best estimate for the going concern assessment period, taking into account the wider macro-economic environment such as increases in the base interest rate. The Board believes that in the preparation of the base case it has taken into account some potential downside risks to business performance, including the likelihood of winning major new contracts, ongoing project delivery risks and timing of contract cashflows. The base plan does not include any further disposals or acquisitions. The base case demonstrated the Company would have headroom against its facilities and would comply with covenants over the going concern period.

Severe but plausible downside scenario

The Group also modelled severe but plausible downside scenarios in which the Board has taken account of the following:

- trading downside risks, which assume the Group is not successful in delivering the anticipated profitability levels due to risks associated with contract wins and/or delays and forecast margins achievement resulting in operating profit reduction of 10% in 2023 and 25% in 2024;
- cash inflow disruptions that may result from late payments from customers or project delivery challenges resulting in £20m cash receipts reduction evenly spread over the going concern period;
- further increase in interest rates of 50bps.

The above scenarios, individually and combined, demonstrated sufficient liquidity headroom and covenants compliance.

1. GENERAL INFORMATION CONT.

Going concern cont.

Board assessment cont.

Conclusion

Based on their assessment, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, the Directors recognise that the finalisation of the outstanding areas in order to complete refinancing are not totally in the direct control of the Group. This gives rise to a material uncertainty, as defined in the accounting standards, relating to material events and circumstances which may cast significant doubt on the Group's ability continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. The Group, however, expects that the refinancing will be completed in the coming weeks. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2. ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of alternative (non-Generally Accepted Accounting Practice (non-GAAP)) performance measures which are not defined within IFRS. The alternative performance measures (APMs) should be considered in addition to and not as a substitute or superior to the information presented in accordance with IFRS, as APMs may not be directly comparable with similar measures used by other companies.

The Group believes that APMs, when considered together with IFRS results, provide the readers of the financial statements with complementary information to better understand and compare the financial performance and position of the Group from period to period. The adjustments are usually items that are significant in size and/or non-recurring in nature. These measures are also used by management for planning, reporting and performance management purposes. Some of the measures form part of the covenant ratios calculation required under the terms of the Group's loan agreements.

As APMs include the benefits of restructuring programmes or use of the acquired intangible assets but exclude certain significant costs, such as amortisation of intangible assets, litigation, material restructuring and transaction items, they should not be regarded as a complete picture of the Group's financial performance, which is presented in its IFRS results. The exclusion of adjusting items may result in underlying profits/(losses) being materially higher or lower than IFRS earnings.

During the year a review has been performed to determine which APMs are most relevant to users of the financial results. As a consequence, some measures have been removed (including underlying dividend cover and underlying cash conversion) and a leverage (replacing underlying net borrowings) and interest cover APMs have been added with a view to increase reliance on statutory measures and reduce the number of APMs. The following APMs are referred to in the Annual Report and Accounts and described in the following paragraphs.

2.1 Underlying operating profit

Underlying operating profit is defined as operating profit from continuing and discontinued operations (see Note 5) adjusted for acquisition related income and expense (amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to contingent consideration), the costs of a material restructuring, litigation, asset impairment and profit/loss relating to the sale of businesses or any other significant one-off adjustments to income or expenses ("adjusting items").

Underlying operating profit is used as a basis for net debt/EBITDA and interest cover covenant calculation, required under the terms of the Group's loan agreements. This APM is also used internally to measure the Group's performance against previous years and budgets, as the adjusting items fluctuate year on year and may be unknown at the time of budgeting.

Notes to the financial statements cont.

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

2.1 Underlying operating profit cont.

2022 Continuing operations	Continuing operations: As reported £m	Amortisation of acquired intangible assets £m	Impairment charges/ (reversals) £m	Specific trade receivables provision £m	Re-structuring £m	Disposal of businesses and assets £m	Other/Tax £m	Underlying results £m	Dis-continued operations £m	Total underlying results £m
Revenue	478.1	–	–	–	–	–	–	478.1	42.8	520.9
Cost of sales	(350.9)	–	(4.5)	–	–	(0.9)	–	(356.3)	(43.3)	(399.6)
Gross profit	127.2	–	(4.5)	–	–	(0.9)	–	121.8	(0.5)	121.3
Administrative expenses	(104.4)	2.1	5.2	–	1.7	(2.5)	1.7	(96.2)	(6.9)	(103.1)
Impairment of trade receivables	0.3	–	–	(1.1)	–	–	–	(0.8)	–	(0.8)
Share of post-tax results of associates	1.6	–	–	–	–	–	–	1.6	0.1	1.7
Operating profit/(loss)	24.7	2.1	0.7	(1.1)	1.7	(3.4)	1.7	26.4	(7.3)	19.1
Finance income	0.7	–	–	–	–	–	–	0.7	–	0.7
Finance expense	(10.9)	–	–	–	–	–	–	(10.9)	(0.1)	(11.0)
Profit/(loss) before taxation	14.5	2.1	0.7	(1.1)	1.7	(3.4)	1.7	16.2	(7.4)	8.8
Income tax	(5.5)	–	–	–	–	–	0.8	(4.6)	0.8	(3.8)
Profit/(loss) for the year from continuing operations	9.0	2.1	0.7	(1.1)	1.7	(3.4)	2.5	11.6	(6.6)	5.0
Discontinued operations										
(Loss)/profit for the year from discontinued operations, net of tax	(19.8)	–	–	–	–	–	–	(19.8)	19.8	–
Profit/(loss) for the year	(10.8)	2.1	0.7	(1.1)	1.7	(3.4)	2.5	(8.3)	13.3	5.0
Operating margin (%)	5.2%							5.5%	–17.0%	3.7%

Segmental underlying operating profit is calculated as follows:	As reported £m	Amortisation of acquired intangible assets £m	Impairment charges/ (reversals) £m	Specific trade receivables provision £m	Re-structuring £m	Disposal of businesses and assets £m	Other/Tax £m	Underlying results £m
Marine Support	10.1	1.5	(0.8)	(1.1)	0.4	(2.4)	0.2	7.9
Specialist Technical	(2.6)	0.1	1.8	–	1.3	–	–	0.6
Offshore Oil	14.7	0.5	–	–	–	–	–	15.2
Tankships	9.9	–	(0.3)	–	–	(1.0)	–	8.6
Corporate	(7.4)	–	–	–	–	–	1.5	(5.9)
Continuing	24.7	2.1	0.7	(1.1)	1.7	(3.4)	1.7	26.4

During the year, adjusting items were in relation to the following matters:

Amortisation of acquired intangibles (see Note 13).

The impairment charges/(reversals) relate to goodwill, intangible and tangible assets, and assets held for sale (see Notes 12, 13, 14 and 20).

Specific trade receivables provision relates to a recovery of amounts provided for in 2021 in relation to specific counterparty risk and receivables billed over 12 months ago in relation to certain projects – see below 2021 table.

Restructuring costs relates to restructuring programmes completed during the year by the Fendercare and JFD businesses.

Disposal of businesses and assets relates to the disposal during 2022 of James Fisher Mimic Ltd, Prolec Ltd and Strainstall UK Ltd (see Note 26) for £18.5m proceeds with £4.3m gains less £1.8m costs of disposal. In addition, the Group has recognised a gain of £0.9m on disposal of one of its vessels in the Tankships division.

Other includes £1.5m past service cost recognised for the MNRPF scheme in respect of ill health early retirement benefits (see Note 23).

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

2.1 Underlying operating profit cont.

2021 Continuing operations	Continuing operations									
	As reported restated £m	Amortisation of acquired intangible assets £m	Impairment charges £m	Specific trade receivables provision £m	Litigation £m	Disposal of businesses and assets £m	Other/Tax £m	Underlying results £m	Dis-continued operations £m	Total underlying results £m
Revenue	442.4	–	–	–	–	–	–	442.4	51.7	494.1
Cost of sales	(338.8)	–	11.0	–	–	–	–	(327.8)	(45.8)	(373.6)
Gross profit	103.6	–	11.0	–	–	–	–	114.6	5.9	120.5
Administrative expenses	(118.9)	2.9	27.5	–	3.1	(0.1)	–	(85.5)	(6.0)	(91.5)
Impairment of trade receivables	(7.3)	–	–	4.3	–	–	–	(3.0)	–	(3.0)
Share of post-tax results of associates	1.9	–	–	–	–	–	–	1.9	0.1	2.0
Operating profit/(loss)	(20.7)	2.9	38.5	4.3	3.1	(0.1)	–	28.0	–	28.0
Finance income	0.3	–	–	–	–	–	–	0.3	–	0.3
Finance expense	(8.5)	–	–	–	–	–	–	(8.5)	(0.1)	(8.6)
Profit/(loss) before taxation	(28.9)	2.9	38.5	4.3	3.1	(0.1)	–	19.8	(0.1)	19.7
Income tax	0.8	–	–	–	–	–	(10.9)	(10.1)	–	(10.1)
Profit/(loss) for the year from continuing operations	(28.1)	2.9	38.5	4.3	3.1	(0.1)	(10.9)	9.7	(0.1)	9.6
Discontinued operations										
(Loss)/profit for the year from discontinued operations, net of tax	(0.1)	–	–	–	–	–	–	(0.1)	0.1	–
Profit/(loss) for the year	(28.2)	2.9	38.5	4.3	3.1	(0.1)	(10.9)	9.6	–	9.6
Operating margin (%)	–4.7%							6.3%	0.1%	5.7%
Segmental underlying operating profit is calculated as follows:										
Marine Support	(21.0)	2.3	18.3	2.4	3.1	(0.1)	–	5.0		
Specialist Technical	7.1	0.1	2.8	–	–	–	–	10.0		
Offshore Oil	(5.2)	0.5	13.9	1.9	–	–	–	11.1		
Tankships	1.3	–	3.5	–	–	–	–	4.8		
Corporate	(2.8)	–	–	–	–	–	–	(2.8)		
Continuing	(20.6)	2.9	38.5	4.3	3.1	(0.1)	–	28.1		

During 2021, adjusting items were in relation to the following matters:

Amortisation of acquired intangibles (see Note 13).

The impairment charges relate to goodwill, intangible and tangible assets, right-of-use assets and assets held for sale (see Notes 12, 13, 14, 15 and 20).

Specific trade receivables provision relates to amounts provided for specific counterparty risk and receivables billed over 12 months ago in relation to certain projects.

Litigation costs relates to matters described in Note 31: Commitments and contingencies.

Disposal of businesses and assets relates to the disposal during 2021 of James Fisher Testing Services Ltd which was sold for proceeds of £5.7m and resulted in a gain of £0.5m; sale of James Fisher NDT Ltd for which proceeds were £1.2m and loss on disposal of £0.7m; and a gain of £0.3m on the disposal of the Paladin Dive Support Vessel for US$17.3m in gross proceeds.

Notes to the financial statements cont.

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

2.2 Covenant EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation)

Covenant EBITDA is calculated in line with the Group's banking covenants. It is defined as the underlying operating profit before interest, tax, depreciation and amortisation, adjusted for impacts of IFRS 16. The covenants require that EBITDA is calculated excluding the effects of IFRS 16. The IFRS 16 adjustment is calculated as a difference between ROU depreciation and operating lease payments.

	2022 £m*	2021 £m
Underlying operating profit	**26.4**	28.0
Depreciation and amortisation	**40.3**	44.2
Less: Depreciation on right-of-use assets	**(12.2)**	(13.2)
Amortisation of acquired intangibles	**(2.1)**	(2.9)
IFRS 16 impact removed	**0.2**	(1.8)
Covenant EBITDA	**52.6**	54.3

* Excludes discontinued operations.

2.3 Leverage

Leverage is calculated in line with the Group's banking covenants. It is defined as Covenant EBITDA divided by underlying net borrowings. Underlying net borrowings is net borrowings as set out in Note 28, including guarantees and excluding right-of-use operating leases, which are the leases which would be considered operating leases under IAS17, prior to the introduction of IFRS 16. Guarantees are those issued by a bank or financial institution to compensate a stakeholder in the event of a Group company not fulfilling its obligations in the ordinary course of business in relation to either advance payments or trade debtors.

	2022 £m	2021 £m
Net borrowings (Note 28)	**185.8**	185.6
Guarantees	**2.3**	8.4
Less: right-of-use operating leases	**(46.0)**	(38.2)
Underlying Net borrowings	**142.1**	155.8
Covenant EBITDA	**52.6**	54.3
Leverage	**2.7**	2.9

2.4 Underlying Capital employed and Return on Capital Employed (ROCE)

Capital employed is defined as net assets less right-of-use assets, less cash and cash equivalents and after adding back borrowings. Average capital employed is adjusted for the timing of businesses acquired and after adding back cumulative amortisation of customer relationships. Segmental ROCE is defined as the underlying operating profit, divided by average capital employed. Group ROCE, is defined as underlying operating profit, less notional tax, calculated by multiplying the underlying effective tax rate by the underlying operating profit, divided by average capital employed, as calculated below. Group ROCE is a KPI that is used internally and externally and forms part of performance conditions under the Group's LTIP scheme.

	2022 £m	2021 £m
Net assets	**218.3**	210.6
Less right-of-use assets	**(52.3)**	(41.8)
Plus net borrowings	**185.8**	185.6
Capital employed	**351.7**	354.4
Add: amortisation of customer relationships	**1.7**	2.4
	353.4	356.8
Underlying operating profit	**19.1**	28.0
Notional tax at the underlying effective tax rate	**(5.1)**	(14.3)
	14.0	13.7
Average capital employed	**355.1**	377.4
Return on average capital employed	**3.9%**	3.6%

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

2.4 Underlying Capital employed and Return on Capital Employed (ROCE) cont.

The four divisional ROCE's are detailed below:

Year ended 31 December 2022	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m
Net assets	119.4	83.9	102.8	34.0
Less right-of-use assets	(6.3)	(3.0)	(4.0)	(38.1)
Plus net borrowings	9.9	3.3	4.4	33.8
Capital employed	123.0	84.1	103.3	29.7
Add: amortisation of customer relationships	1.6	0.1	–	–
	124.6	84.2	103.3	29.7
Underlying operating profit	7.9	(6.7)	15.2	8.6
Average capital employed	123.2	91.2	101.7	32.1
Return on average capital employed	6.4%	-7.4%	14.9%	26.8%

Year ended 31 December 2021	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m
Net assets	114.8	97.7	100.0	36.0
Less right-of-use assets	(6.1)	(6.2)	(4.6)	(23.6)
Plus net borrowings	10.6	6.6	5.1	22.2
Capital employed	119.3	98.1	100.5	34.5
Add: amortisation of customer relationships	2.6	0.1	–	–
	121.9	98.2	100.5	34.5
Underlying operating profit	5.0	9.9	11.1	4.8
Average capital employed	142.5	101.1	108.5	32.9
Return on average capital employed	3.5%	9.8%	10.2%	14.7%

2.5 Interest cover

	2022 £m	2021 £m
Interest receivable on Short-term deposits less interest payable on bank loans	8.1	6.0
Finance lease interest	0.1	0.1
Arrangement fees	(1.0)	(1.2)
Covenant interest	7.2	4.9
Underlying net operating profit	26.4	28.0
IFRS 16 impact removed	(0.7)	(1.6)
	25.7	26.4
Interest cover	3.5	5.4

2.6 Underlying earnings per share

Underlying earnings per share (EPS) is calculated as the total of underlying profit before tax, less income tax, but excluding the tax impact on adjusting items, less profit attributable to non-controlling interests, divided by the weighted average number of ordinary shares in issue during the year. Underlying earnings per share is a performance condition used for the LTIP schemes.

	2022 £m	2021 £m
Loss attributable to owners of the Company	(11.1)	(27.8)
Adjusting items	1.7	48.7
Tax on adjusting items	0.8	(10.9)
Underlying profit attributable to owners of the Company	(8.6)	10.0
Basic weighted average number of shares (Note 10)	50,345,989	50,345,477
Diluted weighted average number of shares (Note 10)	50,367,147	50,356,037
Underlying basic earnings per share	(17.1)	20.0
Underlying diluted earnings per share	(17.1)	20.0

Notes to the financial statements cont.

3. SEGMENTAL INFORMATION

The Group has four operating segments reviewed by the Board: Marine Support, Specialist Technical, Offshore Oil and Tankships. Their principal activities are set out in the Strategic report on pages 18 to 25. Marine Support, Specialist Technical and Offshore Oil are differentiated by markets and industries which they serve. The Tankships division is differentiated by the services which they provide. The Board assess the performance of the segments based on underlying operating profit, underlying operating margin and return on capital employed. It considers that this information is the most relevant in evaluating the performance of its segments relative to other entities which operate in similar markets. Inter-segmental sales are made using prices determined on an arms length basis. Sector assets exclude cash, short-term deposits and corporate assets that cannot reasonably be allocated to operating segments. Sector liabilities exclude borrowings, retirement benefit obligations and corporate liabilities that cannot reasonably be allocated to operating segments.

During the year, the Nuclear business (within Specialist Technical) has been classified as held for sale and is shown as discontinued operations. The prior year comparative has been restated.

Year ended 31 December 2022	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Continuing Total £m	Discontinued Total £m	Total £m
Segmental revenue	224.6	68.2	106.7	78.9	–	478.4	43.9	522.3
Inter-segmental sales	(0.1)	(0.1)	(0.1)	–	–	(0.3)	(1.1)	(1.4)
Revenue	224.5	68.1	106.6	78.9	–	478.1	42.8	520.9
Underlying operating profit/(loss)	7.9	0.6	15.2	8.6	(5.9)	26.4	(7.3)	19.1
APMs (see Note 2)	2.2	(3.2)	(0.5)	1.3	(1.5)	(1.7)	(13.3)	(15.0)
Operating profit/(loss)	10.1	(2.6)	14.7	9.9	(7.4)	24.7	(20.6)	4.1
Finance income						0.7	–	0.7
Finance expense						(10.9)	–	(10.9)
Profit/(loss) before tax						14.5	(20.6)	(6.2)
Income tax						(5.5)	0.8	(4.7)
Profit/(loss) for the year						9.0	(19.8)	(10.8)
Assets and liabilities								
Segmental assets	188.1	114.4	131.4	86.5	63.6	584.0	16.3	600.3
Investment in joint ventures	2.4	3.4	2.8	–	–	8.7	–	8.7
Total assets	190.5	117.8	134.2	86.5	63.6	592.7	16.3	609.0
Segmental liabilities	(71.2)	(34.0)	(31.4)	(52.5)	(185.3)	(374.4)	(16.3)	(390.7)
	119.3	83.8	102.8	34.0	(121.7)	218.3	–	218.3
Other segmental information								
Capital expenditure	9.6	4.6	8.9	4.0	–	27.1	0.3	27.4
Depreciation and amortisation	11.0	5.6	11.2	12.1	0.4	40.3	0.8	41.1

Revenue from continuing activities disclosed in the income statement is comprised of goods and services of £372.3m (2021: £335.3m), services revenue including operation of vessels and plant and equipment of £62.0m (2021: £58.7m) and construction contract income of £33.5m (2021: £38.6m). These revenues are accounted for under IFRS 15: Revenue from Contracts with Customers.

At 31 December 2022, there is £6.1m (2021: £5.3m) consideration allocated to performance obligations that were unsatisfied and expected to be recognised as revenue within 12 months.

3. SEGMENTAL INFORMATION CONT.

Revenue from operating lease rental income is £10.3m (2021: £9.8m) which is accounted for under IFRS 16: Leases. Property, plant and equipment which is used to generate operating lease rental income is detailed in Note 14. The nature of the leasing activities in the period are various short term equipment leases in the Offshore Oil and Marine Support divisions.

Revenue from discontinued activities disclosed in the income statement is comprised of goods and services of £27.8m (2021: £34.7m) and construction contract income of £15.0m (2021: £17.0m).

For details of the amount of impairment losses and reversals of impairment losses recognised in profit or loss during the period, see Note 2.1.

The following table shows the maturity profile of operating lease receivables using the undiscounted payments:

	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	>5 years £m
Operating lease receivables	**3.7**	**2.1**	**2.2**	**2.3**	**2.4**	**2.6**

Year ended 31 December 2021	Marine Support £m	Specialist Technical restated* £m	Offshore Oil £m	Tankships £m	Corporate £m	Continuing Total restated* £m	Discontinued Total restated* £m	Total £m
Segmental revenue	214.7	81.8	86.5	60.1	–	443.1	52.8	495.9
Inter-segmental sales	(0.2)	(0.3)	(0.2)	–	–	(0.7)	(1.1)	(1.8)
Revenue	214.5	81.5	86.3	60.1	–	442.4	51.7	494.1
Underlying operating profit/(loss)	5.0	10.0	11.1	4.8	(2.8)	28.1	(0.1)	28.0
APMs (see Note 2)	(26.0)	(2.9)	(16.3)	(3.5)	–	(48.7)	–	(48.7)
Operating (loss)/profit	(21.0)	7.1	(5.2)	1.3	(2.8)	(20.6)	(0.1)	(20.7)
Net finance expense						(8.1)	(0.2)	(8.3)
Loss before tax						(28.7)	(0.3)	(29.0)
Income tax						0.6	0.2	0.8
Loss for the year						(28.1)	(0.1)	(28.2)
Assets and liabilities								
Segmental assets	189.7	118.9	124.2	75.1	73.4	581.3	35.9	617.2
Investment in joint ventures	2.6	3.0	2.2	–	–	7.8	0.2	8.0
Total assets	192.3	121.9	126.4	75.1	73.4	589.1	36.1	625.2
Segmental liabilities	(77.4)	(37.8)	(26.4)	(39.2)	(211.3)	(392.1)	(22.5)	(414.6)
	114.9	84.1	100.0	35.9	(137.9)	197.0	13.6	210.6
Other segmental information								
Capital expenditure	6.1	2.4	6.3	4.3	–	19.1	0.3	19.4
Depreciation and amortisation	12.3	5.1	12.1	12.4	0.5	42.4	1.8	44.2

* 2021 results are restated due to a business classified as discontinued operations – see Note 5.

