HARNESSING THE BLUE ECONOMY

Building foundations for the future

Energy • Defence • Maritime Transport

James Fisher and Sons plc
Pioneering Sustainably

Annual Report and Accounts 2023

OUR PURPOSE IS TO PIONEER SAFE, TRUSTED SOLUTIONS FOR COMPLEX PROBLEMS, IN HARSH ENVIRONMENTS WITH A FOCUS ON THREE CORE MARKETS

In this Report, we outline progress made in 2023 on our journey to returning to sustainable, profitable growth.

ENHANCING

ENERGY

Supporting the energy transition through responsible energy provision and innovative renewable energy solutions

Read more on **page 20**

PROTECTING

DEFENCE

Protecting lives and assets on and under the oceans, in the most sensitive and challenging environments

Read more on **page 24**

CONNECTING

MARITIME TRANSPORT

Leading the way in targeted coastal maritime shipping and global oil and natural gas ship-to-ship transfers

Read more on **page 28**

Managed

7.9 GW

of offshore wind throughout 2023

Supporting

28

of the world's navies

Harnessing

175+

years' of marine experience

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OUR 2023 REPORTING SUITE

Sustainability Report

Our website

Please visit **www.james-fisher.com** for further information.

AT A GLANCE

WHO WE ARE

We are a global engineering services company. From our origins as a ship owner and operator, we've evolved to provide the expertise and innovative technology our customers need in the harshest of environments across Energy, Defence and Maritime Transport.

GUIDED BY OUR VALUES

Pioneering spirit

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

Integrity

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

Energy

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

Resilience

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

WHAT WE DO

Our vision

To harness the international, blue economy space, providing technically advanced solutions that enhance, protect and connect.

Our purpose

Pioneering safe, trusted and sustainable solutions for complex problems, in harsh environments.

Our mission

Provide innovative marine solutions to our customers in Energy, Defence and Maritime Transport.

Organisation in transformation

1 JAMES FISHER

Committed to portfolio simplification

3 MARKETS

Countries worldwide

~25

Employees

2,041

OUR DIVISIONS

ENERGY

Services

- **Well testing and intervention**
- **Production optimisation**
- **Inspection, repair and maintenance**
- **Renewables**
- **Decommissioning and abandonment**
- **Digital efficiency solutions**

Product lines

- Scantech
- RMSpumptools
- JF Subtech
- JF Renewables
- EDS HV
- JF Decommissioning
- JF AIS

DEFENCE

Services

- **Submarine Rescue**
- **Submarine Platforms**
- **Special Operations**
- **Commercial diving**
- **Defence diving**

Product lines

- JFD

MARITIME TRANSPORT

Services

- **Fleet management**
- **Berthing and marine services**
- **Oil ship-to-ship services**
- **Liquefied Natural Gas ship-to-ship services**
- **Mooring and safety products**

Product lines

- James Fisher Tankships
- Cattedown Wharves
- JF Fendercare
- Martek Marine

OUR HEADLINE FIGURES

Revenue – continuing operations (£m)

£496.2M

2022: £478.1m

Underlying operating profit – continuing operations* (£m)

£29.6M

2022: £26.4m

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

£(39.9)M

2022: £14.5m

Cash from operating activities (£m)

£37.8M

2022: £44.5m

Net borrowings (£m)

£201.1M

2022: £185.8m

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

* Excludes adjusting items.

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

CHAIRMAN'S REVIEW

> **Our commitment to safety, people, good governance and sustainability, particularly carbon reduction, is central to the future success of James Fisher.**
>
> **Angus Cockburn**
> Chairman

There is no argument with the fact that 2023 was a turbulent year for James Fisher but it was also one that has begun to reposition the Company's future growth. In late 2022, we began a transformation programme to build a stronger, more sustainable business focused on improved operational and financial performance. We have made good early progress under the energetic leadership of our CEO, Jean Vernet, centred around streamlining the portfolio, simplifying the divisional structure and driving a culture of accountability and results. This has sharpened the focus of the Company and facilitated the launch of "One James Fisher", which looks to capture the customer and efficiency synergies that exist in the business.

We are focusing the Company on businesses where we have competitive advantage and can deliver superior customer value through, for example, digitalisation or innovation, while exiting businesses where we cannot deliver profit and growth.

To this end, we took the decision to close Subtech Europe in December, given the scale of its losses over the past few years. From a capital allocation perspective, we believe that focusing our investment on higher potential areas of growth is the best route forward for James Fisher in the long-term.

Addressing our debt

Our biggest challenge remains that we have too much debt and our progress will continue to be hampered while this is the case, due to very high finance costs and the associated restrictions on how we can operate. The refinancing and ongoing management of our banking group has taken a significant amount of senior management time and remains a critical short-term priority. We have demonstrated that we can generate cash from operations and carefully selected asset disposals as evidenced by underlying net borrowings* reducing from £203 million in 2019 to £149.8 million at the end of 2023. However, the reduction in profitability over that time has meant that our leverage* remains too high. Generating strong cash flow to reduce debt, while at the same time improving profitability, will reduce leverage and this remains our key priority as we enter 2024. We remain grateful for the support of our banks during this challenging period.

The first stage of any turnaround is stabilisation and despite all the challenges, our underlying financial performance improved slightly during the year, with Underlying Operating Profit (UOP)* growing from £26.4 million in 2022 to £29.6 million in 2023. This, combined with the small increase in underlying net borrowings from £142.1 million at the end of 2022 to £149.8 million at the end of 2023, means that our leverage as measured by underlying net borrowings divided by underlying operating profit before interest, tax, depreciation and amortisation, adjusted for impacts of IFRS 16*, remained relatively flat at 2.75x in 2023 (2022: 2.70x). That said, the recently announced sale of RMSpumptools, due to complete in the early second half of 2024, will help to reduce our net borrowings further and move us closer to our desired medium-term leverage range of 1.0 to 1.5x.

Given our current financial position the Board is unable to recommend paying a final dividend for 2023. I recognise that this may be disappointing, but the Board remains committed to reintroducing a sustainable and progressive dividend policy when appropriate.

Delivering our strategy

The turnaround strategy has three main elements: Focus, Simplify and Deliver. We are clearly still in the foothills of executing this strategy, but we have made some good early progress in terms of focusing and simplifying our portfolio of businesses and laying the foundations of operational performance improvement. Building a strong leadership team is key to this and the Board is pleased that the Executive Committee Team is now in place, combining existing James Fisher talent as well as experienced new hires who bring a fresh perspective. The job of this team is to position James Fisher to take advantage of the potential of operating in the “Blue Economy”.

Headline financial performance during the year was disappointing with a high level of “one-off” costs. We have had several years of one-offs, which have had a material impact on profitability and more importantly, cash. These costs are the inevitable consequence of any turnaround process amplified by a very challenging refinancing process brought on by our bank covenant challenges. The underlying financial performance during 2023 was more encouraging with revenue from continuing operations, excluding the discontinued nuclear business, growing by 3.8% from £478.1 million to £496.2 million whilst UOP from continuing operations rose by 12.1% from £26.4 million to £29.6 million in 2023.

There was particularly encouraging progress in the Energy Division where revenue grew by 9.9% to £266.5 million with standout performance in the well testing and intervention and artificial lift Product Lines. By contrast, performance in the North Sea Inspection Repair and Maintenance and offshore oil businesses remained challenging. Revenue in the Maritime Transport Division fell by 6.0% but the focus on efficiency together with mixed benefits, saw the underlying operating profit grow by 23.9% with both tankship and ship-to-ship transfer services performing well. While the performance of the Defence business improved in both revenue and underlying operating profit terms, extended procurement timelines meant that the recovery in this business was slower than expected. However, the potential of our Defence Division remains encouraging, and the team is focused on delivering the solutions needed for customers in a number of diverse underwater applications.

A key measure for any business is the profit that is generated from its asset base. Hence the importance of our Return on Capital Employed (ROCE) measure*, which is a key incentive metric for our Executive team. ROCE grew from 5.3% to 6.6% which is clearly still too low, and a combination of careful capital allocation and margin improvement is required to make this number more respectable. Underlying operating margin*, a key driver of ROCE, improved from 5.5% in 2022 to 6.0% in 2023.

Key pillars of future success

Our commitment to safety, people, good governance and sustainability, particularly carbon reduction, is central to the future success of James Fisher. The focus on safety may not have delivered the year-on-year improvement that we were hoping for but the sharpened emphasis and training on safety will make the workplace safer for our employees in years to come. This is particularly important given the challenging environments in which we work.

Employee engagement remained flat on the previous year in what is an unprecedented period of change for the Company. We will continue to address areas of concern for our employees and in particular focus on improving communication and talent development across the business.

Our sustainability commitment remains front and centre with carbon emission reduction at the heart of our strategy. Maritime Transport accounts for nearly 70% of our emissions and it was with great pleasure that we commissioned the first two dual-fuel vessels, and with orders for a further two placed during the year, our fleet replacement programme is well underway.

One James Fisher

In the meantime, we need to continue to put a strong foundation in place. Our One James Fisher programme, which is a key element of transformation, will play a pivotal role in improving all aspects of our business, helping it become both more agile in terms of our customer interaction and more efficient in all our other processes. Like any transformation programme, progress will at times be frustratingly slow, but I am convinced that this will help position the Company for growth once we overcome our current financial challenges.

Central to our success is our management team. To this end, I am delighted to welcome Karen Hayzen-Smith to the Board in the role of Chief Financial Officer. Karen has tremendous experience, and I am sure she will play a vital role in our turnaround in the years to come. I would also like to take this opportunity to pay tribute to the efforts of her predecessor, Duncan Kennedy, who joined at the same time as me in 2021 and has had to face some of the most severe challenges that any company could face. This he did with both energy and good humour. I also welcome as an Independent Non-Executive Director, Shian Jastram, who brings invaluable international experience in the renewables sector, and I thank outgoing Independent Non-Executive Director, Aedamar Comiskey, for her stand-out service in that role. The last few years have been challenging and the Board and I will miss Aedamar’s wise counsel and support.

James Fisher has its heritage in the shipyards of Scotland and the North of England, and I am proud that we continue to be a significant employer in these and other areas, such as East Anglia, where economic conditions have been difficult in recent years. Many of our employees work in harsh environments and I pay tribute to their courage and dedication. Indeed, I would like to thank everyone across the organisation for their hard work and commitment in 2023.

Outlook

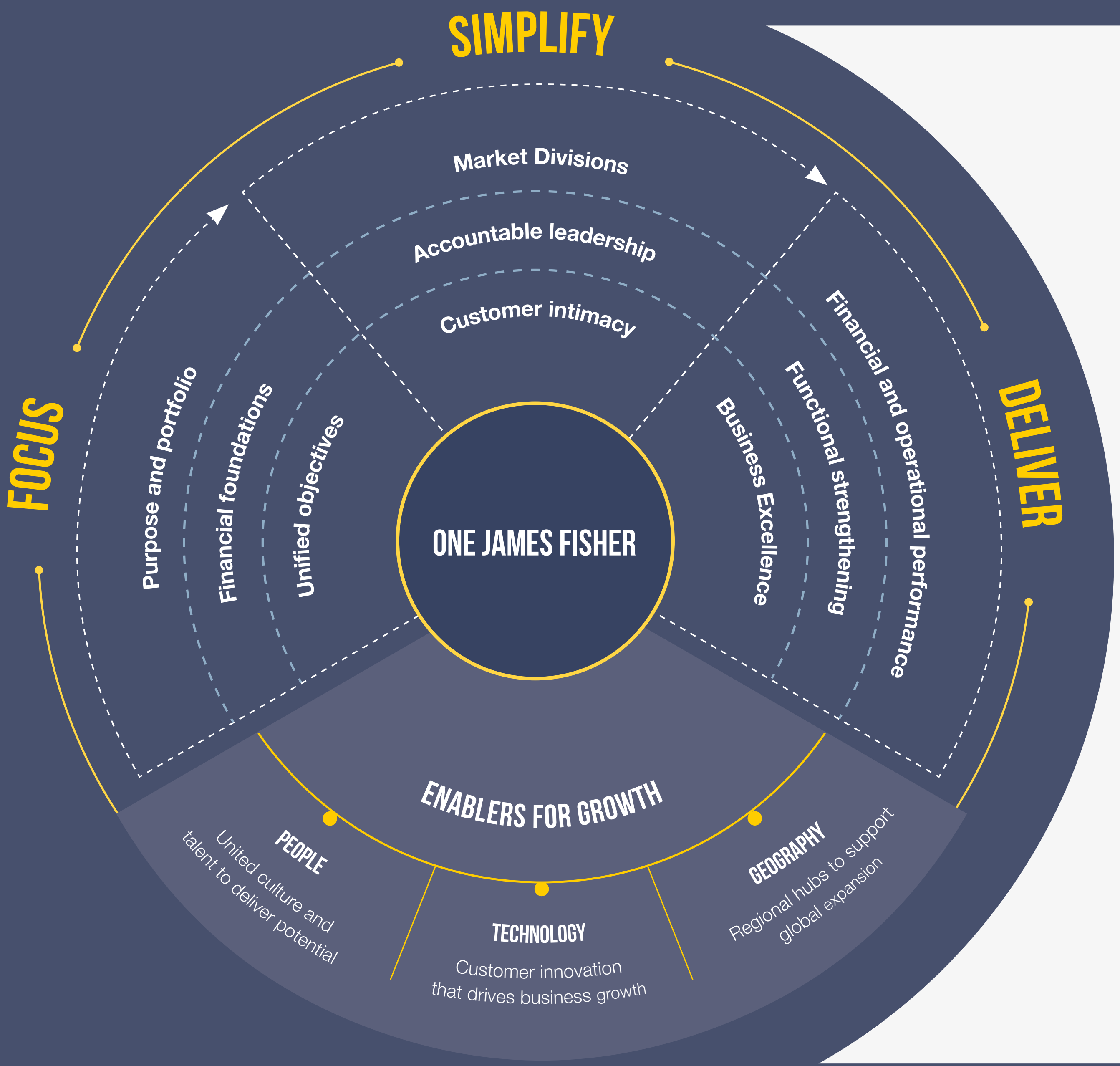
Having laid the foundations for transformation over the last twelve months, our efforts will continue this year. Business turnaround is a complex process, always taking longer than you expect, but the Board has confidence in the long-term potential of James Fisher and despite the ongoing financial challenges, believe that we are making some early progress in achieving the vision of One James Fisher. This will enable us to play a role in realising the potential of the Blue Economy and hopefully, in time, reward the patience of our investors.

Angus Cockburn
Chairman

* Alternative Performance Measures (APMs) are defined in Note 2 of the financial statements.

BUSINESS MODEL AND STRATEGY

Our transformation roadmap positions the Company for a stronger, more sustainable future. This is delivered through our Focus, Simplify and Deliver ambition.



STRATEGY

Journey to transformation

Our strategy is centred around the One James Fisher ambition. We are building a stronger, more cohesive company operating in the Blue Economy. The execution of this strategy is delivered through Focus, Simplify and Deliver underpinned by three enablers for growth.

FOCUS

Regroup around our core as an engineering service company operating in the Blue Economy.

SIMPLIFY

Restructure around three Divisions, aligned to the customer market verticals of Energy, Defence and Maritime Transport, with an emphasis on streamlined structures, standardisation and optimisation of resources in pursuit of operational leverage.

DELIVER

Drive delivery through Business Excellence and a culture of accountability, with Product Lines in charge of meeting their financial and operational targets.

Future growth

Our future strategic growth will be achieved by:

- Developing our global talent and specialist competencies, alongside our commitment to stronger employee engagement
- Prioritising our regional growth based on the key components of market drivers and customer needs
- Investing in the right technology and innovation, including new product development that will differentiate us from the competition

DELIVERING IMPROVED PERFORMANCE

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

Our focus on operational excellence requires that our businesses achieve the following targets:

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

OUR STAKEHOLDERS

We have five core stakeholders: shareholders, employees, customers and suppliers, local communities, and the environment. They inform our company purpose, direction and decision-making and are intrinsic to our Sustainability Strategy.

SHAREHOLDERS

CUSTOMERS AND SUPPLIERS

LOCAL COMMUNITIES

EMPLOYEES

THE ENVIRONMENT

WHY INVEST IN JAMES FISHER?

We are seeking to deliver sustainable value for our shareholders by implementing a strategy focused on simplifying and focusing the Group. By establishing stronger foundations, we are delivering growth, improved margins and enhanced ROCE.

GROWING DEMAND

Within each of our core markets there are substantial opportunities for growth.

The ongoing geopolitical and environmental backdrop continues to drive the focus on energy security, decarbonisation and investment in defence. Our breadth of established capabilities mean we are well positioned to play a key role:

- Traditional and new energy markets
- Transportation of critical supplies to smaller, regional hubs
- Growing demand for maritime and special operations expertise
- Opportunity to expand into less mature markets

TRUSTED, INNOVATIVE PARTNER

Throughout our 175 years, we have demonstrated an ability to solve difficult problems in the harshest of environments, helping our customers navigate seismic shifts in economic and political contexts.

We combine subject matter expertise and a deep practical understanding of the reality of working in our chosen markets. In 2023 this included a number of key innovations:

- Bubble curtain technology for marine protection
- Trial of refuelling-at-sea for the Royal Navy
- Launch of Shadow Seal tactical diving vehicle

To find out more, please scan the QR code or visit **www.james-fisher.com/investors**.

ESTABLISHED SPECIALISMS

Our focus on solving difficult problems in specialist business segments sets us apart from potential competitors.

Customers value our specialist assets, capabilities and skills of our global network of businesses.

- Primary UK fleet operator for the delivery of petrol, diesel and heating fuels
- Leading positions across several markets and geographies
- Ship-to-ship transfers
- Submarine rescue
- High-voltage engineering for offshore wind

PERFORMANCE FOCUSED

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

In 2024 we intend to continue this focus:

- Sale of non-core businesses
- Expansion of Lean Six Sigma training programme
- Launch of Exceptional Safety commitment
- Launch of Project Management pilots

In December 2023, Karen Hayzen-Smith joined James Fisher as Chief Financial Officer. With a strong background in Energy and Defence, we asked Karen what attracted her to the Company, her initial reflections and more about the key financial priorities for the year ahead - that will enable the business turnaround.

INTERVIEW WITH OUR CFO

Q: What attracted you to James Fisher?

A: I was initially attracted by the uniqueness of the Company, with its long engineering heritage that is evident through its specialised and differentiated products, services and capabilities, such as shipping, submarine rescue and diving. We have some great offerings.

I could see the future value reflected through a first-rate customer base and geographic reach as well as innovative expertise, and the ability to adapt to new developing markets.

James Fisher has all the relevant ingredients and with the right mix, has the ability to deliver a successful suite of services. Of course, any business turnaround is challenging and can take time to achieve, but the potential is there.

In addition, my early conversations with the Board showed that they shared a common vision and determination to make the Group successful and since joining, I have seen that commitment across the business. Our people have real pride in the work they do.

Q: What are your initial reflections on the first few months?

A: I see a Group that has a passion for its products and services and is eager for the strategy to be realised. I've been encouraged by the amount of work already achieved or underway. I think that's testament to the people and culture at James Fisher; there's a common purpose to deliver across the Group. I'd go further by saying there's a sense of team spirit and resilience, which is obviously really important when you're navigating through bumpy times.

The groundwork around our strategy to focus, simplify and deliver is underway. It's about harnessing the potential of our people to complete the foundation work we've started, and to deliver our future growth potential through strong customer delivery, technology, innovation and geographical expansion.

There is huge scope and efficiency potential in simply getting the basics right first time, across the Group, from enabling services such as finance through to customer-facing operations. The Group has the opportunity to develop further by shared learning and operating as One James Fisher. We should expect exponential improvements as the initiatives filtrate across the Group.

Q: What are your priorities for the year ahead?

A: **Deleveraging –** The top priority is to stabilise the Group and that means reducing current debt levels. We aim to strengthen our balance sheet and deleverage to be within a 1.0 to 1.5x net debt/EBITDA range. This will de-risk our current borrowing position, reduce financing costs, free up management resources and provide a stable platform to deliver the Company's full transformation. We need to achieve this priority above all others.

Establishing a platform for growth and scale – It's important that we continue to perform while we transform. We will build the foundations in key areas such as commercial and contracting, while tightening our governance process in areas such as investment decision-making. There are also areas where building capabilities are important too to improve contract discipline, cost control and project management. We need to ensure we bid at the optimum rates to win new contracts and manage delivery to retain profitability and be able to convert profits to cash. Getting the basics right will go a long way to improving our performance and will make it easier to scale.

Achieving 10% underlying operating profit – Our margins are currently lower than I would expect or like, however there are many opportunities to improve in order to reach our target. This includes better supply chain management, elimination of duplication, increased use of shared services and the potential for increased digitalisation and automation. The opportunities are there, we just need to prioritise and implement them in order to deliver short-term results.

Q: How will you achieve these ambitions?

A: If we reduce the debt and stabilise the base, we will have earned the right to start or accelerate the actions required to grow the business. The One James Fisher model is an enabler, as we assess our ways of working as a Group, harness expertise across the business to focus on customer delivery, while simplifying the way we operate and avoiding unnecessary duplication. I have no doubt in the ability for change to take place and to add value with immediate impact. We need to focus on those projects that will really make a difference.

Karen Hayzen-Smith
Chief Financial Officer

RECENT CAREER SUMMARY

2020 – 2023: Johnson Matthey
Various financial roles including Director of Group Finance

2016 – 2020: Babcock International Group
Finance Director – Aviation Sector and

Finance Director – Defence and Security

2008 – 2016: Amec Foster Wheeler
Various financial roles including AMEA and Southern Europe Finance Director

2005 – 2008: Heidelberg Materials
Deputy Head of Tax

> **Getting the basics right will go a long way to improving our performance and will make it easier to scale.**

KEY PERFORMANCE INDICATORS

Operating (loss)/profit – continuing operations (£m)

£(18.6)M

	(£m)
2023	£(18.6)m
2022	£24.7m
2021	£(20.7)m
2020	£(43.5)m
2019	£55.6m

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

Underlying operating profit* – continuing operations (£m)

£29.6M

	(£m)
2023	£29.6m
2022	£26.4m
2021	£28.0m
2020	£40.5m
2019	£66.3m

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

Underlying operating margin* – continuing operations (%)

6.0%

	(%)
2023	6.0%
2022	5.5%
2021	6.3%
2020	7.8%
2019	10.7%

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

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

Return on operating capital employed* (%)

6.6%

	(%)
2023	6.6%
2022	5.3%
2021	3.6%
2020	6.7%
2019	11.3%

Cash flow from operating activities (£m)

£37.8M

	(£m)
2023	£37.8m
2022	£44.5m
2021	£55.0m
2020	£88.0m
2019	£58.1m

Leverage* (times)

2.8 TIMES

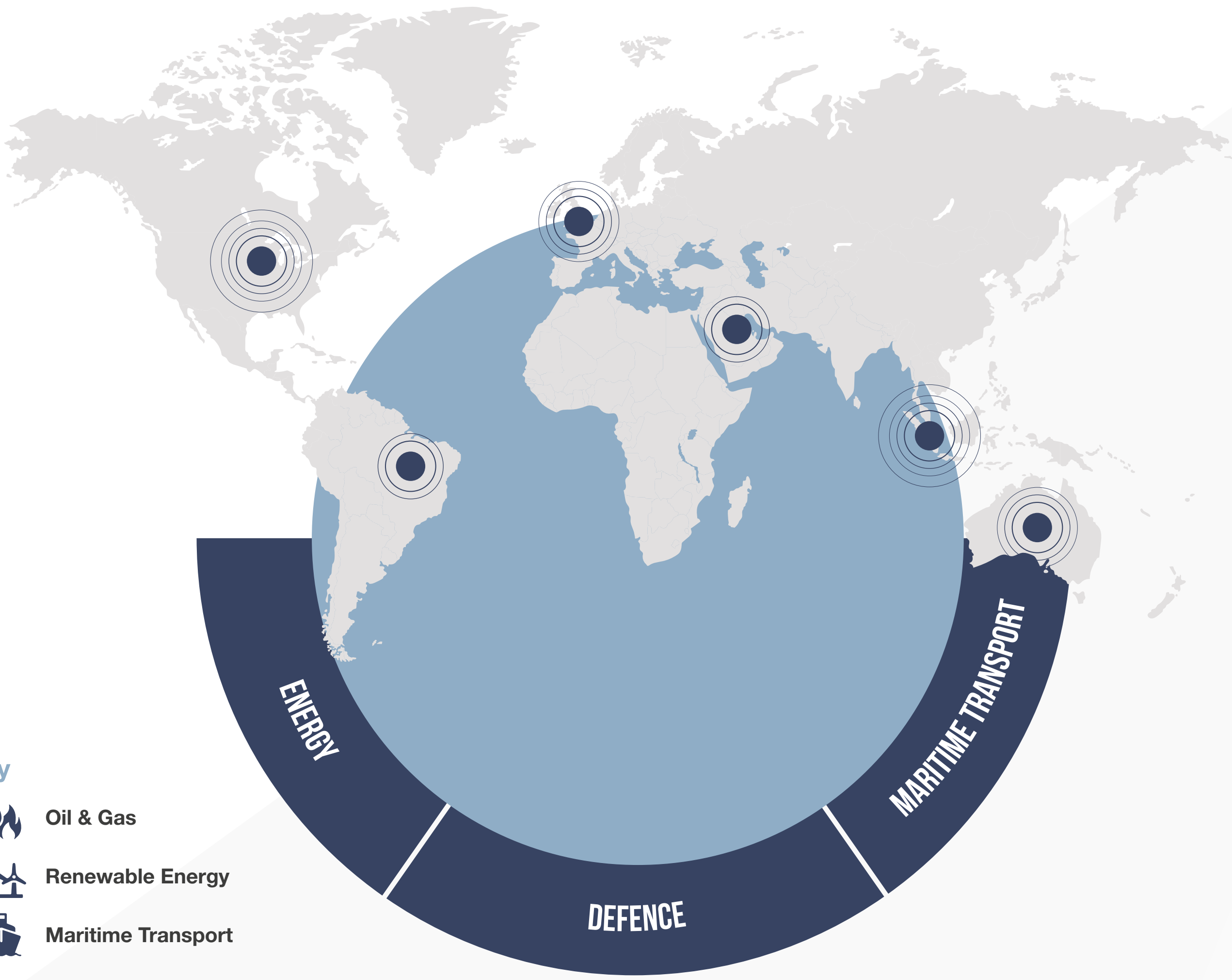
	(times)
2023	2.8
2022	2.7
2021	2.9
2020	2.8
2019	2.7

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

» Read more about our non-financial KPIs on **page 48**

OUR MARKETS

We deliver safe, efficient operations for our customers, in ~25 countries worldwide – centred around our key regions. This ensures we have the right people, technology and supply chain in place to realise our commitments.



Key

- Oil & Gas
- Renewable Energy
- Maritime Transport
- Defence
- James Fisher presence

GLOBAL REACH THROUGH LOCAL PRESENCE

Asia Pacific	Defence	Renewable Energy	Maritime Transport	
Australia	Defence	Oil & Gas		
MENA & KSA	Maritime Transport	Oil & Gas		
North America	Defence	Renewable Energy	Oil & Gas	
South America	Defence	Oil & Gas	Maritime Transport	
UK/Europe	Defence	Maritime Transport	Oil & Gas	Renewable Energy

CHIEF EXECUTIVE'S STATEMENT

"The Company has growth potential, but our focus needs to remain centred on delivering against our turnaround commitments.

Jean Vernet
Chief Executive Officer

A year ago, we launched a transformation programme that would move James Fisher from a portfolio of individual businesses to a stronger, more cohesive company. This turnaround is expected to take between two to three years and be driven by three themes: Focus, Simplify and Deliver.

To achieve **focus**, we have regrouped around our core as an engineering service company operating in the Blue Economy.

To **simplify** the business, we have reorganised James Fisher around three Divisions, aligned to the customer market verticals of Energy, Defence and Maritime Transport led by the new Executive Team. Each Divisional Head has been given the responsibility to streamline reporting structures, standardise processes and practices and share Group resources. Divisions are now divided into Product Lines (PLs) and positioned as experts in their particular domain.

Our **delivery** is driven by a culture of accountability, with PLs in charge of meeting their Underlying Operating Profit (UOP) and Return on Capital Employed (ROCE) targets. Each business must earn its cost of capital, either by fixing the business model if they currently underperform, or by accelerating profitable growth if they are already above hurdle rates.

We established a Business Excellence Function and have driven standardisation across the Group, deployed through the common language of Lean Six Sigma and applied change management to deliver our 2023 priorities. These were to improve our safety, forecasting (through the deployment of project management), cash collection and employee engagement.

With much of this important work underway, it is clear that the Company has growth potential, but our focus needs to remain centred on delivering against our turnaround commitments.

One James Fisher

In 2023 we adopted the **"One James Fisher"** model and brought together our collective strength to achieve greater synergies for the business and its customers. We are already achieving good traction, particularly within the Energy Division across oil and gas, and offshore wind, as well as Defence and Maritime Transport, which share common customers. Over time, the One James Fisher model will also drive greater efficiency and effectiveness.

For over 175 years, James Fisher has been innovative and responsive to its customers' needs. From coastal shipping, submarine rescue and saturation diving, through to bubble curtains, the Company has been first-to-market with innovative solutions. We recognise the importance of preserving our entrepreneurial character.

At heart, we are an asset-light engineering service company that thrives by bringing together innovative solutions that resolve complex problems. Our strategic growth will be driven through the expertise of our people, underpinned by applied technology, and amplified by expanding where the demand is - across our geographic markets.

We are confident that fostering this new model, will enable us to:

- Leverage talent acquisition, career development, and knowledge sharing to become the employer of choice
- Establish a new product development process that will enhance our differentiation, with streamlined manufacturing and supply chain activities to significantly enhance productivity
- Pool our mobile assets and field operators globally, in a service delivery model, anywhere in the world
- Drive standardisation and automation, with the potential realised through shared services
- Above all, prioritise our safety

Progress in a year of challenge

2023 was a mixed year, where we made good progress in building our leadership team, implementing our new operating model, and deploying our focus and simplification agenda. However, we faced some unexpected challenges that impacted progress, both financial and operational, including the difficult decision to close one of our non-core businesses.

As a service company, our people define us, and building a new Executive Team has allowed us to lead the transformation with one voice. Our senior leaders are the enablers of our Focus, Simplify and Deliver ambitions.

Focus

We divested non-core businesses and sold non-productive assets, which allowed us to begin the process of reducing our indebtedness and concentrate investments on our core portfolio.

To help align effort and resources across the organisation, we established five universal objectives to guide activity, cut complexity and reduce duplication.

We implemented a comprehensive upgrade of our health, safety, environment standards. Our top priority remains Exceptional Safety, deployed through a company-wide programme that adopts the highest standards from within our industries. In 2023, despite missing our overall target, two of our Divisions met their objectives and there has been a palpable, positive change with key lessons learnt in the third.

Simplify

Through the creation of our three Divisions, the One James Fisher culture has begun to embed. I am encouraged to see business units adopting similar standards, as they work together to pool assets, share resources and engage customers in a more co-ordinated way.

Our Investment Committee is a key control point and will provide discipline and consistent decision-making in matters such as large customer tenders and capital allocation.

Deliver

Led by our Business Excellence Function, all business owners were trained in the Lean Six Sigma methodology in 2023 and we achieved 38 Green Belts and 8 Black Belts – good progress towards our 2024 objectives.

Through these collective efforts, we have made progress towards our strategic target to deliver 10% UOP margin. We ended the year at 6.0% (2022: 5.5%).

Lessons learned and strengthening our platform

Despite the potential in the business and the significant changes we have accomplished, the Group continued to face challenges in 2023. This included the complex divestiture of our nuclear business, which impacted the refinancing of our bank debt during the first quarter. Whilst this was the right strategic decision, it had a significant short-term impact on James Fisher in terms of resources, distraction, and costs.

These challenges led us to implement a more robust risk management and governance framework, delivered through a strengthened Legal Function with expert talent integrated across Group and Divisions. Our Functions are improving in both Finance and Human Resources (HR), and we are taking steps to integrate our business systems. Therefore, we are still in the "back-to-basics" phase of our journey in these two areas.

> **In 2023 we adopted the 'One James Fisher' model and brought together our collective strength to achieve greater synergies for the business and its customers.**

With the arrival of Karen Hayzen-Smith as our new Chief Financial Officer, I look forward to an accelerated strengthening of the team, and the upgrade of our control and risk management processes. This is a pre-requisite to the Company delivering on its strategic objectives.

In HR, we appointed experienced Business Partners in each Division and established clear Functional oversight. We implemented a more systematic performance review and succession planning process, and launched recruitment and development initiatives, such as the James Fisher Academy. We see the Academy as an engine to increase the expertise of our customer-facing service colleagues and to reduce our dependence on third-party contractors.

CHIEF EXECUTIVE'S STATEMENT CONT.

In a period of considerable change, our employee engagement score remained level with last year (3.86 vs. 3.84 in 2022), falling short of our ambitions. Our people are integral to the services we provide, and this makes employee engagement an extremely important indicator for us. Nevertheless, there was progress in some Divisions, which showed the positive impact of our culture initiative.

Completing our foundation work

As the new organisation has settled in, our immediate priority is to ensure we have a strong financial base and get closer to our mid-term leverage targets of 1.0 to1.5x Net Debt to EBITDA. This will provide a sustainable platform to deliver growth.

We will continue to build on the change management journey started in 2023, through several programmes:

1. **Exceptional Safety:** is our number one priority. We will expand our approach into the supply chain and sub-contractors, building a collective culture across the full workforce
2. **Employee Engagement:** improve two-way engagement with employees so we can inform, equip and empower them to deliver our Company's full potential
3. **Foundations for Growth:** continue to strengthen our financial, governance and risk management foundations. Reinforce UOP and ROCE as the North Star to achieve financial improvement and build a more resilient business for the future
4. **Pipeline of Talent:** attract, develop and inspire our employees to reach their full potential in a diverse and inclusive environment. At the heart of this is our five-year talent development framework
5. **Strong Supply Chain:** work with employees, contractors and partners to build a stronger supply chain framework. This is centred around efficient execution and delivery, including the pooling of both assets and people

These priorities will underpin our customer focus, as we continue to prepare for the long-term strategic growth of James Fisher.

Positioning for growth

Against the backdrop of continued geopolitical instability and security of energy supply, all three Divisions should benefit from long-term, structural demand tailwinds.

The Energy Division will support the energy transition through its innovative offshore wind solutions and help oil and gas customers to become more efficient and less carbon intensive.

Our Defence Division will continue to lead the industry in life support and lifesaving products and services, which includes innovative platforms to bridge defence gaps through close collaboration with our partner nations.

In Maritime Transport, we will ensure continuity of critical supply through coastal shipping both in the UK and in new geographical markets, and explore adjacent markets relevant to our capabilities. We will explore options in other regions, such as the Caribbean, where we have proven value. In ship-to-ship activities, we will lead in serving liquefied natural gas (LNG) demand, while providing world-class safety, reliability and compliance in crude oil.

Across all these verticals, James Fisher will be next to our customers, wherever they are – across the North Sea, the Middle East, Asia Pacific and the Americas.

Having hired our Chief Technology Officer, in January 2024, we will harness the innovation that I have witnessed across the Group and will embed technology as a major part of our growth plan. This includes a new product and service development process, that will accelerate the introduction of new offerings to market.

As we reduce our financial leverage, we will look to enrich our service offerings by adding differentiated activities to our divisional portfolio, either organically or through acquisitions. Any future acquisition must demonstrate some compelling contribution to our strategic goals and continue to be asset-light.

Outlook for the year ended 31 December 2024

In the current financial year to date, the Group's overall performance has been in line with the Board's expectations, building on our early-stage progress in 2023. Looking forward, we continue to see supportive end markets in 2024 in the majority of our businesses and would also expect to deliver further benefits from our turnaround initiatives.

Our key focus for 2024 is to establish a robust and sustainable financial platform, with lower levels of debt as we work towards a mid-term leverage range of 1.0 to 1.5x (Net Debt to EBITDA). To achieve this we need to complete the disposal of non-core assets during 2024 and refinance our debt facilities which mature in March 2025. Delivering on this objective will strengthen our balance sheet, reduce our interest cost, make us a more resilient Group and provide greater ability to take advantage of growth opportunities.

Thanks

As I reflect on this year of transformation, I would like to thank the Board, shareholders, customers, and employees for their continued support through this time of change.

As we head into 2024, I am proud of the progress we have made in our journey of transformation with a recognition there is much more to be done. With a stronger platform for growth, I am confident that James Fisher will once again prosper thanks to the people and innovation that is the hallmark of this organisation.

Jean Vernet
Chief Executive Officer

OPERATIONAL AND MARKET HIGHLIGHTS

ENERGY

The Energy Division provides safe, sustainable products and services for two core markets: oil and gas and renewables.

In 2023, the Division increased revenue c.10% to £266.5m with operating profit increasing by c.13% to £15.7m. Highlights included:

- Strong performance from well testing, bubble curtain and artificial lift products
- Expanded artificial lift products and service offerings from new manufacturing base in Saudi Arabia
- Awarded UK "Innovation in Decommissioning Award" for SEABASS plug and abandonment solution
- Strong demand for our technologies, secured our first US contract for bubble curtains
- Joint collaboration agreement signed for offshore wind operation and maintenance (O&M) services in Japan to support Northeast Asia geographical expansion
- Launch of James Fisher Academy to deliver skills and competency for offshore wind services

Against the backdrop of heightening focus on energy security, demand for well testing and production optimisation services remained strong, particularly in the US, Middle East and Latin America. This was demonstrated through excellent performance in the well testing and artificial lift Product Lines.
By contrast, the decommissioning market remained challenging, and the business will focus more on selective bidding, aligned to margin delivery and stronger operational performance. Renewable offshore wind market conditions improved from 2022 to 2023 and the business returned to break-even through a combination of selective bidding, technology differentiation and geographical expansion. Offshore wind market conditions are expected to remain flat in 2024 but are set to improve in 2025 and the Division will focus its core strengths on construction, operations and maintenance, data management and digital solutions. This includes geographic expansion through key strategic partnerships and collaborations.

DEFENCE

The Defence Division provides underwater systems and life support capabilities for the defence and commercial diving markets.

In 2023, revenue increased by 6.3% to £72.5m, with the Division returning to profitability delivering underlying operating profit of £1.5m. Highlights included:

- Successful transition of NATO submarine rescue system contract
- Initial trial of Shadow Seal special operations vehicle
- New General Manager appointed to drive US business market growth
- Early momentum in international markets, including services and training contracts in India and South Korea
- Strong growth pipeline in Australia, Singapore, Sweden, the US and Netherlands
- Further investment in new product development

As geopolitical and energy security trends continue, the demand for subsea and special operations capabilities is set to increase. While the business delivered effectively on its existing contract commitments, including submarine rescue, some projects were delayed by customer and government approvals. The Division continues to build a strong opportunity pipeline but order intake was impacted by delays in the award of new contracts. However, the commercial diving business has performed well, aligned to energy market conditions. Product innovation and development is also set to drive further growth, alongside the Shadow Seal special operations vehicle that was trialled in 2023, ahead of its delivery to customers in 2024.

MARITIME TRANSPORT

Maritime Transport is a leading provider of targeted coastal shipping and global oil and natural gas ship-to-ship (STS) transfer services.

Although revenue declined by 6% in 2023, to £157.2m, the Division was focused on profitability and underlying operating profit was up c.23% to £23.3m. Highlights included:

- Delivery of two new, dual-fuel vessels, the Sir John Fisher and Lady Maria Fisher
- Secured largest UK tankships contract renewal with Phillips 66
- Strong LNG STS demand globally coupled with strong demand for oil STS in Brazil

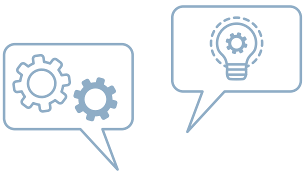
The Division continues to play a key role in the critical supply of energy and petrochemicals, alongside alternative fuels, including liquefied natural gas (LNG). This resulted in a strong performance during the year, with high utilisation levels across tankships, alongside a key contract extension with a major UK customer. As part of the Company's fleet replacement programme, James Fisher took delivery of two new, dual-fuel vessels, which will underpin the Company's ESG commitments. The STS business maintained its global market-leading position in STS transfers and performed well in the first half of the year, particularly in Brazil. There is continued opportunity to integrate the business further and identify synergies from which to grow the customer base.

BUSINESS EXCELLENCE

Supporting and Driving Transformation

The Business Excellence Function was established at the start of 2023 to drive improvements and standardisation across the Group, reinforcing the One James Fisher culture, deploying a common language of Lean Six Sigma throughout each Division in pursuit of our financial and operational targets. The team champions business transformation objectives, and works across the Group to leverage synergies and share best practice.

The team has been assembled to include expertise from a range of disciplines from both inside and outside James Fisher. A clear roadmap is in place with a phased approach, priorities, objectives and metrics mapped out.



ENGINEERING AND INNOVATION NETWORK ESTABLISHED TO BUILD A GROUP-WIDE TECHNICAL COMMUNITY THAT PROMOTES KNOWLEDGE SHARING AND COLLABORATION AND INFORM OUR TECHNICAL FRAMEWORKS FOR THE FUTURE

FOCUS ON LEAN

38

38 GREEN BELTS AND 8 BLACK BELTS TRAINED AND 30+ PROJECTS DELIVERED

BUSINESS EXCELLENCE HAS MADE GOOD PROGRESS IN 2023 AND HAS BUILT STRONG FOUNDATIONS FOR 2024

DRIVING EFFICIENCIES IN OFFSHORE WIND

With a focus on offshore wind inspection and maintenance campaigns, this project uses Lean techniques to drive greater efficiencies. Through the implementation of a new digital tool, we are finding ways to enhance data quality, streamline decision-making and reduce waste.

The project will reduce administrative hours and system touchpoints, allowing for a leaner cost structure and enhanced work planning.

Everyone is eager to make positive transformations for the business.

Ryan Calvert
Head of Product Development for Renewables

MINIMISING RISK IN ORDER FULFILLMENT

The outcome of this project is to lower the number of errors made during the order fulfilment stage, for safety marine products. By evaluating an archive of historic data and mapping the order process value stream, we identified 40 areas of improvement that would reduce order errors. A more robust and efficient process is now in place and we are identifying other opportunities.

It has been interesting to uncover just how much can be gained through the Value Stream Mapping sessions.

Adrian Hall
Continuous Improvement Analyst

IMPROVED CUSTOMER INSIGHTS

In the ship-to-ship business, this project has developed a structured approach to capturing customer feedback and improve our service offering. By developing a more aligned and robust process, we can better understand the customer needs and continuously improve our offering.

I'm really excited about the potential of this project; becoming more customer-centric is vital to our transformation and growth, and this is one step in that journey.

Ruth Harvey
Marketing Director and recently certified Black Belt

KEY OBJECTIVES

ACHIEVEMENTS

Establish a central HSEQ function, policies and procedural framework to align and improve the safety culture with a unified One James Fisher approach.

» See Exceptional Safety case study on **page 39**

EXCEPTIONAL SAFETY
See it, own it, act on it

HSEQ

LAUNCHED:
EXCEPTIONAL SAFETY CAMPAIGN
HSEQ POLICIES
INTELEX ELECTRONIC SAFETY REPORTING TOOL
JAMES FISHER LIFE-SAVING RULES

Improve our financial performances in terms of forecasts accuracy, disciplined delivery and accurate cash flow management by establishing a strong Lean and Project Management Organisation (PMO) culture across the Group.

3,500

3,500 HOURS PMO/ LEAN ON CALL SUPPORT TO PRODUCT LINES, OVER 125HRS PER WEEK

LAUNCHED PROJECT MANAGEMENT SKILLS MATRIX AND PROCESSES FOR RENEWABLES IMPROVING THE WAY WE MANAGE ALL RENEWABLES PROJECTS

100% PRODUCT LINES AND PLC ACTIVE KAIZEN FUNNELS AND STRATEGY DEPLOYMENT PLANS

100%

100% OF PRODUCT LINES USING LEAN

Ensure all we do is aligned with our sustainability agenda, creating value for all our stakeholders.

ACTIVITIES TAKING PLACE ACROSS 3 PILLARS – PEOPLE, PLANET AND PARTNERSHIPS

SUSTAINABILITY POLICY IMPLEMENTED BY THE GROUP, COMMUNITY HUB LAUNCHED AND CLIMATE TRANSITION GAP ANALYSIS STARTED

Build a strong IT service focused on maximising the value of data management, security, and digitalisation.

100%

100% OF ORGANISATION NOW ON THE OFFICE 365 PLATFORM

ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM IDENTIFIED FOR ENERGY DIVISION

Create an improved working environment whereby people are at the centre, waste is minimised and everybody is working at their best so that engagement is maximised.

3

THREE PROJECTS LAUNCHED TO THREE PRODUCT LINES. 15 DOCS PUBLISHED

23

23 VALUE STREAM MAPPING (VSM) SESSIONS

400+

OVER 400 KAIZEN FUNNEL INITIATIVES IN ACTION

38 GREEN BELT PROJECTS TARGETING REMOVAL OF INEFFICIENCIES AND ENHANCING THE ABILITY TO DELIVER BY REDUCING OVERLOAD AND IMPROVING PEOPLE ENGAGEMENT

OUR DIVISIONS

ENERGY

2023 HIGHLIGHTS

SAFETY

10 years LTI free in Norway

6 years LTI free in Renewables

PERFORMANCE

Outperformed in RMSpumptools and Scantech

Offshore wind collaboration agreement in NE Asia

INNOVATION

1st Bubble curtain delivery in the US

1st Decommissioning project in the US

SEABASS Innovation Award

ENHANCING — PROTECTING — CONNECTING

Neil Sims
Head of Energy

> **While we have made some progress, this is a long-term journey. There is a greater potential around our digital solutions.**

As an integrated Energy Division, our focus has been to align the organisation behind a common mission – a safe, sustainable transition to the low-carbon future.

