**28 April 2023**

**James Fisher and Sons plc**
**Full year results for the year ended 31 December 2022**

James Fisher and Sons plc (FSJ.L) ('James Fisher', 'the Group'), the leading marine service provider, announces its unaudited results for the year ended 31 December 2022.

| *£m unless otherwise stated* ***Continuing operations*** | **2022** | 2021* | Change |
|---|---|---|---|
| Revenue | **478.1** | 442.4 | +8.1% |
| Operating profit/(loss) | **24.7** | (20.7) | +£45.4m |
| Profit/(loss) before tax | **14.5** | (28.9) | +£43.4m |
| Diluted earnings/(loss) per share (p) | **17.4** | (55.0) | +72.4p |
| Underlying operating profit ** | **26.4** | 28.0 | -5.7% |
| Underlying operating profit margin | **5.5%** | 6.3% | -80bps |
| Return on capital employed | **3.9%** | 3.6% | +30bps |
| Loss from discontinued operations | **(19.8)** | (0.1) | -£19.7m |

* restated due to a business classified as discontinued operations
** excludes adjusting items of £1.7m loss (2021: £48.7m loss)

**Performance summary:**

- Good strategic and financial progress made in stabilising the Group
- Sale of three non-core businesses and agreement to sell Swordfish Dive Support Vessel in December 2022
  - £18.5m received in December 2022; £20m received in January 2023
- Revenue from continuing operations increased 8.1% to £478.1m
- Underlying operating profit 5.7% behind 2021 (2022: £26.4m; 2021: £28.0m)
- Operating profit turnaround following loss in 2020 and 2021; significant reduction in adjusting items
- JFN sold in March 2023; £19.8m loss in the year including significant operating loss and impairment charges
- Reorganisation around three divisions: Energy, Defence and Maritime Transport
- Committed financing agreed with lenders, expected to be concluded in coming weeks

**Commenting on the results, Chief Executive Officer, Jean Vernet, said:**
"Since I joined the Group in September 2022, I am pleased to report that progress has been made both strategically and financially. We have a new leadership team in place ready to address the challenges that we currently face.

In a macro-economic environment that remains uncertain for 2023, we expect our industry verticals to be robust. 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 trading in Q1 2023 gives us confidence in the outturn for the year."

**For further information:**



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|---|---|---|---|
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Notes:
1. James Fisher uses alternative performance measures (APMs) as key financial indicators to assess the underlying performance of the business. APMs are used by management as they are considered to provide useful additional information. APMs include underlying operating profit, underlying earnings per share and underlying return on capital employed. An explanation of APMs is set out in Note 2 in the full year results.
2. Cautionary statement: This announcement contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement and James Fisher and Sons plc undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

## Chairman's review

### Introduction
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 £28 million, 2022 was a year of stabilisation. 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). Similar to our revenue profile, improved profitability across Marine Services, Tankships and Offshore Oil 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 c.£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 of which were the challenges presented by the Covid-19 pandemic. 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 well-being 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 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.

## Chief Executive'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
- We had to build a simpler, united and cohesive organisation from what had become a series of 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 coordination 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 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

**Operating review**

**Marine Support**

| | **2022** | 2021 | Change % |
|---|---|---|---|
| Revenue (£m) | **224.5** | 214.5 | 4.7 |
| Underlying operating profit (£m) | **7.9** | 5.0 | 58.0 |
| Operating profit/(loss) (£m) | **10.1** | (21.0) | n/m |

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 market verticals.

As part of the Group's portfolio rationalisation strategy, three of the DDS businesses 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$24m, 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*

| | **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 |

The JFD business experienced a very challenging twelve 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**

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

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 record 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.

**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 |

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).

**Financial review**

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. 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.

**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 item 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 5.7%.

***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 accordingly the 2022 results include a £5.4m gain in its carrying value 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 £1.7m relates to people costs and £1.0m 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 IFRS16 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 £4.6m (2021: £10.1m) representing an underlying effective tax rate of 28.4% (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.