Notes to the financial statements cont.

3. SEGMENTAL INFORMATION CONT.

Geographic information

Geographical revenue is determined by the location in which the product or service is provided. Where customers receive the product or service in one geographical location for use or shipment to another it is not practicable for the Group to identify this and the revenue is attributed to the location of the initial shipment. The geographical allocation of segmental assets and liabilities is determined by the location of the attributable business unit.

The prior year comparative has been restated for the Nuclear business which has been classified as held for sale and is shown as discontinued operations.

	United Kingdom		Rest of Europe		Middle East, Africa & Americas		Asia Pacific		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Continuing										
Revenue										
Segmental revenue	**165.1**	146.2	**65.3**	54.7	**155.5**	136.3	**92.5**	106.0	**478.4**	443.1
Inter-segmental sales	**(0.3)**	(0.4)	**–**	–	**–**	(0.3)	**–**	–	**(0.3)**	(0.7)
Group revenue	**164.8**	145.8	**65.3**	54.7	**155.5**	136.0	**92.5**	106.0	**478.1**	442.4
Discontinued										
Revenue										
Segmental revenue	**43.6**	52.6	**–**	–	**–**	–	**0.3**	0.2	**43.9**	52.8
Inter-segmental sales	**(1.1)**	(1.1)	**–**	–	**–**	–	**–**	–	**(1.1)**	(1.1)
Group revenue	**42.5**	51.5	**–**	–	**–**	–	**0.3**	0.2	**42.8**	51.7
Continuing										
Segmental non-current assets	**209.9**	213.6	**40.9**	44.0	**26.8**	26.6	**34.9**	33.0	**312.5**	317.2
Segmental current assets	**177.0**	183.7	**7.1**	5.1	**53.2**	44.9	**34.2**	30.4	**271.5**	264.1
Segmental assets	**386.9**	397.3	**48.0**	49.1	**80.0**	71.5	**69.1**	63.4	**584.0**	581.3
Investment in joint ventures	**0.3**	0.1	**3.1**	2.4	**0.2**	0.3	**5.1**	5.0	**8.7**	7.8
Segmental liabilities	**(314.1)**	(321.8)	**(8.0)**	(8.0)	**(36.1)**	(46.0)	**(16.2)**	(16.3)	**(372.8)**	(392.1)
	73.1	75.6	**43.0**	43.5	**44.1**	25.8	**58.1**	52.1	**218.3**	197.0
Discontinued										
Segmental non-current assets	**–**	15.0	**–**	–	**–**	–	**–**	–	**–**	15.0
Segmental current assets	**16.3**	20.9	**–**	–	**–**	–	**–**	–	**16.3**	20.9
Segmental assets	**16.3**	35.9	**–**	–	**–**	–	**–**	–	**16.3**	35.9
Investment in joint ventures	**–**	–	**–**	–	**–**	–	**–**	0.2	**–**	0.2
Segmental liabilities	**(16.3)**	(22.5)	**–**	–	**–**	–	**–**	–	**(16.3)**	(22.5)
	–	13.4	**–**	–	**–**	–	**–**	0.2	**–**	13.6

4. OPERATING PROFIT

Detailed below are the key amounts recognised in arriving at operating profit for continuing operations:

	2022 £m	2021 £m
Amortisation of intangible assets (Note 13)	**5.2**	7.4
Depreciation of property, plant and equipment (Note 14)	**23.3**	23.6
Depreciation of ROU assets (Note 15)	**12.6**	13.2
Impairment charges/(reversals):		
Goodwill and intangible assets (Notes 12 and 13)	**4.6**	29.2
Tangible fixed assets, including ROU assets (Note 14 and 15)	**1.1**	9.3
Vessel held for sale (Note 20)	**(5.4)**	–
Staff costs (Note 6)	**145.8**	136.4
(Gain)/loss on disposal of businesses, net of disposal costs (Note 26)	**(2.5)**	0.2
Costs of material litigation	**–**	3.1

4. OPERATING PROFIT CONT.

The total remuneration of the Group's auditor, KPMG LLP, for services provided to the Group during the year ended 31 December 2022 is analysed below:

	2022 £m	2021 £m
Audit of the financial statements of the parent	0.6	0.5
Half year review	0.1	0.1
Local statutory audits of subsidiaries	3.8	1.4
Total fees payable to Group auditor	4.5	2.0

Included in the audit fee for the year ended 31 December 2022 is £0.5m in relation to the year ended 31 December 2021, which was billed subsequent to the completion of the audit. An amount of £1.5m in 2022 represents the estimated fee for additional audit work performed in the year. The total remuneration of the Group's auditor for the audit in relation to the year ended 31 December 2022 was £4.0m (2021: £2.5m).

5. DISCONTINUED OPERATIONS

In December 2022, management agreed a plan to sell the Nuclear business as a result of a strategic decision to rationalise and focus the portfolio within the Specialist Technical division. At 31 December, the business has been classified as held for sale and is part of a single co-ordinated plan to dispose of a separate major line of business. It is classified as a discontinued operation.

On 3 March 2023, the Group announced that the entire share capital of James Fisher Nuclear Holdings Limited and related properties were sold to Myneration Limited, a wholly-owned investment vehicle of Rcapital Partners LLP for a consideration of £3. The Group has retained certain parent company guarantees which historically were given to support the obligations of JFN (see Note 31).

Results of discontinued operations	2022 £m	2021 £m
Revenue	43.9	52.8
Inter-segmental sales	(1.1)	(1.1)
	42.8	51.7
Expenses	(50.1)	(51.8)
Loss before taxation	(7.3)	(0.1)
Income tax	0.8	–
Loss from operating activities after tax	(6.5)	(0.1)
Loss on remeasurement to fair value less costs to sell	(13.3)	–
Income tax on loss on remeasurement to fair value less costs to sell	–	–
Loss for the year from discontinued operations	(19.8)	(0.1)
Attributable to:		
Owners of the Company	(19.8)	(0.1)
Non-controlling interests	–	–
	(19.8)	(0.1)

Cash flows from/(used in) discontinued operations	2022 £m	2021 £m
Net cash from operating activities	(3.1)	1.1
Net cash from investing activities	(5.0)	(1.1)
Net cash from financing activities	–	–
Net cash flows for the year	(8.1)	–

Notes to the financial statements cont.

5. DISCONTINUED OPERATIONS CONT.

At 31 December 2022, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	2022 £m
Property, plant and equipment	2.3
Inventories	0.7
Trade and other receivables	10.5
Cash and cash equivalents	2.8
Assets held for sale	**16.3**
Trade and other payables	(13.7)
Lease liabilities	(2.2)
Taxation	(0.3)
Liabilities associated with assets held for sale	**(16.3)**

On transfer of assets to held for sale a £13.3m loss was recognised on remeasurement to fair value less cost to sell, consisting of impairments of goodwill (£8.1m), property, plant and equipment (£3.9m) and anticipated costs of disposal (£1.3m).

The non-recurring fair value measurement for the disposal group before £1.3m costs to sell has been categorised as a Level 3 fair value based on the present value of cash flows.

6. GROUP EMPLOYEE COSTS

(a) Staff costs including Directors' remuneration were as follows:

	2022 £m	2021 £m
Wages and salaries	127.3	119.8
Social security costs	12.8	11.6
Pension costs	5.2	4.7
Share-based compensation	0.5	0.3
	145.8	136.4

The total staff costs which were capitalised during the year amounted to £0.5m (2021: £0.4m).

The actual number of persons including Executive Directors employed by the Group was 2,526 persons at 31 December 2022 (2021: 2,704 persons).

The average number of persons including Executive Directors employed by the Group is detailed below by function:

	2022 Number	2021 Number
Production and Engineering	1,608	1,637
Sales	213	190
Administration	789	799
Seafarers	37	36
	2,647	2,662

The Directors' remuneration and their interest in shares of the Company are set out in the Directors' remuneration report on pages 94 to 110. The amount charged against operating profit in the year in respect of Directors' short-term remuneration was £0.9m (2021: £1.0m) in respect of emoluments and £0.1m (2021: £0.1m) in respect of pension contributions to defined contribution schemes. The number of Directors accruing retirement benefits were 2 (2021: 2). The charge for share-based payments in respect of Directors was £0.2m (2021: £0.1m) and aggregate gains under the exercise of options was £nil (2021: £nil).

(b) Compensation of key management to the Group

	2022 £m	2021 £m
Short-term employee benefits	2.9	2.4
Share-based payments	0.3	0.2
	3.2	2.6

Key management personnel include the Board of Directors of the Company and other senior members of the management team.

7. NET FINANCE EXPENSE

	2022 £m	2021 £m
Finance income:		
Interest receivable on short-term deposits	**0.7**	0.3
Finance expense:		
Bank loans and overdrafts	**(8.8)**	(6.3)
Net interest on pension obligations	**–**	(0.1)
Unwind of discount on right-of-use lease liability	**(2.1)**	(2.1)
Total expense	**(10.9)**	(8.5)
Net finance expense – continuing operations	**(10.2)**	(8.2)

8. TAXATION

(a) The tax charge is based on profit for the year and comprises:

	2022 £m	2021 £m
Current tax:		
UK corporation tax	**(1.2)**	(0.7)
Overseas tax	**(6.3)**	(6.0)
Adjustment in respect of prior years:		
UK corporation tax	**0.5**	1.3
Overseas tax	**0.2**	(0.3)
Total current tax	**(6.8)**	(5.7)
Deferred tax:		
Origination and reversal of temporary differences:		
Current year		
UK corporation tax	**0.7**	8.3
Overseas tax	**(0.3)**	–
Prior year		
UK corporation tax	**0.9**	(0.6)
Overseas tax	**–**	(1.2)
Tax expense on continuing operations	**(5.5)**	0.8

The tax expense excludes a tax credit from discontinued operations of £0.8m (2021: £nil).

The total tax charge in the income statement includes a further £0.1m (2021: £0.3m) which is stated within the share of post-tax results of joint ventures.

Prior year UK tax includes a credit of £7.9m, which represents deferred tax recognised on the timing differences created following the impairment of dive support vessels during the year ended 31 December 2020 and the Group's current expectations regarding Dive Support operations.

(b) Tax included within other comprehensive income:

	2022 £m	2021 £m
Current tax:		
Foreign exchange losses on internal loans	**(0.4)**	–
Contributions to defined benefit pension schemes	**0.4**	0.5
Deferred tax:		
Actuarial gain on defined benefit pension schemes	**(1.7)**	(1.0)
Relating to derivatives	**(0.7)**	0.4
	(2.4)	(0.1)

In addition, deferred tax of £nil (2021: £0.1m) was charged and £nil current tax (2021: £0.1m) was credited to the consolidated statement of changes in equity in respect of share-based payments.

Notes to the financial statements cont.

8. TAXATION CONT.

(c) Reconciliation of effective tax rate

The Group falls under the UK tonnage tax regime on its tanker owning and operating activities and a charge is based on the net tonnage of vessels operated. Profits for these activities are not subject to corporation tax. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2022 £m	2021 £m
Profit/(loss) before tax	**14.5**	(28.9)
Tax arising from interests in joint ventures	**0.1**	0.3
	14.6	(28.6)
Tax on profit/(loss) at UK statutory tax rate of 19% (2021: 19%)	**2.8**	(5.4)
Tonnage tax relief/(expense) on vessel activities	**(0.8)**	0.6
Expenses not deductible for tax purposes	**1.6**	4.2
(Over)/under provision In prior years:		
Current tax	**(0.7)**	(1.0)
Deferred tax	**(0.9)**	1.8
Higher tax rates on overseas income	**2.8**	1.8
Non-taxable income	**(0.8)**	(0.3)
Impact of change of rate	**0.1**	1.1
Movement on unrecognised deferred tax	**1.5**	(3.3)
	5.6	(0.5)

Expenses not deductible for tax purposes relate mainly to non-recurring items such as goodwill impairments, costs associated with business disposals, and losses made on business disposals.

The effective rate on the (loss)/profit before income tax from continuing operations is 37.9% (2021: 2.6%). The effective income tax rate on the underlying profit before tax is 28.4% (2021: 51.2%). Underlying profit before tax is included in Note 2. Over provision in previous years arose due to the timing in which certain transactions have been accounted for, rather than any correction.

9. DEFERRED TAX

Deferred tax at 31 December relates to the following:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Assets				
Retirement benefits	**–**	0.5	**–**	0.4
Property, plant and equipment	**3.3**	4.0	**–**	–
Share-based payments	**–**	–	**–**	–
Derivative financial instruments	**–**	0.1	**–**	0.1
Losses carried forward	**6.4**	3.4	**–**	–
Temporary differences	**1.1**	1.6	**0.6**	0.5
	10.8	9.6	**0.6**	1.0
Liabilities				
Retirement benefits	**(0.7)**	–	**(0.8)**	–
Property, plant and equipment	**–**	–	**–**	–
Intangible assets	**(1.4)**	(0.4)	**–**	–
Derivative financial instruments	**(0.6)**	–	**(0.6)**	–
	(2.7)	(0.4)	**(1.4)**	–

Within the net £8.1m deferred tax asset, £4.7m relates to the UK. The majority of this relates to tax losses and timing differences following the impairment of the Dive Support Vessels in 2020. The deferred tax asset has been recognised on the basis that management considers it probable that future UK taxable profits would be available against which the tax losses and timing differences can be recovered and, therefore, the related deferred tax asset can be realised. Assessments are based on the Group's five year forecast, which is consistent with the information used to determine the Group's going concern assessment.

9. DEFERRED TAX CONT.

At 31 December 2022, the Group had unrecognised tax losses of £21.4m (2021: £37.3m). £16.3m (2021: £34.6m) of these losses can be carried forward indefinitely, and £5.1m (2021: £2.7m) will expire within the next 10 years. Deferred tax assets have not been recognised for the £21.4m tax losses because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom.

Deferred tax assets and liabilities included in the consolidated balance sheet have been stated according to the net exposures in each tax jurisdiction.

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Balance at 1 January	**9.2**	3.4	**1.0**	2.8
Charged to comprehensive income	**(2.4)**	(0.6)	**(2.3)**	(0.5)
Charged to equity	**–**	(0.1)	**–**	(0.1)
Credited to income statement	**1.3**	6.5	**0.5**	(1.2)
Balance at 31 December	**8.1**	9.2	**(0.8)**	1.0

At 31 December 2022, the Group has no deferred income tax liability (2021: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double taxation relief and the ability to control the remittance of earnings.

Deferred tax credited to the income statement in the year ending 31 December 2022 relates to the following:

	Group	
	2022 £m	2021 £m
Deferred tax assets	**(3.0)**	4.6
Deferred tax liabilities:		
Property, plant and equipment	**0.7**	(7.5)
Intangible assets	**1.0**	(3.6)
Deferred income tax credit	**(1.3)**	(6.5)

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, after excluding 47,855 (2021: 54,571) ordinary shares held by the James Fisher and Sons plc Employee Share Ownership Trust (ESOT), as treasury shares. Diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

At 31 December 2022, 1,759,740 options (2021: 650,513) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would be anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

The calculation of the basic and diluted earnings per share is based on the following data:

	2022 £m	2021 £m
Loss after tax attributable to shareholders	**(11.1)**	(27.8)

Notes to the financial statements cont.

10. EARNINGS PER SHARE CONT.

Weighted average number of shares

	2022 Number of shares	2021 Number of shares
Basic weighted average number of shares	**50,345,989**	50,345,477
Potential exercise of share-based payment schemes	**21,158**	10,560
Diluted weighted average number of shares	**50,367,147**	50,356,037

Earnings per share	**pence**	pence
Basic earnings per share	**(22.1)**	(55.2)
Diluted earnings per share	**(22.1)**	(55.2)

Earnings per share – continuing operations	**pence**	pence
Basic earnings per share	**17.4**	(55.0)
Diluted earnings per share	**17.4**	(55.0)

Earnings per share – discontinued operations	**pence**	pence
Basic earnings per share	**(39.5)**	0.2
Diluted earnings per share	**(39.5)**	0.2

11. DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed in either 2022 or 2021.

12. GOODWILL

Reconciliation of carrying amount	**JFD £m**	**Scantech £m**	**Fendercare £m**	**Multiple units without significant goodwill £m**	**Total £m**
At 1 January 2021	32.7	23.4	16.7	93.7	166.5
Impairment	–	–	–	(27.5)	(27.5)
Disposals	–	–	–	(3.9)	(3.9)
Exchange differences	(0.4)	(0.5)	–	(0.7)	(1.6)
At 31 December 2021	32.3	22.9	16.7	61.6	133.5
Impairment	–	–	–	(4.4)	(4.4)
Disposals	–	–	–	(7.1)	(7.1)
Discontinued operations	–	–	–	(8.1)	(8.1)
Reallocation between CGUs	0.9	–	–	(0.9)	–
Exchange differences	0.9	0.2	0.3	1.0	2.4
At 31 December 2022	**34.1**	**23.1**	**17.0**	**42.1**	**116.3**

Details of disposals are provided in Note 26 and of discontinued operations in Note 5.

In 2022, the Group experienced projects in subsea operations in the EU being deferred or cancelled at short notice by customers, including projects that had been awarded to the Group. This led to a reduction in profitability in the Marine Contracting business in the EU (reported within the Marine Support operating segment). As a result of this, and of a more cautious outlook given this disruption, an impairment of £4.4m in relation to a CGU which is a business operation within the Marine Support segment was recognised in administrative expenses, resulting in zero goodwill remaining in respect of that CGU.

In 2021, due to the continuing impact of COVID, a number of projects in our subsea and decommissioning operations were deferred or cancelled which led to a reduction in profitability. Based on the value in use calculations, impairments were identified in respect of three CGUs within the Marine Support operating segment and charges of £13.9m, £12.6m and £1.0m have been recognised respectively, resulting in a zero recoverable amount for one CGU and recoverable values of £7.4m and £3.0m respectively for the remaining CGUs based on their value in use.

During 2022, a subsidiary that previously reported its results through Marine Support operating segment moved under management of JFD. As the result, goodwill associated with that subsidiary was moved under JFD's CGU.

12. GOODWILL CONT.

Impairment testing for CGUs containing goodwill

The headroom and the key assumptions used in determining the recoverable amount of each CGU, or group of CGUs, are as follows:

	Headroom		Discount rate (post-tax)*		Five-year average revenue growth rate		Terminal value growth rate	
	2022 £m	2021 £m	**2022**	2021	**2022**	2021	**2022**	2021
JFD	**35.6**	74.1	**14.7%**	10.5%	**3.2%**	17.3%	**2.6%**	1.8%
Scantech	**39.8**	24.1	**12.9%**	10.0%	**7.0%**	2.0%	**2.6%**	1.8%
Fendercare	**49.3**	81.5	**15.3%**	11.4%	**2.7%**	8.4%	**2.6%**	1.8%
Multiple units without significant goodwill	**183.5**	288.5	**14.1%**	10.3%	**12.8%**	4.2%	**2.6%**	1.8%
Total	**308.2**	468.2						

* The pre-tax discount rates are 0.8% (2021: 0.6%) higher than the post-tax rates stated above.

Headroom represents the difference between the recoverable amount and net assets, including goodwill, of a CGU.

The individual carrying values for 'multiple CGUs without significant goodwill balances' amount to less than 10% of the Group's total goodwill balance. The assumptions in the table above represent weighted average amounts.

Key assumptions

The recoverable amount is based on a value in use calculation, which is determined by performing discounted future post-tax cash flow calculations for a five-year period and projected into perpetuity. For CGUs designated as assets held for sale/discontinued operations, the fair value less costs to sell is used.

The five-year cashflow forecasts are based on the budget for the following year (year one) and the strategic business plans for years two to five. The five-year revenue growth rate is calculated as cumulative average growth rate over five years and is derived from the five-year plan which is prepared by management, and is reviewed and approved by the Board. The five-year plan reflects a combination of past experience, management's assessment of the current contract portfolio, contract wins, contract retention, sales pipeline (including historic contract win rates), price increases, as well as future expected market trends (including the impact of climate change, where relevant), adjusted to meet the requirements of IAS 36 Impairment of Assets.

The forecast five-year revenue growth rate for JFD was assessed to be 3.2%, significantly lower than in 2021 and below the expected growth rate for the sectors of the defence market in which we operate. The reduction in JFD's growth rate reflects the challenges the business experienced in 2022 with several large contracts being delayed or cancelled and rectifications required for a long-term service contract.

Scantech CGU's five-year growth expectation has been revised upwards to 7% reflecting the strong oil and gas and renewables markets in which this CGU operates. The Scantech CGU had strong performance in 2021 and 2022, delivering 18% and 23% revenue growth and 34% and 52% operating profit growth in each of 2021 and 2022 respectively. The CGU has consistently demonstrated its ability to deliver against budgets and forecasts.

Fendercare's five-year growth rate of 2.7% reflects the current and expected increase in the STS markets, in particular in LNG STS transfers where demand has increased in 2022. The growth projections are, however, lower than 2021 estimates mostly driven by the pressure from the under-utilisation of fixed cost anchorages in Asia.