This is built around two core markets, oil and gas and renewables. I'm encouraged by the groundwork underway to reshape our portfolio and align with our customers' energy lifecycle needs. This includes ongoing investment in technology and innovation that will refine and differentiate our product portfolio.

Security of energy supply remains critical and 2023 saw robust demand for our well testing, intervention and artificial lift services, demonstrated by excellent performance in these businesses. While decommissioning remains challenging, we did expand beyond the UK to deliver our first project in the US Gulf of Mexico. Our SEABASS plug and abandonment technology also won the "Innovation in Decommissioning Award" at a UK industry event, which recognised the potential 25% time saving when compared to competing systems.

Offshore Wind remains an important growth area for James Fisher and while 2023-24 market conditions remain difficult, 2025 is set to improve and we will centre our expertise around installation, commissioning and Operations and Maintenance (O&M) services. This includes North East Asia, where we recently signed a joint collaboration agreement with Tokyo Gas Group. From a technology perspective, our bubble curtain technology is a technology differentiator for James Fisher and we have seen strong interest from our customers.

Following its successful launch in Europe and Asia, we also secured our first project in the US and see broader opportunity to leverage this unique and innovative solution.

While we have made some progress, this is a long-term journey. There is greater potential around our digital solutions, including digital twin technology to improve asset integrity and uptime. Likewise in renewables, the introduction of Cable Guardian for the offshore wind industry will reduce costly downtime caused by cable failure.

However, our number one priority for 2024 and beyond, must be safety. This year we launched our Exceptional Safety commitment and following some recent incidents in Energy, we are building a collective culture of accountability, supported by the right tools and training. We are also focused on delivering stronger operational and financial performance, aligned to our UOP and ROCE targets. At times we will have to make difficult decisions and this year was no exception, including the closure of our Subtech Europe business. I don't underestimate the impact on our employees and this is why we will continue to engage openly and honestly.

We are committed to strengthening our employee engagement, which includes the opportunity to develop and progress a global career. Our James Fisher Academy is one example of how we're doing this, trialling it for the offshore wind industry with the potential for it to expand beyond Energy (see case study on **page 22**).

Together, we will deliver the long-term potential of our Energy Division. This centres around building a safe, sustainable, responsible and efficient organisation that delivers impeccable business execution – underpinned by the right people, innovation and geographical footprint.

Revenue (£m)

£266.5M

2023	£266.5m
2022	£242.6m

Statutory operating profit/(loss) (£m)

£9.5M

2023	£9.5m
2022	£16.4m

Underlying operating profit* (£m)

£15.7M

2023	£15.7m
2022	£13.9m

Return on capital employed (%)

9.3%

2023	9.3%
2022	8.0%

* Before adjusting items, refer to Note 2 in the Financial statements.

OUR DIVISIONS CONT. ENERGY CASE STUDIES

From addressing the growing skills gap in offshore wind to introducing specialist air compressors in the US market, our energy case studies demonstrate how we're responding to customer and industry needs across the globe.

BRIDGING THE SKILLS GAP IN OFFSHORE WIND

James Fisher has responded to the growing skills gap facing the offshore wind industry through the launch of the James Fisher Academy, with the aim of upskilling employees across both operational and logistical roles.

The Academy launched its pilot scheme in the fourth quarter of 2023 with an initial focus on high voltage safety – an area in which the industry is experiencing a shortage of suitably-trained personnel. It offers a combination of online and field-based operational learning, using high-quality material created and delivered by industry experts.

Commenting on his experience of the Academy, Philip Brammer, Electrical Maintenance Technician, said, "The training, although intense, has been a fantastic learning experience and has taught me a lot about staying safe at work."

A wider rollout is planned for 2024, along with additional internal learning pathways. The upskilling of employees will reduce reliance on external contractors – improving our service offering for customers – and enhance James Fisher's reputation within a fast-growing industry.

GEOGRAPHICAL EXPANSION IN ACTION – KSA

A new purpose-built facility is enabling James Fisher to better serve customers in the emerging Middle East market.

The site, in Al Khobar, Kingdom of Saudi Arabia, which has been utilised by a number of James Fisher Product Lines, gives the Group a local base from which to meet the demands of the oil and gas market in the Middle East with a current focus on artificial lift technologies.

RMSpumptools, a prime user of the site, has doubled the number of employees based at the facility since it opened its doors in late 2022 in response to customer demand – with a particular focus on the Field Service Team that carries out customer installations. Many of the team are Saudi nationals, in line with James Fisher's support of the IKTVA (In-Kingdom Total Value Add Programme), which aims to increase the levels of localisation in the country.

Production and output levels rose by 65 percent in less than eight months since the site opened. With further investment in new tooling and productivity improvements, alongside the introduction of new Product Lines, this figure is set to increase to 300 percent after the first full year of the site being operational.

ENHANCING • PROTECTING • CONNECTING

The project was a brilliant success and a testament to the hard work and dedication which has been applied to such pioneering technology. The ST3100s are a stable product for ScanTech Offshore and signify an exciting future for our presence in the renewables market.

Barry Craig
Vice President of Renewables

BRINGING BUBBLE CURTAIN INNOVATION TO THE US OFFSHORE WIND MARKET

James Fisher has developed innovative new air compressors to overcome a key challenge faced by customers during offshore wind farm construction.

In 2023 we introduced the new ST3100 containerised air compressors to create big bubble curtains – crucial for protecting marine life when subsea construction work is taking place.

It represents a significant improvement over traditional solutions thanks to its stackable design, meaning the footprint required for installation is significantly reduced. As a result, customers can operate them from smaller vessels, increasing manoeuvrability and reducing costs.

The compressors pump air through flexible piping on the seabed to create a bubble curtain that alters the form of pressure waves in the water, weakening the acoustic impact of subsea construction work and reducing the harm posed to marine life.

The ST3100 compressors were deployed on a project in North America's burgeoning offshore wind market during 2023, playing a key role in the construction of one of the first commercial-sized offshore wind farms built on the east coast of the US, and exceeding the expectations of our customer. Further projects are in the pipeline, as James Fisher continues to grow its presence in the North American renewable energy market.

"The project was a brilliant success and a testament to the hard work and dedication which has been applied to such pioneering technology. The ST3100s are a stable product for ScanTech Offshore and signify an exciting future for our presence in the renewables market."

Barry Craig
Vice President of Renewables

OUR DIVISIONS CONT.

DEFENCE

2023 HIGHLIGHTS

SAFETY

1 year LTI free globally

PERFORMANCE

Successful transition of NATO contract

Solid commercial diving performance

Significant improvement in employee engagement

INNOVATION

Successful trials of Shadow Seal special operations vehicle

ENHANCING → **PROTECTING** → CONNECTING

Rob Hales
Head of Defence

I was delighted to join the James Fisher Defence Division in 2023 at an important time, as geopolitical and energy security trends mean that undersea and special operations capabilities are being prioritised for investment across our markets.

It has been a great privilege to meet our customers and partners around the world, understanding their needs so we can build stronger customer intimacy and align this with our expertise. This is vital if we are to deliver the longer-term potential in our Defence business, including our commitment to safety and assurance in the most pressurised of environments.

2023 was a mixed year of performance for Defence. Importantly, our safety performance was strong with no Lost Time Injuries and a material reduction in our Total Recordable Case Frequency. We have teams deployed globally in high hazard environments every day of the year, so this is a great testament to our safety management.

Financially, we increased profit but revenue from larger project orders was lower than expected in this year. Our greatest challenge was working through a difficult legacy of being over-reliant on large, one-off projects, with several still to complete.

Some of these projects have been impacted by issues outside of our control, including dependencies on customer deliverables and government approvals, which led to delays and cost increases. Our results also reflect delays to customer procurement processes, mainly in response to backlogs from COVID. We expect to complete the remaining milestones on these projects in 2024, with key lessons learned.

During 2023 we successfully transitioned the NATO Submarine Rescue System In-Service Support (ISS) contract from "2ISS" to "3ISS" following the award of the 5 (+4) year £63m contract in December 2022. Our enduring support to NATO highlights the strength of our submarine rescue capability and was based on the continuous improvement of our services to our NATO and international customers.

The defence market carries an inherently high risk of delays to procurement schedules; a major focus for 2024 is to strengthen our sales forecasting and put in place more robust mitigation against delays in projects. In 2023 we developed a more focused Defence Division strategy and operating model to accelerate international growth across our core Product Lines. This is underpinned by our new senior leadership team, including a combination of experienced and new hires who will energise the business behind our ambitions.

We have a growth pipeline with opportunities coming to market in 2024 and beyond across all our Product Lines. While we face increasing levels of competition in some areas of the business, this is a further catalyst to drive innovation and performance and we are laying out a development roadmap to meet the needs of our customers in a changing battlefield environment. This includes trials of our Shadow Seal special operations vehicle in 2023, ahead of delivery to our customers in 2024.

We are seeing early momentum from our international "home markets" model, including a step change in India following the transition to a locally managed team; strong growth pipelines in Australia, Singapore, Sweden and the Netherlands; and potential in the US defence market where we have recruited an outstanding general manager to lead our US business. Our commercial diving business has also continued to perform well. Key to all of this is our people.

Our annual employee engagement survey in November showed a material increase in employee engagement. While there is a lot to achieve, this improvement shows that our colleagues have increasing confidence in the future of Defence – and together we are committed to making it happen.

> **"We have a growth pipeline with opportunities coming to market in 2024 and beyond, across all our Product Lines.**

Revenue (£m)

£72.5M

2023 £72.5m
2022 £68.2m

Statutory operating profit/(loss) (£m)

£(23.7)M

£(23.7)m 2023
£(3.5)m 2022

Underlying operating profit* (£m)

£1.5M

2023 £1.5m
£(0.4)m 2022

Return on capital employed (%)

2.1%

2023 2.1%
(0.4)% 2022

* Before adjusting items, refer to Note 2 in the Financial statements.

OUR DIVISIONS CONT. DEFENCE CASE STUDIES

Our defence case studies shine a spotlight on what can be achieved through partnership and communities, with entry into the US defence market and a thriving network focused on championing inclusivity amongst the Division's highlights.

SUBMARINE RESCUE STEP-CHANGE IN INDIA

In 2016, JFD won a £193m contract with the Indian Navy and by 2018 delivered two of its Third Generation Submarine Rescue Systems. This world class capability is maintained by JFD and operated by the Indian Navy, supported by training from JFD's global submarine rescue operations team.

2023 saw a step-change in performance, as we implemented our transition plan under the leadership of our new Indian management team.

Achievements in 2023 included:

- Conducting our first in-country deep maintenance period for the West Coast submarine rescue system
- Completing training for the fifth and sixth Indian Navy submarine rescue crews
- Supporting the "Goa Maritime Conclave" where the Indian Navy hosts its regional partners across the Indian Ocean
- Completing a deep dive to over 500m

These achievements were recognised by the UK Secretary of State for Defence and the Indian Defence Minister, the Honourable Raksha Mantri, during the first UK visit by an Indian Defence Minister in 23 years during January 2024.

ENTERING US MARKET WITH TACTICAL DIVING VEHICLE TECHNOLOGY

James Fisher has expanded its presence in the US defence market through a partnership with Blue Tide Marine (BTM), to launch a new tactical diving vehicle (TDV).

Shadow Seal has the ability to transport a pilot, navigator and two passengers in surface, semi-submerged and submerged mode with a range of 80 nautical miles.

Designed for special operations forces that need to covertly cross offshore and nearshore waters, Shadow Seal can be used to protect complex, high value platforms and critical infrastructure.

Working with BTM gives James Fisher greater access to the US market and expands our subsea maritime capability. The partnership – with BTM leasing the production model of Shadow Seal – is a significant step towards offering a full turnkey solution in the US.

"This partnership ensures that we can offer innovative solutions to modern day challenges. James Fisher is committed to further developing our in-country capabilities including through-life support services and this reflects a significant milestone in our mission to better serve the US and wider Americas undersea markets."

Rob Hales
Managing Director of James Fisher's Defence Division

ENHANCING • PROTECTING • CONNECTING

We are delighted with the enthusiasm and momentum the S.H.E Network has gained over the past year, with a great foundation now in place from which to build on throughout 2024. It's clear there is a real appetite from across our global locations to make a positive change around gender equity and I am encouraged by what has already been achieved.

Jessica Seymour
S.H.E Network Co-Chair

EMPOWERING WOMEN IN DEFENCE

Established in the Defence Division in 2023, the "Supporting Her Empowerment Network" (S.H.E) meets on a quarterly basis and is open to all employees with the aim of creating a more inclusive workplace. Over the last 12 months, the S.H.E Network has been focused on promoting more open communication around topics such as gender and cultural diversity, increasing advocacy, achieving greater diversity within recruitment and championing mentorship programmes.

The network played a key role in organising regional events across the Division to mark International Women's Day and helped realise the Group's ambition of becoming a member of "Women in Defence", a not-for-profit organisation committed to accelerating gender equity in the defence sector.

For 2024, the network has set itself the ambition of enhancing the Defence Division's social value impact – actively engaging with local communities by supporting a charity or cause dedicated to advancing women's health, rights or wellness.

"We are delighted with the enthusiasm and momentum the S.H.E Network has gained over the past year, with a great foundation now in place from which to build on throughout 2024. It's clear there is a real appetite from across our global locations to make a positive change around gender equity and I am encouraged by what has already been achieved."

Jessica Seymour
S.H.E Network Co-Chair

OUR DIVISIONS CONT.

MARITIME TRANSPORT

2023 HIGHLIGHTS

SAFETY

1 year LTI free globally

PERFORMANCE

Strong performance vs. budget

Key contract renewal with P66

INNOVATION

Delivery of two dual-fuel vessels

Successful refuelling-at-sea operation

ENHANCING • PROTECTING • CONNECTING

Krystyna Tsochlas
Head of Maritime Transport

Against the backdrop of a year with considerable change, Maritime Transport had a solid year, delivering on our financial and safety targets. Thanks to our strengthened senior leadership team in place, I am confident that we will continue to thrive.

With safety as our first priority, I'm pleased to report we had no Lost Time Injuries and saw a 44% decrease in our Total Recordable Injury Frequency Rate. But we still have room for improvement as we seek to achieve our "goal zero" incidents vision and deliver exceptional safety standards in all that we do.

Reflecting on 2023, a proud moment was the delivery of Tankships' two dual-fuel vessels – Sir John Fisher and Lady Maria Fisher. The maritime industry is a key enabler to reducing overall global greenhouse gas emissions and why we are committed to investing in our fleet of the future. Thanks to our heritage we are ideally positioned to lead the field through our Tankships, which could not have been possible without the dedication and partnership with our customers, colleagues, and industry partners.

We also secured Tankships' largest contracted revenue renewal with Phillips 66 in the UK, pioneered successful trials of refuelling-at-sea between the Royal Fleet Auxiliary and a commercial tanker, as the Royal Navy looks to develop its replenishment operations to sustain task groups and warships for even longer at sea. So while it has been a positive year, we are not complacent and recognise the need for continued efficiency by reducing fleet downtime and optimising our maintenance schedules.

As the world leader in ship-to-ship (STS) transfers, the Fendercare business increased its net operating profit compared to 2022. This was achieved thanks to the new organisation structure and leadership team, driving a focus on key markets, expertise and differentiated services that are critical in an increasingly competitive marketplace. STS contracted volumes increased to 30%, including contract retainers for Liquefied Natural Gas (LNG). The marine products side of the business also saw growth in fixed and floating fenders, with the latter primarily due to new floating LNG projects in Europe.

Martek Marine worked through some challenges due to stock and staff challenges, but the business has made progress in resolving and stabilising performance. A new product was also launched, chromatography gas, targeting the growing dual-fuel vessel market. Cattedown Wharves, which handles a variety of cargoes in the Southwest of England, continued to perform well during 2023, including renewal of a significant contract.

As we look ahead, our focus for 2024 remains on integrating our business and identifying synergies from which to grow our customer base. With our capability in Tankship and STS transfers, we have the foundations to grow. And we will continue to focus on how we differentiate our services from competitors, to ensure we maintain market share and leadership.

"Our focus for 2024 remains on integrating our business and identifying synergies from which to grow our customer base.

Revenue (£m)

£157.2M

2023	£157.2m
2022	£167.3m

Statutory operating profit/(loss) (£m)

£21.7M

2023	£21.7m
2022	£19.2m

Underlying operating profit* (£m)

£23.3M

2023	£23.3m
2022	£18.8m

Return on capital employed (%)

30.3%

2023	30.3%
2022	22.5%

* Before adjusting items, refer to Note 2 in the Financial statements.

OUR DIVISIONS CONT. MARITIME TRANSPORT CASE STUDIES

Focused on safety with notable performance milestones reached in the year, Maritime Transport also had its sights set clearly on the future with the launch of its cadet programme and expanded service offering.

ONBOARD WITH EXCEPTIONAL SAFETY

By embracing a culture of accountability in pursuit of Exceptional Safety, the Maritime Transport Division achieved several significant landmarks in performance in 2023. This included no Lost Time Incidents (LTIs), alongside a 44 percent reduction in its Total Recordable Injury Frequency Rate.

Three of our vessels, Seniority, Superiority (sister ships) and Solway Fisher have each achieved 6,000 days without a LTI, demonstrating the unwavering commitment of our seafarers to maintaining exceptional safety standards despite the challenging environmental conditions in which they operate.

In recognition of the accomplishment, crews onboard each of the vessels were presented with platinum awards and thanked for their diligent approach to safety.

"Congratulations to all who have sailed onboard these three vessels. Reaching 6,000 days without a LTI, the equivalent of over 16 years, is a fantastic milestone and wouldn't have been possible without the crews' commitment to safety."

Scott Dobson
Ship Manager

DEVELOPING THE NEXT GENERATION OF SEAFARERS

James Fisher has continued its officer cadet training programme, sponsoring aspiring maritime professionals towards achieving formal qualifications.

In partnership with one of the UK's leading maritime colleges, Fleetwood Nautical Campus, cadets undergo rigorous training, working towards an "Officer of the Watch" certificate in competency and a formal qualification to at least an Higher National Certificate level.

The programme emphasises the development of leadership qualities, critical thinking abilities, and adaptability to effectively navigate the dynamic challenges inherent in the maritime sector.

James Fisher's commitment to developing cadets stems from its recognition of the invaluable role that skilled professionals play in maintaining operational excellence and driving innovation within the maritime industry. Investing in the development of cadets not only ensures a pipeline of talented individuals for our workforce, but also contributes to the overall growth and sustainability of the maritime sector.

ENHANCING — PROTECTING — CONNECTING

For all of them this was a first and to have achieved so much, so quickly, is a testament to their dedication and drive to ensure they could deliver fuel safely whilst separated by just 35 metres and underway.

Captain Chris Clarke
Commanding Officer of Tideforce

SUPPORTING THE ROYAL NAVY IN NEW WAYS

James Fisher has expanded its service offering to the defence industry by undertaking a replenishment at sea (RAS) operation for the UK Ministry of Defence.

Crew onboard the MV Raleigh Fisher, part of the fleet of vessels operated by James Fisher Tankships, received specialised training on RAS safety and procedures, enabling them to successfully complete a series of trials involving RFA Tideforce.

Led by Captain Peter Harrison, the crew worked alongside the Royal Navy vessel, transferring fuel between the two tankers during a range of tests. This was part of a wider operation by the Royal Navy, exploring ways in which commercial tankers such as Raleigh Fisher can work with RFA vessels to help sustain the Royal Navy fleet at sea for even longer periods.

Tideforce is part of the Royal Fleet Auxiliary and provides global logistical support to the Royal Navy, notably Queen Elizabeth Class aircraft carriers.

"What a privilege it has been for us to work with our fellow professional mariners on Raleigh Fisher. They have been so receptive to the work and dangers associated with replenishment operations at sea.

For all of them this was a first and to have achieved so much, so quickly, is a testament to their dedication and drive to ensure they could deliver fuel safely whilst separated by just 35 metres and underway."

Captain Chris Clarke
Commanding Officer of Tideforce

SUSTAINABILITY

WELCOME

We have a strong heritage built on the foundations of our people and innovation. Alongside our valuable partnerships with customers, communities and suppliers, we are embedding a more sustainable approach across our business.

The Sustainability Strategy is fundamental to our success and this year, we have integrated it into the business, centred around three key pillars: People, Planet and Partnerships.

Our recent christening of the Lady Maria Fisher, our second dual-fuel tanker, is testament to the Sustainability Strategy in action. It brought together the strengths of our people, low-carbon technologies and partnerships with suppliers and customers, in pursuit of the net zero future. We also launched a new cross-company Exceptional Safety campaign, aimed at delivering a step-change in our culture and training – including how we deliver it in partnership with our contractors.

Heading into 2024, we have a greater potential to deliver, particularly around our emissions reductions across the business. With the continued support and engagement of all our stakeholders, we will focus on progressing this priority and continue to embed sustainability more broadly across James Fisher.

Jean Vernet
Chief Executive Officer

VISION

To harness the international, Blue Economy space, providing technically advanced solutions that enhance, protect and connect.

SUSTAINABILITY PURPOSE

To protect the environment and create a positive impact on society, and the economy, by integrating sustainability considerations into our operations.

OUR 2023 SUSTAINABILITY REPORT

To find out more on our ESG practices read our **Sustainability Report 2023**

COMPANY PURPOSE

Pioneering safe, trusted and sustainable solutions for complex problems, in harsh environments.

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

In 2023 we re-aligned the Company purpose with our sustainability agenda as part of our transformation strategy.

Derived from our materiality assessment in 2021, we have put a Group-wide framework in place that integrates our three pillars into our Division and Function strategies.

OUR PEOPLE

Our employees are the fundamental route to success

OUR PLANET

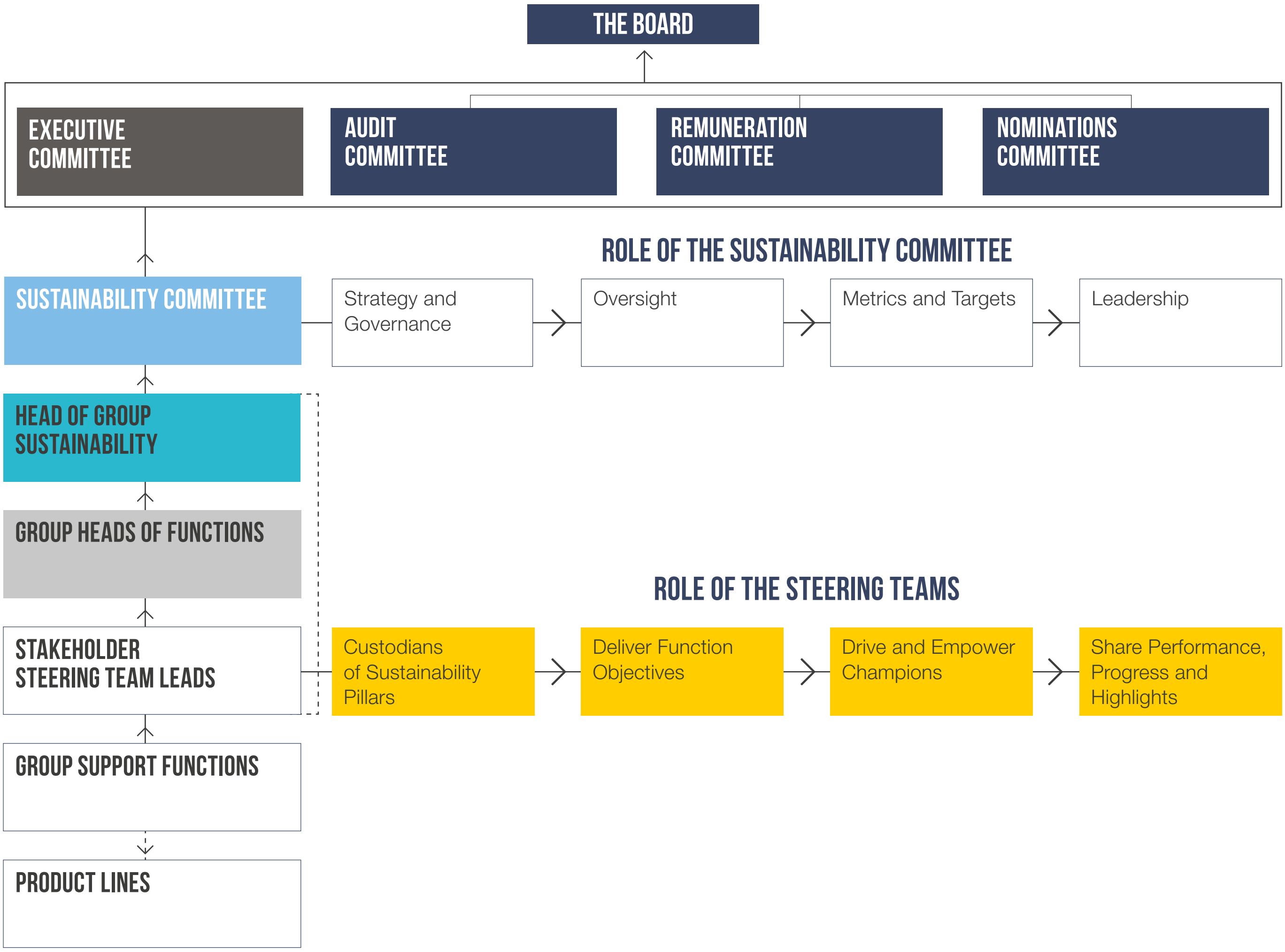
Our activities are linked to tackling climate change and environmental efficiency

OUR PARTNERSHIPS

Our collaboration with customers and suppliers drives innovation and technology

SUSTAINABILITY CONT. STRATEGY AND GOVERNANCE

GOVERNANCE STRUCTURE



CURRENT FRAMEWORK ALIGNMENTS

James Fisher is committed to providing comprehensive public disclosure on our Group-wide sustainability performance which is tracked using well-established frameworks and alertness to changes in the external environment.

During 2023 the Company, assisted by SLR, ESG consultants, completed a gap analysis to assess the Group's climate-related disclosures. The frameworks considered for this were TCFD, IFRS Sustainability Disclosure Standards and the TPT (Transition Plan Taskforce) and the results will inform our detailed transition planning activities in 2024.

GOVERNANCE

Our Group sustainability governance structure aligns with the existing Group business and governance model to ensure greatest efficiencies and no overlap.

The Sustainability Committee is a sub-committee of the Executive Committee mandated to assist the CEO in recommending the Group's Sustainability Strategy to the Board.

During 2023 the Sustainability Committee carried out its periodic review of the organisation, governance and reporting structures. As a result, changes to the Committee were made to improve effectiveness.

In particular:

- A Board member, Claire Hawkings, a Non-Executive Director, attends meetings on a regular basis. Claire brings ESG-related expertise while strengthening communication between management and the Board.
- The Group Heads of Divisions now form part of the Sustainability Committee ensuring a strong team of management-level influencers in relation to ESG.

Further information on our strategy, frameworks and governance including roles and responsibilities can be found within the **2023 Annual Sustainability Report**

Key

- A Reported annually
- 4yr Reported every four years
- CG In Corporate Governance Report
- SR In Strategic Report
- DR In Directors' Report

CURRENT UK ESG-RELATED DISCLOSURES

The below table lists our current UK ESG-related disclosures, including the frequency of our reporting, the content of the disclosures and where the disclosures can be found.

SECR*	A DR	Report on global energy use and greenhouse gas emissions	View on **pages 112 to 114**
TCFD**	A	Climate-related financial disclosures under the UK Listing Rules	View disclosures on **pages 41 to 46** and our full TCFD disclosure within our **Sustainability Report Annex A**
CRFD***	A SR	Climate-related financial disclosures under the UK Companies Act 2006	View on **pages 41 to 45**
ESOS**** DUE: 5 JUNE 2024	4yr	Audit of energy used in James Fisher buildings, industrial processes and transport	Evidence pack and compliance declaration to the environment agency
GENDER PAY GAP	A	Differences between the mean and median hourly pay and bonuses of male and female employees	View 2023 snapshot on **page 38** and our full gender pay gap report **www.james-fisher.com/investors/governance/gender-pay-report/**
MODERN SLAVERY ACT 2015 REPORT	A	Statement outlining the steps taken to ensure no slavery or human trafficking is taking place across our supply chains or business	View our modern slavery and human trafficking statement on **page 66** View our policy **www.james-fisher.com/investors/governance/modern-slavery-statement/**
PAY RATIO	A	Ratio of CEO's remuneration to median, lower quartile and upper quartile pay of our UK employees	View on **page 105**
s172(1) COMPANIES ACT	A SR	**Directors' duties.** Statement summarising how the Directors have promoted the success of the Company, taking into account a variety of matters including ESG considerations **Workforce Engagement** Statement explaining how we have engaged with our employees and how the Directors have regard to employee interests **Engagement with suppliers** Statement summarising how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others	View our statement on **page 36** and further details on how we have engaged with stakeholders on **pages 36 to 37**
CORPORATE GOVERNANCE CODE	A CG	Description of the corporate governance code that applies to James Fisher, how we applied the code and explanations for non-compliance, if any	This governance section of the report is structured around the Company's application of the Principles of the Code: View from **page 70**

* Streamlined Energy and Carbon Reporting.

** Task Force on Climate-Related Financial Disclosures.

*** Climate-Related Financial Disclosures.

****Energy Savings Opportunity Scheme.

View our Sustainability Report 2023

SUSTAINABILITY CONT. ENGAGING FOR VALUE

Growth creates value through a multi-stakeholder model.

The Group's success depends on a deep understanding of the views, and challenges, that stakeholders face, and the complexities posed by the environments in which they operate.

The Board is committed to engaging with all its stakeholders factoring key decision-making on:

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

Section 172(1) statement

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

Under section 172, Directors are required to act in a way that they consider, in good faith, to be the most likely to promote the long-term success and resilience of the Company for the benefit of the Shareholders as a whole, while having regard for all our stakeholders (employees, customers and suppliers, shareholders, the environment and local communities).

By considering key stakeholders and aligning activities with the strategic plan, as well as the Company's culture, values, sustainability principles and practices, the Company will act fairly, transparently and in the best interests of the Company over the long-term. Examples of how the Directors have had regard to the factors set out in section 172 in practice over the past year can be found as follows:

OUR STAKEHOLDERS

The Sustainability Strategy brings all our stakeholders into the heart of the Group and informs how we actively engage with them.

SHAREHOLDERS

Promote a sustainability-driven Business model and strategy that delivers attractive returns for Shareholders and delivers on our ESG metrics

Board engagement

- The Directors had regular in-person meetings with investors, principally through investor roadshows, investor events and the Annual General Meeting (AGM).
- The Chairman met with the largest Shareholders to discuss results and other announcements.
- With a dedicated investors section, the Annual Report and Accounts and the Company website set out the Group's strategy and progress against its strategy and key activities.

How we supported during 2023

- The Board engaged with Shareholders at the AGM.
- The Directors consulted with the Company's major shareholders regarding the 2024 Remuneration Policy.

Key areas of focus for this stakeholder group

- Operational and financial performance.
- Company strategy implementation.
- Capital structure, liquidity and capital allocation.
- Risk management and controls.
- Sustainability Strategy.

CUSTOMERS AND SUPPLIERS

Support our customers and suppliers to achieve their sustainability ambitions, through strategic partnerships and investment in innovation

Board engagement

- The Board received regular updates from Product Line Directors through the Executive Committee on their strategic priorities, markets, and key customers.
- Through the Sustainability Committee the Board received updates on customer and supplier engagement.
- Where appropriate, Executive Directors, and Divisional Leads, worked with major customers to develop innovative products and services and to find solutions to their problems.

How we supported during 2023

- Appointed a Chief Digital Officer and created a new Chief Technology Officer role in January 2024.
- Supplier Code of Ethics was redeveloped to align with our Sustainability Strategy.
- Through the re-appointment of a Head of Group Supply Chain, we identified synergies and other benefits of procurement coordination and standardisation between Group businesses.

Key areas of focus for this stakeholder group

- Innovation and problem solving.
- High quality products and services.
- Trusted relationships.
- Social and environmental impacts.
- Payment practices.
- Supply chain resilience.

LOCAL COMMUNITIES

Invest in the communities in which we operate to position ourselves as a strong corporate citizen that can demonstrate its positive impact on society

Board engagement
- Through the Sustainability Committee, the Board received updates on community integration performance throughout the Group.
- The Board supported employees to engage with community-based projects that help make a positive impact, including charitable fundraising, volunteering and education, including STEM (Science, technology, engineering, and mathematics) learning and events.

How we supported during 2023
- We continued to support employees' local community initiatives and events through the donation of time, material, or provision of expertise, for example STEM event participation and local internships.
- We have formed a strong partnership with a local Education and Skills Partnership which brings schools, colleges, and local employers together who recognise the need to equip local young people with knowledge, skills, and aspirations.
- James Fisher has pledged its support as an employer, to the Young Persons Guarantee, a Scottish Government initiative to ensure all young people aged 16-24 have the opportunity of work, education and training.

Key areas of focus for this stakeholder group
- Environmental and social impacts of our operations.
- Health and safety.
- Employee wellbeing.

EMPLOYEES

Attract, invest in and retain our people to enable delivery and position ourselves as a leading employer of choice ensuring wellbeing is at the heart of all we do

Board engagement
- Reporting back to the Board on a regular basis, Inken Braunschmidt (designated Non-Executive Director) as part of her role held until 31 December 2023, in the engagement team; attended a Defence Division open forum in Aberdeen where she met with employees and engagement champions.
- The employee Sharesave Scheme encourages employees' involvement in Company performance.
- Employees can receive matching employer pension contributions of up to 7.5% of salary, with effect from 1 January 2023.
- The Board reviews the results of our annual employee engagement survey.

How we supported during 2023
- We launched Engage, a quarterly all-employee webinar providing updates from across the Group and the opportunity for employees to feed back.
- We extended mental health first aid training and have 44 mental health first aiders trained in Suicide First Aid.
- We highlighted the Employee Assistance Programme to remind our employees of the support available including maintaining a healthy work/life balance; improving mental wellbeing; family issues; financial management/issues.
- We launched our online employee community hub to inform, empower and connect employees across the Group.
- A new HR ticketing system was launched for all HR-related enquiries.
- We celebrated the success of our first manager and leadership apprenticeships.
- The Group Head of Reward was appointed to shape and lead the reward strategy.

Key areas of focus for this stakeholder group
- Health and safety.
- Development and progression.
- Remuneration and recognition.
- Equity, diversity and inclusion.

THE ENVIRONMENT

Assess, quantify, and manage the impact of our operations on our planet, and how external factors may affect the Group's performance

Board engagement
- The Board considered climate-related risks and opportunities on a continuous basis, such as when deciding on the strategic direction of the Group, acquisitions and divestments, or major capital expenditure.
- A Board member attended Sustainability Committee meetings on a regular basis, bringing ESG expertise while strengthening communication between management and the Board.
- The Board engaged with shareholders directly to understand their ESG priorities.

How we supported during 2023
- We continued to focus on our performance and embedding ESG considerations into business as usual.
- As part of the Group's transformation, the groundwork is underway to reshape our portfolio including identifying innovative solutions to support our customers' energy transition.
- The Group continued its reporting and disclosures in accordance with the Carbon Disclosure Project (CDP), the UK SECR requirements, TCFD and the UK Government's introduction of reporting requirements through the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.
- Net zero and GHG emissions awareness webinar sessions took place and learning pathways were identified.
- A gap analysis was conducted which will inform our detailed climate transition planning activities in 2024.

Key areas of focus for this stakeholder group
- Carbon management.
- Net zero strategy.
- Climate disclosure.
- Climate risk and opportunity/energy transition.

SUSTAINABILITY CONT. FOCUS AREAS

PEOPLE

Our employees are critical to the safe, successful operation of our business.

United by a common purpose and shared valued behaviours, they enable the Company to create value for all our stakeholders.

With James Fisher operations spread across six continents, our people are geographically dispersed and represent a multitude of cultures. We will continue to develop and build upon a culture which allows them to use their skills and develop career paths with Exceptional Safety at the forefront of what we do.

For more details see our **2023 Annual Sustainability Report**

HIGHLIGHTS

HEALTH AND SAFETY

JAMES FISHER LIFE-SAVING RULES ROLLED OUT, BASED ON LEADING INDUSTRY PRACTICES

EXCEPTIONAL SAFETY CAMPAIGN LAUNCHED

ZERO LOST TIME INCIDENT FREQUENCY RATE IN 2 OF 3 DIVISONS 2023

TALENT STRENGTH

OVER 36% OF MENTAL HEALTH FIRST AIDERS TRAINED IN SUICIDE FIRST AID

NEW LEARNING EXPERIENCE PLATFORM 2024

DELIVERING CUSTOMISED LEARNING EXPERIENCES THROUGH AI AND REINFORCING LEARNING THROUGH COLLABORATION.

EMPLOYEE ENGAGEMENT RESPONSE RATE INCREASED 3RD YEAR IN A ROW

EQUITY, DIVERSITY AND INCLUSION

ONE JAMES FISHER COMMUNITY HUB LAUNCHED

2023 GENDER PAY GAP: SNAPSHOT

GENDER SPLIT OF UK WORKFORCE

71% MALE

29% FEMALE

MEDIAN HOURLY PAY GAP

28.09%

MEDIAN BONUS GAP

37.19%

GENDER DIVERSITY DATA 2023

As at 31 December 2023

Group	Men		Women	
Board of Directors[1]	4	50%	4	50%
Senior Managers[2]	55	86%	9	14%
Employees	1,506	76%	463	24%
Total employees	1,565	77%	476	23%

1. The Chief Executive Officer and Chief Financial Officer are members of both the Board and Executive Committee and are counted once in the Board category.
2. "Senior Managers" is defined in section 414C (9) and 414C (10)(b) of the Companies Act 2006 and, accordingly, the disclosure comprises the Executive Committee members and the Directors of all the subsidiaries of the Company.

Link to our current gender pay gap report and where to view further ESG-related disclosures can be found on **page 35**

EXCEPTIONAL SAFETY

Safety is our top priority at James Fisher and it's important we have a One James Fisher approach. Our common goal is to ensure that everyone who works for us returns home safely. This requires the right safety culture, as well as the right tools and training.

In 2023 we launched Exceptional Safety which raises the profile of safety across the Group and provides a unified approach:

- We are all responsible for safety.
- We are all empowered to speak up, stop the job and champion safety.

We provided a new look, feel and tone of voice for Exceptional Safety to create more impact. Managers were provided with briefing packs, videos and animation to help them engage with their teams and to keep safety at the top of the agenda. The Executive Team reinforced their commitment to safety across the Group. Leaders have a key role to play in driving the safety message.

Exceptional Safety runs alongside the roll out of the James Fisher Life-Saving Rules based on the highest standards of industry best practice to provide our employees with the knowledge and tools to help keep everyone safe. 73% of employees have been trained and this will become part of compliance training going forward.

In the recent employee engagement survey the three additional safety questions ranked highly. The question "safety is often talked about in my workplace" ranks highest at 4.40.

The focus on safety hasn't yet delivered the improvements we were looking for but we remain committed to maintaining safety at the forefront of everything we do.

The launch of the new electronic HSEQ system **Intelex** for Incident Management and Reporting including hazard observation is a major milestone. Intelex will help us quickly identify any issues or trends and respond effectively and will be an important tool to help improve safety for everyone working for James Fisher.

We are committed to having a zero-fatality workplace, and we are proud to report zero fatalities in 2023.

SUSTAINABILITY CONT. FOCUS AREAS CONT.

PLANET

Our activities are linked to tackling climate change. We aim to minimise our emissions and reduce our impact on the environment.

We are focused on embedding ESG considerations into business-as-usual throughout our operations to ensure our impact on the environment is reduced, and that we enable our stakeholders to do the same.

We are committed to minimising and eliminating (where applicable) the detrimental impact of greenhouse gas (GHG) emissions from our operational activities. We also recognise the importance of helping our customers reach their own net zero emissions targets, and last year we made a science-based commitment to be net zero by 2050.

In this context, net zero means reducing the Group's Scope 1 and Scope 2 GHG emissions to as close to zero as possible by 2050 and applying a residual strategy to neutralise the residual emissions.

We have prepared our 2023 climate-related disclosures in accordance with UK Listing Rule 9.8.6(8) and section 414CB of the UK Companies Act 2006.

HIGHLIGHTS

PORTFOLIO CHOICES (PRODUCTS AND SERVICES)

JF RENEWABLES STRENGTHENED ITS GLOBAL PORTFOLIO

Contributing towards the delivery of a further 857MW of clean renewable energy into the transmission network, through a multi-million-pound contract at Triton Knolloffshore transmission (OFTO) project, providing complete end-to-end operations and maintenance (O&M) services.

COLLABORATION WITH TOKYO GAS TO PROVIDE OFFSHORE WIND O&M SERVICES IN JAPAN

GHG EMISSIONS (NET ZERO)

ON TARGET WITH NET ZERO REDUCTION PATHWAY SCOPE 1 AND SCOPE 2

- ✓ **CLIMATE PEER REVIEW**
- ✓ **TRANSITION GAP ANALYSIS**

Full details of our progress with transition planning and how we manage climate-related risk, opportunities, governance, climate strategy and metrics/targets can be found within our **2023 TCFD Report**

RESOURCE EFFICIENCY (PEOPLE, ASSETS, ENERGY, MATERIAL WASTE)

SUSTAINABILITY CREDENTIALS SESSIONS HELD AS PART OF THE LEAN GREEN & BLACK BELT TRAINING CURRICULUM

SIX SIGMA CERTIFICATIONS: 38 GREEN BELTS TRAINED
OF WHOM 8 ARE WORKING TOWARDS BLACK BELT ACCREDITATION*

CARBON REDUCTION AND ENERGY EFFICIENCY INITIATIVES SITE LAUNCHED FOR TRACKING AND COLLABORATIONS

LEAN IN USE THROUGHOUT

100%

PRODUCT LINES

* The James Fisher Lean programme focuses on business performance improvements through the elimination of resource waste and defects, as well as equipping employees with the skills required to become subject matter experts on continual improvement.

CLIMATE-RELATED DISCLOSURES

Transition to net zero and climate-related disclosures

James Fisher and Sons plc (the Company) and its group of companies (the Group) has prepared its 2023 climate-related disclosures in accordance with UK Listing Rule 9.8.6(8) and section 414CB of the UK Companies Act 2006 (the Companies Act).

The Group considers that its climate-related disclosures set out in Annex A to its Annual Sustainability Report are consistent with the four recommendations and 11 recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD). **The cross-reference table on page 45 provides further detail including where the Group's disclosures against each of the TCFD's recommended disclosures can be found within the Annual Sustainability Report.** The Annual Sustainability Report is a separate, online document (consistent with our commitment to responsible consumption of natural resources) that provides greater detail on a wide range of sustainability topics affecting the Group and our associated performance. The Group has chosen to publish its TCFD-consistent disclosures in the Annual Sustainability Report to provide more detail on these important matters and allow readers the opportunity to review this information in the context of the Group's broader Sustainability Strategy.

The following section includes the Group's climate-related disclosures for the purposes of the Companies Act.

a) a description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities;

The Company's Board of Directors (the Board) has ultimate responsibility for the Company's climate change strategy and oversees progress against climate-related targets. The Board considers climate-related risks and opportunities on an ongoing basis, such as when deciding on the strategic direction of the Group, considering acquisitions and divestments, or deciding on major capital expenditures.

Figure 1. Governance framework overview

Key

- Board elected committee/office
- CEO chaired committee
- Operations and functions

The Board delegates day-to-day responsibility for the climate strategy, including identifying and managing climate-related risks and opportunities, to the Group CEO but is kept informed of climate-related issues via management structures including the Risk Committee and the Sustainability Committee. Other committees have climate-related responsibilities which are described further in our 2023 Annual Sustainability Report. A summary of this governance structure is provided in Figure 1 above.

Risk Committee

Responsibility for identifying, assessing and managing climate-related risks principally sits with the Risk Committee, but it is the responsibility of each functional head of their respective Product Lines to report on their risk registers, which include climate-related matters.

Climate change is considered a principal risk by the Group and therefore is regularly discussed by the Risk Committee in conjunction with all other principal risks. Any key issues raised via the Committee meetings are discussed at meetings of the Board.

Sustainability Committee

The Sustainability Committee is a sub-committee of the Executive Committee, which meets quarterly. Mandated to assist the CEO in recommending to the Board the Group's Sustainability Strategy, including its climate strategy, the Sustainability Committee manages the roadmap of key milestones and is responsible, along with input from Group Product Lines, for driving the strategy across the Group and monitoring its sustainability performance. This includes supporting the Board in fulfilling its oversight responsibilities concerning ESG matters.

» For more information, see **sustainability report governance section pages 45 to 49**

SUSTAINABILITY CONT. FOCUS AREAS CONT.

b) a description of how the company or LLP identifies, assesses, and manages climate-related risks and opportunities;

The Group employs a bottom-up and top-down approach to identifying, assessing, and managing climate risks. In 2022 the Group employed a scenario analysis approach to climate risk management for the first time and we are currently in the process of integrating this method into our risk management process.

Bottom-up approach

- Product Lines conduct quarterly business reviews which provide a forum to discuss and report changing risks and mitigation options. Any changes are then communicated to the Risk Committee through Divisional reports.
- Product Lines conduct an annual risk evaluation process to identify the significant operational and financial risks facing the business (including climate-related risks). Each Product Line maintains an up-to-date risk register, which identifies key risks. Key risks are identified based on an impact score (1-5) being multiplied by a likelihood score (1-5). This is assessed pre- and post-mitigation, based on the planned controls to be implemented and the effectiveness of these controls. The Product Lines use a range of inputs to assess these scores such as industry data, market intelligence and historical data, but ultimately, they are based on a management judgement of risk to the business.
- Heads of Divisions complete an internal control and risk management review questionnaire on an annual basis. This exercise is a robust self-assessment of operational controls and compliance with Group policies, applicable laws and regulations relating to their business. This ensures that Heads of Divisions identify risks and relevant mitigating strategies, and have in place adequate control systems to identify, mitigate, and report any weaknesses that require management attention.
- Assurance is provided by Internal Audit on a risk-based approach. Detailed risk registers are maintained by the Divisions and top risks are periodically reviewed and updated by the Executive Committee.