**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 PCGs supporting the obligations of JFN. 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 22.1p, compared to a loss of 55.2p 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$24m 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 £9m 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 £6.7m 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 IAS17 basis), and bonds and guarantees, as summarised in table B. On a covenants basis, net debt has reduced by £13.7m. 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 12) due to the relatively short-term nature of the new facilities.

**Table A**

| £m | 2022 | 2021 | Movement |
|---|---|---|---|
| Bank net borrowings | **(132.9)** | (139.6) | 6.7 |
| Finance leases (IAS17 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 | **(132.9)** | (139.6) | 6.7 |
| Finance leases (IAS17 basis) | **(6.9)** | (7.8) | 0.9 |
| Bonds and guarantees | **(2.3)** | (8.4) | 6.1 |
| **Net debt – covenants basis** | **(142.1)** | (155.8) | 13.7 |
| **EBITDA – covenants basis** | **52.6** | 54.3 | |

| Net debt : EBITDA | **2.7** | 2.9 |
|---|---|---|

**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.

**Non-current assets**

Non-current assets reduced by £12.7m in the year from £333.9m to £321.2m. 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, net 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 the table below. 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.

| £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 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** |

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 (£4.8m) 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 credit 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.

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 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 IFRS8. The Group will also adopt IFRS 17 from 1 January 2023, the effect of which is being finalised.

**Principal risks and uncertainties**

The Board has considered the principal risks that may affect our business. Two new principal risks have been identified during the year, for which additional detail is provided in the tables below. A full description of all principal risks and uncertainties, the changes during 2022, and their management and mitigation as well as emerging risks will be set out in the 2022 Annual Report and Accounts.

**1.NEW RISK: Group transformation risk**

| 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<br>• Staff may become distracted by the change process | • An Operational Excellence team has been established, with a clear remit<br>• Objectives have been set and cascaded through the organisation to ensure priorities are clear across the Group<br>• 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 & 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: | Potential impact: | Mitigation: |
|---|---|---|
| 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. | • The Group may not have access to adequate liquidity<br>• Disposals of additional businesses may be required<br>• The Group's reputation and ability to secure competitive contracts with suppliers and customers may be adversely impacted | • Regular meetings are held with all lenders to provide trading and operational updates<br>• Selection of third-party expert support to assist with refinancing<br>• Ongoing dialogue with potential new lenders Refinancing discussions concluded with existing lenders in April 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.

Other principal risks – unchanged from 2021

- Health and safety risk
- Cyber security risk
- Operating in emerging markets
- Climate change
- Contractual risk
- Project delivery risk
- Recruitment and retention of key staff
- Financial risk
- Pandemic risk

**Directors' Responsibilities**

The following is an extract of the full statement prepared in connection with the Company's Annual Report and Accounts for the year ended 31 December 2022.

The Directors of the Company confirm that, to the best of their 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 the Directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of James Fisher and Sons plc and their respective responsibilities are set out in the 2022 Annual Report and Accounts.

The responsibility statement was approved by the Board on 28 April 2023 and signed on its behalf by:

J Vernet
Chief Executive Officer

D Kennedy
Chief Financial Officer

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 | | **0.3** | (7.3) |
| Share of post-tax results of associates | | **1.6** | 1.9 |
| **Operating profit/(loss)** | | **24.7** | (20.7) |
| Finance income | 3 | **0.7** | 0.3 |
| Finance expense | 3 | **(10.9)** | (8.5) |
| **Profit/(loss) before taxation** | | **14.5** | (28.9) |
| Income tax | 5 | **(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** | 4 | **(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** | 6 | **(22.1)** | (55.2) |
| **Diluted** | 6 | **(22.1)** | (55.2) |
| | | | |
| **Loss per share – continuing activities** | | **pence** | pence |
| **Basic** | 6 | **17.4** | (55.0) |
| **Diluted** | 6 | **17.4** | (55.0) |