The growth rate for multiple CGUs without significant balance has increased due to exclusion of discontinued, sold and impaired CGUs which contributed low levels of growth to the 2021 rate, pulling the average down. The CGUs remaining in 2022 balances include CGUs operating in high growth industries such as renewables which are expected to have significant growth in the next five years. In particular, there is one CGU which operates in the maintenance and safety operations for offshore windfarms for which the five-year growth expectation is estimated to be 29% reflecting the high growth potential in the renewables market as a result of the UK energy targets for net zero and windfarms actively being built in both UK and surrounding waters (market growth rate source: 4C Offshore).

Cash flows beyond year five are projected into perpetuity using a long-term terminal growth rate in line with management's long-term expectations for the prevailing rates of inflation which are sourced from Tradingeconomics website.

The cash flows are discounted at a post-tax discount rate which is based on the Group's weighted average cost of capital (WACC) (pre-tax rate 8.0% (2021: 3.1%), post-tax rate 7.2% (2021: 2.5%)), adjusted for CGUs' specific country and business risks. The inputs used in the WACC calculation include risk free rate, equity risk premium and risk adjustment are based on information from third party sources. The increase in WACC from 2021 to 2022 is driven by both a higher cost of equity resulting from an increase in the risk free rate and the recent increase in the cost of borrowing seen in 2022. Country specific risk premiums, which are sourced from the publication by Prof. A. Damodaran, have also increased across most territories in which we operate.

The growth and discount rates are stated on nominal basis.

Notes to the financial statements cont.

12. GOODWILL CONT.

Sensitivity to impairment

The value-in-use calculations were assessed for sensitivity to reasonably possible changes to assumptions. Sensitivities carried out across all CGUs were (1) increasing the discount rate by 2.0%; (2) increasing the discount rate by 2% and reducing operating profit by 10%; (3) reducing the terminal growth to zero; and (4) reducing operating profit by 25%.

All of the CGUs with significant goodwill balances showed positive headroom in all of the scenarios. The sensitivities identified that the headroom is most sensitive to changes in the operating profit, which would need to be decreased by 33% for Fendercare, 35% for JFD and 47% for Scantech to give rise to a goodwill impairment in these CGUs. This is not considered a reasonably possible change given current market conditions and business performance.

An additional sensitivity was run on JFD to reflect the removal of a large unsecured contract in 2024 and 2025. Positive headroom remained under this scenario.

For one CGU without significant goodwill, the sensitivities identified that the headroom is most sensitive to changes in the operating profit, which would need to reduce by 21% to give rise to a goodwill impairment in respect of this CGU. For the CGU in question, such reduction is not considered to be reasonably possible due to its history of delivering its budgets and strong contract pipeline. All other CGUs without significant goodwill show no impairment under any of the scenarios.

13. OTHER INTANGIBLE ASSETS

Group	Development costs £m	Intellectual property £m	Customer relationships £m	Total £m
Cost				
At 1 January 2021	29.2	9.8	18.7	57.7
Additions	1.5	–	–	1.5
Acquisitions	–	0.7	–	0.7
Disposals	(1.6)	–	(1.0)	(2.6)
Exchange differences	0.1	(0.1)	(0.2)	(0.2)
At 31 December 2021	29.2	10.4	17.5	57.1
Additions	1.2	–	0.1	1.3
Transfer	(2.0)	–	(0.3)	(2.3)
Disposals	(4.8)	(0.1)	–	(4.9)
Exchange differences	0.1	0.2	0.5	0.8
At 31 December 2022	**23.7**	**10.5**	**17.8**	**52.0**
Amortisation				
At 1 January 2021	18.8	5.2	13.6	37.6
Charge for the period	3.9	1.1	2.4	7.4
Impairment	1.7	–	–	1.7
Disposals	(1.6)	–	(1.0)	(2.6)
Exchange differences	(0.1)	–	(0.2)	(0.3)
At 31 December 2021	22.7	6.3	14.8	43.8
Charge for the period	2.3	1.2	1.7	5.2
Impairment	0.2	–	–	0.2
Transfer	(1.1)	–	(0.3)	(1.4)
Disposals	(4.5)	(0.1)	–	(4.6)
Exchange differences	0.2	0.1	0.3	0.6
At 31 December 2022	**19.8**	**7.5**	**16.5**	**43.8**
Net book value at 31 December 2022	**3.9**	**3.0**	**1.3**	**8.2**
Net book value at 31 December 2021	6.5	4.1	2.7	13.3
Net book value at 31 December 2020	10.4	4.6	5.1	20.1

Customer relationships relate to items acquired through business combinations which are amortised over their estimated useful economic life resulting in an amortisation charge of £2.1m (2021: £2.9m) charged to administrative expenses. Development costs relate to new products developed by the Group and intellectual property represents amounts purchased or acquired relating to technology in the Group's activities. The related amortisation is charged to cost of sales. Based on an assessment of the recoverable amount using value in use, an impairment charge of £0.2m (2021: £1.7m) has been recognised within cost of sales in respect of development costs in the Marine Support division where the projects have been discontinued.

Included within £2.3m transfers at cost in 2022 is £1.4m of assets within the Nuclear business which have been reclassified to Assets held for sale (Note 20).

There was no research and development charged to operating profit (2021: £nil).

14. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels £m	Assets under construction £m	Property £m	Plant and equipment £m	Total £m
Cost:					
At 1 January 2021	137.9	4.1	35.7	215.2	392.9
Additions	5.4	3.0	0.3	10.7	19.4
Reclassifications	(28.8)	(2.3)	1.2	1.1	(28.8)
Disposals	(31.9)	(1.1)	(1.7)	(11.5)	(46.2)
Exchange differences	(0.9)	(0.1)	(0.1)	(2.4)	(3.5)
At 31 December 2021	81.7	3.6	35.4	213.1	333.8
Additions	4.1	9.7	0.5	13.1	27.4
Reclassifications	0.3	(3.6)	(5.7)	(2.9)	(11.9)
Disposals	(20.7)	(0.2)	(4.2)	(12.8)	(37.9)
Exchange differences	0.6	–	1.0	4.5	6.1
At 31 December 2022	**66.0**	**9.5**	**27.0**	**215.0**	**317.5**
Depreciation:					
At 1 January 2021	82.6	–	13.6	138.5	234.7
Provided during the year	5.1	–	1.7	16.8	23.6
Provision for impairment	3.5	–	1.6	–	5.1
Reclassifications	(18.1)	–	–	–	(18.1)
Disposals	(20.1)	–	(1.3)	(9.8)	(31.2)
Exchange differences	(0.6)	–	(0.1)	(1.8)	(2.5)
At 31 December 2021	52.4	–	15.5	143.7	211.6
Provided during the year	5.8	–	1.5	16.0	23.3
Provision for impairment	(0.3)	–	0.9	0.1	0.7
Reclassifications	–	–	(1.1)	(5.0)	(6.1)
Disposals	(19.3)	–	(4.2)	(11.9)	(35.4)
Exchange differences	0.3	–	0.6	2.8	3.7
At 31 December 2022	**38.9**	**–**	**13.2**	**145.7**	**197.8**
Net book value at 31 December 2022	**27.1**	**9.5**	**13.8**	**69.3**	**119.7**
Net book value at 31 December 2021	29.3	3.6	19.9	69.4	122.2
Net book value at 31 December 2020	55.3	4.1	22.1	76.7	158.2

Included in property, plant and equipment is aggregate interest capitalised of £0.7m (2021: £0.8m).

Reclassifications of £5.8m at Net Book Value (NBV) in 2022 includes assets reclassified to Assets held for sale – £4.2m (Nuclear Business) and £1.5m (JFD Singapore) see (Note 20). In 2021, there is £10.7m NBV being vessel transfers to Assets held for sale (Note 20).

Disposals during the year included £1.4m NBV relating to two vessels in the Tankships division as part of the wider fleet renewal strategy.

Restructuring programmes within the Specialist Technical division were completed during 2022 resulting in an impairment charge of £1.0m charged to cost of sales. Following improved market conditions and improving utilisation, there is a credit of £0.3m to cost of sales in the Tankships division on part reversal of a vessel impairment (2021: £3.5m charge related to Vessels).

Climate change impact was considered for the Vessel UEL's and no adjustments was required.

Notes to the financial statements cont.

14. PROPERTY, PLANT AND EQUIPMENT CONT.

The Group recognises operating leases rental income as revenue (see Note 3). Property, plant and equipment includes the following assets which provide rental income. The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Group	Vessels £m	Plant and equipment £m	Total £m
Cost:			
At 1 January 2021	–	38.4	38.4
Additions	0.9	1.4	2.3
Disposals	–	(0.8)	(0.8)
Exchange differences	–	(0.7)	(0.7)
At 31 December 2021	0.9	38.3	39.2
Additions	–	1.8	1.8
Disposals	–	(1.4)	(1.4)
Exchange differences	–	0.4	0.4
At 31 December 2022	**0.9**	**39.1**	**40.0**
Depreciation:			
At 1 January 2021	–	22.5	22.5
Provided during the year	0.2	2.5	2.7
Disposals	–	(0.7)	(0.7)
Exchange differences	–	(0.4)	(0.4)
At 31 December 2021	0.2	23.9	24.1
Provided during the year	0.2	2.5	2.7
Disposals	–	(0.8)	(0.8)
Exchange differences	–	0.2	0.2
At 31 December 2022	**0.4**	**25.8**	**26.2**
Net book value at 31 December 2022	**0.5**	**13.3**	**13.8**
Net book value at 31 December 2021	0.7	14.4	15.1
Net book value at 31 December 2020	–	15.9	15.9

Company	Vessels £m	Property £m	Plant and equipment £m	Total £m
Cost:				
At 1 January 2021	10.5	2.3	3.5	16.3
Additions	0.1	–	0.2	0.3
At 31 December 2021	10.6	2.3	3.7	16.6
Additions	–	–	0.3	0.3
Disposals	(10.6)	–	–	(10.6)
At 31 December 2022	**–**	**2.3**	**4.0**	**6.3**
Depreciation:				
At 1 January 2021	7.8	1.6	3.0	12.4
Provided during the year	0.5	0.1	0.2	0.8
Provision	2.0	–	–	2.0
At 31 December 2021	10.3	1.7	3.2	15.2
Provided during the year	0.2	0.1	0.2	0.5
Disposals	(10.5)	–	–	(10.5)
At 31 December 2022	**–**	**1.8**	**3.4**	**5.2**
Net book value at 31 December 2022	**–**	**0.5**	**0.6**	**1.1**
Net book value at 31 December 2021	0.3	0.6	0.5	1.4
Net book value at 31 December 2020	2.7	0.7	0.5	3.9

In the prior year as a result of challenging market conditions and lower than expected utilisation an impairment review was conducted which resulted in an impairment charge of £2.0m.

Disposals in the year related to a vessel, the Thames Fisher, which was sold yielding a £1.0m profit on sale, which is shown within cost of sales.

15. RIGHT-OF-USE ASSETS

Group	Vessels £m	Property £m	Plant and equipment £m	Total £m
Cost:				
At 1 January 2021	26.6	24.6	2.0	53.2
Additions	25.4	2.6	0.2	28.2
Disposals	–	(2.1)	(0.5)	(2.6)
Exchange differences	(0.1)	(0.3)	–	(0.4)
At 31 December 2021	51.9	24.8	1.7	78.4
Reclassifications	–	(3.0)	(0.1)	(3.1)
Additions	21.6	3.0	0.7	25.3
Disposals	–	(3.6)	(0.1)	(3.7)
Exchange differences	1.2	0.6	–	1.8
At 31 December 2022	**74.7**	**21.8**	**2.2**	**98.7**
Depreciation:				
At 1 January 2021 as reported	13.1	7.6	0.6	21.3
Provided during the year	8.4	4.4	0.4	13.2
Provision for impairment	4.2	–	–	4.2
Disposals	–	(1.5)	(0.5)	(2.0)
Exchange differences	–	(0.1)	–	(0.1)
At 31 December 2021	25.7	10.4	0.5	36.6
Provided during the year	7.6	4.6	0.4	12.6
Provision for impairment	–	0.4	–	0.4
Reclassifications	–	(1.2)	(0.1)	(1.3)
Disposals	–	(3.0)	(0.1)	(3.1)
Exchange differences	0.8	0.4	–	1.2
At 31 December 2022	**34.1**	**11.6**	**–**	**46.4**
Net book value at 31 December 2022	**40.6**	**10.2**	**1.5**	**52.3**
Net book value at 31 December 2021	26.2	14.4	1.2	41.8
Net book value at 31 December 2020	13.5	17.0	1.4	31.9

Additions during the year included a new vessel and renewal of leases within the Marine Support division.

During 2021, as a result of challenging market conditions and lower than expected utilisation an impairment review was conducted which resulted in an impairment charge to cost of sales of £4.2m for the vessels in the Marine Support division.

The Company had right-of-use assets in respect of leasehold property with a cost of £2.2m (2021: £2.2m), accumulated depreciation of £1.2m (2021: £0.9m). Depreciation charged in the year amounted to £0.3m (2021: £0.2m).

Reclassifications relate to the business classified as assets held for sale (see Note 20).

The income statement includes the following charges related to short-term and low value leases:

	2022 £m	2021 £m
Short-term leases	**0.2**	0.2
Low value leases	**–**	–
	0.2	0.2

At 31 December 2022 and 2021, there were no material cashflows which have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

Notes to the financial statements cont.

16. INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

Details of the Group's joint ventures and associated undertakings are set out on page 195.

	2022 £m	2021 £m
Investment in joint ventures	**6.2**	6.0
Loans to associate	**2.5**	2.0
	8.7	8.0

Loans to associate relate to First Response Marine and further information is set out in Note 32.

The Group's share of the assets, liabilities and trading results of joint ventures and associates, which are accounted for under the equity accounting method, are as follows:

	2022 £m	2021 £m
Current assets	**15.5**	9.8
Non-current assets	**16.8**	17.5
Current liabilities	**(4.6)**	(1.7)
Non-current liabilities	**(21.5)**	(19.6)
	6.2	6.0
Revenue	**13.0**	11.4
Cost of sales	**(10.1)**	(8.4)
Administrative expenses	**(1.3)**	(1.0)
Profit from operations	**1.6**	2.0
Net finance expense	**0.2**	0.3
Profit before tax	**1.8**	2.3
Tax	**(0.1)**	(0.3)
Profit after tax	**1.7**	2.0
Profit after tax:		
Continuing	**1.6**	1.9
Discontinued	**0.1**	0.1
	1.7	2.0
Segmental analysis of profit after tax:		
Marine Support	**1.1**	1.4
Specialist Technical	**0.6**	0.6
	1.7	2.0
Movement on investment in joint ventures:		
At 1 January	**6.0**	5.5
Provision against investments	**(0.5)**	–
Profit for the year	**1.7**	2.0
Dividends received	**(1.7)**	(1.6)
Share of fair value gains on cash flow hedges	**0.4**	0.3
Exchange adjustments	**0.3**	(0.2)
At 31 December	**6.2**	6.0

There are no capital commitments or contingent liabilities in respect of the Group's interests in joint ventures.

The provision in the year relates to an investment in the Specialist Technical division where the recoverable amount is below carrying value. The £0.5m charge has been recorded within administrative expenses.

17. FINANCIAL ASSETS

Group

Other investments

Other investments with a net book value of £1.4m (2021: £1.4m) in the Group and Company balance sheets are in unquoted entities, held at fair value and subject to annual impairment review. They comprise a 17.2% (2021: 17.2%) equity interest in ordinary shares in SEML De Co-operation Transmanche, an unlisted company incorporated in France, whose main activity is a port and ferry operator. In addition, the Group has a 50% interest in JFD Domeyer GmbH, a company incorporated in Germany which provides in-service support and aftermarket services to the local customer base.

	Subsidiary undertakings		
Company	**Shares £m**	**Loans £m**	**Total £m**
Cost:			
At 1 January 2021	137.1	409.5	546.6
Additions	3.2	–	3.2
Net movement on loans to subsidiaries	–	(22.6)	(22.6)
At 31 December 2021	140.3	386.9	527.2
Additions	0.2	–	0.2
Net movement on loans to subsidiaries	–	(3.2)	(3.2)
Utilisation of provision	–	(40.5)	(40.5)
At 31 December 2022	**140.5**	**343.2**	**483.7**
Amount provided:			
At 1 January and 31 December 2021	0.4	40.5	40.9
Provided in the year	25.7	1.1	26.8
Utilisation of provision	–	(40.5)	(40.5)
At 31 December 2022	**26.1**	**1.1**	**27.2**
Net book value at 31 December 2022	**114.4**	**342.1**	**456.5**
Net book value at 31 December 2021	139.9	346.4	486.3

Equity investments (shares)

Investments in subsidiaries comprise equity investments (shares) stated at cost. A provision is made if there are indicators that the carrying value may not be recoverable. For initial impairment assessment, the value of the investment is compared with the net assets of the entities invested in. If the net assets are lower than the investment value, the Company estimates recoverable amount using value in use calculations for the entity and its subsidiaries using cashflow projections taken from the budget for year one and most recent five-year strategic plans for years two to five which are approved by the Board. Cash flows beyond year five are projected into perpetuity using a long-term terminal growth rate in line with management's long-term expectations for the prevailing rates of inflation. The cash flows are discounted at a post-tax discount rate which is based on the Group's WACC. The impairment assessment for equity investments is performed under IAS 36.

Within the table above, the £25.7m provision charge comprises a £20.0m write down in the Nuclear business following designation as held for sale and remeasurement to fair value less costs to sell (see Note 5). The remaining £5.7m relates to the sale of the Strainstall business' UK operations (see Note 26). For the remaining overseas Strainstall businesses a value in use calculation has been performed with no further impairments considered necessary.

The key assumptions used in the value in use calculations are the same for the Goodwill CGUs, as detailed in Note 12. Where there is no goodwill associated with the underlying business, 5 year discounted cashflows have been calculated based on budgeted data for year one inflated for years 2 to 5 at a 10 year average historic inflation rate of 2.6%, a terminal value has also been calculated based on the year 5 year cashflows inflated by the 10 year average historic inflation.

As disclosed in Note 34, the Directors consider this to be a key area of estimation uncertainty. The value-in-use calculations were assessed for sensitivity to reasonably possible changes to assumptions. Sensitivities carried out across all CGU's were (1) increasing the discount rate by 2.0%; (2) increasing the discount rate by 2% and reducing operating profit by 10%; (3) reducing the terminal growth to zero; and (4) reducing operating profit by 25%.

All of the investment balances showed positive headroom in all of the scenarios.

The sensitivities identified that the headroom is most sensitive to changes in the operating profit, which would need to be decreased by an amount that is not considered a reasonably possible change given current market conditions and business performance.

Notes to the financial statements cont.

17. FINANCIAL ASSETS CONT.

Group cont.

Loans to subsidiary undertakings

Loans are advanced to subsidiaries as permitted in the Parent Company banking agreements. Each subsidiary loan has a formalised agreement with clearly defined terms and are interest bearing as determined by rates decided by Group Treasury which are reviewed quarterly.

Loans receivable from subsidiaries are recorded initially at amortised cost and reduced by an allowance for expected credit losses ("ECL") in accordance with IFRS 9. The assessment of credit risk and the estimation of ECL is probability-weighted and incorporates all reasonable and supportable information, including forward looking information, relevant to the assessment, including information about past events, current conditions and forecasts of economic conditions at the reporting date.

Management's definition of default is where the net assets or forecast cash flows at the effective interest rate (EIR) have nil headroom or less and therefore do not support the loan value.

For each immediate subsidiary subgroup loan an assessment has been made to determine what stage the loan is at. If the credit risk of the loan has not significantly increased and if the loan is not already in default then a 12 month ECL has been calculated and hence estimated the probability of an event occurring in the next 12 months that would give rise to default (stage 1). If the credit risk has significantly increased or the loan has already defaulted, an impairment at life-time ECL has been calculated.

A significant increase in credit risk (SICR) is considered to be where headroom <10% of loan or deterioration in operating profit over last 12 months without a recovery plan.

Base case discounted cashflows have been prepared for each immediate subsidiary subgroup with which the Company has a loan. The cashflows are discounted at the effective rate of interest (EIR) for the loans, include loans payable/receivable, including associated interest, to entities outside of the immediate subsidiary subgroup.

In preparing the cashflows it is assumed that where the immediate subsidiary subgroup or entity has loans receivable, if these are party to group support, these would be recoverable and therefore have been included in in the cashflows.

A number of probability weighted downsides have been prepared including reduction of underlying operating profits by 25%, increasing the EIR by 0.5% and reducing the terminal growth rate to 0 with appropriate probabilities assigned. Whilst some of these scenarios resulted in default, none of these scenarios resulted in a material ECL. Provision is made when the discounted cash flows results in a cash shortfall and there is no support expected to be received by the counterparty.

As a result of the work performed and based on the facts and circumstances described above an expected credit loss provision of £1.1m has been recognised.

A list of subsidiary undertakings is included on pages 192 to 195.

18. INVENTORIES

	Group	
	2022 £m	2021 £m
Work in progress	**10.1**	6.5
Raw materials and consumables	**11.2**	12.5
Finished goods	**28.5**	30.0
	49.8	49.0

Inventories are stated net of impairment provisions of £5.5m (2021: £6.9m). The cost of inventories recognised as an expense within cost of sales was £81.9m (2021: £72.7m).

There were no write down of inventories recorded as an expense in the year (2021: £1.0m). There was no reversal of any write downs in inventories in the year (2021: £nil).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 £m	2021 restated* £m	**2022 £m**	2021 £m
Trade receivables	**68.7**	64.3	**–**	–
Amounts owed by group undertakings	**–**	–	**3.6**	0.9
Amounts owed by joint venture undertakings	**1.5**	1.8	**–**	–
Other non-trade receivables	**18.2**	21.1	**17.2**	5.4
Contract assets	**45.7**	55.5	**–**	–
Prepayments	**14.1**	10.6	**1.4**	0.6
Current trade and other receivables	**148.2**	153.3	**22.2**	6.9

* See Note 1.