Top-down approach

- The Risk Committee overlays the Product Line risks (provided by their registers and questionnaire responses) with any macro external issues which are impacting or may impact the Group. Through this exercise, which is undertaken periodically, the Committee can determine the potential size, scope, and materiality of climate-related risks to the Group, and make recommendations on whether to mitigate, transfer, accept or control those risks.
- The risk registers are reviewed by Internal Audit as part of the business-as-usual audits, the Risk Committee and the Board. They are used by the Board to help determine the Group's principal and emerging risks and uncertainties, their potential impacts, how they are being managed and/or mitigated, and any change in the nature of the risk. Internal Audit uses them to define its areas of focus for the forthcoming period. At most scheduled Board meetings, there is an in-depth assessment of at least one of the Group's principal risks and, twice annually, the Board reviews the Group's principal and emerging risks, their mitigating activities, any changes and the Company's risk appetite.
- The Risk Committee and Executive Directors report the results of this bottom-up and top-down approach to the Board and Audit Committee.

» For more information, see **sustainability report risk management section, pages 58 to 61**

c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company or LLP;

Climate change risk management is incorporated into Group-wide risk processes as opposed to being identified, assessed and managed as part of a separate, climate-specific process. The approach for the identification, assessment and management of these issues is described above.

The Group realigned its risk management process with its strategic review cycle so that risks, including climate-related issues, are considered alongside the Group's strategic review. This change in the risk reviewing schedule has helped include climate-related issues as part of the central risk management process. This is important as it further integrates climate and the energy transition into the Group's central strategy discussions and procedures.

This shift in procedure allows each Division to review and present to the Board its strategy over five years and enables the Product Lines to build their principal and emerging risks (and opportunities), including those climate-related, into their strategic outlook at an operating level.

» For more information, see **sustainability report risk management section, pages 58 to 61**

d) a description of:
(i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP;

The outcomes from the climate risk and opportunity assessment led to the identification of several different climate-related risks and opportunities. The most significant risks and opportunities are stated below, and further information on the approach and results of our climate scenario analysis can be found in our sustainability report pages 52 to 54 and 61.

Physical risks and opportunities – Acute and Chronic: Marine and coastal operations are globally distributed (e.g. North Sea, Mediterranean, Middle East, Caribbean, Indian Ocean, and Eastern Pacific) and physical climate-related hazards will vary by location (e.g. tropical, and extratropical storms, sea-level rise and storm surges, wave climate, and heat stress). Whilst we have not yet experienced any climate-related incidents to date, in the medium- to long-term time frames (1-5+ years), the frequency and severity of climate hazards may change this. Additionally, there may be opportunities for James Fisher to become a specialist in providing operations and services in extreme conditions.

Transition risks and opportunities – Policy & Legal: Sustainability and climate-related regulations are already present in key markets for the Group and uptake of legislation is expected to continue to grow. The changing regulatory landscape is likely to present new and evolving risks such as more stringent regulations to follow or increases in litigation cases for environmental negligence. We expect the impacts from these risks to manifest in the medium- to long-term (1-5+ years). However, there may also be co-benefits to compliance such as, developing high quality approaches as climate strategies become increasingly important to stakeholders and investors.

Transition risks and opportunities – Technology: Improvements in renewable energy technologies are expected to contribute to the growth of renewables in the global energy mix.

James Fisher acknowledges that early engagement in the global energy transition is needed to recognise the potential opportunities for energy efficiencies and new low-carbon services. The extent of global action taken to mitigate climate change in the medium- to long-term will determine how large an opportunity this will be. Delaying investment in these areas could see competitors surpass James Fisher and be rewarded as early movers. Consequently, companies that transition early are set to benefit from access to capital, cost-saving efficiencies, and revenue growth from new and expanding service lines.

Transition risks and opportunities – Market: The Divisions and Product Lines have varying exposure to market-related transition risks. The level of risk exposure is also dependent on external, macroeconomic factors, such as changing oil and gas prices, supply, and demand. We expect in the medium- to long-term (1-5+ years) these factors will play an increasingly disruptive role in JFS operations. However, JFS is protected to an extent due to the breadth of service offerings across the Group and by the Group's ability to support clients in volatile oil and gas markets. Further opportunities may be available from extending into new and growing market opportunities.

Transition risks and opportunities – Reputation: Customers and investors have already shown a growing interest in working with companies with robust sustainability and climate-related strategies that align with national and international standards. We expect the impact of these trends may likely materialise over the medium- to long-term (1-5+ years). However, it is still important to maintain a strong tendering position through a positive brand reputation and robust and realistic sustainability and climate strategies.

(ii) the time periods by reference to which those risks and opportunities are assessed;

James Fisher's qualitative and quantitative climate scenario analysis uses a short-term period of 0-1 year, a medium-term period of 1-5 years, and a long-term period, of over 5 years (up to 2050). The selected time horizons are aligned with the Group's risk management framework to ensure consistency and to facilitate the integration of findings within wider business and strategic planning. For the quantitative assessment, our analysis goes out to 2050 for the long-term period. This ensures we account for the increase in potential climate issues which are expected to materialise over longer time periods than other business risks.

e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP;

Part of James Fisher's services is to provide coastal operations, this includes operating on ports and ships. An increase in extreme weather events may present greater exposure to climate-related hazards, such as storm surges, intense storms, and rogue waves. These incidents increase the risk of impacting our facilities and vessels causing a disruption or halt to our services. As an example of a mitigation response, James Fisher has designed extreme weather protocols that are maintained and regularly updated by the Maritime Transport Division, helping to ensure continued safe operation in changing climates.

James Fisher operates in different sectors within the energy industry, namely both oil and gas and renewables. Sustainability and climate-related regulations are already highly present in these markets and will continue to be a dynamic landscape in the future. Regulatory pressure on carbon-intensive industries is an important risk to monitor as it poses a risk of direct and indirect increases to our costs if left unchecked.

Additionally, depending on how much climate action is taken globally, energy and fuel prices may become more volatile as market instability increases through a divergence away from fossil fuels. This poses a risk to our revenue if we do not take early action to diversify our services. As an example of a mitigation response and an inverse risk opportunity, James Fisher is actively enhancing business segments in new and growing markets, such as renewables service lines and continuing the growth and expansion of JF Renewables and associated service lines through current technologies, such as offshore wind, and new technologies such as carbon capture and hydrogen.

The cost of carbon is a potential material climate risk, particularly over the medium- and long-term. Carbon pricing mechanisms are more likely to materialise in Orderly (i.e. a gradual ramp up) and Disorderly (i.e. delayed yet aggressive) Transition scenarios. Existing carbon pricing mechanisms (e.g. the UK Emissions Trading Scheme (UK ETS)) do not yet apply to the activities of the Group, despite the UK ETS's extension to cover domestic shipping as of 2026. However, the Group may (partially or wholly) come under carbon pricing mechanisms in the future due to its diverse range of sectors and geographies.

As a result the Group is and will continue to monitor changes in regulation and is motivated to decarbonise where possible.

» For more information, see **Sustainability report page 56**

f) an analysis of the resilience of the business model and strategy of the Company or LLP, taking into consideration of different climate-related scenarios;

Climate change is an important consideration in defining the strategic direction of our business. To this end, we conducted a detailed scenario analysis exercise in 2022 with support from SLR Consulting, ESG consultants.

Climate scenarios and projections were used to inform both the qualitative and quantitative scenario analysis processes. For the qualitative assessment we used data from globally authoritative datasets and climate models sourced in 2022* (e.g. the IPCC WGI Interactive Atlas, the World Bank Group Climate Change Knowledge Portal, the NGFS IIASA Scenario Explorer) to inform our analysis. For the quantitative, we sourced climate projections from the suite of climate scenarios defined by the Network for Greening the Financial System (NGFS) as this database had the relevant and available information required for our analysis. All climate scenarios considered are commonly used as a starting point for analysing climate risks and were used to align the scenario analysis with best practice. We have not deviated from the assumptions, or methodologies underpinning these climate scenario categories.

To ensure our assessment was comprehensive and provided insights into various potential climate eventualities, our methodology included three climate scenarios each with varying levels of projected global warming. These are:

(1) Orderly transition (1.4–1.6ºC) – global warming limited to 1.5ºC through stringent climate policies and innovation, reaching global net zero CO_2e emissions around 2050. Assumes climate policies are introduced early and gradually become more stringent. Both physical and transition risks are relatively subdued.

* Source: https://interactive-atlas.ipcc.ch/, https://climateknowledgeportal.worldbank.org/, https://data.ene.iiasa.ac.at/ngfs//#/login?redirect=%2Fworkspaces.

SUSTAINABILITY CONT. FOCUS AREAS CONT.

(2) Disorderly transition (1.7–1.8ºC) – annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2ºC. Negative emissions are limited. Assumes policies are delayed or divergent across countries and sectors.

(3) Hot house world (2.9º+C) – assumes that only current implemented policies are preserved and that globally efforts are insufficient to halt significant global warming, leading to high physical risks.

The future may present a variety of outcomes that will impact our business differently e.g. under lower warming scenarios regulation and energy price stability will be the main concern, whilst under higher warming scenarios our exposure to service disruption by physical climate hazards will increase. Assessing across a range of indicators ensures the outcomes cover the spectrum of potential impacts. Our qualitative and quantitative scenario analysis will be refreshed every three years, as per UK guidance, to ensure that risks are continually assessed, and scenario analysis results are sufficiently up to date.

The Group currently considers itself, through the scenario analysis output, resilient to the risks posed by climate change. This is because our Product Lines provide a range of services that are crucial to a low-carbon transition. As a business we are prepared to help facilitate both disorderly and orderly transitions through our services in supporting the growth of the renewable energy sector (e.g. offshore wind power), the responsible decommissioning of redundant oil and gas assets, and the maintenance and repair of assets that are exposed to extreme climate conditions.

Our operations and safety controls already in place mean that we do not face significant disruption from physical climate hazards and are expected to be resilient to potential future increases in a Hot House World scenario where physical risk is most extreme.

» For more information, see **Sustainability report pages 50 and 56**

g) a description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities and of performance against those targets;

The Group has committed to reducing its Scope 1 and Scope 2 GHG emissions, following an absolute contraction approach, targetting a reduction of 16.8 percent by 2025 and 37.8 percent by 2030, from 2021 levels. This target is to help reduce pressures from the principal transition risks we identified, such as the policy risks involved with regulatory costs and reputation risks that could damage the business. We intend to review the feasibility of setting Scope 3 targets in the future. We are continuing to use the SBTi Standard to ensure the Group is abiding by well-established guidance principles.

Additionally, the Group has committed to increasing the proportion of revenue from low-carbon aligned activities, which are less exposed to risk from climate-related regulations and reduce the risk of high carbon costs. This aligns with the Group's intention to diversify its operations in line with its Sustainability Strategy.

» For more information, see **Sustainability report pages 62 to 72**

View progress against targets below, a detailed breakdown can be found in the SECR report within the Directors report

h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based;

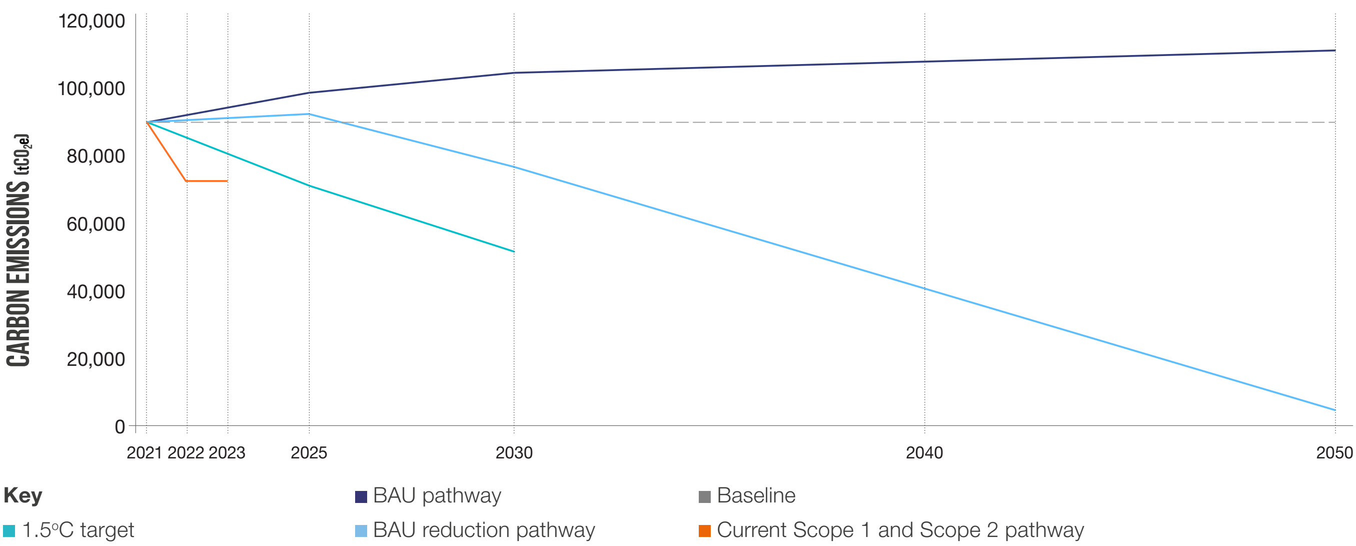
To monitor the Group's performance against its emission reduction target and in accordance with the UK's Streamlined Energy and Carbon Reporting regime, James Fisher is reporting its absolute Scope 1 and Scope 2 emissions (tCO_2e) each year. This provides insight into what emission reductions have been achieved on an annual basis. Additionally, to help monitor the Group's performance year-on-year we use emission intensity metrics relative to employees (FTE) and revenue (£m).

To help monitor the Group's energy transition strategy and track the opportunities associated with a growing renewable energy market, James Fisher is reporting the proportion of revenue from low-carbon activities (£m) on an annual basis.

Please see Annual Report non-financial Key Performance Indicators section for more information on metrics stated above.

» Further details can be found within our 2023 TCFD Report included in our **Annual Sustainability Report, Annex A**

PROGRESS AGAINST TARGETS – SCOPE 1 AND SCOPE 2



TCFD RECOMMENDED DISCLOSURES

As described on page 41, the Group has chosen to publish its TCFD-consistent disclosures in its Annual Sustainability Report, which is available online at www.james-fisher.com/investors/financial-information/reports-accounts-and-presentations/.

The following cross-reference table indicates where the Group's disclosures against each of the TCFD's recommended disclosures can be found within the Annual Sustainability Report.

GOVERNANCE Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities. **Status: Disclosed** » Page 45	b) Describe management's role in assessing and managing climate-related risks and opportunities. **Status: Disclosed** » Pages 45 to 49	
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term. **Status: Disclosed** » Pages 52 to 54, 57 and 61	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. **Status: Disclosed** » Pages 55 to 56	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. **Status: Disclosed** » Pages 50 and 56
RISK MANAGEMENT Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks. **Status: Disclosed** » Pages 58 to 60	b) Describe the organisation's processes for managing climate-related risks. **Status: Disclosed** » Pages 45 to 48	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. **Status: Disclosed** » Pages 51 and 59
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. **Status: Disclosed** » Pages 62 and 67	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. **Status: Scope 1 and Scope 2 emissions disclosed. Scope 3 emissions categories 3, 5, 6, 7 and 8 are disclosed. The remaining material categories are being calculated across 2024 and 2025.** » Pages 62 to 65	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. **Status: Scope 1 and Scope 2 climate targets disclosed. Scope 3 targets are in process and are intended to be set once the Group fully understands its Scope 3 footprint, which is expected to be end of 2025.** » Pages 65 to 66 and 72

Source: https://www.fsb-tcfd.org/recommendations/ last consulted 4 September 2023.

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

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

SUSTAINABILITY CONT. FOCUS AREAS CONT.

PARTNERSHIPS

At James Fisher our culture of shared success means that we seek out collaborations with customers, suppliers, and other industry players that align with our values and contribute to our shared vision for a sustainable future.

By working closely with our customers and suppliers, to fully understand the requirements and challenges faced, we are able to draw on our specialist skills to create bespoke solutions that solve complex industry challenges.

HIGHLIGHTS

INNOVATION

PVI (PRODUCT VITALITY INDEX) TRACKING IMPLEMENTED

KEY CLIENT ENGAGEMENTS RESULTED IN SERVICE INNOVATION COLLABORATIONS

REVISED NEW PRODUCT DEVELOPMENT PROCESS TO BE IMPLEMENTED ACROSS THE GROUP

CUSTOMERS AND SUPPLIERS

PARTNERING WITH LOCAL SUPPLIERS

PLANNING UNDERWAY TO STANDARDISE PPE PROCUREMENT

NEW TRAVEL SUPPORT PROVIDER APPOINTED SUPPORTING TRAVELLER WELLBEING AND SUSTAINABLE TRAVEL HABITS

NEW CUSTOMER FEEDBACK APPROACH IN PROGRESS AND CRM SYSTEMS AND PROCESSES UNDERGOING STANDARDISATION

GOVERNANCE

SUSTAINABILITY POLICY IMPLEMENTED BY THE GROUP

HEAD OF GROUP ETHICS AND COMPLIANCE APPOINTED

NEW DOCUMENT CONTROL INTRANET SITE DEVELOPED

PREPARING FOR SUPPLIER CODE OF CONDUCT ROLL OUT

COMPREHENSIVE UPDATE TO EXISTING INTERNAL MANDATED POLICIES AND RELATED DOCUMENTS IN PROGRESS

NEW GROUP SANCTIONS SCREENING PROCEDURE FOR CUSTOMERS AND SUPPLIERS IN DEVELOPMENT

BUILDING THE TANKER FLEET OF THE FUTURE

We have delivered the second chemical tanker in our fleet of the future, Lady Maria Fisher. In a strong example of bringing together our three sustainability pillars – People, Planet and Partnerships – her naming ceremony was attended by colleagues, customers, local delegates and our partners at China Merchants Jinling Shipyard, all of whom contributed to her safe and timely delivery.

Bringing together our three sustainability pillars – People, Planet and Partnerships – the naming ceremony of our second dual-fuel LNG vessel, Lady Maria Fisher (LMF), was attended by colleagues, customers, local delegates and our partners at China Merchants Jinling Shipyard, without whom her delivery would not have been possible.

Partnerships

Combining the strengths of our people, suppliers and customers, the introduction of LMF and her sister vessel, Sir John Fisher (SJF) in 2022 marks the next step for James Fisher in building the tanker fleet of the future.

Specially designed to navigate the restricted access ports of Northern Europe, both vessels have allowed us to continue servicing our existing long-term customers in the region. One such example is our contract with P66, which we have held in various forms for over 30 years and continue to service through these new vessels.

The delivery of both vessels could not have been achieved without the close collaboration between our highly capable project team and China Merchants Jinling Shipyard (CMJL), who will continue to play a pivotal role in building our tanker fleet of the future.

Despite the challenges presented by COVID-19, both state-of-the-art vessels were delivered on time, safely and within budget, with LMF even arriving three weeks early – an excellent achievement for all involved.

Planet

With dual-fuel engines capable of running on liquefied natural gas (LNG), both vessels boast enhanced hydrodynamic performance and improved efficiency resulting in reduced GHG emissions and improved local air quality. Such features are designed to help us to achieve our own net zero targets and help our customers meet their sustainability goals.

People

In January 2024 LMF was welcomed to the Port of Sunderland for her naming ceremony, which was performed by James Fisher Tankships' Finance Manager Debbie Smith, whose 23-year history with James Fisher made her the ideal candidate to fulfil the role of vessel Godmother.

Furthermore, in recognition of the integral role our seafarers play in delivering safe and efficient shipping operations, Head of Maritime Transport Krystyna Tsochlas presented both the Captain and Chief Engineer of LMF with cufflinks to cap-off the event. Our seafarers' commitment to safety and efficiency is testament to the Sustainability Strategy in action.

With over 175 years of rich history in maritime operations, we're ideally positioned to introduce new and innovative solutions for a more sustainable future – and these vessels are no different. Our continued investment in developing the fleet of the future signals James Fisher's firm Company commitment to reducing emissions and meeting the needs of a low-carbon future.

Jean Vernet
Chief Executive Officer

The official naming of the Lady Maria Fisher stands as a testament to the dedication and collaboration of our fantastic colleagues and industry partners. This journey has not been without its challenges, including the construction and commissioning delivered safely throughout the COVID-19 pandemic. We have rallied together, demonstrating resilience and perseverance, which we can all celebrate in today's ceremony.

Krystyna Tsochlas
Head of Maritime Transport

NON-FINANCIAL KPIs

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

Key
- Target
- 2023
- 2022

Lost Time Incident Frequency (LTIF)*

0.98

2024	0.44
2023	0.98
2022	0.51

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

Base year
2021

Baseline
2.6

Employee Engagement Score (grand mean)

3.86

2024	3.95
2023	3.86
2022	3.84

Base year
2021

Baseline
3.6

Total Recordable Case Frequency (TRCF)*

3.30

2024	2.09
2023	3.30
2022	2.65

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

Base year
2021

Baseline
7.4

Hours spent supporting local communities*

2,076

2024	75%
2023	68%
2022	66%

* Total hours spent based on two hours per employee headcount.

Base year
2022

Baseline
66%

% Voluntary attrition

14%

2024	12%
2023	14%
2022	18%

Base year
2022

Baseline
18%

Scope 1 and Scope 2 emissions (tCO_2e)

74,707

2025*	70,479
2023	74,707
2022**	74,605

* Net zero interim target year. Refer to our TCFD report/Annual Sustainability Report Annex A for further details.

** Reduction due to overall decrease in commercial activities throughout our vessels fleet during the reporting period.

Base year
2021

Baseline
84,711

FINANCIAL REVIEW

A summary of the Group's performance from continuing operations is set out below.

TABLE 1:

Continuing operations	Underlying results[1] Year ended 31 December			Reported results Year ended 31 December		
	2023	2022	Change	**2023**	2022	Change
Revenue (£m)	**496.2**	478.1	3.8%	**496.2**	478.1	3.8%
Operating profit/(loss) (£m)	**29.6**	26.4	12.1%	**(18.6)**	24.7	n/m
Profit/(loss) before tax (£m)	**8.3**	16.2	(48.8)%	**(39.9)**	14.5	n/m
Profit/(loss) for the year (£m)	**2.3**	11.5	(80.0)%	**(50.9)**	9.0	n/m
Operating margin	**6.0%**	5.5%	50 bps	**(3.7%)**	5.2%	(890) bps
Return on capital employed	**6.6%**	5.3%	130 bps			
Net debt – covenant basis	**149.8**	142.1	5.4%			
Earnings/(loss) per share	**11.4**	22.3	(48.9)%	**(101.2)**	17.4	n/m

1. The Group uses a number of alternative (non-Generally Accepted Accounting Practice (non-GAAP)) performance measures (APMs) which are not defined within IFRS. The APMs should be considered in addition to and not as a substitute for 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 APMs are described more fully and reconciled to GAAP performance measures in Note 2 of the financial statements.

TABLE 2: UNDERLYING OPERATING RESULTS FROM CONTINUING OPERATIONS

Reconciliation of underlying operating profit to operating profit (continuing)	Year ended 31 December	
	2023 £m	2022 £m
Underlying operating profit (continuing)	**29.6**	26.4
Amortisation of acquired intangible assets	**(1.1)**	(2.1)
Impairment charges	**(28.1)**	(0.7)
Refinancing costs	**(12.2)**	–
Specific trade receivables provision	**–**	1.1
Restructuring costs	**(5.7)**	(1.7)
Disposal of businesses and assets	**1.7**	3.4
Other	**(2.8)**	(1.7)
Operating profit (continuing)	**(18.6)**	24.7

Reported results from continuing operations

The Group generated revenue of £496.2m in 2023, an increase of 3.8% compared to £478.1m in 2022. The Energy and Defence Divisions showed growth against 2022, with Energy up 9.9% (2023: £266.5m; 2022: £242.6m) and Defence up 6.3% (2023: £72.5m; 2022: £68.2m). Maritime Transport revenue was down by 6.0% (2023: £157.2m; 2022: £167.3m) driven by a proactive decision to exit some lower margin contracts.

Gross margin was 27.4% similar to the 26.6% achieved in 2022.

The Group made an operating loss of £18.6m in 2023, an adverse movement of £43.3m compared to the £24.7m operating profit in 2022, reflecting net adjusting items of £48.2m (2022: £1.7m), offset by stronger underlying business performance. The adjusting items include an impairment of goodwill of £28.0m which is discussed below.

Loss before tax was £39.9m (2022: £14.5m profit). The decrease in profit before tax was driven by the statutory operating profit performance described above as well as a £11.1m increase in net finance expense. The increase in net finance expense was the result of increased interest rates and higher amortisation of financing fees arising from the refinancing undertaken in 2023, together with an estimate of deferred fees that would arise on exiting the facility. There was also an increase due to unwinding of discount on lease liabilities due to the Group entering into and extending a number of vessel and office leases in the year.

Loss per share from continuing activities was 101.2 pence compared to 17.4 pence earnings in 2022, reflecting the reduced operating profit performance and increased adjusting items.

Underlying operating results from continuing operations – See Table 2

Underlying operating profit improved by 12.1% to £29.6m (2022: £26.4m). Each Division delivered growth in both underlying operating profit and margin. The Group's overall underlying operating profit margin improved by 50 bps, from 5.5% in 2022 to 6.0% in 2023 even though the improved trading performance was delivered alongside the necessary investments the Group has made in strategic initiatives, including the establishment of the Business Excellence workstream and projects to strengthen internal controls and hiring for key senior management roles. Included in the underlying operating profit, are £3.8m losses generated by Subtech Europe, whose operations ceased in December 2023.

The adjusting items for 2023 amounted to £48.2m with the largest adjustments related to £28.1m impairment charges and reversals, largely on goodwill balances, £12.2m costs associated with the new RCF and £5.7m restructuring costs. Of the goodwill impairment charge, £25.0m was recognised in relation to the Defence Division. Whilst the Division's performance improved in comparison to 2022, its contract win rate was not as strong as expected due to delays in customer procurement processes. In arriving at the value of goodwill impairment, we built in the risks associated with the potential delays and cancellations of future projects into cash forecasts. This, combined with a higher discount rate, led to the recognition of the impairment. However, the Division retains a solid pipeline, and a positive outlook for the business over the medium-term remains unchanged.

Full year operating performance by Division

As announced in April 2023, effective from 1 January 2023 the Group has reorganised into three divisions, representing the key markets within which the Group operates, namely Energy, Defence, and Maritime Transport. The Energy Division combines the Divisions that used to be called Marine Support and Offshore Oil, without Fendercare, which is added to the Tankships Division to create Maritime Transport. JFD is the only component of the Defence Division and was previously reported in the Specialist Technical Division.

Energy – See Table 5

Robust performance with strong demand in Well Testing and Bubble Curtain and Artificial Lift

The Energy Division provides products and services to the offshore wind and oil and gas markets, and mainly comprises of the Well Testing and Bubble Curtain (Scantech), Artificial Lift (RMSpumptools), Inspection Repair and Maintenance (JF Subtech), Offshore Wind (JF Renewables) and JF Decommissioning Product Lines.

The Energy Division delivered revenue growth of 9.9% from £242.6m in 2022 to £266.5m, with good performances across the majority of the Product Lines. Revenue growth is 17% if adjusted for disposed business in 2022. Well Testing, Bubble Curtain and Artificial Lift, in particular, achieved strong growth with the supportive demand conditions.

TABLE 3: SUMMARY OF UNDERLYING OPERATING RESULTS FROM CONTINUING OPERATIONS

Revenue (continuing)	Year ended 31 December		
	2023 £m	2022 £m	Change %
Energy	**266.5**	242.6	9.9
Defence	**72.5**	68.2	6.3
Maritime Transport	**157.2**	167.3	(6.0)
Revenue (continuing)	**496.2**	478.1	3.8

TABLE 4:

Underlying operating profit/(loss) (continuing)	Year ended 31 December		
	2023 £m	2022 £m	Change %
Energy	**15.7**	13.9	12.9
Defence	**1.5**	(0.4)	n/m
Maritime Transport	**23.3**	18.8	23.9
Corporate	**(10.9)**	(5.9)	(84.7)
Underlying operating profit	**29.6**	26.4	12.1

Underlying operating profit growth for the Division was 12.9%, which included a £3.8m loss generated by Subtech Europe, whose operations ceased in December 2023. Subtech Europe had been incurring losses over a number of years due to increased competition and a North Sea market that was both seasonal and required the supply of a vessel and services on a demand basis. This gave rise to a higher risk model and periods of lower utilisation which generated losses.

Well Testing and Bubble Curtain revenue, which includes solutions in Taiwan and USA, increased by 26.8% to £58.2m (2022: £45.9m). This increase was driven by sustained demand for well-testing services, with a strong market backdrop and quick deployment of the Group's new fleet of more efficient air compressors onto bubble curtain projects on the US East Coast.

Artificial Lift product sales increased by 27.2% to £42.5m (2022: £33.4m), a new record high, continuing the strong market trend seen in the first half of 2023. In March 2024, the Group announced the conditional sale of RMSpumptools for an enterprise value of £90m, with the business set to exit the Division at completion during the second half of 2024.

Inspection, Repair and Maintenance showed strong revenue growth, from £98.8m in 2022 to £107.6m, with growth in the Brazil and Middle East markets.

The business performed well in the Middle East due to strong utilisation and day rates earned from Swordfish, which was leased back after it was sold in January 2023. The lease has now finished, and the vessel returned to the owner. However, the business experienced operating losses in South Africa and in Europe, which led to the decision to close Subtech Europe.

Offshore Wind delivered strong revenue growth of £29.5m over a weak comparative period (2022: £15.7m) and achieved a near break-even position compared to an operating loss in 2022. The market was up from 2023 to 2022 and is forecast to be relatively flat in 2024. The Group continues to believe that its strong offerings of products and services into this market will deliver profitable growth in the future.

Continuing volatility in the market led to our Decommissioning business having a disappointing year, with a decrease in revenue of 18.7% to £22.2m (2022: £27.3m). The decommissioning markets remain challenging with the business experiencing volatility in demand during 2023. The business has a new management team in place who are focused on new contract wins, strong project management and margin delivery. The medium-term market growth drivers for this business remain attractive.

FINANCIAL REVIEW CONT.

TABLE 5: ENERGY

Revenue (continuing)	Year ended 31 December		
	2023 £m	2022 £m	Change %
Total revenue	**266.5**	242.6	9.9%
Underlying operating profit (£m)	**15.7**	13.9	12.9%
Underlying operating profit margin	**5.9%**	5.7%	20 bps
Return on capital employed	**9.3%**	8.0%	130 bps

TABLE 6: DEFENCE

Revenue (continuing)	Year ended 31 December		
	2023 £m	2022 £m	Change %
Total revenue	**72.5**	68.2	6.3
Underlying operating profit/(loss) (£m)	**1.5**	(0.4)	n/m
Underlying operating profit margin	**2.1%**	(0.6)%	270 bps
Return on capital employed	**2.1%**	(0.4)%	250 bps

TABLE 7: MARITIME TRANSPORT

Revenue (continuing)	Year ended 31 December		
	2023 £m	2022 £m	Change %
Revenue			
JF Tankships (incl. Cattedown)	**76.1**	78.9	(3.5)
JF Fendercare (incl. Martek)	**81.1**	88.4	(8.3)
Total revenue	**157.2**	167.3	(6.0)
Underlying operating profit (£m)	**23.3**	18.8	23.9%
Underlying operating profit margin	**14.8%**	11.2%	360 bps
Return on capital employed	**30.3%**	22.5%	780 bps

Defence – See Table 6
Contract delays impacted performance-solid growing revenue pipeline

The Defence Division provides underwater systems and life support capabilities, for the defence and commercial diving markets. The main capabilities are submarine rescue, defence diving, special operations vehicles, submarine systems, and commercial diving and hyperbaric systems.

The Defence Division delivered revenue growth of 6.3%, increasing from £68.2m to £72.5m in 2023, and reversed a prior year underlying operating loss of £0.4m to deliver an underlying operating profit of £1.5m in 2023. This increased revenue was predominantly due to delivery of additional services to existing defence customers and a strong performance for our commercial diving and hyperbaric systems, linked to a recovery in the energy sector. This is consistent with higher levels of activity seen in the Energy Division's diving activities.

Activity in the period focused on service and training contracts in India and South Korea with good progress, and the renewed NATO submarine rescue contract secured at the end of 2022, which went live in July 2023. Some projects were negatively impacted by client dependencies and government approvals that were outside our control, which led to increased cost and schedule impacts. We anticipate completing these projects in 2024 within our revised cost estimates.

Overall, while the defence market is buoyant and JFD's performance improved in comparison to 2022, the Division did not secure some of the projects that were anticipated in 2023, due to delays in government procurement processes. The Division is focused on securing new contract wins and converting its significant sales pipeline in 2024, as customers around the world are prioritising undersea defence and energy security. While the defence market has inherently long and often uncertain procurement timelines, the geo-political environment is leading to a change in customer behaviour, with more urgency being placed on procurement of critical undersea capabilities. We are investing in our long-term growth through an established new product development portfolio, which will bring some exciting next generation products to market. The forward order book on 31 December 2023 for the Division was £223m.

Maritime Transport – See Table 7
Solid performance focused on margin improvement and portfolio rationalisation

The Maritime Transport Division comprises the Tankship business, Cattedown Wharves, JF Fendercare and Martek Marine.

The Tankships business delivered a robust performance in the year. Revenue was marginally down year on year, from £78.9m to £76.1m, in part due to a reduction in fuel costs, which on certain contracts are passed to the charterer, but also due to the proactive decision to exit some lower margin contracts. However, margins were stronger due to the improved contract rates and the spot market rates averaging higher than in 2022. The tanker fleet utilisation during the year was 93% (2022: 88%). This was partially offset by revenue increase in Cattedown Wharves as a result of inflationary increase in quay dues across the port and increases in number of vessels through the port year-on-year.

Fleet improvements continued, with the Lady Maria Fisher joining the fleet during the period and the Mersey Fisher, which had reached the end of its commercial life, being sold. Tankships commenced the rebuild programme for its new fleet with contracts signed for four new vessels, with delivery of all four vessels within 2026.

Cattedown Wharves saw an 8.1% increase in revenue as a result of inflationary increase in quay dues across the port and increases in number of vessels through the port year-on-year.

JF Fendercare experienced a £7.3m reduction in revenue year-on-year, but its operating profit saw a significant increase. The revenue shortfall was mainly as a result of the decision to exit Tanjung Pelepas, which is a port in Malaysia, which had minimal impact on profitability as margins were low. Fendercare experienced strong demand in Brazil on ship-to-ship transfers, which attract higher gross profit margins, thereby increasing profitability overall. Europe and Africa experienced a drop in transfers as a result of higher stock levels reducing demand. A fourth LNG STS kit was purchased in the period, as at the end of 2023 we have two LNG retainers in place. Martek's revenue was up from 2022, however, the change in product mix meant that the operating margins slightly deteriorated.

Corporate

Corporate costs were £10.9m compared to £5.9m in 2022. The increase reflects the necessary investment the Group has made in the business transformation programme, including the new executive and senior management team, strengthening of controls and compliance environment, roll out of lean, business and commercial excellence and other activities.

Combined, these activities are focused on building a foundation for growth through stronger business performance and efficiencies leading to margin improvement.

Discontinued operations

In the period through to its disposal on 6 March 2023 for a nominal consideration of £3, the nuclear decommissioning business (JFN) generated revenue of £6.7m (2022: £42.8m) and a loss after tax of £11.4m (2022: £19.8m). Subsequent to the sale of the business, on 9 August 2023, the Group was notified that JFN had appointed administrators and is in the process of being liquidated. The Group is engaged with the administrators and certain key customers of JFN that held Parent Company guarantees with the intention of mitigating potential claims against the Group that may arise from the JFN administration. A provision of £6.4m has been included in the results for the year ended 31 December 2023 in relation to potential claims/settlements under Parent Company guarantees.

Items outside underlying operating profit – See Table 8

The Group has recognised a net operating loss of £48.2m in relation to adjusting items, significantly increased from £1.7m in 2022.

The £28.1m net impairment charge in 2023 relates to goodwill impairment charges of £28.0m, largely in the Defence Division, and further vessel and assets impairments of £2.4m in Maritime Transport and Energy Divisions, partially offset by a £2.2m impairment reversal for impairments recognised in previous years. The 2022 impairment charge of £0.7m mainly comprises a reversal of impairment to Swordfish Dive Support Vessel and a non-cash goodwill impairment charge in relation to a business in the Energy Division.

During 2023, the Group incurred £12.2m legal and advisory costs relating to the new revolving credit facility (RCF), refinancing strategy, obtaining a waiver from the Group's lenders and completion of various requirements and conditions of the RCF.

Restructuring costs of £5.7m in 2023 relate to the transformation programme aimed at simplification, rationalisation and integration of the Group's businesses. This also includes £3.0m of costs associated with Subtech Europe closure. In 2022, people and property costs of £1.7m were incurred for restructuring programme within the Fendercare and JFD businesses.

Amortisation of acquired intangibles relate to customer relationships acquired through business combinations which are amortised over their estimated useful economic life.

£1.1m of debts previously provided for were collected during 2022 and we continue to pursue other amounts, for which provisions have been made, through legal and commercial discussions.

Disposal of businesses and assets in 2023 largely relates to a gain of £1.4m on disposal of a vessel in the Maritime Transport Division. In 2022, the Group sold three businesses and one tanker for profits on sale of £2.5m and £0.9m, respectively.

Other includes £2.2m past service cost recognised for the MNRPF scheme in respect of past administrative and benefit practices. In 2022, the Group also recognised a £1.5m charge in relation to its share (approximately 2%) of the obligations under a defined benefit pension fund, following a settlement in relation to benefits payable by the scheme to past members.

The tax charge relating to non-underlying items is £5.0m which includes a charge of £4.7m in relation to de-recognition of the brought forward UK deferred tax.

Capital expenditure

Capital expenditure in the year was £28.5m and £1.7m on development expenditure. Capital expenditure to depreciation ratio was 1.3 (excluding intangibles additions and amortisation). The majority of growth expenditure was in the Energy Division including spend on a new fleet of compressors to support expansion in the "bubble curtain" Product Line.

Finance charges

The Group's net finance charges increased by £11.1m to £21.3m (2022: £10.2m).

Finance charges in 2023 primarily comprise £15.8m of interest expense on loans and overdrafts (2022: £7.4m), £2.7m for deferred financing fees to be paid under the terms of the new credit facilities (2022: £nil), £1.7m of loan arrangement fees (2022: £1.0m), including the write-off of previously capitalised loan arrangement fees relating to the former credit facilities and £4.0m interest expense on lease liabilities (2022: £2.2m), partially offset by £3.2m (2022: £0.7m) interest income on cash balances and pensions.

The increase in interest expense on loans and overdrafts and interest income on cash balances was largely the result of higher interest rates. Interest expense on lease liabilities increased during the year mainly due to new vessel leases and extensions made to existing vessel and property leases.

FINANCIAL REVIEW CONT.

TABLE 8: ITEMS OUTSIDE UNDERLYING OPERATING PROFIT

	Year ended 31 December	
	2023 £m	2022 £m
Impairment charges, net	**28.1**	0.7
Refinancing costs	**12.2**	–
Restructuring costs	**5.7**	1.7
Amortisation of acquired intangible assets	**1.1**	2.1
Specific trade receivables provision release	**–**	(1.1)
Gain on disposal of businesses and assets	**(1.7)**	(3.4)
Other	**2.8**	1.7
Total	**48.2**	1.7

TABLE 9: CASH FLOW AND BORROWINGS

Table A	Year ended 31 December	
	2023 £m	2022 £m
Cash flow from operating activities	**37.8**	44.5
Cash flows (used in)/from investing activities	**(4.7)**	(15.8)
Cash flows used in financing activities	**(27.4)**	(40.1)
Net increase in cash and cash equivalents	**5.7**	(11.4)
Cash and cash equivalents at 1 January	**22.8**	34.5
Net foreign exchange differences	**(1.7)**	2.5
Cash transferred to asset held for sale	**(0.4)**	(2.8)
Cash and cash equivalents at 31 December	**26.4**	22.8

Table B	Year ended 31 December	
	2023 £m	2022 £m
Net borrowings	**201.1**	185.8
Less: right-of-use operating leases	**(56.9)**	(46.0)
Add: bonds and guarantees	**5.6**	2.3
Net debt – covenant basis	**149.8**	142.1
Underlying operating profit	**29.6**	26.4
Depreciation and amortisation	**41.2**	40.3
Less: Depreciation on right-of-use assets	**(16.3)**	(12.2)
Less: Amortisation of acquired intangibles	**(1.1)**	(2.1)
IFRS 16 impact removed	**1.0**	0.2
Covenant EBITDA	**54.4**	52.6
Net debt: EBITDA[1]	**2.75**	2.70

1. Defined as leverage APM in Note 2.3.

The Group's interest cover ratio, an alternative performance measure which is fully described and reconciled in Note 2 of the financial statements, and is calculated by dividing underlying operating profit by net finance charges (excluding IFRS 16 finance charges), is 2.2 times (2022: 3.5 times), which compares to banking covenants that require the ratio to be greater than 1.75 times (2022: 3.0 times).

Taxation

The Group has recognised an overall net tax expense in respect of continuing operations of £11.0m in the year (2022: £5.5m). The increase in tax expense is primarily driven by the de-recognition of the deferred tax asset. The tax expense on underlying profits from continuing operations for the year is £2.4m (2022: £4.7m) representing an underlying effective tax rate of 29.0% (2022: 28.4%) which has been adjusted for £3.6m deferred tax impacts on finance charges.

Given the volume of the cumulative UK tax losses, which were mostly generated by the discontinued businesses and exceptional costs, it was decided not to recognise the UK deferred tax asset in respect of the UK losses incurred in the year and £4.7m brought forward losses. The Group still has the ability to recognise these losses in future periods against chargeable profits.

Dividends and earnings per share

The Board has not recommended dividends in 2023 or 2022, given the overall financial position of the Group. The Board remains committed to reintroducing a sustainable dividend policy at the right time.

Basic loss per share, on a statutory basis, increased to 123.9 pence (2022: 22.1 pence) reflecting lower profit after tax. Underlying earnings per share decreased to 11.4 pence (2022: 22.3 pence) primarily due to higher interest and tax charges in the year, partially offset by an improvement in the underlying operating profit.

Cash flow and borrowings – See Table 9

The Group generated £37.8m (2022: £44.5m) cash from operating activities, with a working capital inflow of £6.7m (2022: £2.6m working capital outflow). The increase in the loss for the year was the key driver for the reduction. The working capital inflow arose due to a reduction in debtor days, partially offset by a reduction in creditor days. In 2022, the Group also built inventory to satisfy the higher demand for its product which was not repeated in the current year. Debtor balances continued to show some positive progress during the year due to the business focus on collections.

Creditor balances have also reduced as the Group rebalanced its working capital throughout the year. Tax payments were slightly higher than last year at £8.6m (2022: £8.1m).

Cash flows used in investing activities during the year were £4.7m (2022: £15.8m). Capital expenditure, at £29.4m, was lower than the £31.7m in 2022. Key expenditure in 2023 included investment in energy efficient compressors for Scantech Product Line in the Energy Division, which is expected to yield attractive returns. Other capex investments included dry docking of the Group's vessels and equipment purchases. The Group generated £25.6m in asset disposals (2022: £2.2m) mainly consisting of the proceeds from the sale of Swordfish Dive Support Vessel as well as other vessels and tugs in the Energy and Maritime Transport Divisions. The Group also incurred costs of £3.2m in 2023 from the sale of JFN.

The Group's net borrowings at 31 December 2023, including all lease liabilities, was £201.1m, a £15.3m increase in borrowings from 31 December 2022. Bank borrowings increased by £8.2m and additional lease liabilities increased by £8.3m following the delivery of Lady Maria Fisher tanker into our fleet and extensions of other vessel and property leases.

On 31 December 2023, the Group had £192.7m of committed credit facilities (2022: £247.5m) and £24.7m of undrawn committed credit facilities (2022: £88.0m).

The Group's net debt for the purposes of its banking covenants consists of net bank borrowings, finance lease liabilities (on an IAS 17 basis), and bonds and guarantees, as summarised in Table 9B.

On a covenant basis, net debt has increased by £7.7m in the period. The ratio of net debt:EBITDA (defined as leverage APM, which is explained and reconciled in Note 2 of the financial statements) has increased slightly to 2.75 times (2022: 2.70 times), which compares to banking covenants requiring the ratio to be less than 3.25 times.

Liquidity

In June 2023, the Group agreed new borrowing facilities with its lending banks of £209.9m, with a maturity date of March 2025. As at 31 December 2023, agreed amortisation had reduced the available facility amount to £192.7m. The continued access to liquidity has been included as a Group Principal Risk (see page 57) due to the relatively short-term nature of the new facilities.

With the current RCF maturing early next year, the Group will be refinancing its debt in 2024. We are underway with the deleveraging of our balance sheet with the agreement for sale of the entire issued share capital of RMSpumptools Limited (RMS) announced in March 2024, which is expected to bring in net proceeds of £83m. The disposal is expected to complete early in H2 2024, subject to certain conditions. Deleveraging will provide the Group with greater business resilience and greater headroom on its existing facilities, while reducing the Group's debt levels towards our mid-term target net debt:EBITDA range of 0-1.5x. In turn this should enhance the Group's ability to execute a successful refinancing and put in place new facilities during 2024 that provide the liquidity to support investment in growth whilst also being on more favourable terms than the current facility.