* 2021 results are restated due to a business classified as discontinued operations - see Note 4. 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 | | **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 | | **3.6** | (2.6) |
| Effective portion of changes in fair value of cash flow hedges in joint ventures | | **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 | | **(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 STATEMENT OF FINANCIAL POSITION**
**at 31 December 2022**

| | Notes | 31 December 2022 £m | 31 December 2021 £m restated* |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | | **116.3** | 133.5 |
| Other intangible assets | | **8.2** | 13.3 |
| Property, plant and equipment | | **119.7** | 122.2 |
| Right-of-use assets | | **52.3** | 41.8 |
| Investment in joint ventures | | **8.7** | 8.0 |
| Other investments | | **1.4** | 1.4 |
| Retirement benefit surplus | | **5.5** | - |
| Other receivables | | **0.7** | 4.1 |
| Deferred tax assets | | **8.4** | 9.6 |
| | | **321.2** | 333.9 |
| **Current assets** | | | |
| Inventories | | **49.8** | 49.0 |
| Trade and other receivables | | **148.2** | 153.3 |
| Assets held for sale | 8 | **36.2** | 10.7 |
| Cash and cash equivalents | 10 | **53.6** | 68.0 |
| | | **287.8** | 281.0 |
| **Current liabilities** | | | |
| Trade and other payables | | **(122.4)** | (139.5) |
| Provisions | | **(5.3)** | (2.0) |
| Liabilities associated with assets held for sale | | **(16.3)** | - |
| Current tax | | **(1.9)** | (4.5) |
| Borrowings | 10 | **(67.4)** | (33.6) |
| Lease liabilities | | **(13.2)** | (9.9) |
| | | **(226.5)** | (189.5) |
| **Net current assets** | | **61.3** | 91.5 |
| **Total assets less current liabilities** | | **382.5** | 425.4 |
| **Non-current liabilities** | | | |
| Other payables | | **(0.5)** | (1.3) |
| Provisions | | **(1.4)** | (1.1) |
| Retirement benefit obligations | 9 | **(0.4)** | (1.9) |
| Cumulative preference shares | | **(0.1)** | (0.1) |
| Borrowings | | **(121.8)** | (173.9) |
| Lease liabilities | | **(39.7)** | (36.1) |
| Deferred tax liabilities | | **(0.3)** | (0.4) |
| | | **(164.2)** | (214.8) |
| **Net assets** | | **218.3** | 210.6 |
| **Equity** | | | |
| Called up share capital | 11 | **12.6** | 12.6 |
| Share premium | | **26.8** | 26.8 |
| Treasury shares | | **(0.6)** | (0.6) |
| Other reserves | | **(6.8)** | (20.4) |
| Retained earnings | | **185.8** | 191.5 |
| **Total shareholders equity** | | **217.8** | 209.9 |
| Non-controlling interests | | **0.5** | 0.7 |
| **Total equity** | | **218.3** | 210.6 |

* 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).