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Contract assets	**0.6**	–	**–**	–
Other non-trade receivables	**0.1**	4.1	**–**	–
Non-current other receivables	**0.7**	4.1	**–**	–

Contract assets (current) reduced from £55.5m to £45.7m due to £7.8m transferred to held for sale (see Note 5) and also due to projects completed during the year within the Specialist Technical and Marine Support divisions.

Prepayments includes £4.2m (2021: £6.1m) relating to new build vessel deposits in the Tankships division.

Non-current other non-trade receivables includes £2.9m in 2021 related to new build vessel deposits which is classified within current prepayments in 2022.

20. ASSETS AND LIABILITIES HELD FOR SALE

In June 2021, management agreed a plan to sell the Dive Support Vessel (DSV) known as the Swordfish within the Marine Support division. During January 2023, the vessel was sold for £18.4m being proceeds less selling costs. At 31 December, a £5.4m reversal of impairment loss has been recorded in cost of sales.

£16.3m assets and £16.3m liabilities relates to the Nuclear business in the Specialist Technical division which was classified as a discontinued operation, see Note 5 for details.

£1.5m assets relates to land and buildings for a business within the Specialist Technical division.

Notes to the financial statements cont.

21. TRADE AND OTHER PAYABLES

Current liabilities

	Group		Company	
	2022 £m	2021 restated* £m	**2022 £m**	2021 £m
Trade payables	**42.6**	45.0	**5.2**	4.4
Amounts owed to group undertakings	**–**	–	**12.4**	11.6
Amounts owed to joint venture undertakings	**0.2**	–	**–**	–
Taxation and social security	**4.9**	6.7	**0.9**	0.3
Other payables	**14.8**	10.4	**3.0**	3.2
Accruals	**51.4**	66.8	**5.7**	–
Deferred consideration	**–**	1.6	**–**	–
Contract liabilities	**8.5**	9.0	**–**	–
	122.4	139.5	**27.2**	19.5

* See Note 1.

Non-current liabilities

	2022 £m	2021 £m	**2022 £m**	2021 £m
Other payables	**0.5**	1.3	**–**	–

Revenue recognised in the year of £0.5m was included in the contract liabilities at 31 December 2021 (2021: £3.5m at 31 December 2020).

The reduction in the accruals to £51.4m was a consequence of a business classified as a discontinued operation and also timing of projects.

22. PROVISIONS

	Cost of material litigation £m	Warranty £m	Other £m	Group Total £m
At 1 January 2021	–	1.6	–	1.6
Provided during the year	2.0	–	–	2.0
Released to income statement	–	(0.5)	–	(0.5)
At 31 December 2021	2.0	1.1	–	3.1
Provided during the year	–	1.3	2.3	3.6
At 31 December 2022	**2.0**	**2.4**	**2.3**	**6.7**

Provisions in respect of warranties are based on management's assessment of the previous history of claims, expenses incurred and an estimate of future obligations on goods and services supplied where a warranty has been provided to the customer. 'Costs of material litigation' are those arising from the process of exiting a number of historic joint venture companies. The Company has applied the exemption in paragraph 92 of IAS 37 from disclosing further details relative to this matter. Further details have not been disclosed as this could be seriously prejudicial to the outcome. The timing of settlement is uncertain due to the legal process being outside of the Group's control and we do not expect the outcome to exceed the amount provided. Provisions due within one year were £5.3m (2021: £2.0m) and provisions due greater than one year were £1.4m (2021: £1.1m).

Within the Specialist Technical division, some international customers require defence contractors to comply with their industrial co-operation regulations, often referred to as offset requirements. The intention of offset requirements is to enhance the social and economic environment of the foreign country by requiring the contractor to promote investment in the country. The offset requirements can be satisfied through purchasing supplies and services from in-country vendors, providing financial support for in-country projects, establishment of joint ventures with local companies (direct investment) and establishing facilities for in-country operations. It can also involve technology and technical know-how transfer. In the event contractors fail to perform in accordance with offset requirements then penalties may arise unless a negotiated position can be reached with the respective authorities. Offset obligations are calculated based on regulations, normally a fixed percentage of the revenue contract value. Similarly, penalties are calculated on standard methodology, normally a fixed percentage of the unfulfilled offset obligation. Offset contractual compliance is monitored separately from the revenue contract counterparty.

The Group has entered into foreign offset agreements as part of securing some international business. As at 31 December 2022, a provision of £2.3m has been recognised in regard to offset agreement penalties. The liability is expected to be settled over the next 24 months.

23. RETIREMENT BENEFIT OBLIGATIONS

The Group and Company defined benefit pension scheme obligations relate to the James Fisher and Sons plc Pension Fund for Shore Staff (Shore staff), the Merchant Navy Officers Pension Fund (MNOPF) and the Merchant Navy Ratings Pension Fund (MNRPF) which are regulated under UK pension legislation. The financial statements incorporate the latest full actuarial valuations of the schemes which have been updated to 31 December 2022 by qualified actuaries using assumptions set out in the table below. These defined benefit schemes expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, by participating in certain multi-employer industry schemes, the Company can be exposed to a pro-rata share of the credit risk of other participating employers. There are no plans to withdraw from the MNOPF or MNRPF schemes in the foreseeable future. The Group's obligations in respect of its pension schemes at 31 December 2022 were as follows:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Shore staff	**5.5**	(1.0)	**5.5**	(1.0)
MNOPF	**(0.4)**	(0.9)	**(0.2)**	(0.4)
MNRPF	**–**	–	**–**	–
	5.1	(1.9)	**5.3**	(1.4)

Shore staff

The assets of this scheme are held in a separate trustee administered account and do not include any of the Group's assets. The scheme was closed to new members in October 2001 and closed to future accrual on 31 December 2010. The most recent actuarial valuation was as at 31 July 2019. It is valued every three years following which deficit contributions and the repayment period are subject to agreement between the Company and the Trustees. Funding arrangements are set out in the most recent triennial actuarial valuation report. Estimated contributions to the scheme in 2023 are £0.5m. The weighted average duration of the Shore staff scheme is 11 years.

The Shore staff plan assets and obligations have been updated to 31 December resulting in a surplus being recognised. A surplus, when calculated on an accounting basis, is recognised when the Group can realise the economic benefit at some point during the life of the plan or when the plan liabilities are all settled and there are no remaining beneficiaries. Based on a review of the plan's governing documentation, the Company has a right to a refund of surplus assuming the gradual settlement of the plan liabilities over time until all members have left. The Directors therefore take the view that it is appropriate to recognise the surplus. The recognition of the surplus is considered to be a judgement in line with IFRIC 14 (see Note 34).

MNOPF

The MNOPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. It is valued every three years and deficits have typically been funded over a ten year period. The most recent triennial actuarial valuation of the scheme was as at 31 March 2021 and no additional deficit funding was requested by the Trustees. Funding arrangements are set out in the most recent triennial actuarial valuation report. The respective share of the Group and Company in the net retirement benefit obligation of the MNOPF are 3.0% (2021: 3.0%) and 1.5% (2021: 1.5%) respectively. Disclosures relating to this scheme are based on these allocations which are reviewed and changes notified to the Company. Information supplied by the trustees of the MNOPF has been reviewed by the Company's actuaries. The principal assumption in the review is the discount rate on the scheme's liabilities which was 4.80% (2021: 1.85%). The disclosures below relate to the Group's share of the assets and liabilities within the MNOPF. Estimated contributions to this scheme in 2023 are £0.4m which is represented by the deficit in the table above. The Company does not have an unconditional right to a refund of a scheme surplus. The weighted average duration of the MNOPF scheme is 10 years.

MNRPF

The MNRPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. The most recent actuarial valuation of the MNRPF was at 31 March 2020. A valuation will be performed during 2023 and a schedule of contributions agreed. Information supplied by the trustees of the MNRPF has been reviewed by the Company's actuaries. The share of the Group and the Company in the net retirement benefit obligation of the MNRPF are 2.19% and 0.79% respectively. These allocations are reviewed and changes notified to the Company. The principal assumption in the MNRPF valuation is the discount rate on the schemes liabilities which was 4.80% (2021: 1.85%). Estimated contributions to this scheme are £nil in 2023. The Company does not have an unconditional right to a refund of a scheme surplus. The weighted average duration of the MNRPF scheme is 12 years.

In 2018, the Trustees became aware of historic legal uncertainties relating to changes to ill-health early retirement benefits payable from the MNRPF.

In order to resolve the issue the Trustee sought directions from the Court, and in February 2022, the High Court approved a settlement in principle. During the year, a £1.5m past service cost has been recognised within administrative expenses relating to the Group's share of additional liabilities which have been estimated to date.

New issues were identified in 2021 in relation to the Fund's administrative and benefit practices as part of the benefit review carried out by the Fund's lawyers. The Trustee is undertaking further investigations and the potential quantum of these issues at the moment is uncertain.

Notes to the financial statements cont.

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

Actuarial assumptions

The schemes' assets are stated at their market values on the respective balance sheet dates. The overall expected rates of return on assets reflect the risk free rate of return plus an appropriate risk premium based on the nature of the relevant asset category. The principal assumptions used in updating the latest valuations for each of the schemes were:

	2022	2021
Inflation (%)	**3.15**	3.40
Rate of increase of pensions in payment – Shore staff (%)	**3.05**	3.25
Discount rate for scheme liabilities (%)	**4.80**	1.85
Expected rates of return on assets (%)	**4.80**	1.85
Post-retirement mortality: (years)		
Shore staff scheme		
Current pensioner at 65 male	**21.9**	21.8
Current pensioner at 65 female	**23.5**	23.4
Future pensioner at 65 male	**23.3**	23.3
Future pensioner at 65 female	**25.1**	25.1

The post-retirement mortality assumptions allow for the expected increase in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to a member who is currently 45 years old.

The key sensitivities on the major schemes may be summarised as follows:

Key measure	**Change in assumption**	**Change in deficit**
Shore staff scheme		
Discount rate	Increase of 0.5%	Decrease by 4.8%
Rate of inflation	Increase by 0.5%	Increase by 3.9%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 3.5%
MNOPF		
Discount rate	Increase of 0.5%	Decrease by 4.5%
Rate of inflation	Increase by 0.5%	Increase by 2.2%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 3.1%
MNRPF		
Discount rate	Increase of 0.5%	Decrease by 5.4%
Rate of inflation	Increase by 0.5%	Increase by 2.0%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 2.1%

In determining the discount rate, assumptions have been made in relation to corporate bond yields and the expected term of liabilities. As noted above, a change in discount rate applied has a significant impact on the value of liabilities.

(a) The assets and liabilities of the schemes at 31 December are:

	Group				**Company**			
At 31 December 2022	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
Fair value of scheme assets*	**52.3**	**65.9**	**20.2**	**138.4**	**52.3**	**33.0**	**7.2**	**92.5**
Present value of scheme liabilities	**(46.8)**	**(61.1)**	**(18.3)**	**(126.2)**	**(46.8)**	**(30.6)**	**(6.6)**	**(84.0)**
Effect of asset ceiling	**–**	**(5.2)**	**(1.9)**	**(7.1)**	**–**	**(2.6)**	**(0.6)**	**(3.2)**
Net pension surplus/(liabilities)	**5.5**	**(0.4)**	**–**	**5.1**	**5.5**	**(0.2)**	**–**	**5.3**

	Group				Company			
At 31 December 2021	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
Fair value of scheme assets*	65.8	97.2	29.0	192.0	65.8	48.6	10.4	124.8
Present value of scheme liabilities	(66.8)	(87.5)	(26.1)	(180.4)	(66.8)	(43.8)	(9.4)	(120.0)
Effect of asset ceiling	–	(10.6)	(2.9)	(13.5)	–	(5.2)	(1.0)	(6.2)
Net pension liabilities	(1.0)	(0.9)	–	(1.9)	(1.0)	(0.4)	–	(1.4)

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(a) The assets and liabilities of the schemes at 31 December are cont.

* The Shore staff scheme includes the following asset categories:

	2022 £m	2021 £m
Investment funds: Diversified alternatives (unquoted)	**18.7**	24.3
Investment funds: Liability driven investments (2022: quoted, 2021: unquoted)	**12.6**	11.0
Investment funds: Absolute return bonds (unquoted)	**12.8**	12.9
Investment funds: Asset backed securities (2022: quoted, 2021: unquoted)	**0.3**	14.6
Investment funds: other (unquoted)	**4.9**	2.0
Cash or liquid assets	**3.0**	1.0
	52.3	65.8

The value of the Shore staff assets is determined by fund managers using principles of fair valuation as determined appropriate given the nature of the investment. During the year, the funds held in asset backed securities were re-allocated to liability driven investments and the total asset reduction is due to the decrease in market values of the assets.

For the MNRPF and MNOPF schemes, the value of the assets are projected by our corporate actuary using the generic accounting report as on 31 March 2022 and is projected in line with market movement. The MNOPF and MNRPF schemes do not provide employer/participant specific asset details and do not provide details of assets as at year ends, therefore, the bifurcation of assets for these schemes at 31 December 2022 has not been presented.

The MNRPF and MNOPF contributions paid by the Group are not refundable in any circumstances and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the Group's assumptions. Other investments in the Shore staff scheme comprise diversified growth funds, liability driven investments, absolute return and private market funds.

(b) Expense recognised in the income statement

	Group				Company			
At 31 December 2022	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
Past service cost	–	–	1.5	1.5	–	–	0.6	0.6
Expenses	0.1	0.2	0.3	0.6	0.1	0.1	0.1	0.3
Interest cost on benefit obligation	1.2	1.6	0.4	3.2	1.2	0.8	0.2	2.2
Return on scheme assets	(1.2)	(1.8)	(0.5)	(3.5)	(1.2)	(0.9)	(0.2)	(2.3)
Interest cost on the asset ceiling	–	0.2	0.1	0.3	–	0.1	–	0.1
	0.1	0.2	1.8	2.1	0.1	0.1	0.7	0.9
At 31 December 2021								
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost on benefit obligation	0.9	1.3	0.4	2.6	0.9	0.6	0.1	1.6
Return on scheme assets	(0.8)	(1.3)	(0.4)	(2.5)	(0.8)	(0.6)	(0.1)	(1.5)
	0.2	–	–	0.2	0.2	–	–	0.2

The actual return on the Shore staff plan assets is a loss of £11.9m (2021: gain of £4.2m).

Notes to the financial statements cont.

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(c) Movements in the net defined benefit liability

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2022	**1.0**	**0.9**	**–**	**1.9**	**1.0**	**0.4**	**–**	**1.4**
Expense recognised in the income statement	**0.1**	**0.2**	**1.9**	**2.2**	**0.1**	**0.1**	**0.7**	**0.9**
Contributions paid to scheme	**(1.6)**	**(0.5)**	**–**	**(2.1)**	**(1.6)**	**(0.2)**	**–**	**(1.8)**
Remeasurement gains and losses	**(5.0)**	**(0.2)**	**(1.9)**	**(7.1)**	**(5.0)**	**(0.1)**	**(0.7)**	**(5.8)**
At 31 December 2022	**(5.5)**	**0.4**	**–**	**(5.1)**	**(5.5)**	**0.2**	**–**	**(5.3)**
At 1 January 2021	8.8	1.3	0.2	10.3	8.8	0.6	0.1	9.5
Expense recognised in the income statement	0.2	–	–	0.2	0.2	–	–	0.2
Contributions paid to scheme	(1.6)	(0.5)	(0.2)	(2.3)	(1.6)	(0.2)	(0.1)	(1.9)
Remeasurement gains and losses	(6.4)	0.1	–	(6.3)	(6.4)	–	–	(6.4)
At 31 December 2021	1.0	0.9	–	1.9	1.0	0.4	–	1.4

(d) Changes in the present value of the defined benefit obligation are analysed as follows:

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2022	**66.8**	**98.1**	**29.0**	**193.9**	**66.8**	**49.0**	**10.4**	**126.2**
Asset ceiling adjustment*	**–**	**(10.6)**	**(2.9)**	**(13.5)**	**–**	**(5.2)**	**(1.0)**	**(6.2)**
	66.8	**87.5**	**26.1**	**180.4**	**66.8**	**43.8**	**9.4**	**120.0**
Past service cost	**–**	**–**	**1.5**	**1.5**	**–**	**–**	**0.6**	**0.6**
Interest cost	**1.2**	**1.6**	**0.4**	**3.2**	**1.2**	**0.8**	**0.2**	**2.2**
Remeasurement loss/(gain):								
Actuarial loss arising from scheme experience	**1.3**	**2.7**	**1.1**	**5.1**	**1.3**	**1.3**	**0.4**	**3.0**
Actuarial (gain)/loss arising from changes in demographic assumptions	**0.1**	**(1.4)**	**(0.1)**	**(1.4)**	**0.1**	**(0.7)**	**(0.1)**	**(0.7)**
Actuarial gain arising from changes in financial assumptions	**(19.5)**	**(24.6)**	**(9.0)**	**(53.1)**	**(19.5)**	**(12.3)**	**(3.3)**	**(35.1)**
Net benefits paid out	**(3.1)**	**(4.7)**	**(1.7)**	**(9.5)**	**(3.1)**	**(2.3)**	**(0.6)**	**(6.0)**
At 31 December 2022	**46.8**	**61.1**	**18.3**	**126.2**	**46.8**	**30.6**	**6.6**	**84.0**
At 1 January 2021	71.7	100.5	31.1	203.3	71.7	50.3	10.7	132.7
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost	0.9	1.3	0.4	2.6	0.9	0.6	0.1	1.6
Remeasurement (gain)/loss:								
Actuarial gain arising from scheme experience	–	(3.2)	(2.3)	(5.5)	–	(1.7)	(0.4)	(2.1)
Actuarial gain arising from changes in demographic assumptions	(0.1)	–	–	(0.1)	(0.1)	–	–	(0.1)
Actuarial gain arising from changes in financial assumptions	(2.6)	–	–	(2.6)	(2.6)	–	–	(2.6)
Net benefits paid out	(3.2)	(0.5)	(0.2)	(3.9)	(3.2)	(0.2)	–	(3.4)
At 31 December 2021	66.8	98.1	29.0	193.9	66.8	49.0	10.4	126.2

* Adjusted to separate the asset ceiling – see (e) below.

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(e) Changes in the effect of the asset ceiling are analysed as follows:

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
As at 1 January 2022	–	(10.6)	(2.9)	(13.5)	–	(5.2)	(1.0)	(6.2)
Interest	–	(0.2)	(0.1)	(0.3)	–	(0.1)	–	(0.1)
Change in adjustment in excess of interest	–	5.6	1.1	6.7	–	2.7	0.4	3.1
As at 31 December 2022	**–**	**(5.2)**	**(1.9)**	**(7.1)**	**–**	**(2.6)**	**(0.6)**	**(3.2)**

(f) Changes in the fair value of the plan assets are analysed as follows:

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2022	65.8	97.2	29.0	192.0	65.8	48.6	10.4	124.8
Expenses	(0.1)	(0.2)	(0.3)	(0.6)	(0.1)	(0.1)	(0.1)	(0.3)
Return on scheme assets recorded in interest	1.2	1.8	0.5	3.5	1.2	0.9	0.1	2.2
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	(13.1)	(28.7)	(7.3)	(49.1)	(13.1)	(14.3)	(2.7)	(30.1)
Contributions by employer	1.6	0.5	–	2.1	1.6	0.2	–	1.8
Net benefits paid out	(3.1)	(4.7)	(1.7)	(9.5)	(3.1)	(2.3)	(0.5)	(5.9)
At 31 December 2022	**52.3**	**65.9**	**20.2**	**138.4**	**52.3**	**33.0**	**7.2**	**92.5**
At 1 January 2021	62.9	99.2	30.9	193.0	62.9	49.7	10.6	123.2
Return on scheme assets recorded in interest	0.8	1.3	0.4	2.5	0.8	0.6	0.1	1.5
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	3.7	(3.3)	(2.3)	(1.9)	3.7	(1.7)	(0.4)	1.6
Contributions by employer	1.6	0.5	0.2	2.3	1.6	0.2	0.1	1.9
Net benefits paid out	(3.2)	(0.5)	(0.2)	(3.9)	(3.2)	(0.2)	–	(3.4)
At 31 December 2021	65.8	97.2	29.0	192.0	65.8	48.6	10.4	124.8

(g) History of experience gains and losses

Shore staff	**2022 £m**	2021 £m	2020 £m	2019 £m	2018 £m
Fair value of scheme assets	**52.3**	65.8	62.9	58.9	53.3
Defined benefit obligation	**(46.8)**	(66.8)	(71.7)	(59.3)	(57.9)
Surplus/(deficit) in scheme	**5.5**	(1.0)	(8.8)	(0.4)	(4.6)
Remeasurement gain/(loss):					
Return on plan assets excluding interest income	**(13.1)**	3.7	5.7	6.5	(1.7)
Remeasurement (loss)/gain on scheme liabilities	**(18.1)**	(2.7)	14.7	2.2	(0.3)

MNOPF Group	**2022 £m**	2021 £m	2020 £m	2019 £m	2018 £m
Fair value of scheme assets	**65.9**	97.2	99.2	103.8	103.7
Defined benefit obligation	**(61.1)**	(98.1)	(100.5)	(107.2)	(108.8)
Asset ceiling	**(5.2)**	–	–	–	–
Deficit in scheme	**(0.4)**	(0.9)	(1.3)	(3.4)	(5.1)

Notes to the financial statements cont.