Balance sheet

The Group's net assets decreased by £69.7m in the year to £148.6m (2022: £218.3m). The loss for the year of £62.3m was increased by other comprehensive losses of £8.4m in relation to foreign exchange movements and hedging of £9.7m, net of tax, and an actuarial gain from the Group's defined benefit pension fund of £1.3m in the year, net of tax.

Non-current assets

Non-current assets decreased by £25.9m in the year from £321.2m to £295.3m. Goodwill reduced by £38.0m to £78.3m (31 December 2022: £116.3m) as a result of impairment charges of £28.0m, a reclassification to held-for-sale assets of £7.6m and foreign exchange differences of £2.4m. Other intangible assets reduced to £6.3m from £8.2m, largely due to additions and transfers of £2.8m, which was offset by amortisation and impairment charges of £4.8m.

Within property, plant and equipment, the Group invested £28.5m in additions. These additions were offset by disposals with a net book value of £2.6m, depreciation of £22.0m, reclassifications to intangible assets and assets held for sale of £3.1m, a small impairment charge of £0.5m and foreign exchange differences of £2.0m.

Right-of-use assets increased by £15.1m, due to the additions of £32.8m relating to the delivery of Lady Maria Fisher tanker into our fleet and extensions on other vessel and property leases as well as a reversal of impairment of £1.9m previously recorded on vessels in the Energy Division, which were partially offset by depreciation of £16.3m, disposals with a net book value of £2.0m, reclassifications to held for sale assets of £0.7m and foreign exchange differences of £0.6m.

The Group has recognised a £7.4m asset in relation to the Group's Shore Staff defined benefit pension scheme in accordance with IFRIC 14 following movements in actuarial assumptions. The Group continues to make deficit repair payments in line with agreed profiles with £1.5m expected to be paid in contributions in 2024 following the most recent triennial actuarial valuation.

Current assets and current liabilities

The Group's net current assets increased by £12.9m from £61.3m at 31 December 2022 to £74.2m at 31 December 2023. This increase arose from the £37.8m reduction in current liabilities in 2023 to £188.7m, which was partially offset by a £24.9m reduction in current assets in 2023 to £262.9m.

The £24.9m decrease in current assets in 2023 was mainly driven by a £24.2m reduction in trade and other receivables to £124.0m and a £21.5m reduction in assets held for sale to £14.7m, which have been partially offset by an £23.9m increase in cash and cash equivalents.

The £37.8m decrease in current liabilities in 2023 was mainly driven by a £9.0m reduction in trade and other payables to £113.4m, a £15.6m reduction in liabilities associated with assets held for sale and a £16.3m reduction in short-term borrowings to £51.1m, which were partially offset by a £4.1m increase in provisions to £9.4m. The increase in provisions in 2023 largely relates to a £6.4m charge relating to potential liabilities on Parent Company guarantees for JFN.

Short-term bank borrowings (i.e., overdrafts) have reduced to £51.1m from £67.4m at 31 December 2022, with the net position of short-term cash and short-term borrowings increasing to £26.4m (31 December 2022: £22.8m).

Non-current liabilities

Long-term liabilities, at £220.9m, are £56.7m higher than at 31 December 2022. The change in 2023 is largely the result of increase of £44.8m in long-term borrowings, £8.5m in long-term lease liabilities, £2.9m in provisions and £1.2m in retirement benefit obligations.

The £44.8m increase in long-term borrowings was largely due to £36.6m borrowed under the revolving credit facility in December 2022, which was classified as a current liability in the prior year, whereas, following the completion of the refinancing in June 2023, all amounts drawn under the current banking facilities have all been classified as non-current liabilities.

PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING RISK AND ENABLING GROWTH

The Group's emerging and principal risks

The Group is subject to a combination of macro risks and business-specific risks. The Group's risk management process (described in more detail on page 64) provides the framework for risk management practices across all parts of the Group and seeks to ensure that business risks are adequately identified, quantified and understood. The framework and accompanying risk management processes continue to evolve and improve across the Group.

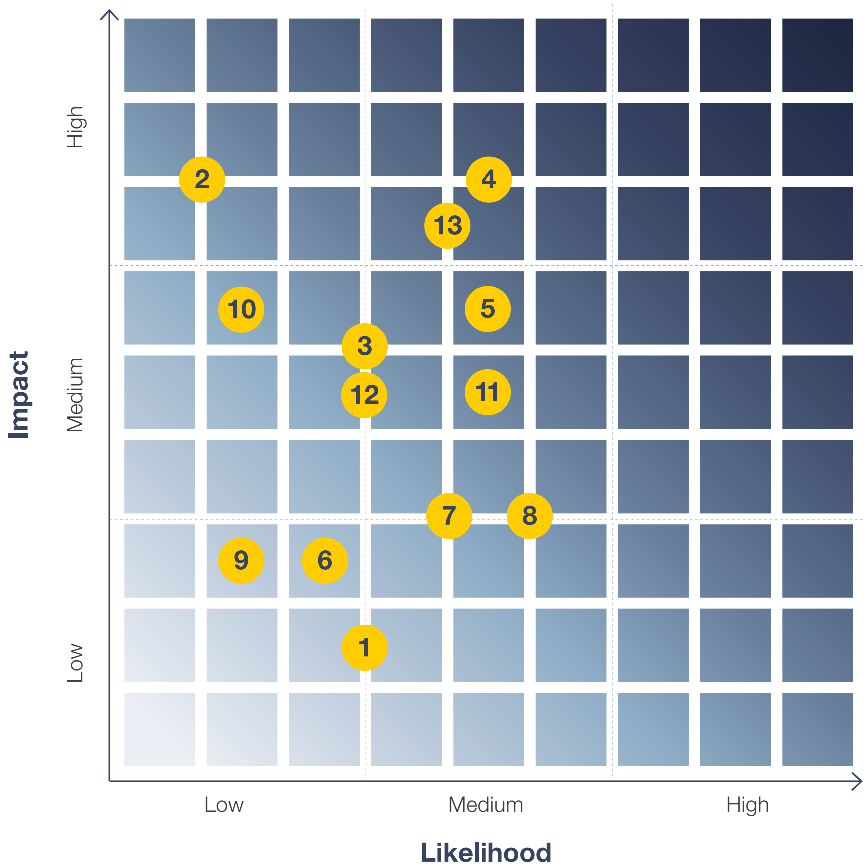
Changes in 2023

The Group continues to implement improvements in risk management, with a number of ongoing projects continuing to deliver in 2023, including a continual review of principal risks. As a result of these reviews, three additional principal risks have been separately articulated, reflecting specific situations that the Group is subject to and seeking to mitigate: Acquisitions and disposals risk, regulatory and compliance risk, and product risk. Pandemic risk which was separately disclosed in the prior year has been mitigated to the point where it has been removed from the Group's principal risks. The principal risks we face are listed alongside mitigations on pages 57 to 63. Emerging risks such as the macroeconomic financial environment and geopolitical tensions affecting global stability and commodity pricing continue to be monitored.

During 2023 the Group hired a Head of Ethics and Compliance to enhance its risk management in this critical business area. The Head of Ethics and Compliance has led a review of all Group policies with a view to providing a common and simplified structure to the Group's Governance documentation. This will be accompanied by a comprehensive training programme for all staff during 2024.

In addition to the above, new and enhanced governance has been implemented to ensure ongoing compliance with the Group's Revolving Credit Facility requirements; the Group's Investment Committee has become an increasingly important cornerstone of the Group's risk management framework; the Sustainability Committee is under new leadership and has a sharper focus; and the Board continued with its ongoing cycle of principal risk deep dives at each Board meeting.

The principal risks are plotted as follows considering likelihood and impact, net of mitigations in place.



- 1 ↔ Group transformation
- 2 ↔ Maintaining access to adequate funding
- 3 ↔ Health and safety
- 4 ↔ Cyber security
- 5 ↔ Operating in emerging markets
- 6 ↔ Climate change
- 7 ↔ Contractual risk
- 8 ↔ Project delivery
- 9 ↗ Recruitment and retention of staff
- 10 ↗ Financial risk
- 11 N Acquisitions and disposals
- 12 N Regulatory and compliance
- 13 N Product risk

↔ No movement
↗ Increased
N New principal risk

Principal risks

1. GROUP TRANSFORMATION PROGRAMME

Nature:

The Group is in a period of significant simplification and integration, carrying the risk of disruption and/or distraction to its core activities if not managed well.

Potential impact:

- The change management process may disrupt core business delivery activities if roles and responsibilities are not clear
- Staff may become distracted by the change process

Mitigation:

- A Business Excellence team has been established, with a clear remit and a limited number of priorities
- Objectives have been set and cascaded through the organisation to ensure priorities are clear across the Group
- Executive Committee oversight and escalation process is in place

Context:

The Group is undertaking a transformation including a new strategy, operating model and initiatives such as supply chain, technology improvements and a people strategy as well as aligning the business portfolio. Additionally, new opportunities that the Group may pursue in new geographies may stretch Group and management resources. 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:

No change. Progress was made during 2023 in setting common standards and practices across Health & Safety and Project Management. The next priority areas for the Group are Commercial Excellence and Supply Chain. The transformation programme is expected to continue throughout 2024 and into 2025.

Opportunity:

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

2. MAINTAINING ACCESS TO ADEQUATE FUNDING

Nature:

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

Potential impact:

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

Mitigation:

- Regular meetings are held with all lenders to provide trading and operational updates
- Selection of third-party expert support to assist with refinancing
- Ongoing dialogue with potential new lenders

Context:

The Group has experienced difficult trading conditions over the last few years and currently has a revolving credit facility (RCF) which matures in 2025 and net debt/EBITDA ranges which are currently outside our target range. To minimise this risk the Group has to strengthen its balance sheet and obtain and retain adequate committed facilities.

Movement:

No change. The short-dated maturity of the existing RCF remains a principal risk to the Group, which is also highlighted by the Group's auditor, KPMG LLP, in their Independent Audit Report on page 117.

Opportunity:

The Group expects that a refinancing of the current facilities will be completed before 31 December 2024 which would allow to simplify and right-size its borrowing facilities and provide additional certainty to all stakeholders. The Group has developed a financing plan for the period which will include refinancing of the RCF and also consideration of other funding sources to diversify bank risk and extend tenor.

PRINCIPAL RISKS AND UNCERTAINTIES CONT.

3. HEALTH AND SAFETY RISK

Nature:

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

Potential impact:

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

Mitigation:

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

Context:

Our operations entail the potential risk of significant harm to people and property, wherever we operate across the world. For moral, financial and reputational reasons we would wish to keep the risk as low as possible.

Movement:

No change. The number of incidents reported in 2023 did not show an improvement compared to 2022.

Opportunity:

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

4. CYBER SECURITY RISK

Nature:

The Group may experience loss or harm related to technical infrastructure or the use of technology within the Group.

Potential impact:

Cyber attacks could result in financial and reputational damage by way of significant interruption to business systems. Phishing could result in financial and reputational damage by way of theft or fraud.

Mitigation:

- Further embedding of new Group-wide operating system with enhanced security, alongside infrastructure and software updates to existing systems
- Regular review of IT security issues, including penetration testing
- Enhanced cyber awareness training and regular briefings
- Improved threat detection software and cyber phishing testing across the Board and all employees
- Internal Audit carried out in 2023

Context:

A key factor for our customers is our ability to deliver secure IT and other information assurance systems to maintain the confidentiality of sensitive information. IT and Cyber Security are fundamental components to our operations and we continually review the emergence of cyber threats, in an effort to eradicate and mitigate the risk as far as possible.

Movement:

No change. The Group is reliant on its systems in order to operate effectively and has continued to invest to enhance cyber resilience. The external threat is continually adapting and increasing, notwithstanding the mitigating activities.

Opportunity:

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

5. OPERATING IN EMERGING MARKETS

Nature:

The Group operates in overseas emerging markets and key growth economies with fluctuating legislative restrictions, embargoes, sanctions and exchange controls, often undertaken in association with local joint venture partners.

Potential impact:

Those operations may expose the Group to increased risk of governance and compliance issues. Any significant failure to comply with laws or regulations could lead to penalties and other financial liabilities, as well as reputational issues. Where there is a jurisdictional requirement for local investment or representation, the Group's ability to continue business in that jurisdiction could be adversely impacted from an ethical or legal perspective.

Mitigation:

- Corporate governance framework, including limits of authority
- Risk tracking of JVs, agents and other third-party relationships, including use of bespoke web-based platform
- Anti-bribery and corruption and third-party management targeted training
- Corporate structuring of relationships, using external local legal advice
- Internal Audit programme includes overseas businesses supported with local audit team, to leverage advantages of working in local language and consistent with local law/regulation

Context:

We rely on winning and retaining contracts in both existing and new markets with a variety of customers including major energy customers and customers owned, controlled, or funded by national governments. This reflects that, whilst the maintenance of a secure and assured pipeline is essential for continued growth, we may choose to embrace the risks that we can confidently and securely manage.

Movement:

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

Opportunity:

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

6. CLIMATE CHANGE

Nature:

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

Potential impact:

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

Mitigation:

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

Context:

Sustainability is an integral part of our corporate strategy, and our global business employs short-, medium-, and long-term control measures to manage climate-related risks.

Movement:

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

Opportunity:

Energy markets remain a key source of Group revenue, including both the oil and gas and renewables industries. With the strategic focus of the Group supporting the "energy transition", from oil and gas to renewables, with increased investment in oil and gas decommissioning and renewables markets, the Board continues to consider the impact of climate change on energy markets as one of the Group's principal risks, as well as one of the Group's key strategic opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES CONT.

7. CONTRACTUAL RISK

Nature:

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

Potential impact:

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

Mitigation:

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

Context:

We execute contracts which often require us to price for the long-term and for risk transfer. Our contracts can include fixed prices. The Board and Executive Committee continue to monitor key contractual risks through the Group's Investment Committee, which has a defined delegation of authority and approves all opportunities that require Board approval before they are submitted to the Board. There is continued use of internal and external legal support and clear escalation mechanisms to govern the granting of commitments.

Movement:

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

Opportunity:

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

8. PROJECT DELIVERY

Nature:

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

Potential impact:

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

Mitigation:

- Formation of Business Excellence team in 2023, with Project Management one of only two priority areas in the year
- Increasing the specialist project management skillset across the Group through training and recruitment
- Implementation of project management best practices
- Focus on post-signature contract management
- Salary benchmarking and role banding exercise

Context:

We operate contracts in hazardous environments with contracts that could be subject to change and require robust project management.

Movement:

No change. The Group continues to have some mixed success on project delivery and with two large projects due for delivery in 2024 in Mozambique this remains an area of significant focus for the future. The Business Excellence team made Project Management a priority for 2023, focusing on those businesses that have historically underperformed in this area.

Opportunity:

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

9. RECRUITMENT AND RETENTION OF KEY STAFF

Nature:

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

Potential impact:

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

Mitigation:

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

Context:

We operate in many specialised engineering and technical domains which require appropriate skills and experience. Progress continues on implementation of the employee strategy to improve recruitment and retention.

Movement:

Increase. Several senior management changes have been implemented during the year and the recruitment market for talent remains highly competitive.

Opportunity:

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

PRINCIPAL RISKS AND UNCERTAINTIES CONT.

10. FINANCIAL RISK

Nature:

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

Potential impact:

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

Mitigation:

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

Context:

The Group is exposed to a number of financial risks, some of which are of a macroeconomic nature (for example, foreign currency, interest rates) and some of which are more specific to the Group (for example, liquidity and credit risks). The Group has recognised the adverse effects of the financial resilience risk on our balance sheet and will actively manage this risk via its capital allocation policy and Treasury function.

Movement:

Increase, due to current covenant compliance risk, albeit the Group remained in compliance with all banking covenants for 2023.

Opportunity:

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

11. ACQUISITIONS AND DISPOSALS

Nature:

The Group may execute a transaction that may present complexities and incur unanticipated costs or additional time to complete. There may also be regulatory and compliance risks to manage.

Potential impact:

The Group may incur additional costs and require additional management time. A complex transaction may also result in integration or separation challenges.

Mitigation:

- Adherence to the capital allocation policy
- Comprehensive due diligence process
- Transaction specific risk assessment and scenario planning, this to include integration and separation planning
- Internal and external specialist legal support
- Strong project management and cross functional involvement
- Appropriate resourcing

Context:

The Group has been formed organically and through acquisition. If we believe that a business is not in line with strategic plans, we may decide to sell that business. Transactions can be complex, time-consuming, and expensive. The Group will continue to review potential opportunities within the market in a considered and measured way. Transactions will be undertaken where it is possible to reduce inherent risk.

Movement:

This risk is being separately disclosed for the first time.

Opportunity:

Disposals will allow the Group to focus on core businesses and simplify its structure and cost base whilst acquisitions present growth opportunities.

12. REGULATORY AND COMPLIANCE

Nature:

The Group is subject to a number of laws and regulations (for example, data protection, anti-bribery and corruption, human rights, tax and customs and procurement rules).

Potential impact:

Failure to maintain compliance could affect our ability to conduct business in certain jurisdictions and potentially expose the Group to fines, criminal prosecution, reputational damage, rectification costs, damages claims and loss of opportunities for future business.

Mitigation:

- Maintenance of internal policies and procedures
- Training and awareness programs
- Encourage, facilitate and investigate whistleblower cases
- Experienced members of staff with clear accountabilities and access to external advisors
- The Board monitors and reviews all reports and their investigations
- Maintain accurate and comprehensive documentation

Context:

Our businesses are subject to the laws, regulations and restrictions of the many jurisdictions in which they operate. The Group seeks to ensure compliance with best practices and regulatory requirements. The Group has a zero-tolerance for regulatory risk around risks such as anti-bribery and corruption and modern slavery.

Movement:

This risk is being separately disclosed for the first time.

Opportunity:

Compliance with laws and regulations enhances our reputation, credibility and trust with our suppliers and customers, ensures access to capital and investment opportunities and provides opportunities for market expansion.

13. PRODUCT RISK

Nature:

The Group is subject to re-work and/or claims against its products should they fail to meet customer requirements.

Potential impact:

The Group may occur additional costs in the form of re-work or liability claims. This could also lead to reputational damage and loss of future business.

Mitigation:

- Product testing and validation procedures
- Risk assessments evaluating potential risks associated with a product over its lifecycle
- Supplier, vendor and JV performance management
- Regulatory compliance
- Insurance

Context:

The Group designs innovative products for use in the Energy, Defence and Maritime Transport markets. With any new product development there are risks of warranty claims or identification of issues to be remediated. The Group seeks to minimise such risks by rigorous testing and quality review processes. There is also the risk of failing to innovate to ensure a pipeline of product development. The Group seeks to invest to strengthen capabilities in this area including the appointment of the Group's Chief Technology Officer and ensure the development of products to meet customer requirements.

Movement:

This risk is being separately disclosed for the first time.

Opportunity:

Delivery of consistently high quality products builds long-term trust providing access to potential future business.

PRINCIPAL RISKS AND UNCERTAINTIES CONT.

EMERGING RISKS

Our risk management programme includes a review of emerging risks. We define emerging risks as those which take the form of a systemic issue or business practice that has either not previously been identified, has been identified but has remained dormant, or has yet to rise to an area of significant concern. The Risk Committee is continuing to work on improvements in this area and the Group included ongoing macroeconomic and geopolitical uncertainty as emerging risks in its Interim Financial Statements.

RISK GOVERNANCE FRAMEWORK

The Board is responsible for the management of risk in the Group, supported by the Risk Committee and the Group functions, including Internal Audit, which is outsourced to PwC LLP. The internal control and risk management framework is comprised of a series of policies, processes, procedures and organisational structures which are designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and strategic objectives, as defined by the Board. This is in the process of review under the leadership of the newly appointed Head of Ethics and Compliance, with a view to providing a common and simplified hierarchy of policies, procedures, standards and guidance.

The framework is overseen by the Risk Committee which helps the businesses with their risk management and reporting, consolidates reporting, overlays the functional and macroeconomic view of risk and reports to the Board on the management and assessment of risk within the Group. An assessment of the Company's risk management and internal control systems is carried out annually by the Audit Committee on behalf of the Board. The results of that assessment are reported in the Audit Committee report as set out on page 90.

Group functions

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

Internal Audit

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

Internal Audit's findings are reported to the individual management team, the Executive management team, the functional heads, and the Chairman of the Audit Committee. PwC attends all Audit Committee meetings and presents a summary of the Internal Audit findings, recommendations, and implementation progress on an ongoing basis. During 2023 Internal Audit performed specific reviews on topics such as Cyber Risk and Business Transformation in addition to more traditional internal controls-based audits at businesses across the Group.

Risk Committee

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

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

Through the Executive Directors and the Group General Counsel, the Risk Committee presents to the Board its annual assessment of the principal and emerging risks of the Group. This enables the Board to carry out its own robust assessment of the principal and emerging risks of the Group as a whole. The results of that assessment, including risk management and mitigating activities, are set out on page 82.

Investment Committee

The Group's Investment Committee was formed in 2022 and has been the subject of continuous enhancement since. It has become a critical component of the Group's Risk Management Framework and is responsible for reviewing all significant bids/tenders; capital investments; significant operating expenditure; mergers, acquisitions, JVs and disposals; contracts that contain clauses that are outside of the Group's contracting principles; and the appointment of Agents. The Committee's permanent members are the Chief Executive Officer, Chief Financial Officer and Group General Counsel, supported by the Group Financial Controller, Group Strategy Manager, Group Head of Business Excellence and Group Treasurer. During 2023 the Committee met to consider 52 opportunities, of which 27 were approved on first review and 40 approved overall. This includes opportunities that were approved to progress from one stage-gate to the next.

Risk management systems

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

- Each Division is required to maintain an up-to-date risk register, which identifies key and emerging risks, assigns each a "risk score" based on the likelihood of it arising, and the potential impact on the business of an adverse outcome, both before and after mitigation measures are taken. Risk scores are established by reference to a set of standard criteria for each type of risk. The risks and their respective risk scores before and after mitigation are reviewed by each divisional leadership group and discussed with the Executive Directors at each quarterly review meeting.
- The risk registers are reviewed by the Risk Committee and the Board twice a year, based on the process outlined in the "Risk Committee" section above, with the mid-year review focused on the material changes to those risks.
- The risk registers are used twice a year by the Board to help to determine the Group's principal and emerging risks and uncertainties, their potential impacts, how they are being managed and/or mitigated, and any change in the nature of the risk. Internal Audit uses them to define its areas of focus for the forthcoming period.

Business reporting and performance reviews

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

PRINCIPAL RISKS AND UNCERTAINTIES CONT.

REGULATORY COMPLIANCE POLICIES

Whistleblowing

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

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

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

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

Anti-bribery and corruption

The Board is committed to ensuring the highest standards in all of the Group's business dealings and condemns corruption in all its forms. The Group has a formal anti-bribery and corruption statement and policy and does not tolerate or condone corruption or bribery in any of the Group's business dealings. This policy has been implemented throughout the Group and is supported by a Group-wide training programme (both online and in person), delivered by the Group legal team and regular compliance reviews through Internal Audit. The policy is reviewed annually by the Board and is available on the Group's website. More detail is provided on page 69.

Modern slavery

The Board has a zero-tolerance approach to any form of modern slavery and is committed to acting in an ethical manner and with integrity and transparency in our Group's business dealings. The Group has a formal slavery and human trafficking statement and policy which outlines the steps taken by the Group to ensure that slavery and human trafficking is not taking place within any part of the Group's business or within the Group's supply chains. Both the statement and the policy are available on the Group's website. More detail is provided on page 69.

VIABILITY STATEMENT

The Group's Business model and strategy are detailed on pages 6 and 7, and our risk management framework is described on pages 65 to 66. Understanding of our Business model, our strategy and our principal risks is a key element in the assessment of the Group's prospects, as well as the formal consideration of viability.

As part of the strategic planning process, the Directors have assessed the Group's viability over a three-year period ending 30 April 2027. The Group prepares a five-year outlook in its strategy planning process, however when assessing the appropriate period over which to consider viability, a shorter period of three years was chosen as it is more closely-aligned with the timeline of the Group's transformation programme, which is aimed at simplifying the organisation and divesting non-core businesses. In addition, should the risks and uncertainties identified on pages 56 to 63 have an impact on the Group, it is reasonable to believe that they will occur within this period.

In preparing this viability assessment, the Board assumes and expects that the refinancing process to replace the Group's revolving credit facility which matures in March 2025 as outlined in the going concern section of Note 1 is successfully completed. That said, the Board highlights that the material uncertainties referred to in respect of the Going Concern assessment may cast significant doubt over the future viability of the Group should they arise.

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

The Group's plan overlays a number of assumptions and sensitivities which are reviewed by the Board; this includes a review of whether additional bank facilities will be required and available in the plan period, as well as a robust assessment of the severe but plausible scenarios aligned to the principal and emerging risks facing the Group as set out on pages 56 to 63 and the potential impact of those scenarios on its Business model, future performance, solvency and liquidity over the period. The scenarios which are considered include the diverse nature of the markets and geographies in which the Group's businesses operate, and their ability to react quickly to change.

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

- Financial risk – trading downside risks, which assume the Group is not successful in delivering the anticipated profitability levels, including in relation to contractual risk (see below). To reflect this, operating profit was reduced by 21% in 2024, 16% in 2025, 12% in 2026 and 10% in 2027. Exposure to an increase in interest rates/borrowing costs was also considered by aligning interest rates and borrowing costs with the new facilities' term sheet and increasing the underlying SONIA rate by 50 bps.
- Maintaining access to adequate funding – the Group has historically maintained good access to adequate funding and has continued to work with both existing and new lenders as well as exploring additional, alternative sources of finance to ensure that the longer-term access to funding is maintained. During the year the Group successfully agreed a revolving credit facility which currently expires in March 2025 and as such also falls within the viability assessment period. The Group's strategic plan continues to provide the scope to reduce both the leverage and quantum of total borrowings and the Board has confidence that further refinancing in advance of March 2025 will be deliverable. The Directors continue to recognise that this is outside of the direct control of the Group but are ensuring all necessary steps are taken to secure the access to funding in a timely manner. Given the restrictive nature of the financial covenants, careful cash flow management is required to ensure covenant compliance (further detail is provided in Note 1 under the Going Concern section).
- Contractual risk – winning larger contracts and operating in more geographies with partners potentially exposes the Group to increased risk of late payment or cost overruns. To reflect this operating cash flows were reduced to reflect late payments from customers or project delivery challenges and, in line with the financial risk scenario described above, operating profit was reduced.
- Project delivery – risk that a project is not delivered in line with the budgeted profit and payment terms. The potential impact of this risk is modelled through cash flow and operating profit reduction as above.
- Group transformation – the risk of disruption and/or distraction to its core activities if the transformation programme is not managed well. The potential impact of this risk is modelled through cash flow and operating profit reduction as above.

An additional downside scenario was considered by modelling the potential cumulative impact of an annual operating profit reduction of 21% in 2024, 16% in 2025, 12% in 2026 and 10% in 2027, operating cash flows reduction and 50 bps increase in interest rates. In this scenario the Group remained viable assuming successful refinancing before the facilities expire in 2025.

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

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

- Reduction of capital expenditure.
- Outright sale or sale/leaseback of Group assets.
- Further divestments of the Group's businesses/Divisions.
- The anticipated positive impact of the transformation activities that the Group plans to undertake over the viability period, no benefit from which has been assumed in the underlying financial model.

Based on their assessment of the Group's prospects and viability, and in accordance with Provision 31 of the Code, the Directors confirm they have a reasonable expectation that the Group will be able to continue to operate and to meet its liabilities, as they fall due, for the period to 30 April 2027. This conclusion is based on the expectation that further refinancing is achieved before the facilities expire in 2025.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

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

REPORTING REQUIREMENT	RELEVANT POLICY	LOCATION	PAGES
Business model	N/A	Business model and strategy	6 to 7
Environmental matters	Group health, safety, environment and security policy	Sustainability Principal risks and uncertainties	40 to 45 59
Employees	Group health, safety, environment and security policy Code of ethics	Sustainability Directors' report	36 to 39 111
Social matters	Code of ethics	Sustainability	36 to 39
Respect for human rights	Modern slavery policy Code of ethics	Principal risks and uncertainties Non-financial and sustainability information	66 68
Anti-bribery and corruption	Anti-bribery and corruption policy	Principal risks and uncertainties Non-financial and sustainability information Audit Committee	66 69 90
Principal risks	N/A	Principal risks and uncertainties	56 to 66
Non-financial KPIs	N/A	Non-financial KPIs	48 to 49
Climate-related financial disclosures	N/A	Sustainability	41 to 45

Our policies

A combination of online and in-person training on all the key policies is carried out across the Group, and there is also a system of bi-annual certification for compliance officers, certifying that the relevant individuals in their businesses have read and understood the policies and are fully compliant. All employees, contractors and third parties are encouraged to report any circumstances where there is a suspected or actual breach of any Group policies, applicable laws, or the high standards as set out in the Code of ethics. All reported incidences of actual or suspected breach of any of the policies are promptly and thoroughly investigated. The Audit Committee also considers any high-risk areas identified by the internal audit function or the Group legal team. The Group commenced an internal review of the existing Group policies in 2023 which is anticipated to be completed in 2024.

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

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

Approval of Strategic report

The Strategic report on pages 2 to 69 was approved by the Board on 16 April 2024.

Jean Vernet
Chief Executive Officer

16 April 2024

GOVERNANCE AT A GLANCE

APPLYING THE PRINCIPLES OF THE UK CORPORATE GOVERNANCE CODE

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

1 Board leadership and Company purpose

» Details about the Company's purpose, culture and values are set out on **page 83**

» The key activities of the Board during the year and key priorities for 2024 are summarised on **pages 80 to 81**

2 Division of responsibilities

» An explanation of our governance structure is set out on **pages 74 to 76**

3 Composition, succession, and evaluation

» Details of this year's Board evaluation is set out on **page 82**

» Report from the Chair of the Nominations Committee is set out on **pages 84 to 86**

4 Audit, risk and internal control

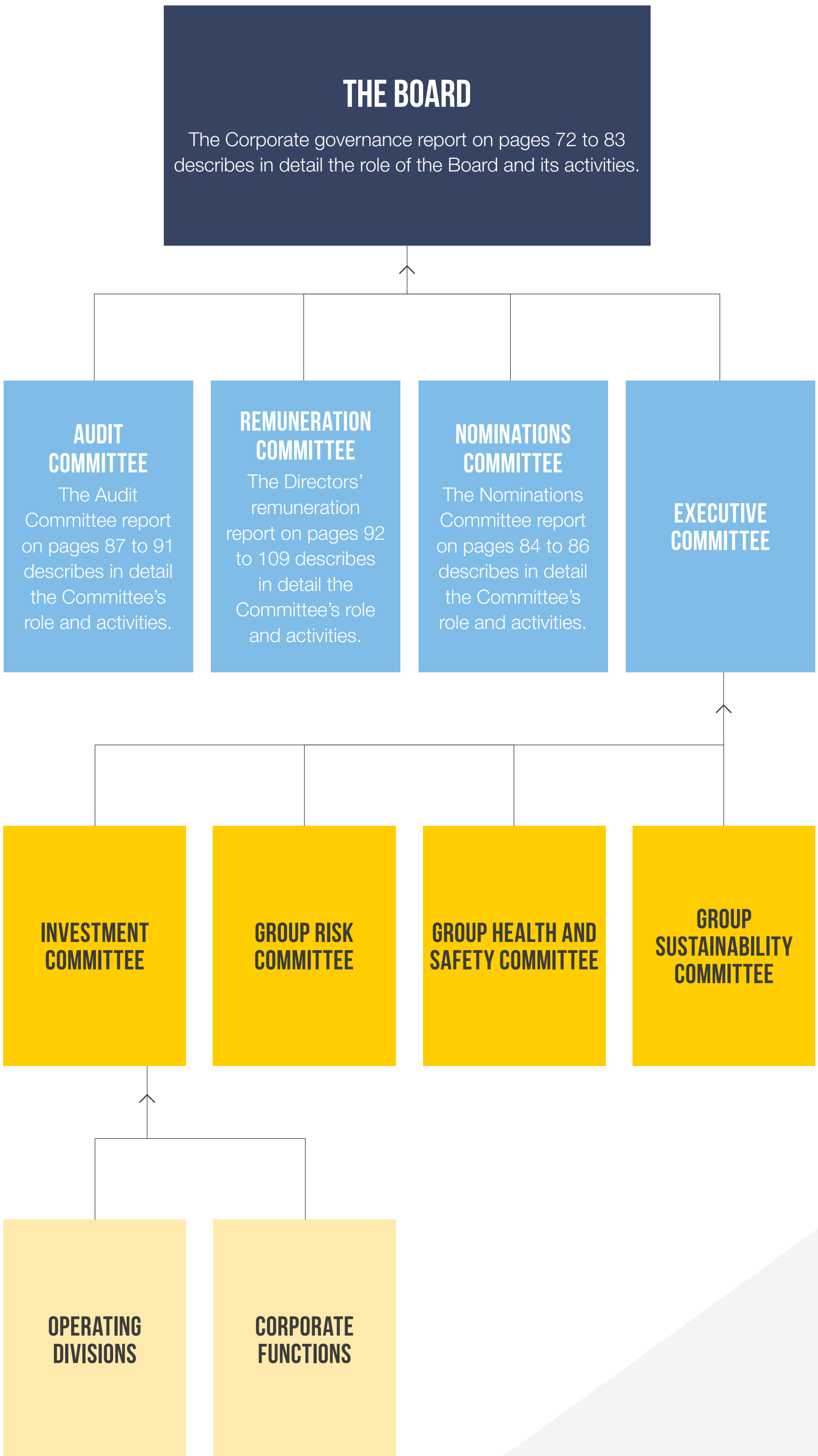
» Report from the Chair of the Audit Committee is set out on **pages 87 to 91**

5 Remuneration

» Report from the Chair of the Remuneration Committee is set out on **pages 92 to 94**

» Details of the Directors' remuneration policy for 2024 is set out on **pages 95 to 99**

GOVERNANCE STRUCTURE



Board membership and meetings

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

The Board and Board Committees held a number of scheduled and unscheduled meetings in 2023 and individual attendance is set out in the table below.

Board and Committee scheduled meetings attendance (2023)

	Board	Audit	Remuneration	Nominations
Executive Directors				
Jean Vernet	13/13	N/A	N/A	N/A
Karen Hayzen-Smith[1]	1/1	N/A	N/A	N/A
Non-Executive Directors				
Angus Cockburn	13/13	N/A	N/A	4/4
Aedamar Comiskey	13/13	6/6	5/5	4/4
Justin Atkinson	13/13	6/6	5/5	4/4
Inken Braunschmidt	13/13	6/6	5/5	4/4
Kash Pandya	11/13	6/6	5/5	3/4
Claire Hawkings	13/13	6/6	5/5	4/4
Former Directors				
Duncan Kennedy[2]	12/12	N/A	N/A	N/A

1. Karen Hayzen-Smith joined the Board on 1 December 2023.
2. Duncan Kennedy stepped down from the Board on 1 December 2023.

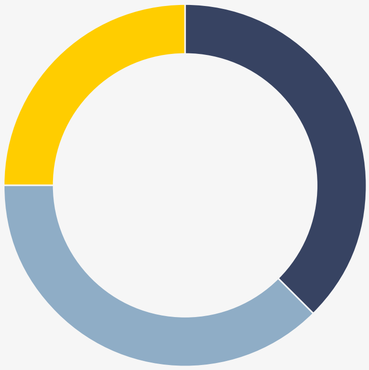
Where exceptionally, a meeting has been arranged at short notice and due to other commitments, a Director has been unable to attend a meeting, they have separately submitted their comments and input on the matters under discussion to the Chairman of the Board or the relevant Board Committee.

HIGHLIGHTS

Diversity (all Directors as at 31 December 2023)

Female: 4
Male: 4

Length of Tenure (Chairman and Non-Executive Directors)



0-2 years: 3
2-5 years: 3
5-9 years: 2

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

Dear Shareholders

On behalf of the Board, I am pleased to present the Company's Corporate governance report for 2023. As we set out elsewhere in this report, 2023 was a year of transition for the Group. In times of turbulence, it remains critical that the Company has a strong governance framework, overseen by an experienced and engaged Board with the right information to make informed decisions in the interests of its stakeholders. During the course of 2023, the Board has supported the Executive Team in addressing the challenges faced by the Group, including the divestment of James Fisher Nuclear, closure of the operations of Subtech Europe and guiding the Company through a challenging refinancing. The Board's commitment to good governance facilitated quick and effective decision-making to carefully manage these challenges.

During the year, the Group simplified its divisional structure, implemented the One James Fisher cultural approach across the Group and launched its Focus, Simplify and Deliver strategy. These strategic initiatives supported the implementation of the Company's governance priorities for the year, as further outlined below.

The Board continues to be focused on turning around our operational and financial performance and resetting the business onto a path towards sustainable growth, while ensuring that the Group also delivers for all its stakeholders, especially during a time of uncertainty for our employees, our customers and the communities in which we operate. As stated on page 2, the Group has a clear sense of purpose and is guided by its values. The Board will continue to ensure that we are focused on delivering our purpose and operate in a manner consistent with our values.

Progress against 2023 governance priorities

Last year, I outlined the Board's priorities for 2023, which were focused on putting in place the governance structures to support and enable the short-term business objectives of reducing leverage through improved operational performance and the disposal of non-core businesses, as well as supporting the implementation of the Group's long-term strategy.

The Board's governance priorities for 2023 included:

- Implementation of a new delegation of authority matrix and the formation of the Investment Committee.
- Restructuring and reshaping the Executive Committee.
- Risk management systems and controls.

During the year, the new delegation of authority matrix was successfully implemented, which was supported by the establishment of the Investment Committee. In 2023, the Investment Committee reviewed 52 opportunities and has become a cornerstone of the Group's risk management framework. Under Jean Vernet's leadership, the Executive Committee has been strengthened by a number of key appointments. The Executive Committee meets on a monthly basis and has played a key role in defining the Group's strategic direction and its management of strategic risks. The enhancements made to the Group's risk management framework and controls are further outlined on page 56.

2024 governance priorities

Following another challenging year, the Board's focus in 2024 remains on strengthening the Group's governance structures to support and enable the short-term business objectives of reducing leverage through improved operational performance and the disposal of non-core businesses, as well as supporting the implementation of the Group's long-term strategy. In order to support these business objectives, the Board's governance priorities for 2024 will comprise the implementation of a new compliance programme, which formalises the documentation of policies and procedures, and rolls out employee training to enhance compliance. We will also look to improving the oversight of the Group's risk management framework by expanding the remit of the Audit Committee to cover risk-related matters. It will duly be renamed the Audit and Risk Committee. In addition, we are committed to progressing our internal controls enhancement programme with a growing focus on assurance and testing the effectiveness of the operation of the new control framework. Preparing to comply with the revised principles and provisions of the UK Corporate Governance Code, as published by the Financial Report Council in January 2024, will also be an area of focus in the coming months.

Board and Committee composition

During 2023, there were several changes to the membership of the Board. Karen Hayzen-Smith joined the Board as Chief Financial Officer with effect from 1 December 2023, succeeding Duncan Kennedy who stepped down from the Board following Karen's appointment. Ahead of Aedamar Comiskey's forthcoming retirement from the Board at the conclusion of the Company's next Annual General Meeting (AGM), the following changes were approved by the Board. Claire Hawkings was appointed as Senior Independent Director and Inken Braunschmidt was appointed as Remuneration Committee Chair, both succeeding Aedamar in these roles with effect from 9 November 2023. Following her appointment as Remuneration Committee Chair, Inken stepped down as the designated Independent Non-Executive Director for Workforce Engagement and was succeeded by Kash Pandya, with effect from 1 January 2024.

Having served on the Board for more than nine years from the date of her appointment, the Board considered carefully whether there were any circumstances which would impair, or appear to impair, Aedamar's independence for the purposes of the UK Corporate Governance Code 2018, publicly available at www.frc.org.uk (the Code). The Board concluded that, notwithstanding her tenure, Aedamar continues to demonstrate independence and provide effective challenge and oversight. The Board also concluded that her tenure on the Board beyond the recommended nine year period set out in the Code was in the best interests of the Company, in particular as it allows her to support the transition to Inken (as Remuneration Committee Chair and to provide support and guidance in connection with the revised Directors' Remuneration Policy) and to Claire as Senior Independent Director. In accordance with the Code, the Board therefore continues to identify Aedamar as an Independent Non-Executive Director and she will remain as a member of the Audit, Nominations and Remuneration Committees until her retirement from the Board at the conclusion of the AGM in 2024.

I was pleased to announce the appointment of Shian Jastram as an Independent Non-Executive Director, with effect from 1 March 2024. Shian brings a wealth of experience to the Board in operational and transformational leadership roles in the renewables sector.

UK Corporate Governance Code

The Board recognises that good corporate governance is an important element in helping to build a successful business in a sustainable manner. The Code applied to the Company through the year, and this report explains how the Company has applied the principles, as set out in the Code. During the year ended 31 December 2023 (and up to the date of this report), the Company has applied all the principles, and complied with all provisions of the Code.

On page 94 of the Remuneration Committee report, we outline the steps undertaken by the Non-Executive Directors to engage the workforce to explain how Executive remuneration aligns with wider Company pay policy. While the Company is compliant with Code provision 41, this is an area of ongoing development, and the Company intends to build on this during 2024 as part of its engagement activities with employees.

Strategy, purpose and values

The Code provides that a Board should establish the Company's strategy, purpose and values, and that its directors should lead by example and promote the desired culture. During the year, Jean Vernet and his Executive Team have been driving through the Company's purpose by embedding our commitment to safety, sustainability, people and business excellence, which are all matters regularly discussed by the Board. In addition, there is a programme of visits organised for the Non-Executive Directors, a key element of which is meeting with the workforce for a two-way dialogue about a wide range of issues, including purpose and values. This allows the Board an opportunity to assess and monitor the culture across the Group and to monitor the implementation of our values.

Employee engagement

To better understand the views of our workforce, an externally facilitated engagement survey of all our employees is conducted annually. During the year, over 80% of employees completed the survey, which was in line with the completion rate in the prior year. The results of the engagement survey were reviewed by the Board and engagement scores were broadly in line with prior year.

Stakeholder engagement

The Code highlights the importance of effective engagement with shareholders and other stakeholders. We have identified shareholders, employees, the environment, customers and suppliers and local communities as being our key stakeholders. During Board and Committee meetings, the Group's key stakeholders and their differing perspectives are identified and considered as part of the decision-making process. These discussions, assessments and conversations focus not only on delivering increased value for shareholders, but also assess the impacts of our decisions and strategies on the Group's wider stakeholders.

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

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

Given the nature of the services we provide, stakeholder engagement is a multi-faceted issue and is one that is frequently discussed at Board meetings. More information about how we consider and engage with stakeholders as part of our Board activities is set out on pages 80 and 81.

Managing risk

The Board, assisted by the Audit Committee, seeks to ensure that our approach to risk management is effective, extending beyond financial risk to a wider range of strategic and operational risks. During the year, BDO LLP (BDO) supported the Group with a comprehensive internal controls enhancement programme. The establishment of the Investment Committee has also strengthened the risk assessment of opportunities being pursued by the Group. There is a full report on our risk management activities in our Principal Risks and Uncertainties section of the Strategic report on pages 56 to 66. The Board's review of the Company's risk management framework concluded that it is generally appropriate, however a number of improvements were identified, which will be implemented in 2024, as described in more detail on page 56.

Board diversity

We are committed to ensuring that the composition of the Board has the diversity required to be as effective as possible. As at 31 December 2023, the Board comprised eight Directors, each bringing a variety of skills, knowledge and experience, in addition to diversity of thought. With two Executive Directors and five Non-Executive Directors (excluding myself as Chairman) more than half of the Board is independent for the purposes of the Code. Diversity is a matter which we consider regularly. In 2022, we updated the Board Diversity Policy to include aspects such as sexual orientation, disability and socio-economic background, when considering candidates for the Board and its Committees. The Board Diversity Policy is available on the Group website and sets out our aims to ensure an appropriate mix of skills and experience on the Board as well as the Board's Committees.

The Board is committed to Board diversity and as at 31 December 2023, one member of the Board is from an ethnic minority background and two of the senior Board positions (Senior Independent Director and Chief Financial Officer) are held by a woman. I am pleased to report that following the appointment of Karen Hayzen-Smith, we have gender-balanced representation on the Board.

Further details in relation to diversity, including data in accordance with the Listing Rules disclosure requirements, can be found in the Nominations Committee report on page 86.

Board effectiveness review

As Chairman, I lead an annual evaluation of the effectiveness of the Board, its Committees and the individual Directors. Following an externally-facilitated review in 2021, for 2023, the Board undertook a formal internal evaluation. The review highlighted that the Board continues to be committed and cohesive during what was a challenging period for the Group. The evaluation process identified some recommended actions which can be found on page 83.

Conclusion

The Board is committed to strengthening our governance structure, which will play a vital role in our transformation. I am pleased with the progress we are making, however further enhancements are needed to the Group risk management and internal controls framework and our compliance programme. I look forward to reporting to you on our progress next year.

Angus Cockburn
Chairman

16 April 2024

GOVERNANCE FRAMEWORK

THE BOARD

Chairman: Angus Cockburn

Meets regularly, with at least seven scheduled meetings for the year. During 2023 the Board also met outside of the scheduled meetings to discuss and approve event-driven matters, such as the Company's refinancing and approval of disposals.

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

Chairman

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

Senior Independent Non-Executive Director

- Provides a sounding board to the Chairman.
- Meets with Directors to review the Chairman's performance. This review is then shared with the Chairman.
- Serves as an intermediary for other directors and shareholders.

Non-Executive Directors

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

Non-Executive Director for Employee Engagement

- Responsible for representing the voice of our colleagues in the boardroom.
- Provides a regular platform for the independent element of the Board to have direct conversations with the employees, individually and in group settings, to gain insights into their experiences, concerns and perspectives, and to better support the Board in assessing and monitoring culture.