## CONSOLIDATED CASH FLOW STATEMENT
## for the year ended 31 December 2022

| | Notes | 31 December 2022 £m | 31 December 2021 restated* £m |
|---|---|---|---|
| (Loss)/profit for the year | | **(10.8)** | (28.2) |
| Tax (credit)/charge | | **4.7** | (0.8) |
| Adjustments to reconcile (loss)/profit before tax to net cash flows | | | |
| Depreciation and amortisation | | **41.1** | 44.2 |
| Impairments | | **0.7** | 38.4 |
| Loss on remeasurement to fair value less costs to sell | 4 | **13.3** | - |
| Net finance expense/(income) | | **10.3** | 8.3 |
| (Gain)/loss on disposal of businesses, net of disposal costs | | **(2.5)** | 0.2 |
| Other non-cash items | | **(1.7)** | (1.0) |
| (Increase) in inventories | | **(3.2)** | (2.7) |
| Decrease/(increase) in trade and other receivables | | **2.5** | (5.1) |
| (Decrease)/increase in trade and other payables | | **(1.9)** | 11.8 |
| Defined benefit pension cash contributions less service cost | | **0.1** | (2.2) |
| **Cash generated from operations*** | | **52.6** | 62.9 |
| Income tax payments | | **(8.1)** | (7.9) |
| **Cash flow from operating activities** | | **44.5** | 55.0 |
| | | | |
| **Investing activities** | | | |
| Dividends from joint venture undertakings | | **1.7** | 1.6 |
| Proceeds from the disposal of a subsidiary, net of cash disposed | | **15.1** | 6.2 |
| Proceeds from the disposal of property, plant and equipment | | **2.2** | 14.7 |
| Finance income | | **0.8** | 0.3 |
| Acquisition of subsidiaries, net of cash acquired | | **(2.6)** | (1.1) |
| Acquisition of property, plant and equipment | | **(31.7)** | (28.2) |
| Development expenditure | | **(1.3)** | (1.5) |
| **Cash flows used in investing activities** | | **(15.8)** | (8.0) |
| | | | |
| **Financing activities** | | | |
| Proceeds from the issue of share capital | | **-** | 0.1 |
| Finance costs | | **(7.5)** | (5.6) |
| Acquisition of non-controlling interests (NCI) | | **(1.5)** | - |
| Net purchase of own shares by Employee Share Ownership Trust | | **-** | (0.5) |
| Purchase of own shares for LTIP vesting | | **-** | (0.5) |
| Capital element of lease repayments | | **(14.5)** | (13.7) |
| Proceeds from borrowings | | **166.0** | 205.0 |
| Repayment of borrowings | | **(182.6)** | (210.9) |
| **Cash flows used in financing activities** | | **(40.1)** | (26.1) |
| | | | |
| Net increase in cash and cash equivalents | 10 | **(11.4)** | 20.9 |
| Cash and cash equivalents at 1 January | | **34.5** | 13.5 |
| Net foreign exchange differences | | **2.5** | 0.1 |
| Cash transferred to asset held for sale | | **(2.8)** | - |
| **Cash and cash equivalents at 31 December** | | **22.8** | 34.5 |

* Cash generated from operations for the year ended 31 December 2021 has been re-presented to reallocate ‘separately disclosed 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)** |

## NOTES TO THE PRELIMINARY RESULTS

### 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 financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2022 or 2021. The financial information for 2021 is derived from the statutory accounts for 2021 which have been delivered to the registrar of companies. The auditor has reported on the 2021 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2022 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement. Those statutory accounts for 2022 are expected to include reference to a material uncertainty relating to going concern (as referred to below) and the auditor's report on those accounts is expected to include reference to a matter to which the auditor draws attention by way of emphasis without qualifying their report in respect of that material uncertainty related to going concern. Those statutory accounts will be delivered to the registrar of companies in due course.

**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 shown separately. 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'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.

| | | |
|---|---|---|
| | **31 Dec 2021** | **31 Dec 2021** |

| | As reported £m | Adjustment £m | Adjustment £m | 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 |

**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 |

**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.

***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 4) 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.

| | Continuing operations | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | **As reported** | **Amortisation of acquired intangible assets** | **Impairment charges / (reversals)** | **Specific trade receivables provision** | **Restructuring** | **Disposal of businesses and assets** | **Other / Tax** | **Underlying results** | **Dis-continued Operations** | **Total underlying results** |
| **Continuing operations** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£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** | **(8.2)** | **13.2** | **5.0** |
| Operating margin (%) | **5.2%** | | | | | | | **5.5%** | **-17.0%** | **3.7%** |

**Segmental underlying operating profit is calculated as follows:**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 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.

The impairment charges/(reversals) relate to goodwill, intangible and tangible assets, and assets held for sale.