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(g) History of experience gains and losses cont.

MNOPF **Company**	**2022** **£m**	2021 £m	2020 £m	2019 £m	2018 £m
Fair value of scheme assets	**33.0**	48.6	49.7	52.0	52.5
Defined benefit obligation	**(30.6)**	(49.0)	(50.3)	(54.2)	(56.1)
Asset ceiling	**(2.6)**	–	–	–	–
Deficit in scheme	**(0.2)**	(0.4)	(0.6)	(2.2)	(3.6)

MNRPF **Group**	**2022** **£m**	2021 £m	2020 £m	2019 £m	2018 £m
Fair value of scheme assets	**20.2**	29.0	30.9	28.7	24.9
Defined benefit obligation	**(18.3)**	(29.0)	(31.1)	(30.7)	(31.3)
Asset ceiling	**(1.9)**	–	–	–	–
Deficit in scheme	**–**	–	(0.2)	(2.0)	(6.4)

MNRPF **Company**	**2022** **£m**	2021 £m	2020 £m	2019 £m	2018 £m
Fair value of scheme assets	**7.2**	10.4	10.6	9.6	8.6
Defined benefit obligation	**(6.6)**	(10.4)	(10.7)	(10.4)	(10.9)
Asset ceiling	**(0.6)**	–	–	–	–
Deficit in scheme	**–**	–	(0.1)	(0.8)	(2.3)

The cumulative amount of actuarial gains and losses relating to all schemes recognised since 1 January 2004 in the Group and Company statement of comprehensive income is a loss of £45.1m (2021: £52.2m).

(h) Defined contribution schemes

The Group operates a number of defined contribution schemes. The pension charge for the year for these arrangements is equal to the contributions paid and was £5.0m (2021: £4.7m).

During the year the Company contributed £0.5m (2021: £0.5m) into defined contribution schemes.

24. SHARE-BASED PAYMENTS

The Group operates a Long-Term Incentive Plan (LTIP) in respect of Executive Directors and certain senior employees and details are set out in the Director's remuneration report on pages 94 to 110. It also operates a Sharesave scheme (Sharesave) for eligible employees which is HM Revenue and Customs approved.

The Group recognised an expense in respect of equity-settled share-based payments of £0.5m (2021: £0.3m), Company £0.5m (2021: £0.3m) during the year.

The weighted average exercise prices (WAEP) and movements in share options during the year are as follows:

	Sharesave scheme				**LTIP awards**	
Group	**2022** **Number**	**WAEP**	2021 Number	WAEP	**2022** **Number**	2021 Number
Outstanding at 1 January	**284,653**	**£10.67**	449,898	£9.86	**386,413**	309,021
Granted during the year	**640,834**	**£3.24**	70,868	£11.06	**1,242,218**	193,115
Forfeited during the year	**(247,836)**	**£8.57**	(138,703)	£11.91	**(244,807)**	(115,723)
Exercised	**–**	**£0.00**	(97,410)	£5.44	**–**	–
Outstanding at 31 December	**677,651**	**£4.41**	284,653	£10.67	**1,383,824**	386,413
Exercisable at 31 December	**12,154**	**£14.09**	44,428	£8.19	**–**	–

24. SHARE-BASED PAYMENTS CONT.

Sharesave scheme

All employees, subject to the discretion of the Remuneration Committee, may apply for share options under an employee save as you earn plan which may from time to time be offered by the Company. An individual's participation is limited so that the aggregate price payable for shares under option at any time does not exceed the statutory limit. Options granted under the plans will normally be exercisable if the employee remains in employment and any other conditions set by the Remuneration Committee have been satisfied. Options are normally exercisable at the end of the related savings contract but early exercise is permitted in certain limited circumstances. The performance period will not normally be less than three and a half years or greater than seven and a half years. Awards were made of 640,834 options under this scheme on 11 April 2022.

No options were exercised in 2022 or 2021. For the sharesave options outstanding at 31 December 2022, the weighted average remaining contractual life is 2 years and 10 months (2021: 2 year and 6 months). The weighted average fair value of options granted during the year was £1.25 (2021: £2.95). The range of exercise prices for options outstanding at the end of the year was £3.24 – £20.98 (2021: £10.22 – £20.98). The fair value of share-based payments has been estimated using the Black-Scholes model for the Sharesave.

LTIP awards scheme

LTIP awards are granted in the form of a conditional share award to certain employees. Vesting requirements for this scheme are set out within the Directors' remuneration report on page 104. The 2022 LTIP awards have been granted over 926,337 ordinary shares of 25p each.

A 'reset share award' was made in May 2022 to certain employees as part of the Company's reset, reinforce and realise strategy. A restricted share award (structured as a conditional award of shares) has been granted over 180,365 (2021: nil) ordinary shares of 25p each.

As described in the Directors remuneration report on pages 104 and 105, a restricted share award (structured as a conditional award of shares) over 135,516 ordinary shares of 25p each was granted to Mr Vernet (CEO) on 13 September 2022.

No options were exercised in 2022 or 2021. For LTIP awards the weighted average remaining contractual life is 2 years and nil months (2021: 1 year and 9 months). The weighted average fair value of options granted during the year was £3.32 (2021: £9.27). The fair value of share-based payments has been estimated using the Black-Scholes model for the earnings per share element of the LTIP. The fair value of share-based payments relating to the total shareholder return element of the LTIP has been estimated using the Monte Carlo model.

	Sharesave scheme				LTIP awards	
Company	**2022 Number**	**WAEP**	2021 Number	WAEP	**2022 Number**	2021 Number
Outstanding at 1 January	**66,100**	**£9.15**	166,276	£7.03	**246,450**	196,441
Granted during the year	**55,811**	**£3.24**	5,952	£11.06	**590,599**	121,253
Forfeited during the year	**(49,013)**	**£7.57**	(8,718)	£11.49	**(192,223)**	(71,244)
Exercised	**–**	**£0.00**	(97,410)	£5.44	**–**	–
Outstanding at 31 December	**72,898**	**£5.55**	66,100	£9.15	**644,826**	246,450
Exercisable at 31 December	**12,154**	**£14.09**	44,428	£8.19	**–**	–

Sharesave scheme

In 2021, the weighted average share price at the date of exercise for the Sharesave options was £11.25, no options were exercised in 2022. For the share options outstanding at 31 December 2022, the weighted average remaining contractual life is 2 year and 10 months (2021: 2 year and 6 months). The weighted average fair value of options granted during the year was £1.24 (2021: £2.92). The range of exercise prices for options outstanding at the end of the year was £3.24 – £20.98 (2021: £10.22 – £20.98). The fair value of share-based payments has been estimated using the Black-Scholes model for the Sharesave.

LTIP scheme

No options were exercised in 2022 or 2021. For LTIP awards the weighted average remaining contractual life is 1 year and 9 months (2021: 1 year and 8 months). The weighted average fair value of options granted during the year was £3.27 (2021: £8.99). The fair value of share-based payments has been estimated using the Black-Scholes model for the earnings per share element of the LTIP. The fair value of share-based payments relating to the total shareholder return element of the LTIP has been estimated using the Monte Carlo model.

The inputs to the models used to determine the valuations fell within the following ranges:

	2022	2021
Dividend yield (%)	**1.6%**	1.6%
Expected life of option (years)	**3 – 7**	3 – 7
Share price at date of grant	**£3.72 – £3.80**	£10.74 – £11.04
Expected share price volatility (%)	**40.0%**	40.0%
Risk-free interest rate (%)	**1.60% – 1.76%**	0.14% – 0.39%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price.

Notes to the financial statements cont.

25. BUSINESS COMBINATIONS

Year ended 31 December 2022

On 1 March, James Fisher Subtech Group Limited paid £0.2m to buy back shares in Subtech Offshore Services Nigeria Ltd (SOSN) in Marine Support, from a third party. The Group previously consolidated SOSN as a subsidiary in accordance with IFRS 10, following the transaction the accounting treatment remained unchanged and the impact of the change in ownership interest is recorded within equity (see Consolidated statement of changes in equity).

On 22 August, James Fisher Servicos Empresariais Ltda paid £1.3m to acquire an additional 30% shares in Servicos Maritimos Continental S.A (Continental) in Marine Support, thereby increasing its ownership to 90%. The Group previously consolidated Continental as a subsidiary in accordance with IFRS 10, following the transaction the accounting treatment remained unchanged and the impact of the change in ownership interest is recorded within equity (see Consolidated statement of changes in equity).

Year ended 31 December 2021

On 2 June, the Group purchased Subsea Engenuity Ltd for a consideration of up to £0.7m. £0.4m was paid on completion with a further £0.3m of deferred consideration. Subsea Engenuity's innovative technology significantly reduces risk in well abandonment operations and is expected to be launched commercially in 2022. The acquired assets includes £0.7m intangible assets.

On 7 July, JF Overseas Ltd purchased an additional 51% shares in James Fisher Nigeria Ltd, thereby increasing its ownership to 100%. This transaction did not result in a change of control and is recorded within equity.

26. DISPOSAL OF BUSINESSES

Year ended 31 December 2022

On 19 December 2022, the Group disposed of its 100% shareholding in Strainstall UK Ltd from its Marine Support division to BES Group for £9.4m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	**9.4**
less net assets disposed:	
Goodwill	**(3.0)**
Property, plant and equipment	**(0.2)**
Right-of-use assets	**(0.3)**
Inventories	**(2.4)**
Trade and other receivables	**(2.9)**
Cash and cash equivalents	**(0.6)**
Trade and other payables	**1.5**
Lease liabilities	**0.4**
Net assets disposed	**(7.5)**
Costs in relation to businesses sold	**(0.9)**
Gain on disposal	**1.0**
Cash flow from the disposal of businesses	
Cash received	**9.4**
Cash and cash equivalents disposed	**(0.6)**
Costs in relation to businesses sold	**(0.9)**
	7.9

26. DISPOSAL OF BUSINESSES CONT.

Year ended 31 December 2022 cont.

On 19 December 2022, the Group disposed of its 100% shareholding in Prolec Ltd from its Marine Support division to Kinshofer GmbH, part of Lifco AB for £4.9m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	4.9
Less net assets disposed:	
Goodwill	(1.0)
Other intangible assets	(0.1)
Inventories	(1.1)
Trade and other receivables	(1.2)
Cash and cash equivalents	(0.5)
Trade and other payables	0.9
Net assets disposed	(3.0)
Costs in relation to businesses sold	(0.4)
Gain on disposal	1.5
Cash flow from the disposal of businesses	
Cash received	4.9
Cash and cash equivalents disposed	(0.5)
Costs in relation to businesses sold	(0.4)
	4.0

On 19 December 2022, the Group disposed of its 100% shareholding in James Fisher Mimic Ltd from its Marine Support division to BES Group for £4.2m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	4.2
Less net assets disposed:	
Goodwill	(3.0)
Other intangible assets	(0.1)
Trade and other receivables	(0.7)
Cash and cash equivalents	(0.5)
Trade and other payables	0.6
Net assets disposed	(3.7)
Costs in relation to businesses sold	(0.5)
Gain on disposal	–
Cash flow from the disposal of businesses	
Cash received	4.2
Cash and cash equivalents disposed	(0.5)
Costs in relation to businesses sold	(0.5)
	3.2

The total gains on disposal of £2.5m are included within administrative expenses. The above disposals do not meet the IFRS 5 criteria for discontinued operations.

Notes to the financial statements cont.

26. DISPOSAL OF BUSINESSES CONT.

Year ended 31 December 2021

On 2 November 2021, the Group disposed of its 100% shareholding in James Fisher Testing Services Ltd from its Marine Support division to Phenna Group for £5.7m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	5.7
less net assets disposed:	
Goodwill	(3.9)
Property, plant and equipment	(0.2)
Right-of-use assets	(0.2)
Trade and other receivables	(1.1)
Cash and cash equivalents	(0.2)
Trade and other payables	0.5
Lease liabilities	0.2
Net assets disposed	(4.9)
Costs in relation to businesses sold	(0.3)
Gain on disposal	0.5

Cash flow from the disposal of businesses	
Cash received	5.7
Cash and cash equivalents disposed	(0.2)
Costs in relation to businesses sold	(0.3)
	5.2

On 31 December 2021, the Group disposed of its 100% shareholding in James Fisher NDT Ltd from its Marine Support division to Irisndt Ltd for £1.2m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	1.2
less net assets disposed:	
Property, plant and equipment	(1.0)
Right-of-use assets	(0.6)
Trade and other receivables	(1.2)
Cash and cash equivalents	(0.1)
Trade and other payables	0.5
Lease liabilities	0.7
Net assets disposed	(1.7)
Costs in relation to businesses sold	(0.2)
Loss on disposal	(0.7)

Cash flow from the disposal of businesses	
Cash received	1.2
Cash and cash equivalents disposed	(0.1)
Costs in relation to businesses sold	(0.2)
	0.9

On 16 November 2021, Subtech Group Holdings Pty Ltd sold 51% of its 100% shareholding in Subtech South Africa Pty to Thembani Shipping Pty Ltd (21%) and Tacenda Consulting Pty Ltd (30%). Cash proceeds were £0.2m and costs of disposal were £0.1m.

27. LOANS AND BORROWINGS

Current liabilities

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Overdrafts	**30.8**	33.5	**8.7**	20.3
Bank loans	**36.6**	0.1	**36.6**	–
Lease liabilities	**13.2**	9.9	**0.2**	0.2
	80.6	43.5	**45.5**	20.5

Non-current liabilities

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Bank loans	**121.8**	173.9	**121.8**	173.9
Lease liabilities	**39.7**	36.1	**1.3**	1.4
	161.5	210.0	**123.1**	175.3

Bank loans

Loans analysed by currency are repayable as follows:

At 31 December 2022

	Group		Company	
Currency	**GBP**	**BRL**	**Total**	**GBP**
Due within one year	**67.4**	**–**	**67.4**	**45.3**
Due between one and two years	**121.8**	**–**	**121.8**	**121.8**
	189.2	**–**	**189.2**	**167.1**

At 31 December 2021

	Group		Company	
Currency	GBP	BRL	Total	GBP
Due within one year	33.5	0.1	33.6	20.3
Due between one and two years	39.0	–	39.0	39.0
Due between two and five years	134.9	–	134.9	134.9
	207.4	0.1	207.5	194.2

The interest rates charged during the year ranged from 2.2% to 5.5% (2021: 1.7% to 2.3%). There were no loans secured against the assets of the Group or Company in the current or prior period.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Cash at bank and in hand	**53.6**	68.0	**0.4**	11.7
Overdrafts	**(30.8)**	(33.5)	**(8.7)**	(20.3)
	22.8	34.5	**(8.3)**	(8.6)

Notes to the financial statements cont.

28. RECONCILIATION OF NET BORROWINGS

Net debt comprises interest bearing loans and borrowings less cash and cash equivalents.

	31 December 2021 £m	Cash flow £m	Other non cash** £m	Transfers £m	Exchange movement £m	31 December 2022 £m
Cash and cash equivalents*	34.5	(11.4)	–	(2.8)	2.5	22.8
Cash – classified within Assets held for sale	–	–	–	2.8	–	2.8
Debt due within one year	(0.1)	–	–	(36.5)	–	(36.6)
Debt due after one year	(174.0)	16.6	(1.0)	36.5	–	(121.9)
	(174.1)	16.6	(1.0)	–	–	(158.5)
Lease liabilities	(46.0)	14.5	(17.8)	–	(3.6)	(52.9)
Net borrowings	(185.6)	19.7	(18.8)	–	(1.1)	(185.8)

	31 December 2020 £m	Cash flow £m	Other non cash** £m	Transfers £m	Exchange movement £m	31 December 2021 £m
Cash and cash equivalents*	13.5	20.9	–	–	0.1	34.5
Debt due within one year	(0.2)	0.1	–	–	–	(0.1)
Debt due after one year	(178.9)	5.8	(0.9)	–	–	(174.0)
	(179.1)	5.9	(0.9)	–	–	(174.1)
Lease liabilities	(32.5)	13.7	(27.0)	–	(0.2)	(46.0)
Net borrowings	(198.1)	40.5	(27.9)	–	(0.1)	(185.6)

* As defined in Note 27.
** Other non cash includes lease additions and finance expense related to the unwind of discount on right-of-use lease liability.

Transfers includes £2.8m cash and cash equivalents related to a discontinued operation (see Note 5).

29. FINANCIAL INSTRUMENTS

Capital management

The primary objective of the Group's capital management policy is to maintain a strong credit rating and covenant ratios in order to be able to support the continued growth of its trading businesses and to increase shareholder value. The Group meets its day-to-day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. At 31 December 2022, the Group had £88.0m (2021: £111.5m) of undrawn committed facilities.

The Group is required under the terms of its loan agreements to maintain covenant ratios in respect of net debt to EBITDA and net interest costs to underlying earnings before interest. The Group met its covenant ratios for the year ended 31 December 2022. The Directors have prepared forecasts of the cash flows for the subsequent 18-month period which indicate that, taking into account the factors noted above, the Group will meet its covenant requirements for this period. The total amount that it is able to borrow under existing revolving credit facilities was reduced to a maximum of £247.5m (2021: £287.5m).

The Group manages its capital structure so as to maintain investor, supplier and market confidence and to provide returns to shareholders that will support the future development of the business. The Group's dividend policy is based on the expected growth in sustainable income streams after making provision for the retention of capital to invest in growth and acquisitions. In evaluating growth investment opportunities the Group applies a hurdle rate of a 15% pre-tax return on capital invested.

Capital efficiency is monitored by reference to Return on Capital Employed (Underlying ROCE – see Note 2.4).

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. These arise principally from the Group's receivables from customers and from cash balances held with financial institutions. The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which each customer operates. The Group has a number of large customers including Government agencies in the UK and overseas, major oil companies and other multinational corporations. The ten largest customers of the Group accounted for approximately 41% of Group revenue (2021: 22%). No customer accounted for more than 10% (2021: 5%) of Group revenue. New customers are subject to creditworthiness checks and credit limits are subject to approval by senior management. Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim.

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Receivables	**127.2**	147.3	**13.9**	6.1
Cash at bank and in hand	**53.6**	68.0	**0.4**	11.7
Interest rate swaps used for hedging:				
Assets	**3.8**	0.1	**3.8**	0.1
Forward exchange contracts used for hedging:				
Assets	**3.1**	0.1	**3.1**	0.1
	187.7	215.5	**21.2**	18.0

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. At 31 December the value of trade debtors outstanding was:

	Group			
	2022 gross £m	**Allowance £m**	2021 gross £m	Allowance £m
Not past due	**37.3**	**–**	40.6	–
Past due	**43.2**	**(11.8)**	42.4	(19.0)
	80.5	**(11.8)**	83.0	(19.0)

Gross trade receivables are analysed:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Not yet due	**37.3**	40.6	**–**	–
Overdue 1 to 30 days	**17.7**	12.5	**–**	–
Overdue 31 to 60 days	**3.7**	5.8	**–**	–
Overdue 61 to 90 days	**2.5**	2.2	**–**	–
Overdue 91 to 180 days	**5.8**	4.3	**–**	–
Overdue more than 180 days	**13.5**	17.6	**–**	–
	80.5	83.0	**–**	–

The movement in the provision for impairment of trade receivables is as follows:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Balance at 1 January	**19.0**	19.5	**–**	–
On disposal of subsidiaries	**(0.2)**	–	**–**	–
Provided in the year	**(0.3)**	7.3	**–**	–
Written off	**(8.4)**	(7.8)	**–**	–
Exchange differences	**1.7**	–	**–**	–
	11.8	19.0	**–**	–

Notes to the financial statements cont.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(a) Credit risk cont.

The Group considers that the trade receivables that have not been provided against and are past due by more than 30 days are collectable based on historic payment behaviour and extensive analysis of underlying customers' credit ratings. Based on historic default rates, used to inform our view of future expected credit losses, the Group believes that apart from the amounts included in the table above, no impairment allowance is necessary in respect of trade receivables. For debts overdue by more than 180 days and where the evidence suggests non-recoverability, the Company makes provision for impairment as the ECL is considered to be 100%.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime expected credit losses (ECL) based on the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information (both qualitative and quantitative) that is relevant and available without undue cost or effort. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days overdue.

For contract assets, in the event of a contract issue, specific provision is made where appropriate.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash resources and borrowings to ensure that it will have sufficient liquidity to meet its liabilities as they fall due but in a manner designed to maximise the benefit of those resources whilst ensuring the security of investment resources. The Group forecasts the profile of its cash requirements on a monthly basis and ensures that sufficient facilities are available to meet peak requirements which occur at predictable times in the year. The Group manages the maturity profile of its borrowings by maintaining a regular dialogue with its lenders and ensuring that it commences the renegotiation of facilities sufficiently early to allow a comprehensive review of its requirements before completion.

The Group's revolving credit facilities extend over several accounting periods and fall due for renewal in different accounting periods ensuring that the Group negotiations with individual lenders follow an orderly process which does not expose the Group to the possibility of a significant reduction in available facilities in any single period.