Executive Directors

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

Matters reserved for the Board

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

- Company strategy and financial performance.
- Internal control and risk management systems.
- Review of the Board's own effectiveness.

BOARD COMMITTEES

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

Audit Committee
Chair: Justin Atkinson

Meets at least three times a year.

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

» The Audit Committee report on **pages 87 to 91** describes in detail the Committee's role and activities.

Remuneration Committee
Chair: Inken Braunschmidt

Meets at least three times a year.

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

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

» The Directors' remuneration report on **pages 92 to 109** describes in detail the Committee's role and activities.

Nominations Committee
Chair: Angus Cockburn

Meets at least three times a year.

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

Reviews succession planning for Directors and senior executives.

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

» The Nominations Committee report on **pages 84 to 86** describes in detail the Committee's role and activities.

Disclosure Committee

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

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

Special Purposes Board Committee

Consisting of the Chairman and the Executive Directors.

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

GOVERNANCE FRAMEWORK CONT.

KEY MANAGEMENT COMMITTEES

Health and Safety Committee
Chaired by Group CEO

Meets on a quarterly basis.

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

Sustainability Committee
Chaired by Group CEO

Meets on a quarterly basis.

Oversees the Group’s sustainability commitments and supports the Board to define and implement the Group’s sustainability strategy, with input from the Group Product Lines. A description of the Sustainability Committee's role and activities is set out on page 34.

Risk Committee
Chaired by Group CEO

Meets on a quarterly basis.

Identifies and monitors operational risks throughout the Group, supports the internal control and risk management strategy and policy. The Principal Risks section of this report on page 64 describes the Committee’s role and activities.

Investment Committee
Chaired by Group CEO

Meets as required to consider investment proposals submitted by the Divisions.

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

Executive Committee
Chaired by Chief Executive Officer and comprises:

- Chief Financial Officer.
- Chief HR Officer.
- Head of Corporate Development.
- Group General Counsel.
- Group Business Development Director.
- Head of Business Excellence.
- Chief Technology Officer.
- The head of each Division.

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

Operating Divisions
- Day-to-day business delivery.
- Executive Directors meet on at least a quarterly basis and have regular performance management calls with the Product Line directors.

BOARD OF DIRECTORS

ANGUS COCKBURN

Non-Executive Chairman of the Board and Nominations Committee

Year of appointment: 2021

Appointment:

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

Key strengths and experience:

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

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

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

External appointments:

Senior Independent Non-Executive Director of Ashtead Group plc; Non-Executive Director of BAE Systems plc, Non-Executive Director of STS Global Income & Growth Trust plc and Senior Non-Executive Director of the privately-owned Edrington Group Limited. Angus will step down as a Non-Executive Director of STS Global Income & Growth Trust plc at the company's 2024 AGM.

JEAN VERNET

Chief Executive Officer

Year of appointment: 2022

Appointment:

Jean joined the Group as Chief Executive Officer in September 2022.

Key strengths and experience:

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

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

External appointments:

None.

KAREN HAYZEN-SMITH

Chief Financial Officer

Year of appointment: 2023

Appointment:

Karen was appointed to the Board as Chief Financial Officer in December 2023.

Key strengths and experience:

- Significant financial leadership experience.
- Extensive global experience in the industrial, defence and energy sectors.

Karen was the Director of Group Finance at Johnson Matthey plc, a position she held from January 2020 to November 2023 – including the role of Interim Chief Financial Officer for six months, in November 2020. Karen's previous roles also include Finance Director for the Aviation sector of Babcock plc and a variety of senior finance roles at Vodafone plc, Hanson plc and Amec Foster Wheeler plc. Karen began her career at Arthur Anderson. She is a member of the Institute of the Chartered Accountants of Scotland and the Chartered Institute of Taxation.

External appointments:

Governor of Oxford Brookes University and Chair of Audit Committee.

Key

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

BOARD OF DIRECTORS CONT.

CLAIRE HAWKINGS

Senior Independent Non-Executive Director

Year of appointment: 2022

Appointment:

Claire was appointed to the Board in January 2022. She was appointed Senior Independent Director in November 2023.

Key strengths and experience:

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

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

External appointments:

Non-Executive Director of Ibstock Plc, Defence Equipment and Support and FirstGroup plc.

AEDAMAR COMISKEY

Independent Non-Executive Director

Year of appointment: 2014

Appointment:

Aedamar was appointed to the Board in November 2014. She was Chair of the Remuneration Committee from May 2018 to November 2023 and Senior Independent Non-Executive Director from March 2019 to November 2023. Aedamar will retire from the Board at the conclusion of the Company's AGM.

Key strengths and experience:

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

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

External appointments:

Linklaters LLP and Trustee of Tommy's.

JUSTIN ATKINSON

Independent Non-Executive Director and Chair of the Audit Committee

Year of appointment: 2018

Appointment:

Justin was appointed to the Board in February 2018 and was appointed Chair of the Audit Committee in May 2018.

Key strengths and experience:

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

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

External appointments:

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

Key

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

INKEN BRAUNSCHMIDT

Independent Non-Executive Director and Chair of the Remuneration Committee

Year of appointment: 2019

Appointment:

Inken was appointed to the Board in March 2019. She was appointed Chair of the Remuneration Committee in November 2023.

Key strengths and experience:

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

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

External appointments:

Committee Member of the Royal Academy of Engineering.

KASH PANDYA

Independent Non-Executive Director and Non-Executive Director for Employee Engagement

Year of appointment: 2021

Appointment:

Kash was appointed to the Board in November 2021. He was appointed as the Non-Executive Director for Employee Engagement in January 2024.

Key strengths and experience:

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

Kash is Vice Chairman of the Supervisory Board of Vantage Towers AG and Non-Executive Director of TowerCo of Africa. Kash was formerly Chief Executive Officer of Helios Towers plc (HTWS), between August 2015 and April 2022, and Non-Executive Deputy Chairman between May 2022 and August 2022. Kash was Chairman of Climate Impact Partners, a world leading Voluntary Carbon Market Group, between January 2022 and December 2023. Prior to joining HTWS, Kash spent eight years on the board of Aggreko plc, with responsibility for managing its European and International businesses. Kash previously worked for various engineering and manufacturing companies in a number of senior roles, including Jaguar, General Electric Company, Ford Motor Company, Novar plc (then Caradon) plc, APW Limited and Johnston Group.

External appointments:

Vice Chairman of Supervisory Board of Vantage Towers AG and Board member of TowerCo of Africa.

SHIAN JASTRAM

Independent Non-Executive Director

Year of appointment: 2024

Appointment:

Shian was appointed an Independent Non-Executive Director on 1 March 2024.

Key strengths and experience:

- Significant global operational and transformational leadership.
- Renewables sector expertise, including offshore wind and green hydrogen.

Shian worked in a variety of leadership positions at Ørsted, one of the world's leading renewable energy companies, from 2006 to 2022. While at Ørsted, she was inter alia Head of Operations Excellence, Offshore Wind and Head of Business & Market Development, Power-to-X, where she led the global market scale-up of Ørsted's green hydrogen and renewable fuels business. Shian has a degree in Law from the University of Copenhagen and spent her early career in M&A advisory.

External appointments:

None.

Key

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

CORPORATE GOVERNANCE REPORT

Board focus in 2023 and principal activities

The principal activities of the Board during 2023 and how the Board considered the interests of its stakeholder groups in its decision-making, as well as its key priorities for 2024, are set out below:

TOPIC	KEY ACTIVITIES AND DISCUSSIONS IN 2023	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2024
Trading	• Received regular updates from the Executive Directors on Group trading. • Invited divisional leadership to present to the Board on trading and strategic delivery. • Carefully managed Group indebtedness through a programme of disposals and an enhanced financial forecasting process.	• The Board carefully considered the impact of trading updates on its stakeholders. The Board also balanced its decision-making in relation to dividends against the Company's financial performance and position, the need to reduce leverage and the need for equitable treatment of all of the Company's stakeholders. • In working to address and reduce the Company's leverage, the Board in particular took into account the views and interests of shareholders, lenders and employees.	• Continue to maintain a close review of Group trading. • Ensure delivery of disposals programme and successful implementation of an enhanced financial forecasting process.
Strategy	• Approved the Group's strategic priorities based on strategic focus, organisational simplification and execution. • Approved the future strategic growth initiatives built upon compliance, talent deployment, geographical expansion, technology and innovation.	• The Executive Directors meet regularly with the Company's lenders and shareholders to discuss the strategic direction of the Company. This dialogue impacted Board decision-making relating to capital expenditure. • In reviewing implementation, and agreeing the Group's strategic priorities, the Board sought to balance the impact of prioritisation on all stakeholder groups, notably shareholders, employees and the environment.	• Oversee implementation of strategic priorities. • Ensure reduction of Group indebtedness.
Disposals and business closures	• Approved the disposal of James Fisher Nuclear. • Approved the closure of the Subtech Europe business.	• The Board considered several stakeholder perspectives when reviewing disposals and business closures in parallel with meeting the Company's strategic aims and de-risking future cash flow, avoiding future financial losses and significant additional capital investment. • Employee interests were at the forefront of stakeholder considerations. Employee engagement plans were developed during the negotiations and due diligence phase and implemented immediately following decision by the Board.	• Focusing the Company's investment on higher potential areas of growth. • Reducing the Company's indebtedness through carefully selected disposals.

TOPIC	KEY ACTIVITIES AND DISCUSSIONS IN 2023	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2024
Governance	• Engaged with institutional shareholders during the full year and half year results presentations and with other stakeholders throughout the year. • Reviewed and approved the 2022 Annual Report and Accounts. • Approved the compliance programme.	• The Board recognises the importance of good governance for all its stakeholders. The Board confirmed governance as one of the key pillars of the Group's Sustainability Strategy (as set out on pages 32 to 37) and the potential resulting impacts on stakeholder groups. • The Board considered the interests of its suppliers and customers when approving the compliance programme. The Group's investment in its compliance programme will simplify the business interactions with customers and suppliers and benefit stakeholders as a whole by seeking to ensure a more robust governance framework and promote the long-term success of the Company.	• Maintain and enhance the Group's culture and values and key policies and procedures. • Oversee governance framework improvements. • Continue to strengthen internal controls and reporting.
Health and Safety	• Closely monitored health and safety performance across the Group. • Health and safety governance and reporting reviewed and enhanced. • Received presentations on health and safety performance from the senior leadership of each Division.	• During the year, the health and safety of those working for the Group continued to be an area of focus and discussion by the Board. • The Board has received safety updates from the CEO at each Board meeting. The Company's top priority and shared goal is that everyone who works for us returns home safely.	• Continue to engage with senior leaders regarding health and safety governance and performance. • Enhance employee engagement in relation to health and safety matters at all levels including the deployment of the health and safety performance management software, Intelex.
Board development	• Continued to focus on the composition, balance and effectiveness of the Board and the induction of a new Chief Financial Officer and Non-Executive Director. • Reviewed Board composition, diversity, and discussed and acted on the recommendations of the Nominations Committee. • Undertook a formal evaluation of the Board, its committees and individual Directors, and developed an action plan.	• The Board has considered the interests of its stakeholders in making changes to the membership of the Board. In particular, the Nominations Committee has sought to make recommendations for new Board members who bring expertise and experience of working with all stakeholder groups, and can improve the engagement to ensure that stakeholder interests are heard clearly in the boardroom.	• Enhance the Board's strategic understanding of key markets. • Board site visits to promote understanding of markets and to promote employee engagement with Board. • Annual internal evaluation of Board and Committee performance.

CORPORATE GOVERNANCE REPORT CONT.

Employee engagement

The Board understands the importance of making visits to businesses in the Group to engage with employees. Such visits enhance Non-Executive Directors' knowledge of operations and strengthens their individual contribution to Board debate. The Board conducted a programme of site visits during the year. In addition, Jean Vernet regularly visits the Group's operations which is an opportunity to meet and connect with a diverse group of employees. The Board discussed the outcomes of these visits, which assisted in identifying areas of focus for the site visits scheduled in 2024. The divisional and functional heads continue to attend certain Board and Committee meetings to discuss areas of strategic focus and employee engagement. An externally facilitated engagement survey of all our employees is conducted annually and reviewed by the Board.

Governance, risk and internal controls

The Board is responsible for determining the nature and extent of the Company's principal risks and for ensuring that the Company maintains sound risk management and internal control procedures. More information in relation to those principal risks, the Group's approach to mitigating them, and the risk management and internal control procedures within the Group are set out in the Strategic report on pages 56 to 66.

The Audit Committee, on behalf of the Board, monitors the Group's risk management and internal controls processes and reviews its effectiveness on an ongoing basis. This is part of an established process, in accordance with the Code and the FRC's associated Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, for the identification, evaluation and management of the significant risks facing the Group, which operates and is reviewed throughout the year. During the year, the Board confirmed that, although the controls and risk management systems were adequate, a programme of improvements was agreed for 2024.

The Group's governance framework is described in more detail on pages 74 to 76. The Group's internal control systems are designed to provide the Board with reasonable assurance as to the effective and efficient operation of the Group in accordance with the governance structures, and to ensure the quality of internal and external reporting and compliance with all applicable laws and regulations. During 2023, BDO supported the Group with a comprehensive internal controls enhancement programme. Potential deficiencies were identified and remediation actions are planned in 2024. We will continue to implement improvements to the governance structure, in particular, through the implementation of the Board-approved compliance programme. More information on this, as well as the internal controls environment more generally, can be found in the Audit Committee report on pages 87 to 91.

As part of its internal control procedures, the Group maintains policies and processes for whistleblowing, anti-bribery and corruption and to uphold its zero-tolerance approach to any form of modern slavery. More information in relation to those policies is included in the principal risks and uncertainties section of the Strategic report on page 66 and in the non-financial information statement on pages 68 and 69.

The Board has also carried out a robust assessment of the principal risks facing the Group, including those that would threaten its Business model, future performance, solvency or liquidity, and of the Group's emerging risks. An overview of the Company's risk management and internal control systems is included in the principal risks and uncertainties section of the Strategic report on pages 64 to 65.

Board composition

Details about the current composition of the Board are set out in the biographies of the Directors on pages 77 to 79.

Board diversity

Ensuring that the Board is appropriately diverse across multiple areas is important to achieving its strategic objectives and in attracting and retaining talent, as well as cultivating a culture of inclusion and diversity through the Group by its clear tone from the top. The Board and Executive Committee champion diversity and inclusion in their own membership and throughout the Group. Supported by the Nominations Committee, the Chairman monitors the composition of the Board to ensure that it is made up of the appropriate mix of skills, experience and knowledge required to effectively oversee and support the management of the Group and the delivery of the strategy, having regard to the interests of the Group's stakeholders – shareholders, customers and suppliers, employees, the environment and local communities. When considering candidates for the Board, the Nominations Committee, on behalf of the Board, takes into account factors such as: professional experience, skills, education, international and industry knowledge, social-economic background, sexual orientation, disability, age, ethnicity and gender. The Nominations Committee report on pages 84 to 86 sets out its progress in this respect, along with an example of the Nominations Committee's work in identifying a new Non-Executive Director candidate on behalf of the Board.

Board evaluation

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

The 2023 annual review of individual Directors' performance was conducted by the Chairman. The Chairman's performance review was led by the Senior Independent Non-Executive Director in consultation with the other directors. The performance of the Executive Directors was reviewed by the Chairman and Non-Executive Directors with the Chief Executive's review being communicated by the Chairman. The Chairman and the Executive Directors reviewed the performance of each of the other Non-Executive Directors. The Board considers that each Director continues to contribute effectively and to demonstrate commitment to the role. The agreed actions resulting from the Board evaluation are set out in the graphic on page 83.

Training and development

Ongoing training and development for Directors is available as appropriate and is reviewed and agreed with the Chairman annually. Specific and tailored updates were provided by external advisers and management to the Audit, Nominations and Remuneration Committees. During the year the Board also received reports from the Group General Counsel on compliance, as well as corporate governance and ESG-related updates from external advisers. The Board is confident that all its members have the knowledge, ability, and experience to perform the functions required of a director of a listed company.

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

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

Stakeholders

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

- Chairman and the Executive Directors on their discussions with investors.
- Company's brokers on the feedback received from investors.
- Executive Directors, Chief HR Officer and Designated Non-Executive Director for Employee Engagement in relation to employee engagement.
- Group CEO on feedback from customers.
- Senior leadership team on their engagement with employees, customers, suppliers and local communities.
- Group Sustainability Committee on the Group's approach to reducing its environmental impacts.

On pages 36 and 37 of our Strategic report, we set out our principal stakeholders, how we engage with them, the issues which are important to them and how we respond. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making. On pages 80 and 81 we set out how the Board has considered the interests of stakeholders when discussing and agreeing decisions on key matters in 2023.

Purpose, culture and values

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

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

Financial reporting

The Board considers that the Annual Report and Accounts taken as a whole present a fair, balanced and understandable assessment of the Group and provides the information necessary for shareholders to assess the Group's position, performance, Business model and strategy. More information about how this assessment was made is set out in the Audit Committee report on page 88.

The going concern assessment is described in the Audit Committee report on page 88; the viability statement is set out on page 67 and the Strategic report on pages 6 to 7 sets out an explanation of the Company's Business model and the strategy for delivering the Company's objectives.

BOARD EVALUATION

Action
IR strategy and timing of capital markets day to be reviewed.

Progress in 2023/24
Board presentation relating to IR strategy scheduled in 2024.

Action
Continue improvements in ESG reporting.

Progress in 2023/24
Presentation to the Board on ESG strategy and reporting scheduled in 2024.

Action
Improve the Annual Report and external audit process.

Progress in 2023/24
Management's 2023 Annual Report and external audit preparation plan presented to the Audit Committee.

Action
Formalise the timing of the circulation of financial reports to the Board.

Progress in 2023/24
Financial reporting schedule under review by management.

Action
Improve below Board level succession planning.

Progress in 2023/24
Nominations Committee review of Executive Committee and senior leadership succession planning process scheduled in 2024.

NOMINATIONS COMMITTEE REPORT

MEMBERSHIP	SINCE
Angus Cockburn (Chair)	2021
Aedamar Comiskey	2014
Justin Atkinson	2018
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings	2022
Shian Jastram	2024

Key objectives

Reviewing the composition of the Board and succession planning.

Key responsibilities:

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

The Committee's terms of reference are available on the Group's website. The Committee meets at least three times a year. During 2023, the Committee met four times.

The Committee reviews the leadership and succession needs of the Company and ensures that appropriate procedures are in place for selecting, nominating, onboarding, training and evaluating Directors.

Overall, our objective is to ensure that the Board has Directors with a broad range of knowledge, skills and experience to ensure the team works together effectively in discharging its responsibilities, including in relation to corporate governance. We recognise the benefits of a diverse Board and senior leadership team, including diversity of skills, sector experience, background, gender, and ethnicity.

2023 in review

During 2023, the following Board membership changes were considered by the Committee:

- On 1 December 2023, Duncan Kennedy stepped down from the Board as Group Chief Financial Officer, and Karen Hayzen-Smith joined the Board as Group Chief Financial Officer on the same date. Karen Hayzen-Smith has considerable experience working in the energy and defence sectors and a strong track record across all aspects of finance leadership. This, combined with an expertise at driving successful turnarounds, brings considerable strength to our Executive Team. I would also like to take this opportunity to thank Duncan Kennedy for his considerable contribution to James Fisher during his tenure as CFO, helping to navigate the Group through some challenging events, in particular the 2023 refinancing.
- On 1 March 2024, Shian Jastram joined the Board as an Independent Non-Executive Director. She brings a wealth of invaluable international experience to the Board in operational and transformational leadership roles in the renewables sector, including offshore wind and green hydrogen.

We are pleased to welcome Shian Jastram to the Board. We look forward to harnessing her expertise in the energy transition, as we continue to build a stronger, more sustainable business for the future.

Board appointments and succession planning

The Committee leads the process for Board appointments and makes recommendations to the Board within its agreed terms of reference. Appointments are made having regard to the balance of skills and experience of current Directors as well as the diversity of the Board in respect of multiple characteristics, including gender, thought and ethnicity. The Committee adopts a formal, rigorous, and transparent procedure for the appointment of new Directors to the Board, working with independent executive search consultants.

During 2023, the Committee sought support from specialist executive search consultants. Lygon Group assisted with the appointment of Karen Hayzen-Smith. Lygon Group was instructed to search for Executive candidates who were established finance leaders with extensive knowledge of the sectors in which the Group operates and proven experience of leading companies through turnaround situations. Korn Ferry assisted with the appointment of Shian Jastram and was instructed to search for Non-Executive Director candidates with global industry knowledge, particularly in renewables and offshore wind. Lygon Group and Korn Ferry have no connection with the Company (other than assisting with recruitment), nor with any individual Director.

The graphic on page 85 sets out an example of the selection and appointment process undertaken by the Nominations Committee, in this case leading to the appointment of Shian Jastram to the Board as an Independent Non-Executive Director.

The Committee keeps under regular review Board succession planning. During the year, the Committee considered Aedamar Comiskey's forthcoming retirement from the Board, as well as the appointment of her successors as Senior Independent Director and Remuneration Committee Chair. In the interests of an orderly handover of responsibilities, the Committee recommended to the Board the appointment of Claire Hawkings as Senior Independent Director and Inken Braunschmidt as Remuneration Committee Chair, both with effect from 9 November 2023. Following her appointment as Remuneration Committee Chair, Inken stepped down as the designated Independent Non-Executive Director for Workforce Engagement and was succeeded by Kash Pandya, with effect from 1 January 2024, following the recommendation of the Committee.

The timing of these changes has allowed for an effective transition, particularly as we will be putting the revised Directors' remuneration policy forward for the approval of our shareholders at the AGM in May. Aedamar and Inken worked together on the shareholder consultation process on executive remuneration which typified how well the Remuneration Chair process has gone. Claire has also made an impressive start to her tenure as Senior Independent Director providing helpful counsel to me on a number of issues.

During the year, the Chief HR Officer briefed the Committee on the Group's talent review and actions undertaken in relation to the Group's senior leaders to ensure a diverse pipeline and effective succession planning for the Board and Executive Committee.

Director induction, training and development

As Chairman, I am responsible for the formal induction of all new Directors, assisted by the Company Secretary. Each new Director is provided with the necessary background materials to familiarise themselves with the Group, and meetings are arranged with other members of the Board, Executive Committee members, senior leadership and the Company's external advisers.

Site visits to businesses around the Group are arranged to provide a deeper understanding of the Group's operations, risks and strategic priorities. A detailed induction programme is being undertaken by Karen Hayzen-Smith and Shian Jastram, which includes training from the Company's external legal advisers on directors' responsibilities, the Corporate Governance Code and Market Abuse Regulation, as well as in-person site visits and management meetings at the Group's key sites.

Assisted by the Company Secretary, I am also responsible for the Board's training and professional development. Directors were provided with presentations during 2023 on topics such as sustainability reporting, investor relations, developments in corporate governance and financial reporting, as well as Directors' remuneration. Directors will continue to receive regular training updates from appropriate internal and external specialists on governance and risk issues, and on financial and reporting standards. In addition, Directors are fully aware of their own responsibility for identifying and satisfying their own specific training requirements. In 2023, the Board visited key sites, and had management and employee engagement meetings, in order to deepen the Board's understanding of the operations of the Group's businesses and teams.

Board composition and time commitment

There were eight Directors on the Board as at 31 December 2023, comprising the Non-Executive Chairman, Chief Executive Officer, Chief Financial Officer and five Independent Non-Executive Directors. The names and biographical details of the members of the Board are set out on pages 77 to 79.

The Board judged the Non-Executive Chairman to be independent at the time of his appointment and the Board considers all other Non-Executive Directors to be independent under the terms of the Code.

Under the Code, the reasons for the Board permitting its members to enter into significant new external appointments should be explained in the Annual Report. On 26 October 2023, the Company announced the appointment of Angus Cockburn as a Non-Executive Director of BAE Systems plc (BAE), with effect from 6 November 2023. It was also announced that he would step down as a Non-Executive Director of STS Global Income & Growth Trust plc (STS) at its 2024 AGM. The Board considered his proposed new role at BAE noting that he would shortly be stepping down from his role at STS, and concluded that he would continue to have sufficient time to commit to the Company in his role as Chairman.

When considering Karen Hayzen-Smith's appointment as Chief Financial Officer, the Board noted her appointment as Governor of Oxford Brookes University and Chair of Audit Committee. The Board concluded that this appointment was not strictly comparable to a non-executive directorship role at a publicly listed company in terms of time commitment, and therefore would not compromise her ability to dedicate appropriate time and diligence to her role as CFO.

Directors standing for election or re-election

The Committee discussed and unanimously recommended that each of the Directors should be put forward for election or re-election by the shareholders at the AGM scheduled for 30 May 2024, with the exception of Aedamar Comiskey who will retire at the conclusion of the AGM. In making this recommendation the Committee members (with each Committee member recusing themselves from the discussion and recommendation in relation to their own re-election) have evaluated each Director in terms of their performance, their commitment to the role and their capacity to discharge their responsibilities in an effective manner given their other time commitments and responsibilities.

Board evaluation

The Board carries out a Board and Committee evaluation each year, and in 2021, the Board appointed the Chartered Governance Institute (CGI) to undertake an external evaluation. The CGI has no other connection to the Company or any individual Director.

For 2023, the Board undertook an internal evaluation of its own performance, and that of the Remuneration, Nominations and Audit Committees, and the Chairman, supported by the Company Secretary. The results of the 2023 evaluation and resulting actions are set out in the graphic on page 83.

Following the internal evaluation, the Committee believes the Board functions effectively and efficiently, and is appropriate for a Group of its size. The Committee considers that each Director demonstrates the knowledge, ability and experience required to perform the functions of a director of a listed company and is of the calibre necessary to support and develop the Company's long-term strategy and success.

Process leading to the appointment of Shian Jastram

- The Nominations Committee agreed a detailed candidate profile for a new Independent Non-Executive Director, setting out the capabilities and experience required.
- Korn Ferry was appointed by the Committee to support the process and identify candidates fitting the agreed profile.
- The Nominations Committee appointed the Chairman to work with Korn Ferry on the process to appoint a new Independent Non-Executive Director, regularly reporting back to the Committee on progress.

- Following engagement, Korn Ferry created a long list of potential candidates, which was shared by the Chairman with the Nominations Committee.
- The Nominations Committee agreed a shortlist of candidates to be invited for interview by members of the Committee and the Group CEO.

- Following the interviews, each person who had met with the shortlisted candidates provided feedback to the Chairman.
- The Nominations Committee discussed the feedback received and the relative merits of each candidate.
- The Committee agreed to recommend to the Board that Shian Jastram be appointed as Independent Non-Executive Director.
- The Board approved the appointment, to take effect on 1 March 2024.

NOMINATIONS COMMITTEE REPORT CONT.

The Committee also considers that no individual or small group of individuals dominates discussions or the decision-making process. With these findings in mind, it is not expected that the Board evaluation will influence Board composition in the short-term.

Diversity and inclusion

James Fisher recognises the importance of diversity of thought, skills and experience in the effective functioning of the Board, its Committees and the wider organisation. This diversity may arise from any number of sources, including differences in age, gender, ethnicity, disability, sexual orientation, cultural background and religious belief.

The Board's intention is to maintain diversity in all its senses in its own constitution, and to encourage the same throughout the organisation. The Board Diversity Policy is a policy which acknowledges the importance of diversity and includes an explicit requirement to take into account diversity when considering appointments to the Board.

The Board and its Committees are committed to ensuring that all have an equal chance of developing their careers within our Group. The Board had regard to the Board Diversity Policy during the appointment process of Shian Jastram, particularly the need to maintain gender balance on the Board and appoint candidates with international exposure, to promote the Company's strategic aims.

The promotion of a diverse and inclusive workplace by recruiting where we work, enforcing pay parity, and celebrating the uniqueness of individuals and their communities is one of the key foundations of the Group's sustainability policy. During the year, the Board and the Committee have discussed with the Chief HR Officer the progress made on implementing initiatives to promote diversity and inclusion throughout the Group. More detail on the progress of those initiatives can be found on page 38.

Gender representation of the Board and Executive Management as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management
Men	4	50%	2	7	70%
Women	4	50%	2	3	30%
Not specified/ prefer not to say	–	–	–	–	–

Ethnic background of the Board and Executive Management as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management
White British or other White (including minority-white groups)	7	88%	4	10	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	12%	–	–	–
Black/African/ Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

1. For the purposes of the Listing Rules, "executive management" is defined as the executive committee or most senior executive or managerial body below the board, including the company secretary but excluding administrative and support staff. At James Fisher, "executive management" therefore comprises the Executive Committee and the Company Secretary (even though the Company Secretary is not a member of the Executive Committee).

There has been progress in increasing the international and gender diversity of the Group's senior management group, but the Company is aware that more needs to be done to improve the gender and ethnic mix in the leadership population. The Board supports the aims of the FTSE Women Leaders and Parker Reviews and is mindful of the targets specified by recent updates to the Listing Rules. The data required by Listing Rule 9.8.6 as at 31 December 2023 is set out in the table below. The data is collated by the Group's HR function and confirmation provided by the Board and Executive Management. As demonstrated below, as at 31 December 2023, the Company met all three of the Board-level targets set by the Listing Rules:

- More than 40% of the Board were women (50%).
- Two of the four senior positions on the Board were held by women (CFO and SID).
- One of the directors was from an ethnic minority background.

The Chief Executive Officer chairs an Executive Committee of nine people, with women representing 33% of the Executive Committee as at 31 December 2023. Apart from creating a forum to bring together a range of specialist skills and experience it also acts as a platform for our succession strategy into the future.

2024 priorities

The Committee's priorities for 2024 are:

- Considering the key skills, experience and requirements for succession planning for the Board.
- Reviewing the succession planning process for the Executive Committee and senior leadership positions.
- Accelerating the Group's progress towards increasing the relative diversity in senior management positions.
- Conducting an external Board evaluation.

Angus Cockburn
Chair of the Nominations Committee

16 April 2024

AUDIT COMMITTEE REPORT

MEMBERSHIP	SINCE
Justin Atkinson (Chair)	2018
Aedamar Comiskey	2014
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings	2022
Shian Jastram	2024

Key objectives

To monitor the integrity of the Group's reporting process and financial management and to ensure that risks are carefully identified and assessed and that sound systems of risk management and internal control are in place.

Key responsibilities:

- The accounting principles, policies and practices adopted in the Group's accounts.
- Reviewing external financial reporting and associated announcements.
- Managing the appointment, independence, effectiveness and remuneration of the Group's external auditor, including the policy on the award of non-audit services.
- Initiating and supervising a competitive tender process for the external audit when next required.
- The resourcing, plans and effectiveness of Internal Audit.
- The adequacy and effectiveness of the internal control environment.
- The Group's risk management processes and performance.
- The establishment and oversight of fraud prevention arrangements.
- The provision of advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's position, performance, Business model and strategy.

The Committee holds a minimum of three scheduled meetings annually. During the year, the Committee met six times, principally as a result of the delayed release of the Company's 2022 full year results.

Dear Shareholders

I am pleased to present the report of the Audit Committee for the year ended 31 December 2023, which provides an overview of the Audit Committee's role in supporting the Board in discharging its responsibilities for oversight and monitoring of financial reporting, risk management and internal control. It is my responsibility as Chair of the Audit Committee to ensure that the Audit Committee fulfils its responsibilities in a rigorous and effective manner.

The Audit Committee remains focused on ensuring compliance with the UK Corporate Governance Code 2018 (the Code) and is committed to ensuring the highest standards of corporate governance. In line with the Code, this report seeks to focus on specific aspects considered by the Audit Committee during the year and aims to provide assurance to our shareholders that the control environment of the Group is being properly supervised and monitored.

During the year, the Committee received regular updates from BDO regarding an internal controls enhancement programme with a view to identifying any gaps and improving the internal controls framework across the Group.

Following the challenging 2022 full year results and Annual Report and Accounts process, overseeing management's 2023 full year results and external audit action plan has been an area of focus for the Committee. The Committee also considered the responses provided to the Financial Reporting Council (FRC) following its review of the 2021 Annual Report.

I am satisfied that the Audit Committee is properly constituted with written terms of reference, which include all matters referred to in the Code and is provided with good quality information to allow proper consideration to be given to topics under review. I am also satisfied that meetings are scheduled to allow sufficient time for discussion and to ensure that all matters are considered fully.

The Audit Committee's terms of reference are available on our website.

Of particular importance is the requirement to ensure that the Group's financial reporting is fair, balanced and understandable. We therefore review all the Group's financial reports before publication, including where necessary alternative performance measures, and we are satisfied that they provide a fair, balanced and understandable assessment of the Group's position and performance.

Audit Committee composition and operation

The Audit Committee met on six occasions during the year, with meetings scheduled to align with the Company's external financial reporting obligations. Details of the attendance of individual Directors can be found on page 71. The Audit Committee is attended by the Committee members, the Company Chairman, Chief Executive Officer, Chief Financial Officer, Group General Counsel, Company Secretary, Group Financial Controller and Head of Group Internal Controls, together with representatives of the external auditor, and the internal auditor. The Audit Committee will continue to meet on an ad hoc basis outside the scheduled timetable, as required.

At each scheduled meeting the Audit Committee provides the opportunity to discuss matters privately with the external auditor and the internal auditor. In addition, the Audit Committee Chair holds regular meetings or phone calls with the reporting partner of the external auditor, KPMG, and the relevant partner from the internal auditor, PwC, to discuss matters related to the Group. Following the challenging 2022 full year results process, the Audit Committee Chair also met with KPMG's Chief Risk Officer – Audit, to discuss the 2023 external audit process.

The Board is satisfied that as Chair of the Audit Committee, I have significant and relevant financial experience being a chartered accountant who formerly served as finance director of a FTSE listed company. I have been attending audit committee meetings for 25 years and have chaired three other FTSE listed company audit committees. The members of the Audit Committee collectively have broad financial, commercial, professional, and technical experience and are considered to have competence relevant to the sectors in which the Group operates.

AUDIT COMMITTEE REPORT CONT.

Whilst each Non-Executive Director will largely manage their own continuing development, the Audit Committee receives technical and governance updates throughout the year from the external auditor, external advisers and may request additional information, as required.

Details of the Audit Committee's specific responsibilities and how it exercises those responsibilities are set out in the remainder of this report. The performance of the Audit Committee (alongside the Board and the other Committees) was internally evaluated during the year. The results of this review provided assurance that the Audit Committee discharges its duties and responsibilities in accordance with its terms of reference.

Matters of particular focus for the Committee during the year

Financial and narrative reporting

- Review of the full year results and consideration of specific disclosures and adjusting items.
- Consideration of key accounting judgements.
- Evaluation of the going concern and viability statements.
- Review of the Annual Report and Accounts including an assessment to ensure that the Report is fair, balanced and understandable.
- Approval of the Committee Report.
- Review of FRC correspondence and the Company's response.
- Review of the half year results and going concern statement.
- Assessing management's Annual Report and Accounts plan and external audit preparation.

External audit

- Receiving updates from external auditors on the progress of the audit.
- Consideration of the external auditor's report.
- Reviewing the external audit plan and strategy.
- Considering the results of the evaluation of KPMG's effectiveness as external auditor.
- Approving the fee of the external auditor.
- Consideration of the external auditor's half year report.

Internal audit

- Approving the internal audit plan.
- Receiving reports from internal audit on progress and activity in accordance the audit plan.
- Approving the Internal Audit Charter.
- Considering results of the evaluation of PwC's effectiveness as internal auditor.

Internal Control and Risk Management

- Receiving updates regarding the progress made to improve the Group's risk management framework and system of internal controls following the findings from the work undertaken on behalf of the Committee by PwC.
- Review of the Group's principal and emerging risks.
- Status updates regarding the implementation of the internal controls enhancement programme.
- Reviewing of adequacy and effectiveness of Group's internal controls and risk management systems.

Financial reporting

The Audit Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, with both senior management and the external auditor, the appropriateness of the Group's Interim Statement and Annual Report and Accounts, with particular focus on:

- Whether suitable accounting policies have been adopted and properly applied.
- The clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements.
- Whether management has made appropriate estimates and judgements in material areas or where there has been discussion with, or issues raised by the external auditor.
- Whether the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, Business model and strategy.

Fair, balanced, and understandable

In making its assessment on whether the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and Business model of the Company, the Board has taken into account its own knowledge of the Group, its markets, its strategy and performance in the year, a review of content of the Annual Report and Accounts and other periodic financial statements and announcements, together with the recommendation from the Audit Committee.

Key considerations of the Audit Committee have included ensuring that there is consistency between the accounts and the narrative provided in the front half of the Annual Report and Accounts, and that there is an appropriate balance between the reporting of weaknesses, difficulties and challenges (in particular with reference to the Group's principal risks and uncertainties, as set out on pages 56 to 66), as well as successes, in an open and honest manner.

Going concern and viability statement

The analysis of the evidence underpinning the going concern basis of accounting and viability statement in the 2023 Annual Report continues to be an area of focus for the Group.

The Committee received reports and analysis prepared by management, taking into account the external auditor's review of these papers and their observations. These included details on the selection of the going concern and viability assessment periods, the key assumptions, the forecasting process, the committed facilities available, and the mitigations within direct control of the Group. The Committee considered both base case cash flow forecast and severe but plausible downside scenario analysis, including the assessment of the principal risks facing the Group which may potentially impact the Group's financial position.

The Audit Committee is satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements and that it is reasonable to expect that the Group will be able to continue to operate and meet its liabilities, as they fall due, for at least 12 months since the date of the financial statements. The Committee, however, recognise that the reliance on successful mitigating actions and, potentially, a waiver of the June 2024 mandatory repayment under the combined severe but plausible scenario, and the ability to refinance the RCF, which matures within the going concern assessment period, indicate the existence of a material uncertainty, related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable and to realise their assets and discharge their liabilities in the normal course of business.

Significant issues and accounting judgements

The Audit Committee has a primary responsibility to monitor the integrity of the Annual Report and Accounts and the Interim Statement of the Company, which includes reviewing and discussing papers prepared by management and taking account of the views of the external auditor. The key areas reviewed in the 2023 financial year are set out below. The Audit Committee considered these matters and how they were tested and reviewed, including the significant financial reporting judgements and associated disclosures.

SIGNIFICANT ISSUE	HOW THE ISSUE WAS ADDRESSED BY THE COMMITTEE
Impairment of goodwill	
Key estimates are made in relation to the assumptions used in calculating discounted cash flow projections to value the CGUs containing goodwill. The key assumptions are the five-year revenue growth rate, terminal value growth rate and discount rate.	We reviewed a report from management explaining the methodology used, assumptions made and significant changes from those used in prior years. We challenged management on the rationale behind the key assumptions and sensitivities such as discount rates and growth rates in the goodwill value-in-use calculations, especially within Defence and Offshore Wind CGUs to ensure we were satisfied on their reasonableness. The impairment reviews were an area of focus for KPMG who reported their findings to us. We concluded that management's key assumptions and disclosures are reasonable and appropriate.
Valuation of the PLC Company only investments	
Estimates are made in relation to the assumptions used in calculating discounted cash flow projections to value the investments. The key assumptions are the five-year revenue growth rate, terminal value growth rate and discount rate.	The Company holds significant investments in various subsidiaries of the Group. The Committee considered the recoverability of the carrying value of those investments in subsidiaries and concurred with management's approach to evaluating the recoverable amounts.
Retirement benefits obligations	
Key estimates are made in relation to the assumptions used to value retirement benefit obligations under Shore staff, MNOPF and MNRPF pension schemes, including the discount rate and inflation. The key assumptions are based on recommendations from independent qualified actuaries.	We received a report from management which summarises the key assumptions used to value the liabilities of the retirement benefit plans. We concluded that the assumptions used, accounting treatment, and the associated disclosures are appropriate for the Group's retirement benefit obligations.
Assets held for sale and discontinued operations	
Judgements are made in relation to assessing the fair value less costs to sell of businesses classified as "held for sale" and whether they constitute discontinued operations.	The Audit Committee considered the appropriateness of asset held for sale classifications for various assets and businesses. Following the decision to close the Subtech Europe business within the Energy Division we considered whether it constituted discontinued operations. The Committee reviewed the methodology and estimates used in arriving at the fair value of assets held for sale and liabilities associated with assets held for sale and considered them appropriate and noted that classifications as "held for sale" was appropriate. We consider the conclusion that Subtech Europe does not constitute discontinued operations appropriate.
Provisions and contingent liabilities	
Considerations are made in determining provisions in the accounts for disputes and claims which arise from time-to-time in the ordinary course of business and in determining appropriate disclosures in respect of contingent liabilities.	We received a report from management which provides information in respect of disputes and claims and identifies the accounting and disclosure implications which were challenged and discussed. The report included an assessment of the amounts provided for in relation to James Fisher Nuclear Limited (JFN) Parent Company guarantees. We concurred with management's conclusions regarding provisioning and contingent liability disclosures.
Alternative Performance Measures (APM) and adjusting items	
Considerations are made in relation to appropriateness of classifying certain items as adjusting/non-underlying and in relation to inclusion of APMs and the associated disclosures.	The Committee gave careful consideration to the judgements made in the disclosure of alternative performance measures and adjusting items as set out in Note 2. In particular, the Committee sought to ensure that the treatment followed consistent principles and that reporting in the accounts is suitably clear and understandable. The Committee challenged the rationale behind the presentation of the costs as non-underlying, with particular focus on restructuring and refinancing costs. We concluded that management has appropriately included those costs as adjusting items.

AUDIT COMMITTEE REPORT CONT.

Risk management and internal controls

The Board has overall responsibility for the Group's risk management and internal control systems, including financial, operational and compliance controls. The Audit Committee is responsible for monitoring and reviewing the effectiveness of these systems, the Group's internal audit function (which, as disclosed last year, is outsourced to PwC) and reporting to the Board. This work was informed by regular updates from PwC and a self-assessment process undertaken across the Group. In addition, the Head of Group Internal Controls attends the Audit Committee and provides updates on internal controls and readiness for the upcoming internal controls reforms.

As reported in 2022, PwC were engaged by the Committee to carry out an independent review in relation to the Group's risk management controls and systems. During the year, the Company implemented PwC's recommendations, resulting improvements to the Group's risk management framework. Through the course of the year, the Board received updates from the Group Risk Committee, via the Chief Financial Officer, and has reviewed the effectiveness of the Group's systems of risk management and internal controls including financial, operational and compliance controls.

The Audit Committee receives reports on any internal control deficiencies, which are mainly identified from internal audits and the internal controls enhancement programme. The external audit work continues to highlight the informal nature of many of the Group's controls and during the year identified control deficiencies together with recommendations for improvement. The Audit Committee reviews all such reports with both the internal and external auditors, and holds relevant management teams to account, to ensure that appropriate and timely actions are identified and completed. The internal control deficiencies are graded and an action plan with associated timeframes is agreed with the relevant management team. Progress against each plan is reported to the Audit Committee on an ongoing basis until the actions are complete. In addition, the internal controls enhancement programme, supported by BDO, has been conducted and overseen by the Committee.

During the year, although the Audit Committee noted an improvement in the Group's risk management and internal control systems following the implementation of PwC's recommendations, enhancements are still required, in particular around the formalisation of the Group's compliance programme, financial reporting and forecasting and procedures to ensure compliance with the requirements of the RCF. Following the Committee's recommendation, the Board approved the Group's risk management and internal control systems improvement initiatives, which will be implemented over the coming year.

A more detailed summary of the Group's risk management and internal control systems is set out in the principal risks and uncertainties section of the Strategic report on pages 56 to 66, along with a description of some of the actions taken and planned to bring improvements to those controls.

Anti-bribery and corruption

We have an established anti-bribery and corruption policy aimed at ensuring adherence to the associated legal and regulatory requirements. The policy includes sections governing the following:

- Group's zero-tolerance approach to payment of bribes.
- Reasonableness and proportionality of offering or receipt of gifts or hospitality.
- Appointment and management of third parties who are engaged to assist with our sales and marketing activities, including approval via procedures which include appropriate internal and external due diligence using web-based tools provided by Control Risks (the international risk consultancy). The Group conducts robust due diligence on its agent and joint venture relationships prior to engagement, and requires them to comply with the Group's policy and relevant law. The Board receives reports on agent and joint venture relationships twice a year.
- Group's prevention of facilitation payments.

The Group has anti-bribery and corruption training in place which is provided as part of the employee induction programme.

External audit performance

The Audit Committee recognises that the quality of an audit is of paramount importance. The Audit Committee continually assesses the performance of the external auditor, KPMG, from the initial planning stage when they receive and discuss the audit plan and proposed strategy, approach, objectives, significant risk areas and other areas of focus, drawing on input from the Group's senior management, until conclusion of the audit.

The Audit Committee conducts annually a formal assessment of the external auditor's performance based on its own experience and that of the Group's senior management. The most recent assessment considered the relationship between the external auditor and the Group, the external auditor's knowledge of the Group's business, its capability, planning and execution of the external audit, fees and independence. The results of the review were considered by the Audit Committee and discussed with KPMG, with the main areas of focus identified as being around recent increases in fees, as well as planning and communications regarding significant financial reporting judgements.

The Committee is satisfied that KPMG provided an effective audit and remain independent and objective. KPMG are recommended for re-appointment at the Company's forthcoming AGM.

External audit appointment and fee

KPMG were first appointed to audit the Company in 2008. They were re-appointed external auditor of the Company in 2017, following a competitive tender process. Andrew Campbell-Orde was appointed as lead audit partner for the 2023 financial year. The Committee believes it is in the best interests of its shareholders to consider a full tender for the Group's external audit services, subject to its annual reviews, likely in the year ending December 2026. This allows for any potential new audit firm to take up the role for the year ending December 2027.

Details of the external auditor's remuneration for 2023 are set out in Note 4 on page 143. There was a material increase in the audit fee in 2022 following the delay in the announcement of the results by around one month due to negotiations relating to the RCF and the resultant increase in audit work on the going concern and viability statements together with increased work following the FRC review of the Annual Report for 2021 and subsequent enhanced disclosure requirements. The audit fee for 2023 has reduced somewhat, although given the general market background of increasing fees and the recent circumstances at James Fisher, the audit fee remains high relative to the size of the Group.