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 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.

| 2021 | Continuing operations | | | | | | | | Discontinued operations | Total underlying results |
|---|---|---|---|---|---|---|---|---|---|---|
| | As reported | Amortisation of acquired intangible assets | Impairment charges | Specific Trade receivables provision | Litigation | Disposal of businesses and assets | Other / Tax | Underlying results | | |
| **Continuing operations** | £m | £m | £m | £m | £m | £m | £m | £m | £m | £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.

The impairment charges relate to goodwill, intangible and tangible assets, right-of-use assets and assets held for sale.

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.

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; a gain of £0.3m on the disposal of the Paladin Dive Support Vessel for US$17.3m in gross proceeds.

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** | 2021 |
|---|---|---|
| | **£m*** | £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 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 IFRS16. Guarantees are those issued by a bank or financial institution to compensate a stakeholder in the event of a Group company not fulfilling it's obligations in the ordinary course of business in relation to either advance payments or trade debtors.

| | **2022** | 2021 |
|---|---|---|
| | **£m** | £m |
| Net borrowings | **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** | 2021 |
|---|---|---|
| | **£m** | £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% |

| **Year ended 31 December 2022** | **Marine Support** | **Specialist Technical** | **Offshore Oil** | **Tankships** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£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 | **123.1** | **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** | **Specialist Technical** | **Offshore Oil** | **Tankships** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£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** | | |
| | **121.8** | **98.3** | **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

Interest cover is calculated in line with the Group's banking covenants. It is defined as a ratio of underlying net operating profit, adjusted for IFRS16 impact, to covenant interest.

| | **2022** | 2021 |
|---|---|---|
| | **£m** | £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** | 2021 |
|---|---|---|
| | **£m** | £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 |

## 3. Segmental information

The Group has four operating segments reviewed by the Board: Marine Support, Specialist Technical, Offshore Oil and Tankships.. 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** | **Specialist Technical** | **Offshore Oil** | **Tankships** | **Corporate** | **Continuing Total** | **Discontinued Total** | **Total** |
|---|---|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£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 & 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.

Revenue from operating lease rental income is £10.3m (2021: £9.8m) which is accounted for under IFRS16: Leases. 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.

| **Year ended 31 December 2021** | **Marine Support** | **Specialist Technical** restated* | **Offshore Oil** | **Tankships** | **Corporate** | **Continuing Total** restated* | **Discontinued Total** restated* | **Total** |
|---|---|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£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 4.

## 4. 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 6 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.

| Results of discontinued operations | **2022** | 2021 |
|---|---|---|
| | **£m** | £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** | 0.0 |
| **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** | 2021 |
|---|---|---|
| | **£m** | £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)** | - |

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 £13.3 loss was recognised on remeasurement to fair value less cost to sell, consisting of impairments of goodwill (£8.1m), property, plant and equipment (£3.9) and anticipated costs of disposal (£1.3m).

The non-recurring fair value mearsurement 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.

## 5. 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.

## 6. 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) |

**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 | **(39.4)** | **(0.2)** |
| Diluted earnings per share | **(39.4)** | **(0.2)** |

## 7. Dividends paid and proposed

There were no dividends paid or proposed in either 2022 or 2021.

## 8. 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 £18.5m 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 4 for details.

£1.5m assets relates to land and buildings for a business within the Specialist Technical division.

## 9. 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** | |
|---|---|---|
| | **2022 £m** | 2021 £m |
| **Shore staff** | **5.5** | (1.0) |
| **MNOPF** | **(0.4)** | (0.9) |
| **MNRPF** | **-** | - |
| | **5.1** | (1.9) |

## 10. 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) |

*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 4).

## 11. 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.

## 12. Related party transactions

Excepting the change of Directors, there were no material changes to related parties or associated transactions from those disclosed in the 2021 Annual Report.

## 13. Post Balance sheet Events

In March 2023, Tankships 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.