The following are the contractual maturities of financial liabilities, including interest payments:

At 31 December 2022

Group	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	**189.2**	**(204.7)**	**(78.7)**	**(126.0)**	**–**	**–**	**–**	**–**
Lease liabilities	**52.9**	**(57.4)**	**(14.2)**	**(12.0)**	**(9.4)**	**(4.9)**	**(4.1)**	**(12.8)**
Trade and other payables	**122.9**	**(122.9)**	**(122.9)**	**–**	**–**	**–**	**–**	**–**
Derivative financial liabilities								
Interest rate swaps used for hedging	**–**	**(3.0)**	**(0.6)**	**(0.6)**	**(0.6)**	**(0.6)**	**(0.6)**	**–**
Outflow on forward exchange contracts used for hedging:	**(2.6)**	**(58.6)**	**(58.6)**	**–**	**–**	**–**	**–**	**–**
	362.4	**(446.6)**	**(275.0)**	**(138.6)**	**(10.0)**	**(5.5)**	**(4.7)**	**(12.8)**

At 31 December 2021

	£m	£m	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	207.5	(221.0)	(38.9)	(44.2)	(137.9)	–	–	–
Lease liabilities	46.0	(53.1)	(12.5)	(10.6)	(8.5)	(7.4)	(3.9)	(10.2)
Trade and other payables	150.8	(150.8)	(150.8)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	0.1	(0.3)	(0.3)	–	–	–	–	–
Outflow on forward exchange contracts used for hedging:	0.5	(33.0)	(33.0)	–	–	–	–	–
	404.9	(458.2)	(235.5)	(54.8)	(146.4)	(7.4)	(3.9)	(10.2)

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(b) Liquidity risk cont.

At 31 December 2022

Company	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	**167.1**	**(182.6)**	**(56.6)**	**(126.0)**	**–**	**–**	**–**	**–**
Lease liabilities	**1.5**	**(1.5)**	**(0.3)**	**(0.3)**	**(0.3)**	**(0.1)**	**(0.1)**	**(0.4)**
Trade and other payables	**17.4**	**(17.4)**	**(17.4)**	**–**	**–**	**–**	**–**	**–**
Derivative financial liabilities								
Interest rate swaps used for hedging	**–**	**(3.0)**	**(0.6)**	**(0.6)**	**(0.6)**	**(0.6)**	**(0.6)**	**–**
Outflow on forward exchange contracts used for hedging:	**(2.6)**	**(58.6)**	**(58.6)**	**–**	**–**	**–**	**–**	**–**
	183.4	**(263.1)**	**(133.5)**	**(126.9)**	**(0.9)**	**(0.7)**	**(0.7)**	**(0.4)**

At 31 December 2021

	£m	£m	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	194.2	(198.4)	(16.3)	(44.2)	(137.9)	–	–	–
Lease liabilities	1.6	(2.6)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.9)
Trade and other payables	7.4	(7.4)	(7.4)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	0.1	(0.3)	(0.3)	–	–	–	–	–
Outflow on forward exchange contracts used for hedging:	0.5	(33.0)	(33.0)	–	–	–	–	–
	203.8	(241.7)	(57.3)	(44.5)	(138.2)	(0.3)	(0.3)	(0.9)

(c) Foreign exchange risk

The Group is exposed to foreign currency risks on sales, purchases, cash and borrowings denominated in currencies other than Sterling. The Group's risk management policy uses forward exchange contracts to hedge its transactional exposures. These transactional exposures are mainly to movement in the US Dollar and the Euro. The Group uses forward exchange contracts to hedge its transactional exposures. Most forward exchange contracts have maturities of less than one year after the balance sheet date. Forward exchange contracts which qualify as effective cash flow hedges are stated at fair value. The principal translation exposures relate to the US Dollar, Norwegian Kroner, Singapore Dollar, and Australian Dollar.

The Group's exposure to foreign currency transactional risk in its principal currencies was as follows based on notional amounts:

	31 December 2022					
	USD m	**EUR m**	**NOK m**	**SGD m**	**AUD m**	**NGN m**
Trade receivables	**59.6**	**3.0**	**0.1**	**0.1**	**0.1**	**91.7**
Cash at bank and in hand	**1.4**	**(0.8)**	**–**	**1.9**	**–**	**34.0**
Trade payables	**(7.3)**	**(4.4)**	**(11.7)**	**(0.6)**	**–**	**(6.7)**
Gross balance sheet exposure	**53.7**	**(2.2)**	**(11.6)**	**1.4**	**0.1**	**119.0**
Forecast sales	**179.9**	**7.2**	**–**	**–**	**–**	**411.7**
Forecast purchases	**(65.1)**	**(14.5)**	**(0.5)**	**–**	**–**	**(380.6)**
Gross exposure	**168.5**	**(9.5)**	**(12.1)**	**1.4**	**0.1**	**150.1**
Forward exchange contracts	**(81.8)**	**0.2**	**–**	**–**	**–**	**–**
Net exposure	**86.7**	**(9.3)**	**(12.1)**	**1.4**	**0.1**	**150.1**

Notes to the financial statements cont.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(c) Foreign exchange risk cont.

	31 December 2021					
	USD m	EUR m	NOK m	SGD m	AUD m	NGN m
Trade receivables	54.0	1.8	–	–	0.3	107.1
Cash at bank and in hand	2.8	1.5	0.1	0.7	–	9.4
Trade payables	(8.2)	(2.9)	(10.8)	(0.2)	(0.3)	(12.3)
Gross balance sheet exposure	48.6	0.4	(10.7)	0.5	–	104.2
Forecast sales	145.4	9.7	0.7	–	–	333.0
Forecast purchases	(55.1)	(15.0)	–	–	–	(83.0)
Gross exposure	138.9	(4.9)	(10.0)	0.5	–	354.2
Forward exchange contracts	(44.7)	0.2	–	–	–	–
Net exposure	94.2	(4.7)	(10.0)	0.5	–	354.2

Changes in the level of exchange rates will have an impact on consolidated earnings. The following table shows the impact on earnings of a 5% strengthening in Sterling against the Group's key currencies. The obverse movements would be of the same magnitude. These amounts have been calculated by applying changes in exchange rates to the Group's foreign currency profits and losses and to financial instruments denominated in foreign currency.

	2022		2021	
	Equity £m	**Income statement £m**	Equity £m	Income statement £m
US Dollar	**(1.9)**	**(5.1)**	(2.4)	(3.4)
Other	**(0.3)**	**0.1**	(0.4)	–
	(2.2)	**(5.0)**	(2.8)	(3.4)

Included within operating profit are foreign currency losses of £2.4m (2021: gains of £3.3m).

(d) Interest rate risk

The Group uses interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed hedge exposure to fluctuations in interest rates. The interest rate profile of the Group's financial assets and liabilities are set out in the table below:

	Group		**Company**	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Fixed rate instruments				
Financial liabilities	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Variable rate instruments				
Financial assets	**53.6**	68.0	**0.4**	11.7
Financial liabilities	**(189.1)**	(207.5)	**(130.5)**	(194.2)
	(135.5)	(139.5)	**(130.1)**	(182.5)

Where hedging criteria are met the Group classifies interest rate swaps as cash flow hedges and states them at fair value. Over the longer-term permanent changes in interest rates would have an impact on consolidated earnings. At 31 December 2022, a 1% change in the interest rate would have had the following impact:

	2022 Income statement £m	2021 Income statement £m
Variable rate instruments	**(1.3)**	(1.4)
Interest rate swap	**0.5**	0.7
Cash flow sensitivity	**(0.8)**	(0.7)

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(e) Fair values

There are no material differences between the book value of financial assets and liabilities and their fair value other than set out below:

Group	Note	2022 Carrying value £m	2022 Fair value £m	2021 Carrying value £m	2021 Fair value £m
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	27	**(189.1)**	**(192.6)**	(207.5)	(202.8)
Trade and other payables	21	**(122.9)**	**(122.9)**	(150.8)	(150.8)
Leases	27	**(52.9)**	**(52.9)**	(46.0)	(46.0)
Preference shares	30	**(0.1)**	**(0.1)**	(0.1)	(0.1)
		(365.0)	**(368.5)**	(404.4)	(399.7)
Company					
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	27	**(167.1)**	**(170.5)**	(194.2)	(189.6)
Trade and other payables	21	**(17.4)**	**(17.4)**	(7.4)	(7.4)
Leases	27	**(1.5)**	**(1.5)**	(1.6)	(1.6)
Preference shares	30	**(0.1)**	**(0.1)**	(0.1)	(0.1)
		(186.1)	**(189.5)**	(203.3)	(198.7)

Fair value has been determined by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments. The fair value of the financial assets has been assessed by the Directors with reference to the current prospects of the investments and associated risks.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments carried at fair value as set out below:

Group	Level 2 2022 £m	Level 2 2021 £m	Level 3 2022 £m	Level 3 2021 £m
Financial assets measured at fair value				
Forward exchange contracts – cash flow hedges	**3.1**	0.1	**–**	–
Interest rate swaps – cash flow hedges	**3.8**	0.1	**–**	–
Call option	**–**	–	**0.8**	–
	6.9	0.2	**0.8**	–
Financial liabilities measured at fair value				
Forward exchange contracts – cash flow hedges	**(2.6)**	(0.5)	**–**	–
Interest rate swaps – cash flow hedges	**–**	(0.1)	**–**	–
Financial liabilities not measured at fair value				
Unsecured bank loans and overdrafts	**(192.6)**	(202.8)	**–**	–
Leases	**(52.9)**	(46.0)	**–**	–
	(248.1)	(249.4)	**–**	
	(241.1)	(249.2)	**0.8**	

Notes to the financial statements cont.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(e) Fair values cont.

Fair value hierarchy cont.

Company	Level 2 2022 £m	2021 £m
Financial assets measured at fair value		
Forward exchange contracts – cash flow hedges	**3.1**	0.1
Interest rate swaps – cash flow hedges	**3.8**	0.1
	6.9	0.2
Financial liabilities measured at fair value		
Forward exchange contracts – cash flow hedges	**(2.6)**	(0.5)
Interest rate swaps – cash flow hedges	**–**	(0.1)
Financial liabilities not measured at fair value		
Unsecured bank loans and overdrafts	**(170.5)**	(189.6)
	(173.1)	(190.2)
	(166.2)	(190.0)

There have been no transfers between categories during the period. The fair value of interest rate swap contracts and forward exchange contracts are calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yields respectively.

Reconciliation of level 3 fair values

The following table shows the movement in level 3 fair values:

	Call option 2022 £m
Balance at 1 January 2022	**–**
Purchase cost	**0.8**
Balance at 31 December 2022	**0.8**

During the year the Group entered into a call option agreement to acquire the business and business assets of a Company. Management has concluded that the Group does not have 'control' over the entity whereby it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The £0.8m option payment which is included within Trade and other receivables, was in close proximity to the year end and represents the fair value.

Fair value hedges – Group and Company

At 31 December 2022 and 31 December 2021 the Group did not have any outstanding fair value hedges.

Cash flow hedges – Group and Company

Forward contracts and interest rate swaps are included within "trade and other payables/trade and other receivables" in the Statement of financial position; in "effective portion of changes in fair value of cash flow hedges" in the Consolidated statement of other comprehensive income (OCI), and in "administrative expenses" within the Income statement.

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of approximately 50%. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging which is recognised in equity in the hedging reserve. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are changes in timing of the hedged transactions.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(e) Fair values cont.

Forward foreign exchange contracts

At 31 December 2022, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Euro. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US Dollar $81.8m	**January 2023 – December 2023**	**1.23**	**0.5**
Buy			
Euro €0.2m	**January 2023 – December 2023**	**1.10**	**–**

At 31 December 2021, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Euro. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US Dollar $44.7m	January 2022 – December 2022	1.37	(0.4)
Buy			
Euro €0.2m	January 2022 – December 2022	1.10	–

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2022, these hedges were assessed to be highly effective and an unrealised gain of £1.5m (2021: loss of £3.3m) relating to the hedging instruments is included in equity.

In respect of the changes in the value of the hedging instrument of the forward contracts, a loss of £0.6m (2021: £0.3m loss) was recognised in the income statement and a gain of £0.8m (2021: £2.9m loss) in the consolidated statement of other comprehensive income relating to forward contracts.

Interest rate swaps

The Group and Company entered into interest rate swap contracts in respect of Sterling denominated debt to swap a variable rate liability for a fixed rate liability. These instruments have been allocated against the Group and Company debt in the tables shown above. Details of the contracts and their fair values at 31 December are set out below:

	Amount				**Fair value**	
	2022 £m	2021 £m	**Maturity**	**Fixed rate %**	**2022 £m**	2021 £m
Sterling interest rate swaps	**50.0**	75.0	29 October 2027	2.1% – 3.1%	**3.8**	–

In respect of the interest rate swaps, a gain of £0.3m (2021: expense of £0.5m) was recognised in the income statement, and a gain of £3.9m (2021: £1.0m gain) was recognised in the Consolidated statement of other comprehensive income.

Notes to the financial statements cont.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(f) Market risk

The Group has the following derivative financial instruments in the following line items in the statement of financial position:

	Group		Company	
Current assets	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Foreign currency forwards – cash flow hedges	**3.1**	0.1	**3.1**	0.1
Interest rate swaps – cash flow hedges	**3.8**	0.1	**3.8**	0.1
Total current derivative financial instrument assets	**6.9**	0.2	**6.9**	0.2

	Group		Company	
Current liabilities	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Foreign currency forwards – cash flow hedges	**(2.6)**	(0.5)	**(2.6)**	(0.5)
Interest rate swaps – cash flow hedges	**–**	(0.1)	**–**	(0.1)
Total current derivative financial instrument liabilities	**(2.6)**	(0.6)	**(2.6)**	(0.6)

30. SHARE CAPITAL

Allotted, called up and fully paid

	25p Ordinary shares		£1 Cumulative Preference shares	
In millions of shares	**2022**	2021	**2022**	2021
In issue at 1 January and at 31 December	**50.4**	50.4	**0.1**	0.1

	2022 £m	2021 £m	**2022 £m**	2021 £m
Issued share capital	**12.6**	12.6	**0.1**	0.1

The preference shareholders are entitled to receive 3.5% cumulatively per annum, payable in priority to any dividend on the ordinary shares. The ordinary shareholders are entitled to receive dividends as declared from time to time by the Directors.

Shares all carry equal voting rights of one vote per share held. They also have the right to attend and speak at general meetings, exercise voting rights and appoint proxies. Neither type of share is redeemable. In the event of a winding-up order the amount receivable in respect of the cumulative preference shares is limited to their nominal value. The ordinary shareholders are entitled to an unlimited share of the surplus after distribution to the cumulative preference shareholders.

Treasury shares	**2022 £m**	2021 £m
47,855 (2021: 54,571) ordinary shares of 25p	**0.6**	0.6

The Company has an established Employee Share Ownership Trust, the James Fisher and Sons plc Employee Share Ownership Trust, to meet potential obligations under share option and long-term incentive schemes awarded to employees. The historic cost of these shares at 31 December 2022 was £0.6m (2021: £0.6m). The trust has not waived its right to receive dividends.

No shares were issued during the year. In the year ended 31 December 2021, 26,738 ordinary shares with an aggregate nominal value of £6,685 were issued to satisfy awards made under the Company's Executive Share Option Scheme at option prices of 521.67p and 567p per share giving rise to total consideration of £530,055.

The Trust purchased no shares during the year. During 2021, the Trust purchased 50,000 of its own shares in the market at an average cost per share of £9.87 and a total cost of £0.5m.

31. COMMITMENTS AND CONTINGENCIES

Capital commitments

At 31 December, capital commitments for which no provision has been made in these accounts amounted to:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
	6.0	1.6	**–**	–

Contingent liabilities

(a) In the ordinary course of the Company's business, counter indemnities have been given to banks in respect of custom bonds, foreign exchange commitments and bank guarantees.

(b) A Group VAT registration is operated by the Company and six Group undertakings in respect of which the Company is jointly and severally liable for all amounts due to HM Revenue & Customs under the arrangement.

(c) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £28.3m (2021: £33.5m).

(d) The Group is liable for further contributions in the future to the MNOPF and MNRPF if additional actuarial deficits arise or if other employers liable for contributions are not able to pay their share. The Group and Company remains jointly and severally liable for any future shortfall in recovery of the MNOPF deficit.

(e) The Company and its subsidiaries may be parties to legal proceedings and claims which arise in the ordinary course of business, and can be material in value. Disclosure of contingent liabilities or appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities may materialise.

As described in Note 22, the Group has entered into foreign offset agreements as part of securing some international business. The remaining contractual offset obligation at the end of December 2022 is £25m. The penalties which would be incurred if the offset obligation is not delivered, excluding those already provided, is estimated to be £4.6m. The contingent liabilities disclosed assume no change from the current contractual obligations. However, contract time extensions have been requested and plans are in place to mitigate the penalty risk as far as possible

There are no other significant provisions and no individually significant contingent liabilities that required specific disclosure.

In the normal course of business, the Company and certain subsidiaries have given parental and subsidiary guarantees in support of loan and banking arrangements and the following:

> A guarantee has been issued by the Group and Company to charter parties in respect of obligations of a subsidiary, James Fisher Everard Limited, in respect of charters relating to 11 vessels. The charters expire between 2023 and 2032.

> The Group has given an unlimited performance guarantee to the Singapore Navy in the event of default by First Response Marine Pte Ltd (its Singapore joint venture), in providing submarine rescue and related services under its contract.

> As at 31 December 2022, the Group had provided a performance guarantee to a customer of James Fisher Nuclear Limited (JFN) in the event of default by JFN in performing its contractual duties and obligations for decommissioning works. Following the sale of JFN (see Note 5), these guarantees will remain with the Group although certain limited counter-indemnities have been put in place. The Group has also received certain limited undertakings and information rights in respect of the principal parent company guarantee remaining in place following completion. In the event that JFN defaults on its commitments under the contract, possible remedies available to JFN's customer range from a financial settlement with the Group based on demonstrated losses, to contracting with the Group to complete the project. The Group is preparing a contingency plan should the latter scenario present itself.

There have been no amounts recognised during the year in relation to these guarantees.

Notes to the financial statements cont.

32. RELATED PARTY TRANSACTIONS

Transactions with related parties

FCM businesses

The Group has interests of between 40% and 50% in several joint ventures providing ship-to-ship transfer services in Northern Europe and Asia through its wholly owned subsidiary, Fender Care Marine Solutions Limited.

First Response Marine

The Group holds through James Fisher Marine Services Limited (JFMS) a 50% interest in First Response Marine Pte Ltd (FRM). FRM provides submarine rescue services to the Singapore government under a 20 year service contract which commenced in March 2009. FRM subcontracts the provision of the submarine rescue service to James Fisher Singapore Pte Ltd. JFMS has also provided a loan to FRM of £2.0m to support its day-to-day operations. The loan which is included in the Group balance sheet as part of the investment in joint ventures is interest bearing and is repayable at the end of the project. Interest charged in the period amounted to £0.1m (2021: £0.1m). Dividends received or receivable during the period included in the results of the Group are £0.5m (2021: £0.5m).

JFD Domeyer

The Group has a 50% stake in JFD Domeyer, an entity which provides in-service support and aftermarket services to customers in Germany.

Pleat Mud Coolers AS

The Group has a 50.1% stake in Pleat Mud Coolers AS, an entity which supplies mud cooling systems to the offshore oil and gas market. The interest is held through Scan Tech Norway AS who have provided a loan to Pleat Mud Coolers AS of £0.6m to support its day-to-day operations. The loan which is included in the Group balance sheet as part of the investment in joint ventures is interest bearing and is repayable on cessation. Interest charged in the period amounted to £0.1m (2021: £0.1m).

Wuhu Divex Diving Systems

The Group has a 49% stake in Wuhu Divex Diving System Ltd, an entity which manufactures advanced diving systems for the Chinese market. A provision in the year has been made to the investment, full details are set out in Note 16. There is no provisions made against amounts owed by related parties.

Mil Vehicles & Technologies Private Limited

The Group has a 49% stake in Mil Vehicles & Technologies Private Limited, an entity which provides services to fulfil the annual maintenance contract with the Indian government for the submarine rescue service.

JF Technologies LLC

The Group has a 49% stake in James Fisher Technologies LLC, an entity which provides specialist design and engineering services including the provision of remote control equipment to the North American nuclear decommissioning market.

Details of the transactions carried out with related parties are shown in the table below:

		Services to related parties £m	Sales to related parties £m	Purchases from related parties £m	Amounts owed by parties £m	Amounts owed to parties £m
FCM businesses	**2022**	**–**	**0.5**	**0.5**	**0.2**	**0.1**
	2021	–	0.6	0.7	0.1	0.7
First Response Marine	**2022**	**–**	**–**	**–**	**1.2**	**–**
	2021	–	–	–	1.0	–
JFD Domeyer	**2022**	**–**	**0.3**	**–**	**–**	**–**
	2021	–	0.6	–	2.1	–
Pleat Mud Coolers AS	**2022**	**–**	**0.4**	**0.2**	**–**	**–**
	2021	–	0.3	0.2	0.9	–
Wuhu Divex Diving Systems	**2022**	**–**	**–**	**–**	**0.1**	**–**
	2021	0.5	3.9	–	0.2	–
JF Technologies LLC	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	–	–	–	–	–

Company

The Company has entered into transactions with its subsidiary undertakings primarily in respect of the provision of accounting services, finance and the provision of share options to employees of subsidiaries.

The amount outstanding from subsidiary undertakings to the Company at 31 December 2022 was £345.7m (2021: £343.9m). Amounts owed to subsidiary undertakings by the Company at 31 December 2022 totalled £12.4m (2021: £11.6m).

The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2021: £nil).

33. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have, unless otherwise stated, been applied consistently throughout the year and the preceding year.

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the comparative income statement has been represented so that the disclosures in relation to discontinued operations related to all operations that have been discontinued by the balance sheet date (see Note 5).

33.1 Basis of preparation of the consolidated financial statements

The results of subsidiaries are consolidated for the periods from or to the date on which control has passed. Control exists when the Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. This assessment is re-performed whenever there is a subsequent share purchase and a change in subsidiary ownership. Acquisitions are accounted for under the purchase method of accounting from the acquisition date, which is the date on which control is passed to the Group. The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in the consolidated financial statements.