The Company has complied throughout the financial year under review, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Independence and objectivity

The Audit Committee accepts that certain non-prohibited work is best undertaken by the external auditor and to safeguard the external auditor's objectivity and independence the Audit Committee has a policy on engagement of the external auditor for non-audit services, which includes a requirement for Audit Committee approval if the permitted services exceed a threshold of £50,000.

The Audit Committee reviews the policy annually and recommends it to the Board for approval. In accordance with relevant Audit Regulations and standards published by the FRC, the Audit Committee has not engaged the external auditor on matters restricted by those Regulations and standards, and fees from permitted work (including the Interim Statement) have been pre-approved by the Audit Committee. KPMG were not instructed to carry out any prohibited non-audit services during 2022.

During the year, KPMG provided non-audit services to the Group in respect of the interim statement for the period ended 30 June 2023. The fee amounted to £0.2m and was approved by the Audit Committee.

Internal audit

The Audit Committee is responsible for reviewing the work carried out by the internal audit function which considers, reviews and reports on key commercial, financial and control risks across the Group. The internal audit function undertakes their work in accordance with an annual programme approved by the Audit Committee. The scope of each internal audit review is agreed by the Audit Committee in consultation with the internal auditor to ensure that key areas for each business are addressed.

The role of internal audit was outsourced in its entirety to PwC in April 2022. In total, 11 internal audits were undertaken in 2023 (2022: 10). Reports in relation to the internal audits carried out were presented to the Audit Committee for review and shared with senior managers for action, as well as being provided to the external auditor for information. The actions identified by the internal audit function were followed up with management for response and identification of appropriate actions to mitigate the associated risks. There has been continued focus by senior management to improve the control environment through the timely closure of audit actions.

There were no findings in the internal audit reports which are considered material to the Group, although PwC's work to date has highlighted a number of areas across our businesses for improvement and their recommendations are in the course of being implemented. The internal controls enhancement programme is identifying improvements to strengthen the Group's control environment, which will continue to be an area of focus for the Committee. The internal audit function is responsible to the Committee for ensuring that all required actions are followed up and completed in a timely manner.

Following review, the Audit Committee recommended, and the Board concluded, that the Group's internal audit process was appropriate and effective. The effectiveness of the Group's internal audit function is continually reviewed, including an annual formal review undertaken by the Audit Committee, with the benefit of feedback from Group businesses and functions which have been subject to internal audit during the year.

FRC correspondence

In November 2022, the Company received correspondence from the FRC in relation to its review of the Company's Annual Report and Accounts for 2021 in accordance with part 2 of the FRC Corporate Reporting Review Operating Procedures, which requested further information in relation to the Company's compliance with relevant reporting and disclosure requirements in certain areas. As reported in last year's report, the observations and recommendations of the FRC were incorporated into the 2022 Annual Report and Accounts, which resulted in the FRC closing its enquiries, in August 2023.

Revised version of the UK Corporate Governance Code

On 22 January 2024, the FRC announced revisions to the UK Corporate Governance Code, with prioritised revisions in relation to internal controls. The revised Code will apply to financial years beginning on or after 1 January 2025, with disclosure requirements in relation to internal controls applying to financial years beginning on or after 1 January 2026. The actions resulting from the internal controls enhancement programme to date indicate that the Company will be better placed to meet the requirements of the revised Code, although there is still much work to be done.

ESG reporting

The ESG reporting environment has been an area of significant regulatory development recently, and this is set to continue.

The Group continues to strengthen its ESG-related disclosures, reporting under the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) on pages 41 to 45 and Streamlined Energy and Carbon Reporting on pages 112 to 114.

The Directors have received briefings during the year covering the evolving reporting landscape, recognising the increasing link between ESG-related measures and the presentation of financial information and associated business commitments.

Conclusion

The Audit Committee operates in an open manner, has clear and concise channels of communication with the Board and, should it be necessary, I would be available to meet with investors. I will also be available to answer any questions at the AGM.

Justin Atkinson
Chair of the Audit Committee

16 April 2024

DIRECTORS' REMUNERATION REPORT

MEMBERSHIP	SINCE
Inken Braunschmidt, Chair of the Remuneration Committee since 9 November 2023	2019
Aedamar Comiskey, Chair of the Remuneration Committee until 9 November 2023	2014
Justin Atkinson	2018
Kash Pandya	2021
Claire Hawkings	2022
Shian Jastram	2024

Key objectives

The Committee's objectives are to create a fair, equitable and competitive total reward package that supports the Group's vision and strategy; and to ensure that rewards are performance-based, encourage long-term shareholder value creation and are straightforward to communicate and operate.

Key responsibilities:

- Designing the remuneration policy.
- Implementing the remuneration policy.
- Ensuring the competitiveness of reward.
- Designing the incentive plans.
- Setting incentive targets and determining award levels.
- Overseeing all share awards across the Group.

The Committee meets at least three times a year.

ANNUAL STATEMENT

Introduction by Inken Braunschmidt, Chair of the Remuneration Committee

On behalf of the Board and the Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 December 2023. This is my first Remuneration report as Chair of the Committee, and I would like to start this Annual statement by thanking Aedamar Comiskey for her stewardship of the Committee since 2018, and her guidance over the recent months as we have transitioned this role.

As usual, this report is comprised of two parts, namely:

Part 1 – Remuneration policy report – which sets out the revised Directors' remuneration policy that will be put to shareholders for approval in a binding shareholder vote at the 2024 AGM; and

Part 2 – Annual report on remuneration – which sets out payments and awards made to the Directors, details the link between Company performance and remuneration for 2023, and explains how we intend the remuneration policy will operate for 2024. This part of the report will be put to an advisory vote at the 2024 AGM.

Work of the Committee during 2023

During 2023, the Committee undertook the following main activities, having due regard at all times to the broader performance context and the experience of the Group's key stakeholders:

- Assessing performance against the targets set for the 2022 annual bonus awards.
- Setting the targets for the 2023 annual bonus.
- Assessing performance against the targets set for the 2020 LTIP awards and determining vesting levels.
- Agreeing the award levels and performance targets for the 2023 LTIP awards.
- Approving the salary increases for the CEO and members of the Executive Committee.
- Agreeing the leaving arrangements for Duncan Kennedy and Karen Hayzen-Smith's package on appointment.
- Agreeing the Chairman's fee.
- Reviewing the Directors' remuneration policy.
- Consulting with major shareholders on the proposed policy and its implementation in 2024.

In discharging its responsibilities, the Committee seeks to ensure that its policy and practices remain consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

- Clarity – The proposed policy represents minimal change to our current policy, which is understood by our senior executive team and which we have sought to articulate clearly to our shareholders (both on an ongoing basis and during the recent shareholder consultation).
- Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.
- Risk – Our policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded. We do this via: (i) the balanced use of both short-term (annual) bonuses and longer-term incentive plans (LTIPs), which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.
- Predictability – Our incentive plans are subject to individual caps and clearly defined performance targets, with our share plans also subject to market standard dilution limits.
- Proportionality – There is a clear link between individual reward, delivery of strategy and the Group's long-term performance. In addition, the significant role played by incentive/"at-risk" pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- Alignment to culture – Our executive pay policies are aligned to culture through the use of metrics in both the annual bonus and LTIP that measure how we perform against our KPIs.

Pay and performance in 2023

James Fisher made further progress in its recovery and strategic transformation in 2023, with performance outcomes against our primary financial measures as follows:

- Underlying operating profit from continuing operations of £29.6m.
- Operating cash flow (as defined for incentive purposes) of £63.6m.
- Underlying diluted earnings per share of 11.4p.

Executive Directors' bonus potential for 2023 was capped at 100% of salary, with 75% based on meeting the Group's financial objectives and 25% based on achievement of strategic objectives. As set out on page 102, the formulaic achievement of the stretching targets set at the start of 2023 warranted a bonus payout of 35.9% of maximum. The Committee assessed this result in the context of the Group's underlying performance and concluded that it fairly reflected the significant contribution of each of our Executive Directors to the Group's ongoing recovery, as well as the progress against its transformation objectives (including its ESG roadmap). In this context, the Committee resolved not to exercise any discretion with respect to the formulaic 2023 bonus outcome.

Awards granted under the LTIP in 2021 are ordinarily eligible to vest in 2024, subject to the achievement of pre-defined 3-year performance targets. However, as a result of failing to hit the threshold level set for earnings per share (EPS) and total shareholder return (TSR), the 2021 LTIP awards will lapse in full. Neither Jean Vernet nor Karen Hayzen-Smith are participants in the 2021 LTIP award cycle, having joined the Group in 2022 and 2023, respectively.

Further details of the targets and achievement against them for the annual bonus and LTIP are set out on pages 102 to 103.

Finally, as set out in last year's Report the salary review for Executive Directors was delayed until later in 2023, at which point the Committee resolved to award an increase of 5% to the CEO (to £556,500 per annum), effective 1 July 2023. In doing so, the Committee took into account that this increase was lower (on an annualised basis) than those awarded to the wider workforce (5% from 1 January or, for higher earners, 5% delivered in two stages). Duncan Kennedy, having served notice in mid-July and prior to the delayed review process, was not eligible for a salary review in 2023.

Executive Director changes during the year

As announced in August 2023, Karen Hayzen-Smith was appointed as Chief Financial Officer and took up this position on 1 December 2023, at which point Duncan Kennedy stepped down from the Board. Mr Kennedy remains an employee of the Company to enable a smooth and effective transition of responsibilities. Details of the leaving arrangements for Mr Kennedy and Ms Hayzen-Smith's package on appointment – both of which are in line with our policy and normal remuneration practices – are set out on page 104.

2024 Directors' remuneration policy

During the year, and ahead of the requirement for this to be submitted for shareholder approval at the 2024 AGM, the Committee undertook a comprehensive review of the Directors' remuneration policy to ensure that it continues to support the business strategy, remains aligned with market practice and reflects the governance expectations of our shareholders. The Committee concluded that the policy remained broadly fit-for-purpose, but that some minor changes should be proposed to help ensure our remuneration policy supports the Group's ability through the current period of transformation to attract, motivate and retain talented contributors to future success.

Increase the maximum annual bonus opportunity from 100% to 125% of salary

The current incentive award limits – of 100% and 200% of salary under the annual bonus and LTIP respectively – have been unchanged for several policy cycles. As part of the review of policy, the Committee considered whether retaining the existing limits appropriately supported our philosophy of delivering a competitive, performance-oriented package reflective of the calibre, experience and performance of our Executive Directors. The Committee concluded that the LTIP award limit provided an appropriate level of flexibility (the headroom is currently not utilised fully), but that the annual bonus opportunity should be increased to 125% of salary. The Committee believes the change appropriately upweights the emphasis in the package on delivery of the Company's short-term financial and strategic priorities, while bringing the aggregate incentive opportunities for the CEO and CFO more into line with competitive norms for our key talent market of FTSE companies of comparable complexity and scale. The annual bonus will continue to be subject to the achievement of stretching financial and strategic targets aligned to our transformation programme and growth strategy.

Strengthen bonus deferral requirement to be one-third of any bonus earned in shares for two years

The current policy provides for bonus outcomes of up to 70% of salary to be payable in cash, with only the increment above this deferred into shares. Only in years of strong bonus pay-outs is any bonus therefore deferred under the current policy. To strengthen alignment between executives and shareholders, and support progress against the in-post shareholding guideline with which our Executive Directors are expected to comply over time, we have strengthened the deferral requirement to mandate the deferral of one-third of any bonus earned into shares for two years (such period being aligned with the LTIP post-vesting holding period and the timeframe of the post-exit share ownership requirement introduced in 2021). This change also further strengthens our ability to enforce existing malus and clawback provisions, if required.

Replace the reference to "personal objectives" in the bonus scorecard with "strategic objectives"

The current policy specifies that "a minority of the bonus is based on individual achievement and personal objectives". Currently 25% of the annual bonus is linked to non-financial objectives. For 2023, these included quantitative targets for a range of collective strategic objectives set for the wider senior leadership team, including employee engagement, health and safety, as well as other short-term business priorities aligned to the transformation plan. Updating the policy wording to reference "strategic objectives" better reflects how these measures are – and going forward will be – set, cascaded into the organisation and assessed.

Remove reference to the application of "stretch targets" for LTIP awards above 125% of salary

The Committee reviews and agrees the measures and targets for the LTIP awards ahead of each grant cycle. Consistent with our pay-for-performance philosophy, stretching targets are applied to all LTIP grants irrespective of the award opportunity, such that full vesting requires strong performance to be delivered across a range of different metrics. Since a consistent set of targets is applied to all participants in the LTIP to support alignment across the senior leadership team, the policy wording has been simplified to reflect our current custom and practice. The LTIP measures and targets for each new award cycle ordinarily will continue to be disclosed to shareholders on a prospective basis and details of the targets applying to the 2024 LTIP cycle are set out on page 109.

DIRECTORS' REMUNERATION REPORT CONT.

We wrote to shareholders representing c.80% of the Group's issued share capital to consult them about the proposed changes to the policy. We received responses and feedback from shareholders representing c.66% of issued share capital, which included strong support for the above proposed changes to the remuneration policy.

Whilst engaging with shareholders about the policy, we also informed them of the joining arrangements for Karen Hayzen-Smith (see page 104) and presented a proposal for how the policy would be implemented in 2024. In particular, shareholder feedback was invited on the proposal to introduce strategic targets to the LTIP scorecard, alongside the existing metrics of EPS, relative TSR and ROCE, to reinforce the medium-term priorities of the transformation programme and capture objectives linked to our ESG strategy. Shareholders expressed a range of views on the relative weighting of the LTIP measures, and consensus for the strategic targets to be robust, objective and quantifiable. Shareholders also noted an expectation for the Committee to avoid any overlap with the measures used in the annual bonus. The Committee was grateful for all the feedback received and we have sought to balance this input in the final design for the 2024 LTIP. This included reducing the weighting on strategic targets in the LTIP (to 20% from the 30% originally proposed), and upweighting ROCE and relative TSR to 25% each (from 15% and 20%, respectively); the balance of the scorecard (30%) will be linked to EPS. We also reconfirm our commitment that the strategic targets used in the LTIP will be robust and quantifiable, have a clear link to the strategy and future value creation and be sufficiently differentiated from those used in the bonus. The strategic measures applying to the 2024 LTIP grant will be gross margin, new product revenue and progress towards our net zero commitment. Further information on these measures and the targets is provided on page 109.

Wider workforce remuneration and engagement

In common with most businesses, James Fisher is dependent on the capability and commitment of its employees. We value our employees highly and the Committee receives regular updates from the management team on broader workforce matters. In addition to remuneration decisions, these related to health and safety, employee wellbeing and following up on the results of our annual engagement survey.

As the designated Non-Executive Director for employee engagement until December 2023, I also participated in a number of engagement activities during the year to meet directly with employees. During the year, members of the Committee also engaged with employees on a number of matters (more detail on page 37), including while attending offsite engagement sessions. Any feedback on remuneration received through this and other engagement channels is presented to, and discussed by, the Committee at its next meeting; and informs decision-making at both a Group and business level. In keeping with our stated commitment, we also progressed the harmonisation of our pension benefits for UK colleagues. Benefits were previously determined by each business unit for its workforce, but standardising our offering across the Group supports our principle of consistency and alignment, including with the benefits provided at an executive level. Whilst we did not engage directly with employees on the new Directors' remuneration policy, topics discussed at the employee engagement working group included performance feedback and the Group's commitment to personal development, along with Group financial and strategic progress. In the UK, we also enable employees to become shareholders through participation in the Sharesave, affording them the same voting rights as other shareholders in relation to resolutions for approval at the AGM; this includes the resolutions to approve the Directors' remuneration policy, as well as its implementation annually.

2024 remuneration

A summary of the proposed application of the remuneration policy for 2024 is set out below:

- **Salary:** Jean Vernet's salary was increased to £573,195 effective 1 January 2024 (a 3% increase, slightly below the average increase for the UK workforce of 3.5%). This differentiation was considered to be appropriate given the prevailing inflationary environment and the desire to focus the available pay budget on supporting lower-paid colleagues. Karen Hayzen-Smith's salary remains at the level set on appointment (£370,000).
- **Pension:** no change to the pension contributions received by the Executive Directors, which at 7.5% of salary are in line with the maximum pension contribution available to other UK employees.
- **Annual bonus:** this will continue to be based 50% on underlying operating profit, 25% on operating cash flow, and 25% on strategic objectives. Subject to approval of the new remuneration policy at the AGM, the maximum bonus opportunity for 2024 will be 125% of salary for the Executive Directors, with one-third of any bonus payable to be deferred into shares for two years.
- **LTIP:** awards will be made at 175% of salary for Jean Vernet and 150% of salary for Karen Hayzen-Smith. Awards will be based 30% on 3-year cumulative EPS, 25% on relative TSR; 25% on Return on Capital Employed (ROCE) and the remaining 20% on strategic objectives. Details of the specific targets to apply are set out on page 109.
- **NED fees:** the fees payable to the Chairman and Non-Executive Directors are unchanged from 2023 levels, other than the introduction of an additional fee of £5,000 per annum for acting as Non-Executive Director for Employee Engagement.

The Committee is grateful for the strong shareholder support at the 2023 AGM for the advisory resolution to approve the Annual statement and Annual report on remuneration, and for the engagement and feedback received during the consultation process of the new remuneration policy. We remain committed to effective and regular engagement with our shareholders in relation to remuneration, and hope that we can count on your continued support.

I hope you will join me in supporting the remuneration-related resolutions at the AGM on 30 May 2024.

Inken Braunschmidt
Chair of the Remuneration Committee

16 April 2024

REMUNERATION POLICY REPORT

Overview of Directors' remuneration policy

James Fisher and Sons plc operates in a competitive international environment. To continue to compete successfully, the Committee considers that it is essential that the level and structure of remuneration and benefits achieve the objective of attracting, retaining, motivating and rewarding the necessary high calibre individuals at all levels of the business. The Company therefore sets out to provide competitive remuneration to all of its employees, appropriate to the business environment in those countries in which it operates.

The remuneration policy, as a significant contributor to competitive advantage, is designed to support the Company's corporate strategy, and to align with the Company's valued behaviours of pioneering spirit, integrity, energy and resilience.

A cohesive reward structure with a timely pay review process, consistently applied to all employees and with links to corporate performance, is seen as critical in ensuring all employees can associate with, and are focused on, the attainment of the Company's strategic goals. Accordingly, the remuneration package for the Executive Directors is reviewed annually. Where an Executive Director's responsibilities change during the course of a year, the Committee will consider whether a review is appropriate, outside of the annual process.

Executive remuneration reviews are based upon the following principles:

- Total rewards should be set at appropriate levels to reflect the competitive market in which the Company operates, and to provide a fair and attractive remuneration package.
- Reward elements should be designed to reinforce the link between performance and reward. The majority of the total remuneration package should be linked to the achievement of appropriate performance targets that promote long-term value creation through transparent alignment with our corporate strategy.
- Executive Directors' incentives should be aligned with the interests of shareholders. This is achieved through setting performance targets to reward an increase in shareholder value and through the Committee's policy to encourage share ownership by Executive Directors.

How the Directors' remuneration policy relates to the wider Group

The remuneration policy set out within this report provides an overview of the structure that operates for the Executive Directors in the Group. Employees below Executive Director level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Participation in long-term incentives is reserved for those judged as having the greatest potential to influence the Group's delivery of strategy and Group performance. The Committee considers pay and conditions across the workforce when reviewing and setting the Executive Director remuneration policy. During 2023, members of the Committee engaged with employees on a number of matters (more detail on page 37), including while attending offsite engagement sessions. Any feedback on remuneration received through this and other engagement channels (such as our new Engage platform) is presented to, and discussed by, the Committee at its next meeting; and informs decision-making at both a Group and business level.

How shareholders' views are taken into account

The Committee takes an active interest in stakeholder views on our executive remuneration policy and its operation, and is particularly mindful of the perspectives of shareholders.

At the 2021 AGM, the previous remuneration policy was supported by a significant majority of shareholders and similarly high levels of support were received for the advisory votes to approve the Annual report on remuneration at the AGMs in 2022 and 2023. In advance of the 2024 AGM, the Committee has consulted with the Company's major shareholders in relation to the proposed changes to the remuneration policy. As set out in further detail in the Annual statement prefacing this Report, the significant majority of feedback received was supportive of our proposals.

Directors' remuneration policy

The following pages set out the remuneration policy to be approved by shareholders at the 2024 AGM. It is intended that the policy will apply for three years from the date of approval. The main changes from the remuneration policy approved by shareholders at the 2021 AGM are as follow:

- Increasing the maximum annual bonus opportunity, from 100% to 125% of salary, and strengthening the parameters for bonus deferral to require one-third of any bonus earned to be deferred in shares for two years.
- Replacing reference in the bonus scorecard to individual achievement and personal objectives, with strategic objectives, to more accurately reflect the nature of the metrics incorporated in this element.
- Removing reference to the application of stretch targets for LTIP awards above 125% of salary to be consistent with our reward philosophy that stretching targets should be set for all LTIP grants, irrespective of award opportunity.

Other minor amendments have been made to the drafting of this policy, including to update: (i) the data used in the pay-for-performance scenarios; (ii) page references; and (iii) the sections on Executive Director service contracts and Non-Executive Director letters of appointment, to reflect changes in Board composition in 2023.

DIRECTORS' REMUNERATION REPORT CONT.

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
Salary	Designed to attract to the Board, retain, motivate and reward the necessary high calibre individuals.	Salaries are a fixed annual sum and payable monthly in cash. Salaries are reviewed each year, recognising the individual's performance and experience, developments in the relevant employment market and having regard to the Group's performance as well as comparing each Executive Director's salary to market data.	No prescribed maximum salary or salary increase. Salaries are set for each Executive Director within a range around the market median for similar positions in appropriate comparator companies. The Committee is also guided by the general increase for the employee population although increases may be higher or lower than this to recognise, for example, an increase in the scale, scope or responsibility of an individual and/or performance.	Not applicable.
Pension	To offer competitive retirement benefits.	Executive Directors are eligible to join the Group's defined contribution scheme, receive a Company contribution into a personal pension scheme or be paid a cash supplement in lieu of pension.	Up to 7.5% of salary (in line with the contribution level available to the UK workforce).	Not applicable.
Benefits	To offer competitive benefits.	Provision of a company car or cash alternative, life assurance and healthcare insurance. Other benefits may be provided where appropriate. These benefits do not form part of pensionable earnings.	No prescribed maximum.	Not applicable.
Annual bonus	To incentivise and reward the Executive Directors to deliver annual financial and operational targets.	Payable on the achievement of financial and strategic objectives. Non-pensionable. One-third of any bonus paid will be deferred into shares, with deferred share awards vesting after two years. Dividend equivalent payments may be awarded (in cash or shares) on deferred shares that vest. Malus and clawback provisions operate.	Up to 125% of salary.	The majority of the bonus potential is based on financial targets derived from the annual plan; the balance of the bonus potential is based on strategic objectives.

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
LTIP	To align the interests of the Executive Directors with the Group's long-term performance, strategy and the interests of shareholders.	Annual grant of conditional share awards. Non-pensionable. A two-year post-vesting holding period applies to awards granted to Executive Directors. Dividend equivalents may be awarded (in cash or shares) on shares that vest. Malus and clawback provisions operate.	Up to 200% of salary.	Sliding scale targets linked to financial, share price and/or strategic metrics. No more than 25% of an award vests at threshold, increasing to 100% vesting at maximum.
Share ownership	To ensure alignment between the interests of Executive Directors and shareholders.	Executive Directors are required to retain half of the shares vesting after tax under the LTIP and deferred bonus until the guidelines are met. Post-cessation guidelines apply. In determining the relevant number of shares to be retained post-cessation, shares acquired from own purchases will not be counted.	**In Employment:** 200% of salary for all Executive Directors. **Post-cessation:** 100% of the "in employment" requirement, until the second anniversary of cessation (or the actual shareholding if the guideline has not been met at cessation).	Not applicable.
Sharesave	To encourage share ownership and align the interests of all employees and shareholders.	An all-employee share plan.	As per prevailing HMRC limits.	Not applicable.
Non-Executive Directors	To provide fees that reflect the time commitment and responsibilities of each role in line with those provided by similarly sized companies.	Fixed annual fee, paid quarterly in cash. Normally reviewed annually. The Committee determines the Chairman's fees. The Chairman and Executive Directors determine fees for the other Non-Executive Directors.	No prescribed maximum fee or fee increase, although fees are limited by the Company's Articles of Association. Fee levels are guided by market rates, time commitments and responsibility levels.	Not applicable.

Notes:
(1) The choice of the performance metrics applicable to the annual bonus reflects the Committee's belief that any incentive targets should be appropriately challenging and tied to the delivery of both financial and strategic objectives.
(2) LTIP performance conditions are selected based on the delivery of long-term returns to shareholders and the Group's financial growth and are consistent with the Company's strategy. Where operated: (i) TSR performance is monitored by an independent advisor; and (ii) EPS and ROCE are derived from the audited financial statements.
(3) The Committee operates its share plans in accordance with the plan rules and the Listing Rules. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans (e.g. treatment of awards for leavers or on a change of control and/or adjustments to performance targets).
(4) The Committee retains the right to exercise discretion to override formulaic outcomes and ensure that the level of bonus or LTIP awards payable is appropriate. It may use its discretion to adjust outcomes to ensure that any payments made reflect overall Company performance and stakeholder experiences more generally. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant Directors' remuneration report.
(5) Consistent with HMRC legislation, the all-employee share plan does not have performance conditions.
(6) In approving the Directors' remuneration policy, authority is given to the Company to honour any past commitments entered into with current or former Directors (including the vesting of share awards granted in the past).

DIRECTORS' REMUNERATION REPORT CONT.

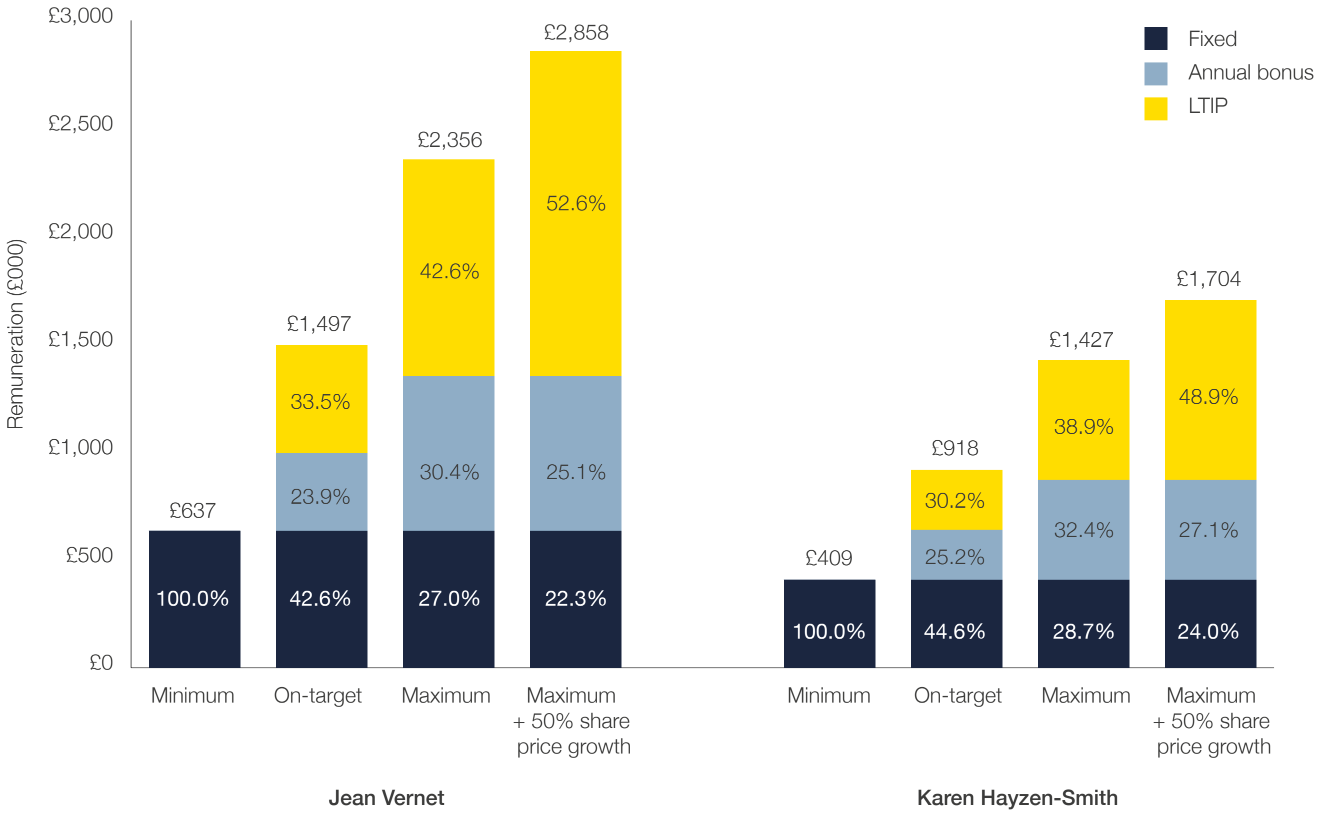
Malus and clawback provisions

Malus and clawback provisions operate in respect of the annual bonus (cash and deferred shares) and LTIP awards, with Committee discretion to apply them in the event of a material misstatement in the Company's financial results, miscalculation, serious reputational damage to the Company, in the event it is discovered that the participant committed serious misconduct that could have warranted summary dismissal, or a corporate failure/ insolvency.

The Committee may decide to operate the malus and clawback provisions within a three-year period commencing on the date that the cash part of any annual bonus is paid (for cash and deferred share bonus awards), and prior to the third anniversary of any LTIP vesting date.

Scenario charts, 2024 remuneration

The charts below illustrate the potential value of the 2024 packages for the Executive Directors (see page 109 for further detail), assuming: nil bonus payout and nil vesting for the LTIP in the "minimum" scenario; and a 50% bonus payout and 50% LTIP vesting in the "on-target" scenario.



Approach to recruitment

New Executive Directors will be appointed on remuneration packages with the same structure and elements set out in the Directors' remuneration policy table. Ongoing incentive pay/share-based awards will be limited to:

- Maximum annual bonus of 125% of salary.
- LTIP award of up to 200% of salary.

For external appointments, the Committee may offer additional cash or share-based elements to replace deferred or incentive pay forfeited by an executive when leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. Shareholders will be informed of any such payments as soon as practicable following the appointment.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity if these remain outside of Policy limits.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and incidental expenses as appropriate.

Loss of office

In relation to Executive Directors leaving the Company, the Committee is committed to applying a consistent and equitable approach to ensure the Company is fair and appropriate, but pays no more than necessary. The loss of office policy is in line with market practice and will be dependent on whether the individual is deemed a "good leaver" or "bad leaver". The "good leaver" policy includes:

- Payment in lieu of notice equal to one year's basic salary or, if termination is part way through the notice period, the amount of salary relating to any unexpired notice to the date of termination. There is an obligation on Directors to mitigate any loss which they may suffer if the Company terminates their service contract.
- Bonus payments for the period worked may be made, subject to the original performance targets, at the discretion of the Committee. Any such payments would be made on the normal payment date.
- Vesting of share scheme awards is not automatic and the Committee retains the discretion to prevent awards from lapsing depending on the circumstances of the departure and the best interests of the Company. For a "good leaver": (i) deferred bonus awards will normally vest in full at the normal vesting date (although may vest earlier, including at cessation); and (ii) LTIP awards will normally vest at the normal vesting date (although may vest earlier, including at cessation) subject to performance against the performance targets and LTIP awards will normally be pro-rated for time.
- The "good leaver" reasons are death, injury, illness or disability, redundancy, retirement, transfer of business resulting in cessation of the individual's employment and any other reason at the Committee's discretion.
- Executive Directors will also be entitled to a payment in respect of accrued but untaken annual holiday entitlements on termination.
- Legal fees and outplacement support may be paid by the Company where appropriate.

No compensation is paid for summary dismissal, save for any statutory entitlements.

Service contracts

It is the Board's policy that Executive Directors are employed on contracts subject to no more than 12 months' notice from either side. The Board recognises however that it may be necessary in the case of new executive appointments to offer an initial longer notice period, which would subsequently reduce to 12 months after the expiry of the initial period. The service agreements do not have a fixed term. If it becomes necessary to consider termination of a service contract, the Committee will have regard to all the circumstances of the case, including mitigation, when determining any compensation to be paid. Details of the current service contracts are as follows:

	Contract date	Notice period
Jean Vernet	5 September 2022	12 months
Karen Hayzen-Smith	1 December 2023	12 months

The Executive Directors are permitted to serve as non-executive directors of other companies, provided the appointment is first approved by the Board. Directors are allowed to retain their fees from such appointments. During 2023, the Executive Directors held no external appointments.

Non-Executive Directors do not have service contracts but have a letter of appointment setting out their terms and conditions. Non-Executive Directors are appointed each year for up to 12 months (subject to re-election at the AGM) and are entitled to one month's prior written notice of early termination for which no compensation is payable. Details of the letters for the currently appointed Non-Executive Directors are set out below:

	Date of appointment	Date of (re-) election
Angus Cockburn	1 May 2021	14 June 2023
Justin Atkinson	1 February 2018	14 June 2023
Inken Braunschmidt	1 March 2019	14 June 2023
Aedamar Comiskey(1)	1 November 2014	14 June 2023
Kash Pandya	1 November 2021	14 June 2023
Claire Hawkings	1 January 2022	14 June 2023
Shian Jastram	1 March 2024	n/a

(1) Aedamar Comiskey will retire from the Board at the conclusion of the 2024 AGM.

DIRECTORS' REMUNERATION REPORT CONT.

ANNUAL REPORT ON REMUNERATION

Remuneration Committee

The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided.

They have no conflicts of interest arising from cross-directorships with the Executive Directors, nor from being involved in the day-to-day business of the Company.

The Committee operates under clear written terms of reference and confirms that its constitution and operation comply with the applicable provisions of the UK Corporate Governance Code (the Code) prevailing at the date this report is signed, in relation to the Directors' remuneration policy and pay practices, and that it has applied the Code throughout the year.

The Committee's terms of reference include:

- To determine and agree with the Board the framework and policy for Executive Directors and senior managers.
- To review the appropriateness and relevance of the remuneration policy.
- To agree the measures and targets for any performance-related bonus and share schemes of the Executive Directors.
- To determine within the terms of the policy the total individual remuneration package of the Executive Directors and selected senior management immediately below Board.
- To review senior management pay and workforce remuneration policies and practice.

The Committee consults the Chief Executive Officer and invites him to attend meetings when appropriate. The Chief Human Resources Officer and Ellason LLP, the Committee's independent adviser, attend meetings of the Committee by invitation. The Committee also has access to advice from the Chief Financial Officer. The Company Secretary acts as secretary to the Committee. No Director or other attendee is present when his or her own remuneration is being determined.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. Following a competitive tender, the Committee appointed Ellason LLP (Ellason) as its principal external adviser from August 2021.

The Committee is satisfied that Ellason provided independent remuneration advice to the Committee during 2023, taking into account in this determination that Ellason reports directly to the Committee Chair, does not have any other connections with the Company that may impair independence and that Ellason is a member and signatory of, and adheres to, the Code of Conduct for Remuneration Consultants. Details of this Code of Conduct can be found at www.remunerationconsultantsgroup.com.

During 2023, Ellason provided independent advice on remuneration matters including supporting on the review of the Directors' remuneration policy and providing guidance on external market practice, as well as other matters within the Committee's remit. Ellason provides no services to the Company other than in respect of its role as appointed independent adviser to the Committee. The fees paid to Ellason in respect of work carried out for the Committee in the year under review were charged on a time and materials basis and totalled £94,236.

Total remuneration of the Executive Directors (audited)

	Jean Vernet(1)		Karen Hayzen-Smith(2)		Duncan Kennedy(2)	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Salary(3)	**543**	173	**31**	–	**321**	350
Benefits(4)	**66**	44	**1**	–	**10**	11
Pension(5)	**41**	13	**2**	–	**36**	16
Bonus in cash	**195**	–	**11**	–	**115**	–
Bonus in deferred shares	**–**	–	**–**	–	**–**	–
Total short-term remuneration	**845**	230	**45**	–	**482**	377
LTIP	**n/a**	n/a	**n/a**	–	**–**	n/a
Other(7)	**–**	400	**–**	–	**–**	–
Total remuneration	**845**	630	**45**	–	**482**	377
Total fixed remuneration	**650**	230	**34**	–	**367**	377
Total variable remuneration	**195**	400	**11**	–	**115**	–

(1) The amounts disclosed in relation to 2022 reflect the period from his appointment to the Board on 5 September 2022 to 31 December 2022.
(2) The amounts disclosed in relation to 2023 reflect the period:
(i) For Karen Hayzen-Smith, from her appointment to the Board on 1 December 2023 to 31 December 2023; and
(ii) For Duncan Kennedy, from 1 January 2022 until he stepped down from the Board on 1 December 2023. Further details on his leaving arrangements can be found on page 104.
(3) As set out in last year's Annual Report, the Committee delayed the review of Executive Director salaries until later in 2023, to align with the second of a two-phase salary review process adopted by the Company for other employees earning a salary above £70,000. Jean Vernet's salary was increased from £530,000 to £556,500, effective 1 July 2023. This results in an annualised increase of 2.5% compared to 5% for other employees.
(4) The amounts disclosed in 2023 include a cash allowance in lieu of car and medical insurance. For Jean Vernet, the figure also includes: c.£43k (2022: £38k) in reimbursed expenses in relation to his relocation to the UK, as described in last year's Report; and £2k (2022: £nil) reflecting the embedded gain at grant on his 2023 Sharesave award.
(5) Pension contributions may be paid into personal pension plans, the Company pension scheme or taken as a separate cash allowance, subject to income tax. For Duncan Kennedy, the amount reported in 2023 includes a lump sum payment (of c.£13k) to correct an underpayment of pension contributions over the period from Mr Kennedy's appointment in May 2021 to 31 December 2022. There was no change to Mr Kennedy's pension contribution for 2023.
(6) The 2021 LTIP is expected to lapse. Jean Vernet and Karen Hayzen-Smith were not participants in the 2021 LTIP award cycle.
(7) This relates to a one-off restricted share award granted to Jean Vernet on his appointment, in connection with share awards forgone on leaving his previous employer. Further details are set out in last year's Remuneration Report, and on page 103 of this Report.

DIRECTORS' REMUNERATION REPORT CONT.

Annual Bonus awards for 2023 (audited)

The maximum annual bonus for Executive Directors was 100% of salary, with 75% based on financial objectives (Note 1 below) and 25% based on strategic objectives (Note 2 below). Bonus payments of up to 70% of maximum are paid in cash and any balance is awarded in shares and deferred for three years (with dividend equivalents accruing and malus and clawback provisions applying). The measures and targets applying for the bonus in 2023 are set out below:

Note 1 – Financial objectives (75% of maximum):

Performance measure	Performance target	Assessment against targets
Underlying operating profit (50%)	Minimum threshold £28.7m Maximum £32.2m	Threshold starts at 0% and increases on a straight-line sliding scale to 100% of this element of the bonus at Maximum.
Actual performance	£29.6m	25.7% of this part of the bonus was paid out.
Operating cash flow (25%)	Minimum threshold £61.2m Maximum £66.9m	Threshold starts at 0% and increases on a straight-line sliding scale to 100% of this element of the bonus at Maximum.
Actual performance	£63.6m	42.1% of this part of the bonus was paid out.

Note 2 – Strategic objectives (25% of maximum):

Objective focus	Weighting	Target	Actual	Outcome
Forecasting	5%	Group revenue +/- 2% vs. budget; and	+3%	0.0%
		Gross margin +/- 1 pp vs. budget	-0.2 pp	2.5%
Cash management	5%	Meet stretch targets for DSO:		
		77 days at half year	HY: 70	2.5%
		65 days at full year	FY: 65	2.5%
Financial resilience	5%	Refinancing in place at market rate; maintain covenant compliance; and ensure sufficient liquidity headroom	Met	5.0%
Health & safety	5%	10% improvement in TRCF vs. 2022 (to 2.39 or better)	3.42	0.0%
Employee engagement	5%	Improvement in Group engagement score to 3.95; and	3.86	0.0%
		response rate increased to 85%	83%	0.0%
Total				12.5% out of 25.0%

Based on performance against the targets set out above and following an assessment by the Committee of the overall performance of the Group and Executive Directors during the year, the following bonuses were approved by the Committee:

Executive Director	Maximum opportunity (% salary)	Actual bonus (% salary)	Actual bonus (£000)
Jean Vernet	100%	35.9%	195
Karen-Hayzen Smith(1)	100%	35.9%	11
Duncan Kennedy(2)	100%	35.9%	115

(1) Karen-Hayzen Smith joined the Company on 1 December 2023 and was eligible for a bonus for the period 1 to 31 December 2023; and
(2) Duncan Kennedy stepped down from the Board with effect from 1 December 2023 and remains an employee of the Company. The amount shown above relates to the bonus payable in respect of his services as an Executive Director (1 January to 30 November 2023).

In approving the above bonuses for 2023, the Committee reviewed the formulaic outcomes in the context of the underlying performance of the business, including progress on other non-financial priorities such as the Group's ESG roadmap. The Committee was satisfied that the formulaic outcome was in line with this broader perspective, in particular the outcome under the operating cash flow measure which, notwithstanding cash outflows during the year, reflected responsible management actions and improved receivables. Therefore, the Committee determined not to make a discretionary adjustment (upward or downward).

As the actual bonus paid was below 70% of maximum, consistent with the Directors' remuneration policy approved in 2021 the bonuses were paid in cash.

Vesting of 2021 LTIP awards (audited)

LTIP awards granted in 2021 were due to vest in 2024 subject to the achievement of defined EPS and TSR performance targets. EPS is measured over the three-year period ended 31 December 2023, while TSR is measured over the three-year period from 6 April 2021.

The EPS performance condition (70% of the award) comprises a sliding scale, under which 25% of this part of an award vests for growth of underlying diluted earnings per share of 25% over the three-year performance period, increasing pro-rata to full vesting for growth of at least 67%.

			EPS Growth			
Performance target	Base EPS	EPS in 2023	Actual	Threshold	Maximum	Vesting %
Underlying diluted EPS	47.9p	11.4p	(76.2%)	25%	67%	0%

The TSR performance condition (30% of the award) also comprises a sliding scale, under which 25% of this part of an award vests for median TSR increasing pro-rata to full vesting for upper quartile TSR, measured against the constituents of the FTSE 250 excluding investment trusts.

Performance target	Performance period	Threshold Median TSR	Maximum UQ TSR	James Fisher TSR	Vesting %
Relative TSR	6 April 2021-5 April 2024	(9.1%)	20.7%	(73.8%)	0%

Based on EPS and TSR performance over the 3-year performance period, the 2021 LTIP awards will lapse in full.

Neither Jean Vernet nor Karen Hayzen-Smith were participants in the 2021 LTIP award cycle. However, Eoghan O'Lionaird and Duncan Kennedy (both former Directors) retained interests in the 2021 LTIP cycle, which will lapse in full.

Vesting of 2022 Recruitment award (audited)

As noted in last year's report, Jean Vernet was granted a one-time award of restricted shares to compensate him for share awards forfeited on leaving his former employer. 50% of the shares vested on 21 September 2023 (as set out in the table below), with the remaining 50% due to vest on 13 September 2024, subject to Mr Vernet continuing to be employed by the Group and not being under notice of termination of employment as at the vesting date.

	Award date	Number of shares granted	Number of shares vested in the year	Market value at grant(1)	Market value at vest	Vesting date	Balance unvested
Jean Vernet	13 September 2022	135,516	67,758	295.2p	347.0p	21 September 2023	67,758

(1) The share price at date of award was based on the three-day average closing price from 8 September 2022 to 12 September 2022.

LTIP awards granted in 2023 (audited)

	Award date	Proportion of salary	Maximum shares awarded	Face value at date of grant(1)
Jean Vernet	8 June 2023	175%	246,021	£927.5k
Duncan Kennedy	8 June 2023	125%	116,047	£437.5k

(1) The share price at date of award was based on the five-day average closing price from 1 June 2023 to 7 June 2023, of 377 pence.

Vesting of the 2023 LTIP award (granted in the form of a conditional share award) is subject to achievement of performance targets over a three-year period. 50% of the award is based on EPS targets, 30% based on TSR targets and 20% of the award based on return on capital employed (ROCE):

- None of the EPS element of the 2023 LTIP shall vest if EPS for the 2025 financial year is less than 50 pence. 25% of the EPS element shall vest if 2025 EPS is 50 pence, rising on a straight-line sliding scale to 100% vesting of this element if 2025 EPS is at least 62 pence.
- The TSR element of the award is subject to the Company's TSR performance relative to the FTSE 250 index excluding investment trusts, over the three-year period from 6 April 2023. If at the end of the period the Company ranks in the upper quartile, all of the TSR element of the award will vest. If the ranking is below median, none of the TSR element of the award will vest. 25% of the TSR part of the award will vest for performance at median, with a straight-line sliding scale between median and upper quartile.
- None of the ROCE element of the 2023 LTIP shall vest if ROCE for 2025 is less than 10%; 25% shall vest if 2025 ROCE is 10%, rising on a straight-line sliding scale to 100% vesting if 2025 ROCE is at least 13%.

The Committee retains discretion to adjust the awards on vesting to ensure that all relevant factors are taken into account, including the assessment of any windfall gains. In line with the remuneration policy, a two-year post-vesting holding period applies to these awards.

Deferred bonus awards granted in 2023 in respect of 2022 annual bonus (audited)

No deferred bonus awards were granted in 2023 in respect of the 2022 annual bonus as a result of no bonus being payable.