Payment for the future services from employees or former owners are expensed. Any payments to employees or former owners in respect of the acquisition of the business are capitalised. This is carefully managed during the acquisition process so that former owners and/or employees do not receive any incentive payments during an earn-out period.

Joint arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates

An associate is an entity over which the Group has significant influence, and which is not a joint arrangement or subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Any investment in joint ventures or associates is carried in the balance sheet at cost plus the Group's post acquisition share in the change in net assets of the joint ventures, less any impairment provision. The income statement reflects the Group's share of the post-tax result of the joint venture or associate. The Group's share of any changes recognised by the joint venture or associate in other comprehensive income are also recognised in other comprehensive income.

Non-controlling interests

Non-controlling interests represent the proportion of profit or loss and net assets not held by the Group and are presented separately in the income statement and in the consolidated statement of financial position. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Put options upon non-controlling interests are sometimes recognised arising from business combinations. An initial option price estimate is recorded within payables and a corresponding entry made to other reserves.

On the acquisition of non-controlling interests, the difference between the consideration paid and the fair value of the share of net assets acquired is recognised in equity. Changes to the carrying value of the Put option are similarly recorded within equity.

Company investments in subsidiaries and joint ventures

In its separate financial statements the Company recognises its investments in subsidiaries and joint ventures at cost. Income is recognised from these investments when its right to receive the dividend is established.

Discontinued operations and assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered through a sale transaction rather than through continuing use. The assets or disposal group are measured at the lower of carrying amount and fair value less cost to sell.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the financial statements cont.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.1 Basis of preparation of the consolidated financial statements cont.

Applicable accounting standards issued but not yet adopted

IFRS 17 Insurance contracts has been issued but not yet adopted by the Group. IFRS 17 is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023. The Group's assessment of the impact for the Group is ongoing.

33.2 Foreign currency

Group

The financial statements of subsidiary undertakings are prepared in their functional currency which is the currency of the primary economic environment in which they operate. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into UK Sterling, which is the Group's presentational currency.

(i) Foreign currency transactions in functional currency

Transactions in currencies other than the entities functional currency are initially recorded at rates of exchange prevailing on the date of the transaction. At each subsequent balance sheet date:

(i) Foreign currency monetary items are retranslated at rates prevailing on the balance sheet date and any exchange differences recognised in the income statement;

(ii) Non-monetary items measured at historical cost are not retranslated; and

(iii) Non-monetary items measured at fair value are retranslated using exchange rates at the date the fair value was determined. Where a gain or loss is recognised directly in equity, any exchange component is also recognised in equity and conversely where a gain or loss is recognised in the income statement, any exchange component is recognised in the income statement.

(ii) Net investment in foreign operations

Exchange differences arising on monetary items forming part of the Group's net investment in overseas subsidiary undertakings which are denominated in the functional currency of the subsidiary undertaking are taken directly to the translation reserve and subsequently recognised in the consolidated income statement on disposal of the net investment. Exchange differences on foreign currency borrowings to the extent that they are used to provide an effective hedge against Group equity investments in foreign currency are taken directly to the translation reserve.

(iii) Translation from functional currency to presentational currency

The assets and liabilities of operations, where the functional currency is different from the Group's presentational currency are translated at the period end exchange rates. Income and expenses are translated at the average exchange rate for the reporting period. All other exchange differences on transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Resulting exchange differences are recognised in the consolidated statement of other comprehensive income. Tax charges and credits attributable to exchange differences included in the reserve are also dealt with in the translation reserve.

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on settlement of monetary items or on the retranslation of monetary items at rates different from those at which they were initially recognised are taken to the income statement.

All exchange differences on assets and liabilities denominated in foreign currencies are taken to the income statement, other than investments in foreign operations and foreign currency borrowings used to hedge those investments, where exchange differences are taken to the translation reserve.

33.3 Financial instruments

IFRS 9 Financial Instruments became effective on 1 January 2018. This standard replaced IAS 39 and introduced requirements for classifying and measuring financial instruments and put in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The key areas of focus for the Group under IFRS 9 are:

- Expected credit losses being recognised on trade debtors and contract assets recognised under IFRS 15;
- Hedge accounting and related hedge documentation; and
- Reclassification of assets held for sale as Other Investments, with these being fair valued at each reporting period.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.3 Financial instruments cont.

(a) Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, other than a trade receivable without a significant financing component, or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is measured at amortised cost if it is not designated as fair value through the profit and loss account (FVTPL) and it is held to collect contractual cash flows with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income (FVOCI) if it is not designated as at FVTPL, and it is held with the objective of collecting contractual cash flows and selling financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment not held for trading, the Group can irrevocably elect, on an investment by investment basis, to present subsequent changes in the investment's fair value in OCI.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, including derivative financial instruments are measured at fair value through profit and loss.

Financial assets at fair value through profit and loss, including any interest or dividend income, are recognised in the profit and loss.

Financial assets at amortised cost are valued using the effective interest method with the amortised cost reduced by any impairment losses, with interest income, foreign exchange gains or losses, impairment and de-recognition gains or losses recognised in profit or loss.

Debt investments are measured at fair value with interest income calculated using the effective interest method with any foreign exchange gains and losses, or impairments, taken through the profit and loss. Other net gains or losses, and those on de-recognition accumulated through the OCI, are re-classified in the profit or loss.

Equity investments are measured at fair value with dividends recognised through the profit and loss. Other net gains or losses, are recognised in the OCI, and are never re-classified in the profit or loss.

(b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Contingent consideration is considered to be a financial liability measured at FVTPL.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and any gain or loss on de-recognition are recognised in profit or loss.

(c) De-recognition

The Group de-recognises a financial asset when the contractual rights to the cash flows from that asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(d) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge and the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The appropriate level of hedging is monitored by Group Treasury and the Group Board. As part of this review process the following are assessed:

- the hedging effectiveness to determine that there is an economic relationship between the hedged item and the hedging instrument;
- the hedge ratio; and
- that the hedged item and instrument are not intentionally weighted to create hedge ineffectiveness.

Notes to the financial statements cont.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.3 Financial instruments cont.

(d) Derivative financial instruments and hedge accounting cont.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

For all hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

Cash and short-term deposits included in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the original acquisition date. Cash and cash equivalents included in the cash flow statement comprise cash and short-term deposits, net of bank overdrafts.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity.

Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

(e) Expected credit losses

IFRS 9 introduced a new model for the recognition of impairment losses – the Expected Credit Loss (ECL) model. ECL is the expected value decrease in an asset. The expected credit loss model constitutes a change from the previous IAS 39 incurred loss model. The key difference between incurred and expected is the requirement to consider forward looking scenarios. Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The Group recognises a loss allowance of 100% on trade receivables which are more than 180 days overdue. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

33.4 Intangible assets

Intangible assets, excluding goodwill arising on a business combination, are stated at cost or fair value less any provision for impairment.

Intangible assets assessed as having finite lives are amortised over their estimated useful economic life and are assessed for impairment whenever there is an indication that they are impaired. Amortisation charges are on a straight-line basis and recognised in the income statement. Estimated useful lives are as follows:

Development costs	5 years or over the expected period of product sales, if less
Intellectual property	3 to 20 years
Patents and licences	5 years or over the period of the licence, if less
Other intangibles	5 years

(a) Goodwill arising on a business combination

Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

When the Group disposes of an operation within a CGU or restructures the business, any disposal/reallocation is performed using a relative value approach, unless the Directors consider another method better reflects the goodwill associated with the remaining and reorganised units.

Costs related to an acquisition, other than those associated with the issue of debt or equity securities incurred in connection with a business combination, are expensed to the income statement. The carrying value of goodwill is reviewed annually for impairment but more regularly if events or changes in circumstances indicate that it may be impaired. When an impairment loss is recognised it is not reversed in a subsequent accounting period, even if the circumstances which led to the impairment cease to exist.

(b) Acquired intangible assets

Intangible assets that are acquired as a result of a business combination including but not limited to customer relationships, supplier lists, patents and technology and that can be separately measured at fair value on a reliable basis are recorded initially at fair value and amortised over their expected useful life. Amortisation is expensed to the consolidated income statement.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.5 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment losses. Cost comprises expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring an asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset.

Dry dock overhaul

Dry dock costs for owned and leased vessels are deferred as a component of the related tangible fixed asset and depreciated over their useful economic lives until the next estimated overhaul.

Depreciation is provided to write off the cost of property, plant and equipment to their residual value in equal annual instalments over their estimated useful lives, as follows:

Freehold property	40 years
Leasehold improvements	25 years or the period of the lease, if shorter
Plant and equipment	Between 5 and 20 years
Vessels	Between 10 and 25 years

No depreciation is charged on assets under construction.

Residual values of vessels are set initially at 20% of purchase cost or fair value at acquisition, which the Directors believe to be an approximation of current residual values. Residual values and estimated remaining lives are reviewed annually by the Directors and adjusted if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

33.6 Impairment of tangible and intangible assets

At each reporting date the Group assesses whether there are any indications that an asset has been impaired. If any indication exists, an estimate of the recoverable amount of the asset is made which is determined as the higher of its fair value less costs to sell and its value in use. These calculations are determined for an individual asset unless that asset does not generate cash inflows independently from other assets, in which case its value is determined as part of that group of assets. To assess the value in use, estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

(a) Impairment of goodwill

Goodwill acquired in a business combination is allocated against the appropriate combination of business units deemed to obtain advantage from the benefits acquired with the goodwill. These are designated as cash generating units (CGU). Impairment is then assessed annually by comparing the recoverable amount of the relevant CGU with the carrying value of the CGU's goodwill. Recoverable amount is measured as the higher of the CGU's fair value less cost to sell and the value in use. For CGUs designated as assets held for sale/discontinued operations, the fair value less costs to sell is used. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement. An impairment loss for goodwill is not reversed in a subsequent period.

(b) Impairment of tangible and other intangible assets

If any indication of a potential impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. Assets are grouped together for this purpose at the lowest level for which there are separately identifiable cash flows.

(c) Research and development costs

Research expenditure is expensed in the income statement as incurred.

Expenditure on development which represents the application of research to the development of new products or processes is capitalised provided that specific projects are identifiable, technically feasible, and the Group has sufficient resources to complete development. The useful life of projects meeting the criteria for capitalisation is determined on a project by project basis. Capitalised development expenditure is measured at cost and amortised over its expected useful life on a straight-line basis. Other development costs are recognised in the income statement as incurred.

If an event occurs after the recognition of an impairment that leads to a decrease in the amount of the impairment loss previously recognised the impairment loss is reversed. The reversal is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

33.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables stores and finished goods for sale are stated at purchase cost on a first-in, first-out basis. Work in progress and finished goods are stated at the cost of direct materials and labour plus attributable overheads allocated on a systematic basis based on a normal level of activity. Net realisable value is based on estimated selling price less the estimated costs of completion and sale or disposal.

Notes to the financial statements cont.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.8 Taxation

Corporation tax is provided on taxable profits from activities not qualifying for tonnage tax relief and is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date, less any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes, that will result in an obligation to pay more, a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit; and
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is expected to be realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax arising on actuarial gains and losses relating to defined benefit pension funds is recorded in other comprehensive income. Where the cash contributions made to the schemes exceed the service costs recognised in the income statement the current tax arising is recorded in other comprehensive income.

Deferred tax assets and liabilities are required to be offset in the statement of financial position if, and only if, the Company has a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on the same taxable company.

33.9 Leases

The Group leases land and buildings for some of its offices, warehouses and factory facilities. The length of these leases can typically run for up to 25 years, with most less than 10 years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

Some of the buildings contain extension options that are exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group includes extension options in new leases to provide operational flexibility, that are exercisable by the Group but not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option, and then reassesses this in the event that there is a significant event or change in circumstances within its control.

The Group also leases vessels, with lease terms typically of up to five years and IT equipment and machinery, typically for a duration of less than 10 years.

The Group has applied IFRS 16 using the modified retrospective approach.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.9 Leases cont.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or it is recorded in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

The Group presents right-of-use assets and lease liabilities (within 'borrowings') in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less at inception and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease, making an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is treated as a finance lease, otherwise as an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately, assessing the classification of the sub-lease with reference to the right-of-use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

33.10 Pension plans

(i) Defined contribution schemes

Pre-determined contributions paid to a separate privately administered pension plan are recognised as an expense in the income statement in the period in which they arise. Other than this contribution the Group has no further legal or constructive obligation to make further contributions to the scheme.

(ii) Defined benefit schemes

A defined benefit scheme is a pension plan under which the amount of pension benefit that an employee receives on retirement is defined by reference to factors including age, years of service and compensation. The schemes are funded by payments determined by periodic actuarial calculations agreed between the Group and the trustees of trustee-administered funds.

The cost of providing benefits is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (current service cost) and to current and prior periods (to determine the present value of the defined benefit obligation). Current service costs are recognised in the income statement in the current year. Past service costs are recognised in the income statement immediately. When a settlement (which eliminates all obligations for benefits already accrued) or a curtailment (which reduces future obligations as a result of a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and any gain or loss is recognised in the income statement.

The interest element of the defined benefit charge is determined by applying the discount rate to the net defined benefit liability at the start of the period and is recognised in the income statement. A liability is recognised in the statement of financial position which represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets and is calculated separately for each scheme.

The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, discounted at a rate representing the yield on a high quality corporate bond at the balance sheet date, denominated in the same currency as the obligations, and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available from any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses on experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

Notes to the financial statements cont.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.11 Share-based payments

Executive savings related share option schemes are operated under which options are granted to employees of the Group. An expense is recognised in the income statement with a corresponding credit to equity in respect of the fair value of employee services rendered in exchange for options granted, which is determined by the fair value of the option at the date of grant. The amount is expensed over a specified period until the options can be exercised (the vesting period).

The fair value of an option is determined by the use of mathematical modelling techniques, including the Black-Scholes option pricing model and the Binomial model. Non-market vesting conditions (such as profitability and growth targets) are excluded from the fair value calculation but included in assumptions about the number of options that are expected to become exercisable.

An estimate is made of the number of options that are expected to become exercisable at each balance sheet date. Any adjustments to the original estimates are recognised in the income statement (and equity) over the remaining vesting period with any element of any adjustments relating to prior periods recognised in the current period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market condition (such as total shareholder return of the Group relative to an index). These are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

In addition to failure by the employee to exercise an option in accordance with the exercise period allowed by the scheme, an award made to an employee under a share option scheme is deemed to lapse when either the scheme is cancelled by the Company, or when an employee, who continues to qualify for membership of a scheme, ceases to pay contributions to that scheme. In these circumstances the full remaining unexpired cost of the award is expensed in the period in which the option lapses.

Where the exercise of options is satisfied by the issue of shares by the Company the nominal value of any shares issued from the exercise of options is credited to share capital with the balance of the proceeds received, net of transaction costs, credited to share premium.

33.12 Short-term employee benefits

The Group recognises a liability and an expense for short-term employee benefits, including bonuses, only when contractually or constructively obliged.

33.13 Share capital and reserves

Ordinary shares are classified as equity. Costs attributable to the issue of new shares are deducted from equity from the proceeds.

(a) Treasury shares

Shares issued by the Company which are held by the Company or its subsidiary entities (including the Employee Share Ownership Trust (ESOT)), are designated as treasury shares. The cost of these shares is deducted from equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares. Consideration paid or received is recognised directly in equity.

(b) Employee Share Ownership Plan (ESOP)

Company shares are held in an ESOP. The finance costs and administration costs relating to the ESOP are charged to the income statement. Dividend income arising on own shares is excluded in arriving at profit before taxation and deducted from aggregate dividends paid.

The Group maintains the following reserves:

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of operations whose financial statements are denominated in foreign currencies as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

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

33.14 Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services by the Company and its subsidiary undertakings to customers in exchange for consideration in the ordinary course of the Group's activities.

The Group performs a broad range of activities and enters into the following types of contracts with customers:

Marine Support businesses provide products, services and solutions to the global marine market. These are supplied to a range of end market sectors including marine, oil and gas, ports, construction and renewables. Revenues in this division are from goods and services including operation of vessels and plant and equipment and from construction contracts.

Our Specialist Technical businesses provide products and services over time including: diving equipment, submarine rescue vessels and through-life rescue services, special operation swimmer delivery vehicles, saturation diving systems and engineering solutions to the international defence, UK nuclear decommissioning and commercial diving markets. Revenues in this division are from goods and services including operation of plant and equipment and from construction contracts.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.14 Revenue recognition cont.

Our Offshore Oil businesses supply a range of services and equipment to the global oil and gas and renewable energy industries. This includes the design and engineering of specialist equipment and technology, platform maintenance and modification, well testing support, subsea operations and maintenance services. Revenues in this division are from goods and services including operation of plant and equipment.

Our Tankships division offers services from operating a fleet of product and chemical tankers which trade along the UK and northern European coastline carrying clean petroleum products and chemicals to coastal storage facilities. Revenues in this division are from goods and services including operation of vessels.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices where appropriate. Given the bespoke nature of many of the Group's products and services, which are designed and/or manufactured under contract to the customer's individual specifications, there are typically no observable stand-alone selling prices. In such cases, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Group's pricing principles.

Revenue and profit recognition

Revenue from the sale of goods and services is recognised at a point in time as performance obligations are satisfied which is typically upon shipment of the goods, based on the shipping terms, or as services are rendered. Control transfer is assessed on a contract by contract basis. The transaction price is predetermined in accordance with a specified contract and allocated to the specific performance obligations.

Services revenue including operation of vessels and plant and equipment is recognised as performance obligations are satisfied which is over time as the customer receives and consumes the benefits provided by the Company's performance. The transaction price is predetermined in accordance with a specified contract.

Revenue from construction contracts are predominantly within the Specialist Technical and Marine Support segments which have longer term construction contracts where revenue is recognised over a period of time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs (input method). Costs are only included in the measurement of progress towards satisfying the performance obligation where there is a direct relationship between the input and the satisfaction of the performance obligation. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Contract assets arise where the Group has the right to receive consideration for the work completed which has not been billed at the reporting date (accrued income), while contract liabilities represent liabilities for consideration from customers received in advance.

Certain contracts within the Nuclear business, which is classified as an asset held for sale (see Note 5), contain variable consideration related to 'pain/gain share' clauses which may result in a reduction or increase of revenue. The calculation for this amount is determined by the target price contract with the customer. A gain or pain share would only be included in contract revenue to the extent that it is highly probable that a significant reversal of revenue will not occur. The extent of the constraint is assessed to ensure that the total amount attributable to the variable consideration is included in the transaction price. A pain share is payable to the customer and is accounted for as a reduction of revenue.

Within the Marine Support division, there are specific maintenance contracts which include variable consideration related to performance-based achievements over a number of years. Variable consideration can be recognised at an expected value only to the extent that it is highly probably that a reversal will not occur. Reflecting on the contract terms, the susceptibility of factors outside of the entity's control that would impact the consideration and the limited experience history management has on these specific maintenance contracts, management have concluded that the variable consideration should be constrained. On this basis £nil of the £3.5m variable consideration within these contracts has been recognised in the period.

Revenue from construction contracts is payable when milestones on agreed deliverables are achieved which is typically 30 days following completion of a milestone. It is noted there are significant balances outstanding regarding construction income in the period, all of which are expected to be received within the next 12 months. For other types of revenue, the payment terms are typically 30-90 days. The categories of revenue from customers are disclosed in the Segmental information (see Note 3).

Bid costs

All pre-contract bidding costs which are incurred irrespective of whether the contract is awarded relating to the design, manufacture or operation of assets or the provision of services are expensed when incurred.

In some circumstances, the Company incurs costs to obtain a contract with a customer, for example commission fees. These costs are recognised initially as an asset within debtors: contract assets and amortised on a systematic basis as the goods and services are transferred to the customer.

Notes to the financial statements cont.

33. Significant accounting policies cont.

33.14 Revenue recognition cont.

Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product by product basis. Provisions for warranty costs are set out in Note 22.

Revenue – operating lease rental income

Revenue is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised in the income statement on a straight-line basis over the period of the hire.

33.15 Other investments

Other investments which are in unquoted entities are held at fair value and subject to an annual review. The Group elects on an asset by asset basis whether fair value movements are posted to the income statement or directly to reserves.

33.16 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

34. Significant accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. The outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed and revised on an ongoing basis.

Information about estimates and judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included below:

Revenue

Revenue is set out in Notes 3 and 33.14. Revenue is recognised as performance obligations are satisfied as control of the goods and services are transferred to the customer. The timing of the performance obligations will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract. Areas of estimation relate to construction contract accounting and specifically estimating the stage of completion and forecast outturn of the contract which are reliant on the knowledge and expertise of project managers, engineers and other professionals.

Assets held for sale and discontinued operations

Judgement was taken that the carrying value of the Nuclear business would be recovered through a sale rather than continuing use in accordance with IFRS 5 paragraphs 6 to 8 criteria. Consequently the assets and liabilities of the business have been classified as held for sale – see Note 20.

The classification as discontinued activities was a judgement based on management's view of IFRS 5 paragraph 32 that the disposal group classified as held for sale represents a separate major line of business due to its size relative to Group revenue and the nature of operations.

Impairment of goodwill

Goodwill, which is set out in Note 12, of £116.3m (2021: £133.5m) is tested annually for any permanent impairment in accordance with the accounting policy in Note 33.6. The value in use of the Group's cash generating units (CGU) requires assumptions about future levels of demand, gross margins and cost inflation. Inherent uncertainty involved in forecasting and discounting future cash flows is a key area of judgement. The carrying value of goodwill is compared to its recoverable amount which represents the higher of the net present value of the CGU's forecast cash flow and its carrying value. The assessment also includes sensitivity analysis to identify the range of outcomes and the validity of underlying assumptions.

Impairment of parent company investments

Parent company investments in Note 17 comprising shares and loans totalling £456.5m, are tested annually for impairment. For shares, the Company estimates recoverable amount using value in use calculations which requires assumptions about future levels of demand, gross margins and cost inflation. Inherent uncertainty involved in forecasting and discounting future cash flows is a key area of judgement. For loans receivable, the Company makes an assessment of credit risk and the estimation of expected credit losses are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date.

34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES CONT.

Defined benefit pensions

Pension assumptions are used to determine the amount of defined benefit obligations including future rates of inflation, discount rates and mortality of members (see Note 23).

Foreign offset agreements

As described in Notes 22 and 31, the Group has entered into foreign offset agreements as part of securing some international business. These agreements contain penalties which would be incurred if the offset obligation is not delivered. There were estimates and judgements in arriving at the amounts provided. This included judgement in assessing the accounting treatment of the contracts whereby the offset is treated as a levy recognised within cost of sales. Estimates were applied in calculating the offset provisions and the contingent liability to meet the offset requirements in country.

Income taxes

Taxation is set out in Notes 8, 9 and 33.8. The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax risk issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group has entered the UK tonnage tax regime under which tax on its ship owning and operating activities is based on the net tonnage of vessels operated. Income and profits outside this regime are taxed under normal tax rules. This means that it is necessary to make estimates of the allocation of some income and expenses between tonnage and non-tonnage tax activities. These estimates are subject to agreement with the relevant tax authorities and may be revised in future periods.

Tax includes a charge of £1.3m (2021: £7.9m credit), which represents deferred tax recognised on the timing differences created following the impairment of dive support vessels during the year ended 31 December 2020. The associated deferred tax asset will be utilised gradually over future accounting periods as the tax value of the vessels is amortised in line with rates set by HM Revenue & Customs.

35. POST BALANCE SHEET EVENTS

In March 2023, Tankships has entered into a contract to sell the Mersey Fisher. The vessel will be delivered to the new owners during June 2023 with expected consideration of USD 3m.

Subsidiaries and associated undertakings

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Marine Support		
Deep Sea Operation & Maintenance Co. Ltd	Al Khobar City, PO Box 2716, Al Olaya, 3447, Saudi Arabia	100%
EDS HV Management Limited	Barrow-in-Furness[1]	100%
Electricity Distribution Services Limited	Barrow-in-Furness[1]	100%
Fender Care (Changshu) Limited	Room 1211, Building 4, Huifeng Times Plaza, No 22 Huanghe Road, Changshu City, Jiangsu, 215500, China	100%
Fender Care Limited	Barrow-in-Furness[1]	100%
Fender Care Marine (Asia Pacific) Pte Ltd	Singapore[6]	100%
Fender Care Marine (Gibraltar) Limited	28 Irish Town, Gibraltar	100%
Fender Care Marine Ltd	Barrow-in-Furness[1]	100%
Fender Care Marine Ltd, Agencia Chile – Chile branch	El Trovador 4280, Apt 1205, Las Condes, Santiago, 253-389, Chile	100%
Fender Care Marine Products (Asia Pacific) Pte Limited	Singapore[6]	100%
Fender Care Marine Sohar LLC	Al Batinah Region, PO Box 37, Sohar, 327	70%
Fendercare Australia Pty Ltd	8D Sparks Road, Henderson WA 6166, Australia	100%
Fendercare Servicos Marinhos do Brasil Ltda	Avenida Feliciano Sodre 325, Centro, Niteroi, Rio De Janeiro, CEP: 24030-012, Brazil	100%
Hughes Marine Engineering Limited	Barrow-in-Furness[1]	100%
Hughes Sub Surface Engineering Limited	Barrow-in-Furness[1]	100%
James Fisher Asset Information Services Limited	Barrow-in-Furness[1]	100%
James Fisher Ghana Limited	HNO No.1, East Legon, Telley, Tesa Link, Otsokrikri Street, East Legon, Accra, Ghana	49%
James Fisher Marine Services Limited	Barrow-in-Furness[1]	100%
James Fisher Maritime Deutschland GmbH	Stadthausbrucke 8, 20355 Hamburg, Germany	100%
James Fisher Rumic Limited	Barrow-in-Furness[1]	100%*
JCM Scotload Ltd	Barrow-in-Furness[1]	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
JF STS (Guernsey) Ltd	St Peter Port[4]	100%***
Maritime Engineers (Asia Pacific) Pte Ltd	Singapore, 508929[11]	100%
Maritime Engineers Pty Ltd	Henderson, Australia[10]	100%
Martek Marine Limited	Barrow-in-Furness[1]	100%
Martek-Marine (Asia Pacific) Pte Ltd	1 Raffles Place, Tower 2, Level #19-61 & #20-61, Singapore 048616	100%
James Fisher Renouvelables	3 rue de France Comte, CS50311, Hauts de Quimpcanpoix, 5103, Cherbourg, France	100%
Namibia Subtech Diving and Marine (Proprietary) Limited	Shop 48, Second Floor, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	100%
Rotos 360 Limited	Barrow-in-Furness[1]	100%
Servicos Maritimos Continental S.A.	Rio de Janeiro, Brazil[9]	90%
Strainstall International for Project Engineering LLC	Blg 3141, Street Anas Bin Malik, 8292, Al Malqa Dist. Riyadh, Saudi Arabia	100%
Strainstall Malaysia Sdn Bhd	Ground Floor, 8, Lorong Universiti B, Section 16, 46350 Petaling Jaya Selangor Darul Ehsan, Malaysia	100%
Strainstall Singapore Pte Ltd	25 North Bridge Road, Level 7, Singapore, 179104	100%
Subtech (Pty) Ltd	Briardene, South Africa[8]	100%
Subtech (Pty) Ltd – Mozambique branch	Rua da Educacao, No. 38, Matola, Mozambique	100%
Subtech Diving & Marine Tanzania Limited	The Slipway Road, Msasani Peninsula, Dar Es Salaam, United Republic of Tanzania	100%
Subtech Marine (Pty) Limited	PO Box 90757, Shop 48, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	70%
Subtech Marine R2S Offshore LLC	Floor 1, Building 81, Zone 36, Street 362, Al Jazira Al Arabiya Street, Al Messila Area, Doha, Qatar	49%
Subtech Middle East Saudi Company	Office 102, Al Jazira Building, Al Khobar, Saudi Arabia	100%
Subtech Norte Lda	Rua de Se no 114, Distrito Urbano 1, Bairro Central, Maputo City, Mozambique	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Subtech Offshore	Ocra (Mauritius) Limited, Level 2, Max City Building, Remy Ollier Street, Port Louis, Mauritius	100%
Subtech South Africa (Pty) Ltd	Briardene, South Africa[8]	90%
Specialist Technical		
Cowan Manufacturing Pty Limited	BDO Tax (WA) Pty Ltd, 'BDO', 38 Station Street, Subiaco, WA6008, Australia	100%
Divex Asia Pacific Pty Ltd	Bibra Lake, Australia[12]	100%
Divex FZE	PO Box 261749, Jebel Ali Free Zone, Dubai, United Arab Emirates	100%
Divex Limited	Westhill[3]	100%
High Technology Sources Limited	Barrow-in-Furness[1]	100%
James Fisher Defence Italy SRL	Via Giulio Caccini, 100198, Rome, Italy	100%
James Fisher Defence Limited	Barrow-in-Furness[1]	100%
James Fisher Defence North America Limited	Suite 808, 1220 North Market Street, Wilmington DE 19801, United States	100%
James Fisher Nuclear Limited	Oldmeldrum[2]	100%
James Fisher Singapore Pte Ltd	Singapore 508929[11]	100%
JF Nuclear Limited	Barrow-in-Furness[1]	100%
JFD Australia Pty Ltd	c/o BDO, Mia Yellagonga, Tower 22, Level 9, 5 Spring Street, Perth, WA, 6000	100%
JFD Limited	Westhill[3]	100%
JFD Ortega B.V.	Vliegveldstraat 100, B515, Technology Base, Enschede, Netherlands	100%
JFD Singapore Pte Ltd	Singapore, 508929[11]	100%
JFD South Africa (Pty) Limited	c/o Mazars, Mazars House, Rialto Road, Grand Moorings Precinct, Century City, Cape Town, SA 7441, South Africa	100%
JFD Sweden AB	Rindovagen, Rindo Vastra, 185 41 Vaxholm, Sweden	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Offshore Oil		
Buchan Technical Services Limited	Barrow-in-Furness[1]	100%
James Fisher Marine Services Malaysia Ltd	Level 1, Lot 7, Block F, Sanguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%
James Fisher Marine Services Middle East Limited FZCO	PO Box 371072, Dubai, United Arab Emirates	100%
James Fisher MFE Limited	Barrow-in-Furness[1]	100%
James Fisher Offshore Limited	Oldmeldrum[2]	100%*
James Fisher Offshore Malaysia Sdn Bhd	Room A, Ground Floor, Lot 7, Block F, Saguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%
James Fisher Personnel S.A. de C.V.	Ciudad de Mexico, D.F., Mexico[13]	100%
James Fisher Subsea Excavation Incorporated	21559 Provincial Boulevard, Katy TX 77450, United States	100%
James Fisher Subsea Excavation Mexico S.A. de C.V.	Ciudad de Mexico, D.F., Mexico[13]	100%
James Fisher Subsea Excavation Pte Limited	133 Cecil Street, #16-01, Keck Seng Tower, Singapore, 069535	100%
JF Singapore Holdings PTE Ltd	137 Telok Ayer Street, #05-02, Singapore 068602	100%
RMSPumptools FZE	1-153, THUB, Dubai Silicon Oasis, Dubai, United Arab Emirates	100%
RMSPumptools Limited	Barrow-in-Furness[1]	100%
RMSPumptools Saudi Industrial Company	2397, Unit Number 8, al Khobar, 34632-6282, Saudi Arabia	100%
Scan Tech AS	Stavanger[5]	100%
Scan Tech Personell AS	Stavanger[5]	100%
Scan Tech Produckt Personell AS	Stavanger[5]	100%
Scantech Offshore do Brasil Comercio E Servicos Ltda	R 01 223, Lote 146 Quadra 02, Balneario das Garcas, Rio das Ostras, 28.898-268, Brazil	100%
Scantech Offshore Limited	Barrow-in-Furness[1]	100%*
Scantech Offshore Pty Ltd	Henderson, Australia[10]	100%
Subsea Engenuity Limited	Oldmeldrum[2]	100%

Subsidiaries and associated undertakings cont.

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Tankships		
Cattedown Wharves Limited	Barrow-in-Furness[1]	100%
Everard (Guernsey) Ltd	St Peter Port[4]	100%
F.T. Everard Shipping Limited	Barrow-in-Furness[1]	100%
F.T. Everard & Sons Limited	Barrow-in-Furness[1]	100%*
James Fisher (Crewing Services) Limited	Barrow-in-Furness[1]	100%*
James Fisher (Guernsey) Limited	St Peter Port[4]	100%***
James Fisher (Shipping Services) Limited	Barrow-in-Furness[1]	100%*
James Fisher Crewing (CY) Limited	115 Griva Digeni, Trident Centre, Limassol, 3101, Cyprus	100%
James Fisher Everard Limited	Barrow-in-Furness[1]	100%
James Fisher Maritime Limited	Karaiskaki, 13, 3032, Limassol, Cyprus	100%
Onesimus Dorey (Shipowners) Ltd	St Peter Port[4]	100%*
Scottish Navigation Company Limited	Oldmeldrum[2]	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Holding Companies		
EDS HV Group Limited	Barrow-in-Furness[1]	100%
Fender Care Marine Solutions Limited	Barrow-in-Furness[1]	100%
James Fisher (Aberdeen) Limited	Barrow-in-Furness[1]	100%*
James Fisher and Sons Nigeria Limited	7th Floor, 1 Kingsway Road, Falomo, Ikoyi, Lagos, Lagos State, Nigeria	99%*
James Fisher Holdings UK Limited	Barrow-in-Furness[1]	100%*
James Fisher Hong Kong Limited	Level 17, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	100%
James Fisher Nuclear Holdings Limited	Barrow-in-Furness[1]	100%*
James Fisher Properties Limited	Oldmeldrum[2]	100%
James Fisher Servicos Empresariais Ltda	Rua 01 No 223, Quadra 02, Lote 146-part, Balneario das Garcas, Brazil	100%
James Fisher Subtech Group Limited	Barrow-in-Furness[1]	100%*
James Fisher Tankships Holdings Limited	Barrow-in-Furness[1]	100%*
JF Australia Holding Pty Ltd	Bibra Lake, Australia[12]	100%
JF Overseas Limited	Barrow-in-Furness[1]	100%*
Martek Holdings Limited	Barrow-in-Furness[1]	100%
Strainstall Group Limited	Barrow-in-Furness[1]	100%*
Subtech Group Holdings (Pty) Ltd	Briardene, South Africa[8]	100%

Associated undertakings and significant holdings in undertakings other than subsidiary undertakings

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Marine Support		
Eurotestconsult Limited	County Laois, Ireland[7]	50%
Eurotestconsult UK Limited	Ruby House, 40A Hardwick Grange, Woolston, Warrington, Cheshire, WA1 4RF	50%
FC Viking Sdn.Bhd	Suite 6.01, 6th Floor, Plaza See Hoy Chan Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia	49%
Fender Care Benelux B.V.	Torontostraat 20, 3197 KN, Rotterdam Botlek, Netherlands	50%
Fender Care Marine LLC	Fujairah Port, PO Box 5198, Fujairah, United Arab Emirates	49%**
Fender Care Marine SA (Pty) Ltd	Unit 4, Thembani House, 41 Brand Road, Glenwood, Durban, 4001, South Africa	49%**
Fender Care Marine Services LLC	G013, GH-1, Industrial City of Abu Dhabi (ICAD-1), Mussafeh, PO Box 45628, Abu Dhabi, United Arab Emirates	49%**
Fender Care Middle East LLC	Plot 146/16, Emirates Industrial City, Sajja Industrial Area, PO Box 25896, Sharjah, United Arab Emirates	49%**
Fender Care Omega (Middle East) FZC	E-LOB Office No. E-69G-20, PO Box 51602, Hamriyah Free Zone – Sharjah, United Arab Emirates	50%
Fendercare Marine Ghana Limited	11 Aduemi Close, North Kaneshie, Accra, Ghana	50%
Fendercare Marine Omega India Private Limited	JA 1104 – 1106, DLF Tower – A, Jasole District Centre, New Delhi, 11044, India	50%
James Fisher (Angola) Limitada	67 Rua Damiao de Gois, Alvalade, Borough, District of Maianga, Ingombota Municipality, Angola	49%*
James Fisher Angola UK Limited	Barrow-in-Furness[1]	50%
James Fisher Ghana Limited	HNO No.1, East Legon, Telley, Tesa Link, Otsokrikri Street, East Legon, Accra, Ghana	49%
James Fisher Nigeria Limited	2nd Floor, Architects Place, 2 Idowu Taylor Street, Victoria Island, Lagos, Nigeria	100%
Nuclear Decommissioning Limited	3 Sovereign Square, Sovereign Street, Leeds, LS1 4ER	25%
Strainstall Laboratories WLL	PO Box 2255, Office No.70, Barwa Commercial Avenue, Doha, Qatar	49%**
Strainstall Middle East LLC	PO Box 111007Jebel Ali Industrial Area 1, Dubai, United Arab Emirates	49%**
Strainstall Testing Lab LLC	PO Box 62579, Abu Dhabi, United Arab Emirates	49%**
Subtech Offshore Services Nigeria Limited	Plot 15, Block 110, Henry Ojogho Crescent, Off Road 69, Lekki Phase 1, Lagos, Nigeria	100%
Specialist Technical		
First Response Marine Pte Ltd	16 Benoi Road, 629889, Singapore	50%
James Fisher Technologies LLC	5821 Langley Avenue, Loveland, Colorado, 80538, USA	49%
JFD Domeyer GmbH	Konsul-Smidt-Str. 15, 28217, Bremen, Germany	50%
Wuhu Divex Diving System Limited	No.58 Yongchang Road, Jiujiang District, Wuhu City, Anhui Province, PR China	49%

1 Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR.
2 North Meadows, Oldmeldrum, Aberdeenshire, AB51 0GQ.
3 JFD, Westhill Industrial Estate, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ.
4 4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA.
5 Finnestadsvingen 23, 4029 Stavanger, Norway.
6 9 Tuas West Avenue, Peck Tiong Choon Building, Singapore 638442.
7 Unit D, Zone 5, Clonminam Business Park, Portlaoise, County Laois, Ireland.
8 Unit 3, 11 Travertine Crescent, Briardene, Durban North, KwaZulu-Natal, 4051, South Africa.
9 Rua Tenente Celio, No.150, Bairro Granja Caveleiros, Macae, State of Rio de Janeiro, 27.930-120, Brazil.
10 8A Sparks Road, Henderson, WA 6166, Australia.
11 19 Loyang Lane, Singapore 508929.
12 54 Bushland Ridge, Bibra Lake WA 6163, Australia.
13 Gabriel Mancera 1041 Del Valle, Benito Juarez, 03100, Ciudad de Mexico, D.F., Mexico.
* Held by the Parent Company (all other subsidiaries are held by an intermediate subsidiary).
** Consolidated as subsidiary undertakings.
*** Held by nominee shareholders.

Group financial record
for the five years ended 31 December

	2022 £m	2021 £m Restated*	2020 £m	2019 £m	2018 £m
Revenue					
Marine Support	**224.5**	214.5	249.4	311.6	274.3
Specialist Technical	**68.1**	81.5	130.4	149.4	156.5
Offshore Oil	**106.6**	86.3	78.0	88.2	70.0
Tankships	**78.9**	60.1	60.4	67.9	60.7
Continuing operations	**478.1**	442.4	518.2	617.1	561.5
Discontinued operations	**42.8**	51.7	–	–	–
Total	**520.9**	494.1	518.2	617.1	561.5
Underlying operating profit					
Marine Support	**7.9**	5.0	10.1	24.5	26.8
Specialist Technical	**0.6**	10.0	14.0	18.4	21.4
Offshore Oil	**15.2**	11.1	11.2	14.2	6.8
Tankships	**8.6**	4.8	8.0	12.0	9.9
Common costs	**(5.9)**	(2.8)	(2.8)	(2.8)	(2.8)
Continuing operations	**26.4**	28.1	40.5	66.3	62.1
Discontinued operations	**(7.3)**	(0.1)	–	–	–
Total	**19.1**	28.0	40.5	66.3	62.1
Net finance costs	**(10.3)**	(8.3)	(9.0)	(7.8)	(6.0)
Underlying profit before taxation	**8.8**	19.7	31.5	58.5	56.1
APMs	**(1.7)**	(48.7)	(84.0)	(10.7)	(0.7)
Loss on remeasurement to fair value less costs to sell	**(13.3)**	–	–	–	–
(Loss)/profit before taxation	**(6.2)**	(29.0)	(52.5)	47.8	55.4
Taxation	**(4.6)**	0.8	(4.8)	(11.1)	(10.1)
(Loss)/profit after taxation	**(10.8)**	(28.2)	(57.3)	36.7	45.3
Intangible assets	**124.5**	146.8	186.6	215.2	197.5
Property, plant and equipment	**119.7**	122.2	158.2	210.6	145.4
Right-of-use assets	**52.3**	41.8	31.9	27.9	–
Investment in associates and joint ventures	**10.0**	9.4	8.9	9.9	9.6
Working capital	**69.2**	62.5	66.6	107.5	96.3
Assets/(liabilities) held for sale	**17.1**	10.7	–	–	–
Contingent consideration	**–**	–	(1.7)	(8.2)	(6.0)
Pension obligations	**5.1**	(1.9)	(10.3)	(5.8)	(16.1)
Taxation	**6.2**	4.7	(4.2)	(10.7)	(6.7)
Capital employed	**404.1**	396.2	436.0	546.4	420.0
Net borrowings	**139.8**	147.4	175.0	203.0	113.6
Lease liabilities	**46.0**	38.2	23.1	27.4	–
Equity	**218.3**	210.6	237.9	316.0	306.4
	404.1	396.2	436.0	546.4	420.0
Earnings per share	**pence**	pence	pence	pence	pence
Basic	**(22.1)**	(55.2)	(114.2)	73.1	89.5
Diluted	**(22.1)**	(55.2)	(114.2)	72.7	88.9
Dividends declared per share	**–**	–	8.0	11.3	31.6
Operating margin (%)	**3.7%**	5.7%	7.8%	10.7%	11.0%
Return on capital employed (%)	**3.9%**	3.6%	6.7%	11.3%	12.2%
Leverage	**2.7**	2.9	2.8	2.7	1.9
Dividend cover (times)	**–**	–	6.0	8.2	2.5

* 2021 results are restated due to a business classified as discontinued operations – see Note 5.

Investor information

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Financial Calendar
14 June 2023

Annual General Meeting

Disclaimer
This Annual Report has been prepared for the members of the Company only. The Company, its Directors, employees and agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. This Annual Report contains certain forward-looking statements that are subject to future events including, amongst other matters, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates and the availability of financing to the Group.

As such the forward-looking statements involve risk and uncertainty. Accordingly, whilst it is believed the expectations reflected in these statements are reasonable at the date of publication of this Annual Report, they may be affected by a wide range of matters which could cause actual results to differ materially from those anticipated. The forward-looking statements will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

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