DIRECTORS' REMUNERATION REPORT CONT.

Appointment of new Chief Financial Officer

Karen Hayzen-Smith joined the Board as Chief Financial Officer on 1 December 2023. Her salary was set at £370,000. She was eligible for a pro-rata bonus for the period worked in 2023 (with a maximum bonus of 100% of her pro-rated salary) and her annual LTIP award level was set at 150% of salary (with the first award being made in 2024). These award opportunities are within the maximum limits permissible under the 2021 Directors' remuneration policy and, together with salary, were set at a level to facilitate the recruitment of an individual with Ms Hayzen-Smith's experience in the energy and defence sectors and strong background in financial strategy and leadership. The relative opportunities under the bonus and LTIP are further considered to provide an appropriate balance between fixed and variable pay in Ms Hayzen-Smith's remuneration package (and, within the variable component, between short- and long-term performance). Subject to approval of the 2024 Directors' remuneration policy at the AGM, her annual bonus opportunity for 2024 onwards will increase to 125% of salary.

In addition, to replace certain interests Ms Hayzen-Smith forfeited on joining the Company, the Committee resolved to make an LTIP award worth 50% of annualised salary (structured as a conditional award of shares) to Ms Hayzen-Smith shortly after she joined the Group. This award was made on 19 December 2023, as follows:

Recruitment award granted in 2023 (audited)

	Award date	Basis on which award made	Maximum shares awarded	Face value at date of grant(1)
Karen Hayzen-Smith	19 December 2023	LTIP	62,358	£185k

(1) The share price at date of award was based on the three-day average closing price from 14 December 2023 to 18 December 2023, of 296.67 pence.

No consideration was paid for the grant of the award. The award will vest on 19 December 2026 subject to the satisfaction of the performance conditions set by the Remuneration Committee which are consistent with those attaching to the 2023 LTIP award as set out on page 103. The grant value and vesting period of the buyout LTIP award was determined taking into account the value and time period for the incentive arrangements forfeited by Ms Hayzen-Smith, and replicating these to the extent possible. The value of this award will be disclosed in the year of vesting, in line with UK remuneration reporting requirements.

Payments for loss of office (audited)

Duncan Kennedy stepped down from the Board on 1 December 2023 and will remain an employee for the duration of his notice period to support the Company. Details of the arrangements in respect of remuneration are as follows:

- Contractual entitlement to salary (based on an annual salary of £350,000), pension and benefits which will continue until the end of his notice period (17 July 2024) or such earlier date as may be agreed with the Company.
- In respect of outstanding incentive awards, Mr Kennedy remained eligible to receive a bonus in respect of the 2023 financial year. Unvested LTIP awards will vest on their normal vesting dates, subject to time pro-rating and performance conditions. The two-year post-vesting holding period will apply as normal. Dividend equivalents may be credited to the extent that awards vest. Mr Kennedy's 2021 LTIP award is expected to lapse due to the minimum performance targets not being achieved. His 2022 and 2023 LTIP awards remain outstanding.
- Mr Kennedy's outstanding option under the Company's Sharesave plan will lapse with effect from the date his employment ends.
- Mr Kennedy is eligible to receive a contribution of £2,000 (excluding VAT) in respect of legal fees and up to £50,000 (excluding VAT) in respect of outplacement support.

For the period 1 December 2023 to 31 December 2023, Mr Kennedy received remuneration of £42,580 (comprising contractual fixed pay for the period and pro-rated bonus opportunity for the period). All other remuneration paid to Mr Kennedy in respect of 2023 is set out in the Total remuneration of the Executive Directors table on page 101.

Payments to former Directors (audited)

As previously disclosed, Eoghan O'Lionaird stepped down from the Board of the Company with effect from 5 September 2022. As set out in the 2022 Directors' remuneration report, he continued to receive his contractual entitlement to salary and benefits during a period of garden leave that ended on 19 February 2023. The contractual entitlement paid to Mr O'Lionaird in respect of the 2023 period was £78,812. Mr O'Lionaird retains an interest in his 2021 LTIP award (which, based on performance, is expected to lapse in full). His 2022 LTIP award remains outstanding.

Stuart Kilpatrick stepped down from the Board of the Company with effect from 29 April 2021 and had a retained interest in the 2020 LTIP. This award lapsed in full in April 2023. Mr Kilpatrick has no further outstanding incentive awards with the Company.

CEO pay ratio (unaudited)

The table shows how the CEO's single figure remuneration for 2023 compares to the equivalent single figure remuneration for full-time equivalent UK employees as at 31 December, ranked at the 25th, 50th and 75th percentile (and how this ratio has evolved since 2019):

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	25:1	17:1	11:1
2022	Option A	35:1	25:1	16:1
2021	Option A	22:1	16:1	10:1
2020	Option A	19:1	14:1	9:1
2019	Option A	28:1	19:1	13:1

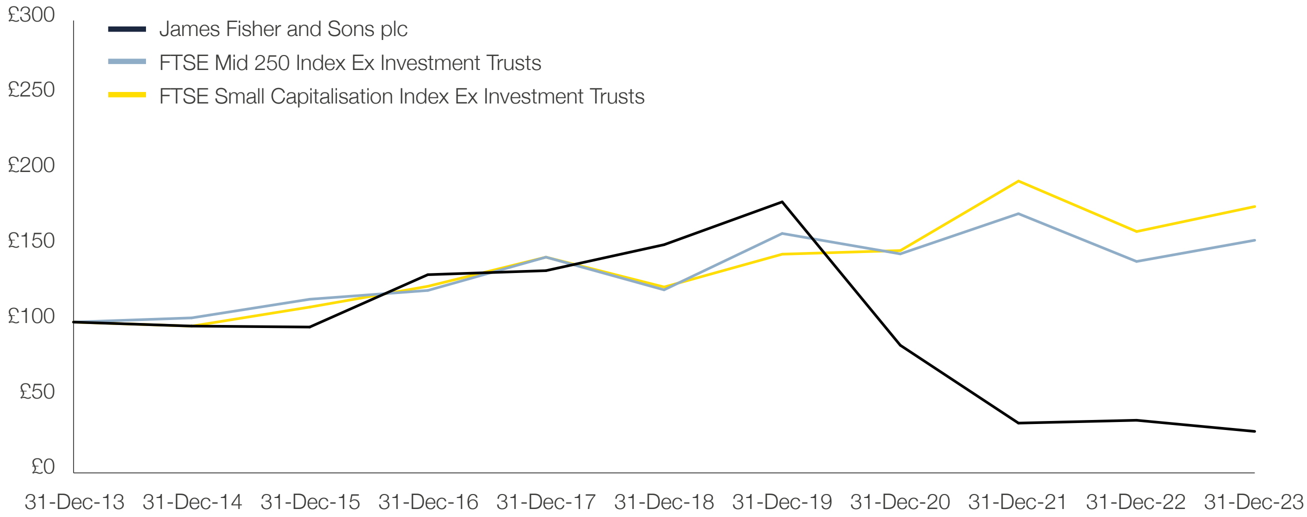
	Salary			Total pay and benefits		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2023	£29,400	£43,054	£55,824	£34,256	£50,165	£77,385
2022	£26,500	£36,050	£54,590	£29,682	£41,852	£65,557
2021	£25,000	£34,000	£50,000	£27,770	£37,120	£59,280
2020	£24,000	£33,127	£50,000	£27,000	£37,500	£58,963
2019	£24,480	£34,150	£52,000	£25,459	£36,541	£55,240

The Committee monitors the trend in CEO pay ratio and will continue to keep this under review, in particular the impact of future incentive payouts. It is expected that the vesting of any LTIP award would be reflected in a higher ratio, due to the relative upweighting of variable remuneration in the CEO's package, compared with market competitive norms for the wider UK workforce (and consistent with our pay practices and policies). However, this will take time to normalise, with the first LTIP award made to Jean Vernet (in early 2023) not due to vest until 2026.

Aligning pay with performance (unaudited)

The following graph shows the value, to 31 December 2023, of £100 invested in the Company on 31 December 2013, compared with the value of £100 invested in the FTSE 250 and FTSE SmallCap indices (excluding investment trusts) on the same date. The other points plotted are the values at intervening financial year-ends.

Growth in the value of £100 holding over 10 years



DIRECTORS' REMUNERATION REPORT CONT.

Remuneration of CEO compared with growth in underlying diluted earnings per share

	Nick Henry						Eoghan O'Lionaird				Jean Vernet	
	2014	2015	2016	2017	2018	2019	2019	2020[1]	2021	2022	2022[2]	**2023**
Annual change – underlying diluted EPS (pence)	13%	(7)%	11%	7%	14%	4%	4%	(52)%	(58)%	(186)%	(186)%	**(49%)**
Salary, pensions and benefits (£000)	471	492	492	512	526	421	189	522	598	405	230	**650**
Annual performance bonus (£000)	287	97	429	392	448	35	–	–	–	–	–	**195**
Short-term remuneration (£000)	758	589	921	904	1,010	456	189	522	598	405	230	**845**
Share schemes (£000)	728	318	183	109	889	418	–	–	–	–	400	**–**
CEO total remuneration (£000)	1,486	907	1,104	1,013	1,899	874	189	522	598	405	630	**845**
Actual bonus as a percentage of maximum	100%	23%	100%	88%	91%	17%	–	–	–	–	–	**36%**
LTIP vesting as a percentage of maximum	100%	100%	47%	15%	100%	59%	n/a	n/a	n/a	–	n/a	**n/a**
ESOS vesting as a percentage of maximum	100%	–	45%	–	–	–	n/a	n/a	n/a	n/a	n/a	**n/a**

(1) As part of the measures implemented by the Company at the start of the COVID pandemic, Eoghan O'Lionaird's 2020 salary (£530,000) was reduced by 50% for three months from 1 April 2020, and not repaid.

(2) The share schemes figure for Jean Vernet relates to the restricted share award granted to him on 13 September 2022 in compensation for the value of incentive awards forfeited by him on leaving his previous employer in order to join James Fisher.

Percentage change in remuneration (unaudited)

The table below shows the annual percentage change in earned salary or fees, benefits and annual bonus for those individuals who were appointed as Board Directors during the 2023 financial year, compared to the average earnings of all of the Group's other UK employees. As required by the remuneration reporting regulations with which the Company is required to comply, the analysis has been expanded to include this information for the financial year under review, and will continue to be built up until it displays a five-year history. Note that Directors who were not a Director at any point during 2023 have not been included. The percentage changes in their remuneration for prior years (and in which they were a Director) are disclosed in relevant previous Annual Reports.

The Committee chose the Group's UK employees for the below pay comparison. Our UK employee population represented around 55% of the Group's workforce in 2023, and is therefore considered to be the most meaningful comparator group (by comparison, employees of James Fisher and Sons plc represented around 7% of the workforce). The Committee monitors this information carefully to ensure that there is consistency in the fixed pay trend for Board Directors compared with the wider workforce.

	Base salary/fee[1]				Benefits				Annual bonus [9]			
	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020	**2022 to 2023**	2021 to 2022	2020 to 2021	2019 to 2020	**2022 to 2023**	2021 to 2022	2020 to 2021	2019 to 2020
Executive Directors												
Jean Vernet[2]	**2.5%**	N/A	N/A	N/A	**0%**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Karen Hayzen-Smith[3]	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Duncan Kennedy[4]	**0%**	0%	N/A	N/A	**0%**	0%	N/A	N/A	**N/A**	N/A	N/A	N/A
Non-Executive Directors												
Angus Cockburn[5]	**0%**	0%	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Justin Atkinson	**0%**	0%	5%	(3)%	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Inken Braunschmidt	**2%**	0%	5%	(3)%	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Aedamar Comiskey	**(3)%**	0%	5%	(3)%	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Claire Hawkings[6]	**2%**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Kash Pandya[7]	**0%**	0%	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Employee population[8]	**8.9%**	0%	3.4%	5%	**1.9%**	1.4%	2%	N/A	**3.8%**	256%	(88)%	(19)%

(1) The 2020 to 2021 and 2019 to 2020 comparisons reflect the 20% reduction to base salary/fee volunteered by all Board Directors for three months from 1 April 2020, not a change in salaries or Directors' fees.

(2) Jean Vernet joined the Board on 5 September 2022. For the comparison of 2022 to 2023, the percentage changes reflect annualised values for 2022 remuneration (and, for benefits, excludes the value of relocation benefits).

(3) Karen Hayzen-Smith joined the Board on 1 December 2023, so a year-on-year comparison is not available.

(4) Duncan Kennedy joined the Board in May 2021 and left the Board on 1 December 2023. For the comparison of 2021 to 2022, the percentage changes reflect annualised values for 2021 remuneration and for the comparison of 2022 to 2023 reflect annualised values for 2023 remuneration.

(5) Angus Cockburn joined the Board in May 2021. For the comparison of 2021 to 2022, the percentage change reflects annualised values for 2021 remuneration.

(6) Claire Hawkings joined the Board in January 2022. For the comparison of 2022 to 2023, the percentage change reflects annualised values for 2022 remuneration.

(7) Kash Pandya joined the Board in November 2021. For the comparison of 2021 to 2022, the percentage change reflects annualised values for 2021 remuneration.

(8) For the employee population, the year-on-year change in annual bonus is based on the year of payment; as the data required to calculate the change based on bonuses earned in relation to the year is not available at the time of signing off this report.

(9) A percentage change in Executive Directors' annual bonus outcomes between 2022 and 2023 is not meaningful as a result of no bonus having been paid for 2022.

Relative importance of remuneration (unaudited)

	2023 £m	2022 £m	Change £m
Total employee remuneration	**140.7**	145.8	(5.1)
Total dividends paid	**–**	–	n/a

Interests in shares (audited)

The interests of Directors and their connected persons in ordinary shares as at 31 December 2023, including any interests in shares provisionally awarded under the LTIP and share options provisionally granted under the Sharesave scheme, are as follows:

	Beneficial number at 31 December 2023	Unvested LTIP number(1)	Unvested deferred bonus shares(1)	Unvested restricted shares(1)	Unvested options(1)	Vested but unexercised options	At 31 December 2022 number
Angus Cockburn	5,000	–	–	–	–	–	5,000
Jean Vernet	35,337	246,021	–	67,758	5,357	–	–
Karen Hayzen-Smith	–	62,358	–	–	–	–	n/a
Justin Atkinson	3,150	–	–	–	–	–	3,150
Inken Braunschmidt	–	–	–	–	–	–	–
Aedamar Comiskey	–	–	–	–	–	–	–
Claire Hawkings	–	–	–	–	–	–	–
Kash Pandya	–	–	–	–	–	–	–
Former Directors							
Duncan Kennedy(2)	5,000	248,763	–	–	9,259	–	5,000

(1) The unvested LTIP awards are subject to performance conditions. The unvested deferred bonus and restricted share awards are not subject to performance conditions. Unvested options comprise grants under the Sharesave scheme and are not subject to performance conditions; and

(2) Duncan Kennedy's interests in shares are shown based on the position on the date he stepped down from the Board (1 December 2023). The unvested LTIP awards will be pro-rated to reflect time served at the point of vesting.

No Director has an interest in the preference shares of the Company, or in the shares of any subsidiary or associated undertaking. The Directors' interests stated above include any shares held by their connected persons and, between 31 December 2023 and 15 April 2024, there were no changes to the Directors' shareholdings.

Against the 200% of salary ownership guideline and based on the share price and prevailing salary levels as at 31 December 2023, Jean Vernet held shares equivalent to 39% of his salary (being the estimated net of tax value of unvested restricted share awards). Karen Hayzen-Smith joined the Group only shortly before the financial year end. At the date of stepping down from the Board, Duncan Kennedy held shares equivalent to 4% of his salary. In accordance with our policy, the Executive Directors are required to retain half of the shares vesting (after tax) under the LTIP until the guideline level of holding is met.

Executive Directors' interest in share awards (audited)

Conditional share awards

		1 January 2023	Granted during year (no.)	Vested during year (no.)	Lapsed during year (no.)	31 December 2023	Vesting date	Expiry date
Jean Vernet	Restricted Share Award(1)	67,758	–	67,758	–	**–**	13.09.23	n/a
	Restricted Share Award(1)	67,758	–	–	–	**67,758**	13.09.24	n/a
	LTIP	–	246,021	–	–	**246,021**	08.06.26	n/a
		135,516	246,021	67,758	–	**313,779**		
Karen Hayzen-Smith	LTIP(2)	–	62,358	–	–	**62,358**	19.12.26	n/a
		–	62,358	–	–	**62,358**		
Duncan Kennedy(3)	LTIP	35,790	–	–	–	**35,790**	28.05.24	n/a
	LTIP	96,926	–	–	–	**96,926**	21.04.25	n/a
	LTIP	–	116,047	–	–	**116,047**	08.06.26	n/a
		132,716	116,047	–	–	**248,763**		
Total		268,232	424,426	67,758	–	**624,900**		

(1) This is the buyout award in connection with Jean Vernet's appointment, the details of which were set out in the 2022 Directors' remuneration report.

(2) This is the LTIP award in connection with Karen Hayzen-Smith's appointment, made in respect of awards forfeited by Ms Hayzen-Smith on joining the Group (the details of which are set out on page 104).

(3) The interests in shares for Duncan Kennedy are included as at the date he stepped down from the Board (1 December 2023). To the extent the awards vest, they will be subject to time pro-rating.

A two-year holding period applies to LTIP awards.

DIRECTORS' REMUNERATION REPORT CONT.

Share option grants

		1 January 2023	Granted during year (no.)	Vested during year (no.)	Lapsed during year (no.)	Exercise price	31 December 2023	Vesting date	Expiry date
Jean Vernet	Sharesave	–	5,357	–	–	£3.36	5,357	07.06.26	07.12.26
Duncan Kennedy(1)	Sharesave	9,259	–	–	–	£3.24	9,259	01.06.27	01.12.27
Total		9,259	5,357	–	–		14,616		

(1) Duncan Kennedy was granted options under the five-year all-employee Sharesave scheme granted on 11 April 2022. The options will lapse when he leaves the Company.

Sourcing of shares and dilution

The Committee has regard to the limits on dilution advised by the Investment Association and contained in the relevant share plan rules and reviews the number of shares committed and headroom available under share incentive schemes in accordance with these dilution limits.

On vesting, the LTIP awards are satisfied by the shares held by the James Fisher and Sons plc Employee Share Trust (Trust). During the year the Trust purchased no ordinary shares on the open market (2022: none) and at 31 December 2023 the Trust held 12,519 ordinary shares (2022: 47,855).

Share price during the financial year

The middle market price of one ordinary share in the Company during the financial year ranged from 260 pence to 425 pence and at 31 December 2023 was 308 pence.

Non-Executive Directors

The structure of Non-Executive Directors' fees for 2023 and 2024 are set out below, all of which are payable in cash. The fees for 2024 will remain at the same level as for 2023, other than the introduction of an additional fee for acting as Non-Executive Director for Employee Engagement.

	2024 £	2023 £
Chairman	**210,125**	210,125
Other Non-Executive Director fees:		
Basic fee	**54,632**	54,632
Additional fee for the chair of Audit Committee	**12,000**	12,000
Additional fee for the chair of Remuneration Committee	**8,000**	8,000
Additional fee for the Senior Independent Director	**8,000**	8,000
Additional fee for the Non-Executive Director for Employee Engagement	**5,000**	n/a

Non-Executive Directors' remuneration (audited)

	Total fees	
	2023 £000	2022 £000
Angus Cockburn	**210**	210
Justin Atkinson(1)	**67**	67
Inken Braunschmidt(2)	**56**	55
Aedamar Comiskey(3)	**68**	71
Claire Hawkings(4)	**56**	55
Kash Pandya	**55**	55

(1) The fees include an additional fee for chairing the Audit Committee fee (of £12,000 per annum).
(2) From 9 November 2023 the fees include additional fees for chairing the Remuneration Committee (of £8,000 per annum).
(3) Until 9 November 2023, the fees include additional fees for chairing the Remuneration Committee (of £8,000 per annum) and acting as Senior Independent Director (also of £8,000 per annum).
(4) From 9 November 2023 the fees include additional fees for Senior Independent Director (of £8,000 per annum).

No detailed disclosure has been provided for Non-Executive Directors other than for that relating to their fee, as this is the only form of remuneration the Non-Executive Directors receive.

Shareholder voting (unaudited)

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions including in relation to Directors' remuneration, the Company seeks to understand the reasons for any such vote and will report any actions in response to it. The following table reflects the voting on the Directors' remuneration report for the year ended 31 December 2022 at the 2023 AGM and the voting on the Directors' remuneration policy at the 2021 AGM:

Shareholder voting (unaudited) cont.

Remuneration resolutions	Directors' remuneration report (2023 AGM)		Directors' remuneration policy (2021 AGM)	
	Total number of votes	**% of votes cast**	Total number of votes	% of votes cast
For	**32,777,381**	**95.5%**	37,499,177	97.6%
Against	**1,557,653**	**4.5%**	938,426	2.4%
Total votes cast (excluding withheld votes)	**34,335,034**	**100.0%**	38,437,603	100.0%
Total votes withheld	**601,594**	**–**	311,116	–
Total votes cast (including withheld votes)	**34,936,628**	**–**	38,748,719	–

Implementation of the remuneration policy for 2024 (unaudited)

With effect from 1 January 2024, the salary for Jean Vernet will be £573,195 (a 3% increase from £556,500) and Karen Hayzen-Smith's salary will remain unchanged from that agreed on appointment (£370,000). The increase for Jean Vernet was below the budgeted increase for the UK workforce of 3.5%.

Subject to approval of the new Directors' remuneration policy at the AGM, the maximum bonus opportunity will increase to 125% of salary. Financial targets are set to be challenging and appropriately demanding. The measures remain unchanged from 2023 and will be: underlying operating profit (weighted 50%); operating cash flow (25%) and strategic objectives (25%). Strategic objectives for 2024 will include short-term business priorities linked to delivery of the transformation plan and targets focused on employee engagement and health & safety. There will be no overlap between the metrics used for the annual bonus and those used for the LTIP (see below). The targets are commercially sensitive but disclosure of the targets and performance against these is expected to be set out in the 2024 Directors' remuneration report.

As described in the Annual statement prefacing this remuneration report, subject to approval of the proposed Directors' remuneration policy at the 2024 AGM, awards will be granted under the LTIP shortly thereafter, with face values of 175% of salary for Jean Vernet and 150% of salary for Karen Hayzen-Smith. When determining these award levels, the Committee considered the number of shares that would be granted at the prevailing share price. The Committee decided that it was appropriate to maintain these award levels (which are lower than the maximum permitted in the remuneration policy) to underpin the focus on the Company's transformation. Instead, the Committee will assess at vesting the extent to which this results in any windfall gains arising (and use its discretion to make any adjustments at that time, if necessary).

The following performance targets will apply to the 2024 LTIP awards:

Metric	Weighting	Threshold (25% vesting)	Stretch (100% vesting)
Earnings per share (cumulative, 2024-26)	30%	64.0p	74.4p
Relative TSR vs. FTSE250 (excluding investment trusts)	25%	Median	Upper quartile
Return on Capital Employed (2026 ROCE)	25%	9.5%	11.0%
Strategic Objectives:	20%		
Business excellence (gross margin improvement)	One-third of element	15% of element earned if 2024 gross margin is at least 31%, with a further 15% earned if 2025 gross margin is at least 32%. The remaining 70% is earned if 2026 gross margin is at least 33%	
Vitality (2026 revenue from new products launched in the last five years, as a % of total)	One-third of element	7.5%	10.0%
Sustainability (absolute reduction in tCO2e Scope 1 & Scope 2 emissions vs. 2021 baseline)	One-third of element	18%	21%

Straight-line vesting will apply for performance between Threshold and Stretch. Nil vesting for performance outcomes below Threshold.

For the 2024 LTIP grant, EPS will be based on cumulative EPS over the three-year performance period to ensure that the award appropriately captures delivery of the transformation plan over the full period. ROCE targets for this cycle are based on the final year of the performance period, to incentivise progress towards the Group's longer-term ambition for this KPI. The strategic objectives have been selected to align with our priorities over the medium-term to re-orientate the Group for long-term sustainable growth and value creation for shareholders. The targets are deemed to be appropriately stretching in the context of the Group's strategic plan. However, the Committee retains discretion to adjust the awards on vesting to ensure that all relevant factors are taken into account, including the assessment of any windfall gains.

Inken Braunschmidt
Chair of the Remuneration Committee

16 April 2024

DIRECTORS' REPORT

Additional information and statutory disclosures

SUBJECT MATTER	LOCATION	PAGES
Particulars of important events affecting the Company which have occurred since the end of the financial year	Strategic report	04 to 05 14 to 16
Likely future developments in the business	Strategic report	14 to 16
Research and development	Strategic report	16
Employee involvement and engagement	Strategic report	38 and 39
Relationships with suppliers, customers and others	Strategic report	46 and 47
Use of financial instruments	Note 29	172

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. The Directors' report comprises this section as well as the rest of the Governance section (from pages 70 to 109) and those sections of the Strategic report or financial statements as referenced in this section.

We have chosen, in accordance with the Companies Act 2006, to include certain information in our Strategic report or financial statements that would otherwise be required to be disclosed in the Directors' report. This is set out in the table above.

The Directors' report and Strategic report comprise the "management reports" for the purposes of compliance with Financial Services Authority's Disclosure Guidance and Transparency Rules (DTR) 4.1.8R. The information that fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7 can be found on page 73 (all of which forms part of this Directors' report) and in this Directors' report. The statement of Directors' responsibilities on page 115 is incorporated into this Directors' report by reference.

Going concern

The Group's business activities, together with the factors likely to affect its future development, the financial position of the Group and a description of the principal risks and uncertainties are set out in the Strategic report on pages 2 to 69. Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing this Annual Report and Accounts as set out in Note 1 on page 131.

Dividends

As a result of performance challenges, the Company did not pay an interim dividend for 2023, and the Board is not recommending the payment of a final dividend for the year. The Board is committed to reinstating the dividend when appropriate.

Share capital

Details of the share capital of the Company and the shares held by the Company's Employee Share Trust, including the rights and obligations attaching to the shares are set out in Note 30 to the Financial statements on page 181. The rights and obligations attaching to the shares are set out in the Company's Articles of Association (Articles). There are no restrictions on voting other than deadlines for exercising voting rights that apply to all shareholders and any restrictions imposed by law or regulation. In addition, there are no specific restrictions on the size of a holding nor on the transfer of shares, both of which are governed by the general provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital. Where shares are held on behalf of the Company's employee benefit trust, the trustees have discretion to vote on any shares as they see fit and have not waived their right to receive dividends.

At the AGM held on 14 June 2023, the Company was given authority to purchase up to 2,519,776 of its ordinary shares until the date of its next AGM. No purchases were made during the year and up to the date of this report by the Company. The Company has one class of ordinary share and one class of preference share.

As at 31 December 2023, 50,398,063 ordinary shares of 25 pence each have been issued, are fully paid up and are listed on the London Stock Exchange, representing 99.8% of the Company's share capital, and 100,000 cumulative preference shares of £1 each have been issued and fully paid up, representing 0.2% of the Company's share capital.

Directors

The biographies of the current Board of Directors are set out on pages 77 to 79. Duncan Kennedy stepped down as a Director of the Company on 1 December 2023. Details in relation to changes in the composition of the Board are provided in the Nominations Committee report on pages 84 to 86.

Powers of Directors

The powers of the Directors are determined by the Company's Articles, the Companies Act 2006 and in certain circumstances (including in relation to the issuing or buying back by the Company of its shares) the authority given by the Company in general meeting. The Directors will be seeking shareholder approval for the authorities granted to them in prior years at the forthcoming AGM. Following the 2023 AGM, the Directors are authorised to issue and allot ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company's shares. Any shares purchased may be cancelled or held as treasury shares.

Substantial shareholders

Information provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website. As at 31 December 2023, the Company had been notified (in accordance with Rule 5 of the DTRs) of the holdings of voting rights attached to the issued ordinary share capital of the Company, as set out in the following table:

Substantial shareholders

	Number of shares	%(1)	Nature of holding
Trustees of the Sir John Fisher Foundation	11,592,360	22.76	Direct
Schroders plc	4,970,246	9.89	Indirect
Aberforth Partners LLP	2,582,790	5.12	Indirect
Odyssean Investment Trust	3,371,429	6.69	Direct
NFU Mutual Insurance Society Limited	1,976,768	3.92	Direct/Indirect

(1) The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTRs.

In the period from 31 December 2023 to the date of this report, the Company received the following notifications:

Substantial shareholders

	Number of shares	%	Nature of holding
Trustees of the Sir John Fisher Foundation	10,601,360	20.99	Direct
Odyssean Investment Trust	3,600,000	7.14	Direct
FIL Limited	3,162,032	6.26	Indirect

Appointment and replacement of Directors

The rules regarding the appointment and replacement of Directors are determined by the Company's Articles and the Companies Act 2006. The Articles provide that at each AGM every Director who has held office on the date seven days before the date of notice of the AGM shall retire from office and shall be eligible for re-election at the AGM.

In accordance with the UK Corporate Governance Code 2018 (Code), all Directors will offer themselves for election or re-election at the forthcoming AGM, with the exception of Aedamar Comiskey, who will retire at the conclusion of the AGM.

Directors' and officers' liability insurance and indemnities

The Company maintains an appropriate level of directors' and officers' liability insurance. Pursuant to the Company's Articles, the Company indemnifies the Directors of the Company and its subsidiaries against liability to third parties and against liability incurred in connection with the Company's activities as trustee of an occupational pension scheme, to the extent permitted by the Companies Act 2006.

Directors' conflict of interest

Under the Companies Act 2006, a director must avoid a situation where a direct or indirect conflict of interest may occur. The Board has adopted established procedures to address the management of any potential or actual conflicts of interest.

A conflict must be authorised in advance by the Board. Directors are asked at each Board meeting to check the register of conflicts and confirm that the register remains up to date and that it remains appropriate for the relevant matter to remain authorised.

Employment of disabled persons

James Fisher is an equal opportunities employer and is firmly committed to both the principle and realisation of equality. The Group is committed to complying with all applicable laws governing employment practices and to the prevention of discrimination on the basis of any unlawful criteria. In addition to complying with legislative requirements, the Group strives to ensure that disabled employees (including anyone who becomes disabled whilst employed with James Fisher) are treated fairly and that their training, career development and promotion needs are met.

The Group recognises its responsibility to provide a safe operating environment for all its employees. Our strong focus on employee training, regulatory compliance and accident reduction provides the support to allow accountability to remain with local management who are best-placed to ensure that their businesses comply with local laws and regulations and specific needs on a day-to-day basis. The review of health and safety performance is the first item on the agenda at each Board and business board meetings.

We recognise that the success of our business depends on our talented workforce. Employees throughout the Group are encouraged to participate in training and development programmes and to obtain professional qualifications relevant to their roles.

Additional information for shareholders

The Articles can only be amended by a special resolution at a general meeting of the shareholders.

No political donations or contributions were made during the year. Details of the Group's time spent supporting local communities and charitable initiatives is summarised on page 48.

Details of Group subsidiaries can be found on pages 196 to 199. Companies within the Group have overseas branches in Chile, Mozambique, the United Arab Emirates, Taiwan and Denmark.

Significant agreements – change of control

There are a number of agreements that take effect after, or terminate upon, a change of control of the Company, such as commercial contracts. None of these are considered to be significant in terms of their likely impact on the business as a whole apart from those set out below.

The Company is a guarantor of all of the Group's bank facilities which upon a change of control could be withdrawn.

The rules of the Company's LTIP, ESOS and Sharesave schemes set out the consequences of a change of control on the rights of participants under those schemes. Participants are generally able to exercise their options on a change of control, provided that the relevant performance conditions have been satisfied.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that arise in the event of a change of control of the Company.

DIRECTORS' REPORT CONT.

Disclosure of information to the Auditor

In accordance with section 418 of the Companies Act 2006, each Director in office at the date of approval of this Directors' report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Information required by Listing Rule 9.8.4

The details of long-term incentive schemes as required by LR 9.8.4R are set out in the Remuneration report on pages 92 to 109.

Streamlined Energy and Carbon Reporting (SECR)

Annual Energy Use

In 2023, the Group's total energy consumption associated with Scope 1 and Scope 2 was 271,151 MWh. The Group's non-UK facilities accounted for 61 percent, with the UK facilities accounting for the remaining 39 percent. Across the Group, mobile combustion (fuel) was the largest source of energy consumed (96.6 percent).

Fuel consumption includes liquid fuels, namely diesel, petrol, burning oil, fuel oil, and gas oil, used for stationary (e.g. generator sets) and mobile combustion (e.g. vessels and company fleet vehicles) activities. Gas consumption includes gaseous fuels, namely natural gas, and liquid petroleum gas, used for stationary (e.g. boilers) and mobile combustion (e.g. forklifts) activities.

Greenhouse Gas Emissions

In 2023, the Group's total Scope 1 and Scope 2 greenhouse gas emissions was 74,707 tCO_2e. As with energy consumption, the Group's non-UK facilities accounted for most of the greenhouse gas emissions (61 percent), with the UK sites accounting for the remaining 39 percent.

Assessing the full Scope 3 emissions across the Group is an ongoing exercise. However, we have reported on certain Scope 3 emissions: fuel- and energy-related activities category 3, waste generated in operations category 5, business travel category 6, employee commuting category 7, and upstream leased assets category 8.

Further details on our Scope 3 reporting and commitments can be found within our 2023 TCFD Report included in our Annual Sustainability Report.

	2022				**2023**			
	UK		Non-UK		**UK**		**Non-UK**	
SECR	tCO_2e	MWh	tCO_2e	MWh	**tCO_2e**	**MWh**	**tCO_2e**	**MWh**
Fugitive Emissions (Scope 1)	27.22	–	36.24	–	**14.91**	**–**	**55.96**	**–**
Mobile Combustion (Scope 1)	18,592.93	67,552.99	53,462.11	193,933.32	**28,022.46**	**101,333.43**	**44,374.75**	**160,723.51**
Stationary Combustion (Scope 1)	643.15	3,048.56	216.46	950.25	**461.67**	**2,175.79**	**470.93**	**1,943.57**
Purchased Energy (Scope 2)	774.64	3,908.18	852.58	2,273.16	**528.51**	**2,611.23**	**777.74**	**2,363.52**
Scope 1 & 2 Total	20,037.90	74,509.73	54,567.39	197,156.73	**29,027.55**	**106,120.45**	**45,679.38**	**165,030.60**
Business travel by car (Scope 3)	224.53	904.27	398.91	1,495.05	**166.63**	**673.99**	**566.83**	**2,134.48**
Scope 1 & 2 + business travel by car (Scope 3)	20,262.47	75,414.01	54,966.31	198,651.79	**29,194.18**	**106,794.44**	**46,246.22**	**167,165.07**
Business Travel (Scope 3)	2,595.60	1,350.67	4,183.35	1,495.05	**6,020.47**	**759.07**	**3,864.59**	**2,188.67**
Commuting (Scope 3)	562.54	2,326.01	2,479.14	9,478.59	**569.28**	**2,202.33**	**1,853.64**	**6,832.75**
Fuel- and energy-related activities (Scope 3)	4,627.53	–	12,433.08	–	**6,631.48**	**0.35**	**10,408.97**	**–**
Upstream leased assets (Scope 3)	17,745.59	64,784.17	12,802.71	46,721.01	**18,169.05**	**66,349.29**	**16,034.45**	**58,579.29**
Waste generated in operations (Scope 3)	433.06	–	409.17	–	**123.29**	**–**	**430.53**	**–**
Water (Scope 3)	8.60	–	3.97	–	**5.51**	**–**	**2.46**	**–**
Scope 3 excluding business travel by car (Scope 3)	25,748.39	67,556.58	31,912.51	56,199.60	**31,352.45**	**68,637.05**	**32,027.81**	**65,466.23**
Total tCO_2e	46,010.86		86,878.81		**60,546.64**		**78,274.03**	
Total MWh		142,970.58		254,851.39		**175,431.49**		**232,631.30**
Scope 1 & 2 + business travel by car (Scope 3) CO_2e intensity ratio (tCO_2e/£m revenue)	39.60		107.43		**55.76**		**88.33**	
Scope 1, 2 & 3 CO_2e intensity ratio (tCO_2e/£m revenue)	89.92		169.79		**115.64**		**149.50**	

Emissions Intensity Ratio

The energy intensity of our vessels is measured internally, using the Carbon Intensity Index to align with the International Maritime Organisation's climate goals. In line with SBTi guidance this may lead to absolute emission reductions which are reported on within the Annual Report and Accounts. We are tracking two emission-based intensity indicators (Scope 1, Scope 2 and Scope 3), and consumption-based intensity indicators by Scope 1 and Scope 2, Scope 3, and combined. 2023 results are shown below:

- tCO_2e/FTE headcount: 64.03.
- tCO_2e/£m revenue: 265.15.
- MWh/FTE headcount: total energy intensity: 188.21, Scope 1 and Scope 2: 125.06.
- MWh/£m revenue: total energy intensity: 779.40, Scope 1 and Scope 2: 517.90.

As a multi-sector business the use of FTE and Revenue £m allows consistency and comparability for the Group.

Methodology

The Group is diverse, made up of lots of Product Lines which independently collate and report on their own company emissions data. The work in consolidating our combined emissions data takes a significant period of time. Therefore, to mitigate the risk of reduced data integrity, the Group adopted a change in methodology in 2021 moving the reporting period from a financial year (ending 31 December) to 1 October to 30 September. This allows sufficient time before the financial year end to report on the data.

James Fisher operates a fleet of vessels across its business units. In order to account for these vessels in the SECR disclosure, the Group has used the trading area of the vessel to distinguish between its UK and non-UK footprint as the trading area most closely indicates where fuel is consumed and, therefore, where the associated emissions should be accounted for.

The Group used verifiable activity data, namely meter data and invoices, where reasonable and practicable. Where verifiable data was not available, estimates based on data from previous comparable time periods were used to close the gaps. The activity data was reported at Product Line level and collated and analysed at Group level. Our greenhouse gas emissions are calculated in accordance with the requirements of the GHG Protocol: A Corporate Accounting and Reporting Standard, revised edition. Emission conversion factors from:

Department for Business, Energy and Industrial Strategy (2023). 2023 Government GHG Conversion Factors for Company Reporting.

Department for Business, Energy and Industrial Strategy (2022). 2022 Government GHG Conversion Factors for Company Reporting.

United Nations (2023). UN Statistics Division-2020 Energy Balance Visualizations. www.unstats.un.org/unsd/energystats/dataPortal/#IPCC (2019). Revised IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual. Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge. (No refinement from 2006).

EPA (2022). Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2020. United States Environmental Protection Agency. Online: www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks-1990-2020.

EPA (2023). GHG Emission Factors Hub. Center for Corporate Climate Leadership. April 2023. www.epa.gov/climateleadership/ghg-emission-factors-hub. Accessed April 2023.

EPA (2024). eGrid2022. Release: 1/30/2024. Online: www.epa.gov/egrid/download-data. Accessed 9 February 2024.

The Group's disclosures are based on location-based results. We recognise there are benefits in monitoring market-based data and are in the process of applying market-based instruments.

Energy Efficiency Action

As part of our commitment to setting net zero targets in alignment with the Paris Climate Agreement, emissions reduction pathways have been modelled at Group level. In 2023 the relevant reduction options were integrated into the strategies and plans for Tankships, part of our Maritime Transport Division and highest emitters. This does not replace the detailed planning already in place at this level but enhances and ensures alignment with Group priorities and targets. 2024 will see the relevant reduction opportunities identified through the Group reduction pathway modelling and opportunities identified by the Product Lines since, integrated into the strategies and carbon reduction plans across the Group.

Throughout the Company we are continuing to install energy-efficient lighting, replace end-of-life appliances with energy efficient alternatives and, while paused in 2023 due to Company restructuring, we plan to explore the use of voltage optimisation technology to regulate incoming power supply. Various Product Lines are transitioning to energy-efficient fleet vehicles.

Identifying efficiency improvements and changing our day-to-day behaviours plays a significant role in our sustainable culture change. We are investing in our people with over 30 trained Green Belts and 8 Black Belts, each acting as key drivers in sustainable change through Lean Six Sigma. Lean manufacturing and continuous improvement will help to identify and drive energy efficiency opportunities and help make greater use of what we have through increased productivity in our systems and processes.

In 2024 we intend to review our policies and guidance around responsible use of appliances and leveraging our digital capabilities.

James Fisher is in the process of transitioning across to a one hundred percent renewable energy supplier for our UK-based Product Lines. While this does not directly lead to increased energy efficiency, it does lead to less emissions (market-based) and greater awareness of our net zero activities throughout the Group. When it comes to workplace energy expenditure, we believe our employee's day-to-day habits are significantly influential.

Energy efficiency campaigns and initiatives planned for 2024 will focus on encouraging energy-efficient habits. This may include utilising energy audit outcomes to drive efficiencies across the Group for example conserving energy through stabilising indoor temperatures through roofs and ceilings, minimising the use of printers, installation of motion sensors, use of energy-efficient equipment with an Energy Star rating, use of smart meters to monitor consumption.

2022 data

While every effort is made to identify anomalies within the current reporting year including training and internal quality checks, there are instances, "aided" by an automatic system trigger which highlights a current versus previous year entry where significantly different, where the anomaly is found during the following reporting year reconciliation and subsequently the relevant Scope is re-calculated. For example, in 2023, Scope 1 decreased from previously reported 77,602 tCO_2e, to 72,978 tCO_2e due to a duplicate data value identified. Additionally, Scope 2 increased by 199 tCO_2e due to electricity data changing scopes, which were incorrectly allocated at the time (1,508 up to 1,627 tCO_2e), and there was a Scope 3 reduction of 2,160 (60,444 down to 58,284 tCO_2e), in part to a unit of measure error (k tonnes corrected to "tonnes"). The revised figures are reflected in the table at the start of this section.

DIRECTORS' REPORT CONT.

Our work towards ensuring a robust control environment for GHG emissions data and planning for limited assurance will play a key role in reducing such errors in the first place.

We are continually developing and enhancing guidance, supporting with tools and training for those involved with reporting, such as providing step-by-step instructions to assist with accounting for the emissions across the different scopes. Additionally, in 2023 we started an assurance readiness review supported by specialist ESG consultants SLR Consulting, in preparation for internal GHG inventory audits in 2024 and working towards Limited Assurance.

Further details on carbon reduction and energy efficiency activities can be found within the GHG emissions section and 2023 TCFD report both included in our 2023 Annual Sustainability Report.

Annual General Meeting (AGM)

The AGM is to be held on 30 May, 2024 at Abbey House Hotel and Gardens in Barrow-in-Furness. Further details will be provided in the Notice of AGM.

The Directors' report was approved by the Board of Directors and is signed on its behalf by:

Karen Hayzen-Smith
Chief Financial Officer

16 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant and reliable.
- State whether they have been prepared in accordance with UK-adopted international accounting standards.
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic report and Directors' report includes 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.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, Business model and strategy.

Signed on behalf of the Board of Directors:

Jean Vernet
Chief Executive Officer

16 April 2024

Karen Hayzen-Smith
Chief Financial Officer

16 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FISHER AND SONS PLC

1 Our opinion is unmodified

We have audited the financial statements of James Fisher and Sons plc ("the Company") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statement, the Consolidated and Company Statement of Changes in Equity and the related notes, including the accounting policies in Note 33.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the directors on 30 June 2008. The period of total uninterrupted engagement is for the sixteen financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

No non-audit services prohibited by that standard were provided.

OVERVIEW

Materiality: Group financial statements as a whole	£2.30m (2022: £1.65m) 0.5% of revenue from continuing operations (2022:0.3% of revenue from continuing operations)	
Coverage	89% (2022: 78%) of Group revenue	
Key audit matters		vs 2022
Recurring risks	Recoverability of goodwill	◀▶
	Recoverability of Parent Company investment in Subsidiaries	▲
Event driven	Going concern	◀▶

2 Material uncertainty related to going concern

	THE RISK	OUR RESPONSE
Going concern We draw attention to Note 1 of the financial statements which describes a material uncertainty in respect of the Group's reliance on successful mitigations under the combined severe but plausible scenario and the ability to refinance prior to March 2025. These events and conditions, along with the other matters explained in Note 1, constitute a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. Refer to page 88 (Audit Committee report and disclosure of material uncertainty related to going concern (Note 1).	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least 12 months from the date of approval of the financial statements. There is little judgement involved in the directors' conclusion that risks and circumstances described in Note 1 to the financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. However, clear and full disclosure of the facts and the Directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	Our procedures included: **Funding assessment** We inspected the Group's RCF agreement to identify relevant financial and non-financial covenants and key terms including the maturity date **Covenant calculation** We reperformed the year end covenant calculation for the facility in line with the RCF agreement. **Benchmarking assumptions** We critically assessed assumptions in base case and downside scenarios including any events and conditions until the announcement date, in particular those which would impact on the net debt/EBITDA, liquidity and interest cover covenants. Consistency with assumptions used in other areas such as forecasts used for impairment were considered. Key assumptions included underlying operating profit, net debt, liquidity and forecast interest rates. The interest rate assumption was benchmarked against third party evidence to determine an appropriate range of possible outcomes. We also considered the impact of planned disposals on the Group's forecasts and covenant compliance under the existing RCF agreement. **Historical comparisons** We assessed the ability of the Group to accurately forecast by comparing historical results to forecasts and we assessed the most recent year's performance against forecasts to challenge key assumptions in the base case and downside scenario. **Sensitivity analysis** We have considered whether the assumptions applied in the severe but plausible scenario are considered to be severe enough using our assessment of the possible range of each key assumption and taking account of plausible (but not unrealistic) adverse effects that could arise. **Evaluating Directors' intent** We evaluated the achievability of the actions the directors consider they would take to improve the position should the risks materialise, which included seeking additional waivers from lenders, reducing discretionary spend on certain projects and hiring freezes, taking into account the extent to which the directors can control the timing and outcome of these. **Evaluating ability to re-finance** We considered the appropriateness and achievability of management's ability to re-finance at the end of the facility period. **Assessing transparency** We considered whether the going concern disclosure in Note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, and related sensitivities. **Our results:** We found the going concern disclosure in note 1 with a material uncertainty to be acceptable. (2022: Acceptable).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FISHER AND SONS PLC CONT.

3 Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in section 2 of our report. We summarise below the other key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Recoverability of goodwill related to JFD with carrying value of £8.6m (2022: £34.1m) after an impairment charge of £25.0m (2022: £0.0m) and a CGU included within "CGUs without significant goodwill" Multiple with carrying value of £9.4m (2022: £9.4m) Risk vs 2022: Stable

Refer to page 89 (Audit Committee report), page 187 (accounting policy) and page 149 (financial disclosure)

The risk: Forecast based assessment

The recoverability of goodwill in the Group is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in light of the ongoing trading and operational difficulties faced in the current and prior years.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements Note 12 discloses the sensitivity estimated by the Group for goodwill.

Through our risk assessment, we have isolated the risk of material impairment to the goodwill balances related to JFD and one CGU within 'Multiple CGUs without significant goodwill' due to the increased level of inherent uncertainty within the Group's discounted cashflow workings for these two CGUs. As a result of the level of estimation uncertainty and the potential for management bias, we identified a significant risk of both fraud and error in respect of the impairment of goodwill of these CGUs. The financial statements Note 12 discloses management's process for undertaking the impairment assessment, including details of key assumptions and sensitivity analysis.

Our response: We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that detailed testing is inherently the most effective means of obtaining audit evidence.

Our audit procedures included:

1 **Historical comparisons:** Assessing the reasonableness of management's budgets by considering the historical accuracy of previous forecasts.

2 **Our sector experience:** Evaluating the assumptions used, in particular those relating to anticipated revenue growth, including expected new business and rates of contract retention, the gross margin, the discount rate and the terminal growth rate. We have considered market conditions, including potential impacts of climate change and known or probable changes in the business environment, when challenging the key assumptions in the cashflows. We assessed the key assumptions in the Group's forecasts, drawing on historical data and our own research and sector experience.

3 **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as market growth rate, terminal growth value, discount rate (using our own valuation specialist), and the period of cash flows included within the model. Considering whether items of capital expenditure included in the budget are allowable in the value-in-use cash flow forecasts under the accounting standards.

4 **Sensitivity analysis:** Performing sensitivity analysis on the key assumptions noted above either in isolation or in aggregate. This included reperforming management's sensitivities within their goodwill impairment model.

5 **Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amounts of goodwill.

We performed an assessment of whether an overstatement in the recoverable amount of goodwill identified through these procedures was material.

Our results: We found the Group goodwill balance, and the related impairment charges, to be acceptable (2022: acceptable).

Recoverability of Parent Company investment in Subsidiaries with a carrying value of £268.7m (2022: £114.4m), after an impairment charge of £75.6m (2022: £nil), Risk vs 2022: Increased

Refer to page 89 (Audit Committee report), page 157 (accounting policy) and pages 157 to 158 (financial disclosure)

The risk: Forecast based assessment

The recoverability of the Parent Company's investments is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in light of the ongoing trading, the Group's market capitalisation versus Parent Company's net assets and operational difficulties faced in the current and prior years.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of investment in subsidiaries had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. As a result of the level of estimation uncertainty and the potential for management bias, we identified a significant risk of both fraud and error in respect of the recoverability of Parent Company investment in Subsidiaries. In conducting our final audit work, and considering the impairment recognised during the year, we concluded that reasonably possible changes to the value in use of the relevant investments in subsidiaries would not be expected to result in a material change to the impairment necessary. The financial statements Note 17 discloses management's process for undertaking the impairment assessment, including details of key assumptions and sensitivity analysis.

Our response: We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that detailed testing is inherently the most effective means of obtaining audit evidence.

Our audit procedures included:

1 **Test of detail:** Comparing the carrying value of 100% of investments with the relevant subsidiaries' net assets included within the Group consolidation to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount

2 **Historical comparisons:** Assessing the reasonableness of management's budgets by considering the historical accuracy of previous forecasts.

3 **Our sector experience**: Evaluating the assumptions used, in particular those relating to anticipated revenue growth, including expected new business and rates of contract retention, the discount rate and the terminal growth rate. We have considered market conditions, including potential impacts of climate change and known or probable changes in the business environment, when challenging the key assumptions in the cashflows. We assessed the key assumptions to the Group's forecasts, drawing on historical data and our own research and sector experience.

4 **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as market growth rate, terminal growth value, discount rate, and the period of cash flows included within the model. Considering whether items of capital expenditure included in the budget are allowable in the value-in-use cash flow forecasts under the accounting standards.

5 **Sensitivity analysis:** Performing sensitivity analysis on the key assumptions noted above either in isolation or in aggregate. This included reperforming management's sensitivities within their investment impairment model.

6 **Assessing transparency:** Assessing whether the Company's disclosures about the sensitivity of the outcome of the recoverability assessment to changes in key assumptions reflected the risks inherent in the recoverable amounts of the investment balance and the methodology of the Company's assessment.

Our results: We found the carrying value of Parent Company investments in Subsidiaries and the related impairment charges, to be acceptable (2022: acceptable).

We continue to perform procedures over Revenue recognition over construction contract income, Contract assets, Contract liabilities and Parent Company impairment of loans to subsidiaries. However, following our risk assessment, due to the stage of completion of construction contracts and the capitalisation of Parent Company loans, we have not assessed these as the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year.

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

Materiality for the Group financial statements as a whole was set at £2.30m (2022: £1.65m) determined with reference to a benchmark of Group revenue from continuing operations, of £496.2m of which it represents 0.5% (2022: Group revenue from continuing operations, of which it represented 0.3%).

We consider total Group revenue from continuing operations to be the most appropriate benchmark because of the significant fluctuations in the profit before tax in recent years caused by impairments, refinancing, rising inflation and cost of living crisis. Whilst the Group is focused on profit measures, there has been significant volatility in recent years which has impacted the Group's profit before tax without any significant reduction in the scale of the operations.

Materiality for the Parent company financial statements as a whole was set at £2.0m (2022: £1.6m), determined by reference to the parent company's total assets of £412.5m (2022: £488.1m), of which it represents 0.5% (2022: 0.3%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the group was set at 65% (2022: 65%) of materiality for the financial statements as a whole, which equates to £1.5m (2023: £1.1m).

We applied this percentage in our determination of performance materiality based on the level of control deficiencies and identified misstatements during this period and the prior period.

Performance materiality for the parent company was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £1.5m (2022: £1.2m).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FISHER AND SONS PLC CONT.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £115k (2022: £82k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 170 (2022: 176) reporting components, we subjected 10 (2022: 13) to full scope audits for Group purposes and 4 (2022: 2) to specified risk-focussed audit procedures. The latter were not individually financially significant enough to require a full scope audit for Group purposes but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of components	Group Revenue	Group profit before tax	Group total assets
Audits for group reporting purposes	10 (2022: 13)	74% (2022: 75%)	77% (2022: 75%)	80% (2022: 78%)
Specified procedures for group reporting purposes	4 (2022: 2)	14% (2022: 3%)	6% (2022: 0%)	7% (2022: 4%)
Total	14 (2022: 15)	89% (2022: 78%)	83% (2022: 75%)	87% (2022: 82%)

The remaining 11% (2022: 22%) of total Group revenue, 17% (2022: 25%) of Group profit before tax and 13% (2022: 18%) of total Group assets is represented by 156 (2022: 161) reporting components, none of which individually represented more than 2% of any of total Group revenue, 4% Group profit before tax and 2% total Group assets.

For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £0.27m to £1.3m (2022: £0.1m to £1.0m), having regard to the mix of size and risk profile of the Group across the components.

The work on 11 (2022: 12) of the 14 (2022: 15) components was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group audit team.

The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited 3 (2022: 5) component locations to assess the audit risk and strategy. Regular video and telephone conference meetings were also held with all component auditors. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

5 The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the group's business operations and its financial statements taking into account the different divisions. We recognise given the diverse nature of the group's operations there are potentially both risks and opportunities arising as a result of climate change.

The potential effects of climate change vary for different activities of the group, with those divisions that are more linked to fossil fuel activity potentially being more affected as there is a transition to focus on more renewable energy sources.

Uncertainties and potential changes to the longer-term activity of the group could affect the elements of financial statements with forward-looking assessments such as impairment of, or reassessment of the life of, long-term assets and goodwill balances.

As part of our risk assessment we made enquiries of management and reviewed board minutes and related risk and internal audit documents. We have held discussions with our own climate change professionals to challenge our risk assessment. Our risk assessment took into account the nature of the group's long-term assets and the relative size of assets related to the divisions with most exposure to climate change uncertainty.

In the course of our audit work, we also took climate change factors into account in evaluating the directors' assessment of the useful life of vessels and when evaluating the directors' assessment of recoverability of goodwill.

We have read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

6 Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic for at least 12 months from the date of approval of the financial statements ("the going concern period"). As stated in section 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated management's assessment of going concern is set out section 2 of our report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting, and their identification therein of a material uncertainty over the Group and Company's ability to continue to use of that basis for the going concern period; and
- the related statement under the Listing Rules is materially consistent with the financial statements and our audit knowledge.

7 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit, the Group General Counsel and the Company Secretary and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee and risk committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved discussion between the engagement partner, the Group audit team and the forensic professionals.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards and taking into account possible pressures to meet profit targets, covenants for banking facilities and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular, the risk that Group and component management may be in a position to make inappropriate accounting entries as well as the risk of bias in accounting estimates such as provisions for impairment of goodwill.

On this audit we do not believe there is a fraud risk related to revenue recognition on long-term contracts due to the stage of completion of those contracts; and for remaining revenue streams, we do not believe there is a fraud risk related to revenue recognition as the recognition is not complex.

We did not identify any additional fraud risks.

Further detail in respect of goodwill impairment is set out in the key audit matter disclosures in section 3 of this report.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria, including unexpected journals posted to revenue, expense, cash and borrowings accounts; and commissions paid to agents as well as journals posted by senior members of management and journals with specific descriptions and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing for bias the provision for impairment of goodwill.

We discussed with the audit committee matters related to actual or suspected fraud, for which disclosure is not necessary, and considered any implications for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FISHER AND SONS PLC CONT.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, the Group General Counsel, the Company Secretary and other management (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence and discussed with the directors, the Group General Counsel, the Company Secretary and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, foreign corrupt practices act, employment law, maritime law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

8 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

- the directors' confirmation within the Corporate Governance Report on page 82 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 67 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES FISHER AND SONS PLC CONT.

10 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 115, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17.R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St. Peter Square
Manchester
M2 3AE

16 April 2024

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December 2023 Total £m	Year ended 31 December 2022* Total £m
Continuing operations			
Revenue	3	496.2	478.1
Cost of sales		(360.3)	(350.9)
Gross profit		135.9	127.2
Administrative expenses		(109.6)	(97.5)
Impairment charges	4	(28.4)	(4.9)
Refinancing costs		(12.2)	–
Restructuring costs		(5.7)	(1.7)
Share of post-tax results of associates	16	1.4	1.6
Operating (loss)/profit	4	(18.6)	24.7
Finance income	7	3.2	0.7
Finance expense	7	(24.5)	(10.9)
(Loss)/profit before taxation		(39.9)	14.5
Income tax	8	(11.0)	(5.5)
(Loss)/profit for the year from continuing operations		(50.9)	9.0
Loss for the year from discontinued operations, net of tax	5	(11.4)	(19.8)
Loss for the year		(62.3)	(10.8)
Attributable to:			
Owners of the Company		(62.4)	(11.1)
Non-controlling interests		0.1	0.3
		(62.3)	(10.8)
Loss per share		pence	pence
Basic	10	(123.9)	(22.1)
Diluted	10	(123.9)	(22.1)
(Loss)/profit per share – continuing activities		pence	pence
Basic	10	(101.2)	17.4
Diluted	10	(101.2)	17.4

* Impairment costs (£4.9m) and restructuring costs (£1.7m) for the year ended 31 December 2022 which were previously included within administrative expenses have been represented to conform with the current year presentation of these costs. In addition, £0.3m of charges separately reported in 2022 within Impairment of trade and other receivables are now included within Impairment charges.

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December 2023 Total £m	Year ended 31 December 2022 Total £m
Loss for the year		(62.3)	(10.8)
Other comprehensive income:			
Items that will not be classified to the income statement			
Actuarial gain in defined benefit pension schemes	23	1.6	7.1
Tax on items that will not be reclassified		(0.3)	(1.3)
		1.3	5.8
Items that may be reclassified to the income statement			
Exchange differences on foreign currency net investments		(8.1)	8.8
Effective portion of changes in fair value of cash flow hedges	29	(0.3)	3.6
Effective portion of changes in fair value of cash flow hedges in joint ventures	16	(0.1)	0.4
Net changes in fair value of cash flow hedges transferred to income statement		(0.9)	0.6
Tax on items that may be reclassified	8	(0.3)	(1.1)
		(9.7)	12.3
Total other comprehensive income for the year		(8.4)	18.1
Total comprehensive income for the year		(70.7)	7.3
Attributable to:			
Owners of the Company		(70.8)	6.9
Non-controlling interests		0.1	0.4
		(70.7)	7.3

The accompanying Notes form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

		Group		Company	
	Notes	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	31 December 2022 £m
Non-current assets					
Goodwill	12	78.3	116.3	–	–
Other intangible assets	13	6.3	8.2	–	–
Property, plant and equipment	14	118.0	119.7	1.0	1.1
Right-of-use assets	15	67.4	52.3	0.8	1.0
Investment in joint ventures	16	8.4	8.7	–	–
Investments and loans to subsidiaries	17	–	–	376.7	456.5
Other investments	17	1.4	1.4	1.4	1.4
Retirement benefit surplus	23	7.4	5.5	7.4	5.5
Other receivables	19	4.0	0.7	–	–
Deferred tax assets	9	4.1	8.4	0.1	–
		295.3	321.2	387.4	465.5
Current assets					
Inventories	18	46.7	49.8	–	–
Trade and other receivables	19	124.0	148.2	14.2	22.2
Assets held for sale	20	14.7	36.2	–	–
Cash and cash equivalents	27	77.5	53.6	10.9	0.4
		262.9	287.8	25.1	22.6
Current liabilities					
Trade and other payables	21	(113.4)	(122.4)	(33.9)	(27.2)
Provisions	22	(9.4)	(5.3)	(8.4)	–
Liabilities associated with assets held for sale	20	(0.7)	(16.3)	–	–
Current tax	8	(1.1)	(1.9)	(2.8)	–
Borrowings	27	(51.1)	(67.4)	(13.7)	(45.3)
Lease liabilities	27	(13.0)	(13.2)	(0.6)	(0.2)
		(188.7)	(226.5)	(59.4)	(72.7)
Net current assets		74.2	61.3	(34.3)	(50.1)
Total assets less current liabilities		369.5	382.5	353.1	415.4
Non-current liabilities					
Other payables	21	–	(0.5)	–	–
Provisions	22	(4.3)	(1.4)	–	–
Retirement benefit obligations	23	(1.6)	(0.4)	(0.5)	(0.2)
Cumulative preference shares	30	(0.1)	(0.1)	(0.1)	(0.1)
Borrowings	27	(166.6)	(121.8)	(166.6)	(121.8)
Lease liabilities	27	(48.2)	(39.7)	(0.7)	(1.3)
Deferred tax liabilities	9	(0.1)	(0.3)	–	(0.8)
		(220.9)	(164.2)	(167.9)	(124.2)
Net assets		148.6	218.3	185.2	291.2
Equity					
Called up share capital	30	12.6	12.6	12.6	12.6
Share premium		26.8	26.8	26.8	26.8
Treasury shares		(0.5)	(0.6)	(0.5)	(0.6)
Other reserves		(16.4)	(6.8)	2.5	3.6
Retained earnings		125.5	185.8	143.8	248.8
Total shareholders' equity		148.0	217.8	185.2	291.2
Non-controlling interests		0.6	0.5	–	–
Total equity		148.6	218.3	185.2	291.2

The Company's loss for the year was £106.5m (2022: £11.6m).

The accompanying Notes form part of these financial statements.

The financial statements were approved by the Board of Directors on 16 April 2024 and signed on its behalf by:

Karen Hayzen-Smith
Chief Financial Officer

Company number: 00211475

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Notes	31 December 2023 £m	31 December 2022 £m	31 December 2023 £m	31 December 2022 £m
Loss for the year		(62.3)	(10.8)	(106.5)	(11.6)
Tax (credit)/charge		12.0	4.7	2.8	(0.5)
Adjustments to reconcile (loss)/profit before tax to net cash flows					
Depreciation and amortisation		41.2	41.1	0.6	0.8
Impairments	2	28.1	0.7	75.6	27.7
Loss on remeasurement to fair value less costs to sell	5	–	13.3	–	–
Net finance expense/(income)		21.3	10.3	(7.2)	(6.1)
Loss/(gain) on disposal of businesses, net of disposal costs		2.1	(2.5)	2.1	–
Gains on disposals of property, plant and equipment		(2.5)	(1.1)	–	–
Other non-cash items		(1.3)	(0.6)	(0.6)	0.1
Decrease/(increase) in inventories		0.1	(3.2)	–	–
Decrease/(increase) in trade and other receivables		10.7	2.5	(0.4)	(3.9)
(Decrease)/increase in trade and other payables		(4.1)	(1.9)	14.9	5.2
Defined benefit pension cash contributions less service cost		1.1	0.1	(0.2)	0.3
Cash generated from operations		46.4	52.6	(18.9)	12.0
Income tax payments		(8.6)	(8.1)	–	(0.1)
Cash flow from operating activities		37.8	44.5	(18.9)	11.9
Investing activities					
Dividends from joint venture undertakings		1.2	1.7	–	–
Proceeds from the disposal of a subsidiary, net of cash disposed	26	(3.2)	15.1	(3.2)	–
Proceeds from the disposal of property, plant and equipment*		25.6	2.2	–	–
Finance income		2.9	0.8	27.6	14.7
Acquisition of subsidiaries, net of cash acquired	25	–	(2.6)	–	–
Loans advanced to subsidiaries		–	–	(15.3)	(34.8)
Loans repaid from subsidiaries		–	–	26.3	32.8
Acquisition of property, plant and equipment		(29.4)	(31.7)	(0.2)	(0.4)
Development expenditure		(1.8)	(1.3)	–	–
Cash flows (used in)/from investing activities		(4.7)	(15.8)	35.2	12.3
Financing activities					
Finance costs		(15.7)	(7.5)	(15.9)	(7.2)
Acquisition of non-controlling interests (NCI)	25	–	(1.5)	–	–
Capital element of lease repayments		(18.1)	(14.5)	(0.4)	(0.2)
Proceeds from borrowings		198.1	166.0	198.1	166.0
Repayment of borrowings		(191.7)	(182.6)	(191.7)	(182.5)
Cash flows used in financing activities		(27.4)	(40.1)	(9.9)	(23.9)
Net increase in cash and cash equivalents	28	5.7	(11.4)	6.4	0.3
Cash and cash equivalents at 1 January	27	22.8	34.5	(8.3)	(8.6)
Net foreign exchange differences		(1.7)	2.5	(0.9)	–
Cash transferred to asset held for sale	5	(0.4)	(2.8)	–	–
Cash and cash equivalents at 31 December	27	26.4	22.8	(2.8)	(8.3)

* Proceeds from disposal of property, plant and equipment includes £19.8m (2022: £nil) from assets held for sale (see Note 20).

The accompanying Notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2022	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
Loss for the year	–	–	(62.4)	–	–	(62.4)	0.1	(62.3)
Other comprehensive income	–	–	1.3	(9.7)	–	(8.4)	–	(8.4)
Contributions by and distributions to owners:								
Remeasurement of non-controlling interest put option	–	–	–	0.1	–	0.1	–	0.1
Share-based payments	–	–	1.0	–	–	1.0	–	1.0
Sale of shares by ESOT	–	–	(0.2)	–	0.1	(0.1)	–	(0.1)
At 31 December 2023	12.6	26.8	125.5	(16.4)	(0.5)	148.0	0.6	148.6

Other reserve movements

Other reserves	Translation reserve £m	Hedging reserve £m	Put option liability £m	Total £m
At 1 January 2022	(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)
Other comprehensive loss	(8.1)	(1.6)	–	(9.7)
Remeasurement of non-controlling interest put option	–	–	0.1	0.1
At 31 December 2023	(16.3)	0.9	(1.0)	(16.4)

The accompanying Notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserves £m	Treasury shares £m	Total shareholders' equity £m
At 1 January 2022	12.6	26.8	254.4	–	(0.6)	293.2
Loss for the year	–	–	(11.6)	–	–	(11.6)
Other comprehensive income	–	–	5.5	3.6	–	9.1
Contributions by and distributions to owners:						
Share-based compensation	–	–	0.5	–	–	0.5
At 31 December 2022	12.6	26.8	248.8	3.6	(0.6)	291.2
Loss for the year	–	–	(106.5)	–	–	(106.5)
Other comprehensive income/(loss)	–	–	0.7	(1.1)	–	(0.4)
Contributions by and distributions to owners:						
Share-based compensation	–	–	1.0	–	–	1.0
Sale of shares by ESOT	–	–	(0.2)	–	0.1	(0.1)
At 31 December 2023	12.6	26.8	143.8	2.5	(0.5)	185.2

The accompanying Notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

James Fisher and Sons plc (the Company) is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements comprise the financial statements of the Company, its subsidiary undertakings and its interest in associates and jointly controlled entities (together the Group), for the year ended 31 December 2023. The Parent Company financial statements present information about the Company as a separate entity and not about its Group. 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 16 April 2024.

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS). The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006. The financial statements are prepared on a going concern basis and on a historical cost basis, modified to include revaluation to fair value of certain financial instruments. As permitted by section 408 of the Companies Act 2006, a separate income statement and related notes for the holding company have not been presented in these financial statements. The loss after taxation in the Company was £106.5m (2022: £11.6m loss). The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest 0.1 million pounds (£0.1m) except when otherwise indicated.

Going concern

In determining the appropriate basis of preparation of the financial statements ended 31 December 2023, the Board is required to consider whether the Group 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.

On 6 June 2023, the Group signed a £209.9m secured revolving credit facility, maturing in March 2025 (the RCF), which was provided by the six pre-existing lenders to the Group (see Note 27).

There are a number of mandatory repayments (both scheduled and where cash is generated from disposals) incorporated into the facility terms. At the time when the facility terms were negotiated, the timing of these repayments were intended to align with forecast cash inflows. However, as cash inflows can vary from forecast due to timings of projects and revenue receipts, prior to the year end, the Group obtained appropriate waivers to alter the phasing and quantum of the December 2023 mandatory repayment. This quantum of this mandatory repayment has been reduced and is now due in June 2024. As a result, the facility was reduced by the debt repayments leaving committed facilities at 31 December 2023 of £192.7m (2022: £247.5m) and undrawn committed facilities of £24.7m (2022: £88.0m).

The facility contains a restriction on capital expenditure spend as well as minimum liquidity requirements. It also contains reducing Net debt/EBITDA covenants and increasing interest cover requirements throughout the facility and certain non-financial covenants (see Note 29). The Group, with the ongoing support of the banking syndicate, has remained in compliance with all covenants and remained so at the 31 December 2023 measurement date.

The Group's net debt for the purposes of banking covenants consists of net bank borrowings adjusted for finance lease liabilities (on a pre-IFRS 16 basis) and advance payment guarantees. The net debt for covenant purposes was £149.7m as at 31 December 2023 and the net debt/EBITDA ratio of 2.75 times (2022 2.7 times). This remains above the Group's target range of 1-1.5 times. The Group was in compliance with all financial covenants for the year ended 31 December 2023.

In anticipation of covenant compliance throughout the going concern assessment period being challenging based on the original requirements of the RCF, subsequent to the year end the Group has agreed with the banking syndicate to reset the covenant levels on the net debt/EBITDA, interest cover ratios and minimum liquidity under the RCF to less onerous levels for the remaining duration of the facility. The testing requirement has also been altered from monthly to quarterly for the net debt/EBITDA covenant.

Going concern assessment period

Accounting standards require the Directors to assess the Group'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 considering any known liquidity events that will occur after the 12 month period. Given that the RCF matures in March 2025, the Directors concluded that the 12 month going concern assessment period to 30 April 2025 is appropriate.

Board assessment

Base case

The Group has prepared its base case based on the budget/plan for the period to 30 April 2025.

The base case also considers downside risks to business performance that could arise in the period and restricts capital expenditure in line with the limit for FY24 in the RCF. Given parts of the Group's business involves securing new contracts which can be delayed or cancelled, cash flows have been adjusted to take account of such risks materialising. Although the intention of the Group is to continue the disposals of non-strategic assets and businesses, the base case does not include such disposals or acquisitions as these are not in the direct control of the Group.

The forecasts also take account of the macro economic environment such as potential increases in interest rates, inflationary pressures and shifts in market trends. The base case demonstrated the Company would have headroom against its facilities and would comply with financial covenants over the going concern assessment period.

NOTES TO THE FINANCIAL STATEMENTS CONT.

1. GENERAL INFORMATION CONT.

Board assessment cont.

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 21% in the full year to December 2024 from the adjusted base budget and a reduction of 23% January 2025 to April 2025;
- cash inflow disruptions that may result from late payments from customers or project delivery challenges; and
- further short-term increases in interest rates from the current rate of 5.25% to 5.5% SONIA rate between June 2024 and December 2024.

Under a combination of all of the above downside scenarios ("the combined severe but plausible scenario"), prior to mitigating actions within the control of management, the forecasts indicate that the Directors would potentially need to request a waiver from the lenders in relation to the mandatory repayment of £3.5m that is required in June 2024, and seek additional funding, in order for the Group to continue to meet its liabilities as they fall due. The combined severe but plausible scenario also results in limited headroom on financial covenant compliance in the going concern assessment period, prior to mitigating actions. However, the Directors are confident that they have a number of controllable mitigating actions that could be implemented regardless of whether a waiver for the mandatory repayment from the lenders is obtained, including reducing discretionary spend on certain projects and hiring freezes. After the effect of these mitigations the combined severe but plausible scenario indicates that the Group can make the June repayment and would remain cash positive and in compliance will all financial covenants, albeit with limited headroom. In addition, whilst not a controllable mitigation, the Directors will also seek to negotiate an extension of creditor terms with certain suppliers if required.

In addition, due to the quarterly and monthly covenant testing requirements within the RCF, there is an inherent timing risk associated with both profits and large project related customer receipts. Therefore, there is a risk that should the severe but plausible scenario outlined above materialise, additional support from the lender group may be necessary to avoid any temporary non-compliance with covenants. The Group will continue to actively manage its cash flow to mitigate this risk and operate within the terms of the RCF.

As part of the RCF, there is a non-financial covenant that requires the Group to provide signed audited financial statements for all guarantors party to the banking arrangement within 180 days of the year end. As at 31 December 2023, the Group has obtained a waiver from the banks for certain guarantors where this covenant requirement has not been met in respect of 31 December 2022 audited financial statements. The Board believe that they are able to meet the revised signing dates as outlined in this waiver however acknowledge that should the revised signing dates not be met then an additional waiver will need to be obtained to prevent a breach to the Group's banking facility.

Expiry of RCF during the going concern assessment period

As noted above, the RCF expires on 31 March 2025. The ability to refinance is not fully within the control of the Directors, however the Group has successfully negotiated facilities in the past and is also looking to deleverage its balance sheet within the next 12 months with various planned disposals of non-strategic businesses together with asset sales. On 22 March 2024, the Group announced that it entered into an agreement for sale of the entire issued share capital of RMSpumptools Limited (RMS) the estimated net proceeds of which are approximately £83m. These proceeds will be used to reduce leverage and strengthen the Group's balance sheet. The disposal is expected to complete early in H2 2024, subject to certain conditions. Demonstrating the ability of the Group to reduce debt levels to within our target net debt/EBITDA range of 1-1.5x before a refinancing is undertaken should make it easier to execute the Group's refinancing plan and put in place new facilities during 2024 on more favourable terms than the current facility. The Directors acknowledge that, within the existing terms of the RCF upon completion of disposals amounts borrowed under the RCF are required to be repaid but these amounts are not specified. Should the disposal of RMS occur, the Directors are confident that this would not result in a scenario worse than the combined severe but plausible scenario for liquidity however there would be a breach of the interest cover covenant in December 2024 under the current RCF as the covenant is calculated on a twelve-month rolling basis. The Directors also expect that the new facilities on more favourable terms will be in place prior to December 2024. Should the RMS disposal or alternative planned disposals do not successfully complete, the Directors may need to consider other refinancing alternatives when the existing RCF expires.

Assessment 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 reliance on successful mitigating actions and, potentially, a waiver of the June 2024 mandatory repayment under the combined severe but plausible scenario, and the ability to refinance the RCF which matures within the going concern assessment period indicate the existence of a material uncertainty, related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable and to realise their assets and discharge their liabilities in the normal course of business. 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.

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

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 of the measures was undertaken and as a consequence the ROCE measure (2.4 below) and the Underlying EPS measure (2.6 below) have been updated to reflect earnings from continuing operations, thereby excluding the results of discontinued operations which is non-recurring and thereby improves comparability between periods and peers.

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 operations 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							
2023 Continuing operations	**As reported £m**	**Amortisation of acquired intangible assets £m**	**Impairment charges/ (reversals) £m**	**Re-financing £m**	**Re-structuring £m**	**Disposal of businesses and assets £m**	**Other/Tax £m**	**Underlying results £m**
Revenue	496.2	–	–	–	–	–	–	496.2
Cost of sales	(360.3)	–	–	–	–	(1.8)	–	(362.1)
Gross profit	135.9	–	–	–	–	(1.8)	–	134.1
Administrative expenses	(109.6)	1.1	–	–	–	0.1	2.8	(105.6)
Impairment charges	(28.4)	–	28.1	–	–	–	–	(0.3)
Refinancing costs	(12.2)	–	–	12.2	–	–	–	–
Restructuring costs	(5.7)	–	–	–	5.7	–	–	–
Share of post-tax results of associates	1.4	–	–	–	–	–	–	1.4
Operating profit/(loss)	(18.6)	1.1	28.1	12.2	5.7	(1.7)	2.8	29.6
Finance income	3.2	–	–	–	–	–	–	3.2
Finance expense	(24.5)	–	–	–	–	–	–	(24.5)
(Loss)/profit before taxation	(39.9)	1.1	28.1	12.2	5.7	(1.7)	2.8	8.3
Income tax	(11.0)	(0.3)	–	–	–	–	5.3	(6.0)
(Loss)/profit for the year from continuing operations	(50.9)	0.8	28.1	12.2	5.7	(1.7)	8.1	2.3
Discontinued operations								
(Loss)/profit for the year from discontinued operations, net of tax	(11.4)	–	–	–	–	–	–	(11.4)
(Loss)/profit for the year	(62.3)	0.8	28.1	12.2	5.7	(1.7)	8.1	(9.1)
Operating margin (%)	(3.7%)							6.0%
Segmental underlying operating profit is calculated as follows:								
Energy	9.5	0.6	2.1	–	3.6	(0.4)	0.3	15.7
Defence	(23.7)	–	24.7	–	0.5	–	–	1.5
Maritime Transport	21.7	0.5	1.3	–	1.5	(1.4)	(0.3)	23.3
Corporate	(26.1)	–	–	12.2	0.1	0.1	2.8	(10.9)
Continuing operations	(18.6)	1.1	28.1	12.2	5.7	(1.7)	2.8	29.6

NOTES TO THE FINANCIAL STATEMENTS CONT.

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

2.1 Underlying operating profit cont.

During the year, adjusting items were in relation to the following matters:

The amortisation of acquired intangibles (see Note 13).

The impairment charges/(reversals) relate to goodwill, right-of-use vessels, tangible assets and investments (see Notes 12,14,15 and 16). For impairment of trade and other receivables see Notes 4 and 29.

Refinancing is related to the costs of signing of the new RCF, refinancing strategy, obtaining a waiver from the Group's lenders and completion of various requirements and conditions of the RCF.

Restructuring costs relates to the transformation programme aimed at simplification, rationalisation and integration of the Group's businesses across all three Divisions and includes £3.0m in relation to the closure of the Subtech Europe business in the Energy Division.

Disposal of businesses and assets primarily relates to a gain of £1.4m on disposal of a vessel in the Maritime Transport Division.

Other primarily relates to £2.2m past service costs recognised for the MNRPF scheme as part of the review of the Fund's administrative and benefit practices carried out by the Fund's lawyers (see Note 23).

£4.7m of the tax charge relates to de-recognition of the brought forward net UK deferred tax asset as at 31 December 2022. Note 9 explains the assessment undertaken leading to de-recognition of a deferred tax asset which has a significant and non-recurring impact in the current year.

	Continuing operations							
2022 Continuing operations	As reported £m	Amortisation of acquired intangible assets £m	Impairment charges/ (reversals) £m	Specific trade receivables provision £m	Re-structuring £m	Disposal of businesses and assets £m	Other/ Tax £m	Underlying results £m
Revenue	478.1	–	–	–	–	–	–	478.1
Cost of sales	(350.9)	–	(4.5)	–	–	(0.9)	–	(356.3)
Gross profit	127.2	–	(4.5)	–	–	(0.9)	–	121.8
Administrative expenses	(97.5)	2.1	–	–	–	(2.5)	1.7	(96.2)
Impairment charges	(4.9)	–	5.2	(1.1)	–	–	–	(0.8)
Restructuring costs	(1.7)	–	–	–	1.7	–	–	–
Share of post-tax results of associates	1.6	–	–	–	–	–	–	1.6
Operating profit/(loss)	24.7	2.1	0.7	(1.1)	1.7	(3.4)	1.7	26.4
Finance income	0.7	–	–	–	–	–	–	0.7
Finance expense	(10.9)	–	–	–	–	–	–	(10.9)
Profit/(loss) before taxation	14.5	2.1	0.7	(1.1)	1.7	(3.4)	1.7	16.2
Income tax	(5.5)	–	–	–	–	–	0.8	(4.7)
Profit/(loss) for the year from continuing operations	9.0	2.1	0.7	(1.1)	1.7	(3.4)	2.5	11.5
Discontinued operations								
(Loss)/profit for the year from discontinued operations, net of tax	(19.8)	–	–	–	–	–	–	(19.8)
(Loss)/profit for the year	(10.8)	2.1	0.7	(1.1)	1.7	(3.4)	2.5	(8.3)
Operating margin (%)	5.2%							5.5%
Segmental underlying operating profit is calculated as follows:								
Energy	16.4	1.6	(0.8)	(1.1)	–	(2.5)	0.2	13.8
Defence	(3.5)	0.1	1.8	–	1.3	–	–	(0.3)
Maritime Transport	19.2	0.4	(0.3)	–	0.4	(0.9)	–	18.8
Corporate	(7.4)	–	–	–	–	–	1.5	(5.9)
Continuing operations	24.7	2.1	0.7	(1.1)	1.7	(3.4)	1.7	26.4

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

2.1 Underlying operating profit cont.

During 2022, adjusting items were in relation to the following matters:

Amortisation of acquired intangibles (see Note 13).

The impairment charges/(reversals) relate to goodwill, intangible and tangible assets, and assets held for sale (see Notes 12, 13, 14 and 20). For impairment of trade and other receivables see Notes 4 and 29.

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.

Restructuring costs relates to restructuring programmes completed during the year by the Fendercare and JFD businesses.

Disposal of businesses and assets relates to the disposal during 2022 of James Fisher Mimic Ltd, Prolec Ltd and Strainstall UK Ltd (see Note 26) for £18.5m proceeds with £4.3m gains less £1.8m costs of disposal. In addition, the Group has recognised a gain of £0.9m on disposal of one of its vessels in the Maritime Transport Division.

Other includes £1.5m past service cost recognised for the MNRPF scheme in respect of ill health early retirement benefits (see Note 23).

2.2 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.

	2023 £m*	2022 £m*
Underlying operating profit	29.6	26.4
Depreciation and amortisation	41.2	40.3
Less: Depreciation on right-of-use assets	(16.3)	(12.2)
Amortisation of acquired intangibles	(1.1)	(2.1)
IFRS 16 impact removed	1.0	0.2
Covenant EBITDA	54.4	52.6

* Excludes discontinued operations.

2.3 Leverage

Leverage is calculated in line with the Group's banking covenants. It is defined as Covenant EBITDA divided by underlying net borrowings. Underlying net borrowings is net borrowings as set out in Note 28, including guarantees, and excluding right-of-use operating leases, which are the leases which would be considered operating leases under IAS 17, prior to the introduction of IFRS 16. Guarantees are those issued by a bank or financial institution to compensate a stakeholder in the event of a Group company not fulfilling its obligations in the ordinary course of business in relation to either advance payments or trade debtors.

	2023 £m	2022 £m
Net borrowings (Note 28)	201.1	185.8
Less: right-of-use operating leases*	(56.9)	(46.0)
Guarantees and collateral deposits	5.6	2.3
Underlying net borrowings	149.8	142.1
Covenant EBITDA	54.4	52.6
Net debt:EBITDA	2.75	2.70

* In accordance with IFRS 16 Leases, the Group has recognised a lease liability of £61.2m at 31 December 2023. Under the calculation of "net debt – covenant basis", only those leases which would be classified as finance leases under IAS 17 Leases, the standard superseded by IFRS 16, are considered to be debt. Of the £61.2m lease liability recognised under IFRS 16, only £4.3m would be classified as finance leases under IAS 17 and accordingly £56.9m is adjustment in the net debt calculation.

NOTES TO THE FINANCIAL STATEMENTS CONT.

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

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 from continuing activities, 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.

	2023 £m	2022 £m
Net assets	148.6	218.3
Less right-of-use assets	(67.4)	(52.3)
Plus net borrowings	201.1	185.8
Capital employed	282.3	351.8
Add: amortisation of customer relationships	1.0	1.6
	283.3	353.4
Underlying operating profit	29.6	26.4
Notional tax at the underlying effective tax rate	(8.6)	(7.5)
	21.0	18.9
Average capital employed	318.4	355.1
Return on average capital employed	6.6%	5.3%

The three divisional ROCEs are detailed below:

Year ended 31 December 2023	**Energy £m**	**Defence £m**	**Maritime Transport £m**
Net assets	156.6	51.6	83.8
Less right-of-use assets	(14.3)	(3.8)	(48.7)
Plus net borrowings	16.4	3.9	39.7
Capital employed	158.7	51.7	74.8
Add: amortisation of customer relationships	0.5	–	0.4
	159.2	51.7	75.2
Underlying operating profit	15.7	1.5	23.3
Average capital employed	168.4	68.5	77.1
Return on average capital employed	9.3%	2.1%	30.3%

Year ended 31 December 2022	Energy £m	Defence £m	Maritime Transport £m
Net assets	172.3	84.9	82.8
Less right-of-use assets	(9.2)	(3.0)	(39.0)
Plus net borrowings	13.4	3.3	34.8
Capital employed	176.5	85.2	78.6
Add: amortisation of customer relationships	1.1	0.1	0.4
	177.6	85.3	79.0
Underlying operating profit	13.9	(0.4)	18.8
Average capital employed	173.6	84.7	83.2
Return on average capital employed	8.0%	(0.4%)	22.5%

2. ALTERNATIVE PERFORMANCE MEASURES CONT.

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 IFRS 16 impact, to covenant interest.

	2023 £m	2022 £m
Interest payable on bank loans less interest receivable on short-term deposits	17.6	8.1
Finance lease interest	0.1	0.1
Loan arrangement and other financing fees	(4.4)	(1.0)
Covenant interest	13.3	7.2
Underlying net operating profit	29.6	26.4
IFRS 16 impact removed	0.3	(0.7)
	29.9	25.7
Interest cover	2.2	3.5

2.6 Underlying earnings per share

Underlying earnings per share (EPS) is calculated as the total of underlying profit before tax from continuing activities, less income tax, but excluding the tax impact on adjusting items and adjusting for deferred tax on finance charges, 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.

	2023 £m	2022 £m
Loss attributable to owners of the Company	(51.0)	8.7
Adjusting items	48.2	1.7
Tax on adjusting items	5.0	0.8
Deferred tax on finance charges	3.6	–
Underlying loss attributable to owners of the Company	5.8	11.2
Basic weighted average number of shares (Note 10)	50,358,388	50,345,989
Diluted weighted average number of shares (Note 10)	50,634,837	50,367,147
Underlying basic earnings per share	11.4	22.3
Underlying diluted earnings per share	11.4	22.3

3. SEGMENTAL INFORMATION

From 1 January 2023, the Group has been re-organised into three operating segments reviewed by the Board: Energy, Defence, and Maritime Transport. 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. Specialist Technical (JFD business) is the only component of the Defence Division. The comparative segmental information for 2022 has been restated accordingly. The Divisions' principal activities are set out in the Strategic report on pages 20 to 31. Energy and Defence are differentiated by markets and industries which they serve. The Maritime Transport Division is differentiated by the services which they provide. The Board assesses 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 arm's 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.

The Group's principal products and services by Division are disclosed in the table below, together with information regarding performance obligations and revenue recognition. Revenue is recognised by the Group as contractual performance obligations to customers are completed.

NOTES TO THE FINANCIAL STATEMENTS CONT.

3. SEGMENTAL INFORMATION CONT.

Division	Principal products and services	Performance obligations	Revenue recognition
Energy	**Products** – Artificial lift special completion technology and software	Point in time	• On despatch or delivery, depending on contract terms
		Over time	• Customer acceptance of goods • Based on right-of-use/right-of-access • Based on costs incurred or straight-line over licence term
	Services – Blade repairs, high voltage cable laying, well testing, hire of air compressors, steam generators, heat suppression equipment (including personnel)	Over time	• Acceptance from customer • Customer approved timesheets • Time based monthly billing • Stage of completion, input/output measure based on costs incurred as a proportion of total costs/achievement of KPIs or milestones
	Specialist subsea services, site preparation asset management, offshore wind control room services, inspection, repair, and maintenance services Engineering and design solutions, production, installation, and commissioning services, nanobubble oxygenation service, full project support for offshore and subsea operations, decommissioning services	Point in time	• Acceptance from customer
Defence	**Products** – General diving equipment, spares, breathing machines, and subsea equipment for commercial and defence applications	Point in time	• On despatch or delivery, depending on contract terms
	Services – Submarine rescue services (Ad hoc Tasks), Military diving equipment servicing (Taskings)	Point in time	• Acceptance from customer • Completion of test
	Submarine Rescue Services, Military diving equipment servicing (Core – In Service Support)	Over time	• Output basis/achievement of key performance indicators (KPIs)
	Submarine Rescue Services (Training Exercises/ Mid-Life Refits)	Over time	• Stage of completion, input measure based on costs incurred as a proportion of total expected costs
	Construction contracts – Dive support vessels, submarine platform equipment, components and assemblies, tactical diving vehicles and carrier seals (subsea/surface craft) and recompression chambers	Over time	• Stage of completion output measure based on specific milestones in process
Maritime Transport	**Products** – Fenders, safety, and monitoring equipment	Point in time	• On despatch or delivery, depending on contract terms
	Services – Transport, storage of chemicals and petroleum, ship-to-ship transfer and port services	Over time	• Stage of completion output measure based on specific milestones in process • Vessel tendering notice of readiness to enter the port

3. SEGMENTAL INFORMATION CONT.

Year ended 31 December 2023	**Energy £m**	**Defence £m**	**Maritime Transport £m**	**Continuing total £m**	**Discontinued total £m**	**Total £m**
Revenue recognised at a point in time	195.4	52.4	35.3	283.1	1.1	284.3
Revenue recognised over time	71.1	20.1	121.9	213.1	5.6	218.6
Revenue	266.5	72.5	157.2	496.2	6.7	502.9

Year ended 31 December 2022	Energy £m	Defence £m	Maritime Transport £m	Continuing total £m	Discontinued total £m	Total £m
Revenue recognised at a point in time	168.4	52.1	33.4	253.9	4.1	258.0
Revenue recognised over time	74.2	16.1	133.9	224.2	38.7	262.9
Revenue	242.6	68.2	167.3	478.1	42.8	520.9

Year ended 31 December 2023	**Products £m**	**Services £m**	**Construction contracts £m**	**Continuing total £m**	**Discontinued total £m**	**Total £m**
Energy	53.5	201.9	11.1	266.5	6.7	273.2
Defence	20.9	47.7	3.9	72.5	–	72.5
Maritime Transport	35.3	121.9	–	157.2	–	157.2
Revenue	109.7	371.5	15.0	496.2	6.7	502.9

Year ended 31 December 2022	Products £m	Services £m	Construction contracts £m	Continuing total £m	Discontinued total £m	Total £m
Energy	51.0	180.2	11.4	242.6	42.8	285.4
Defence	17.2	47.8	3.2	68.2	–	68.2
Maritime Transport	33.4	133.9	–	167.3	–	167.3
Revenue	101.6	361.9	14.6	478.1	42.8	520.9

Included in services revenue, is revenue from operating lease rental income of £7.9m (2022: £10.3m) which is accounted for under IFRS 16: Leases. Property, plant and equipment which is used to generate operating lease rental income is detailed in Note 14. The nature of the leasing activities in the period are various short-term equipment leases in Energy and Maritime Transport Divisions.

Within the Energy Division, there are specific maintenance contracts which include variable consideration related to performance-based achievements over a number of years. Reflecting on the contract terms, the susceptibility of factors outside of the entity's control that would impact the consideration and the limited experience history management has on these specific maintenance contracts, management have concluded that the variable consideration should be constrained. On this basis £nil of the £5.0.m variable consideration within these contracts has been recognised in the period, otherwise there is a risk of subsequent reversal when the uncertainty is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENTS CONT.

3. SEGMENTAL INFORMATION CONT.

Year ended 31 December 2023	Energy £m	Defence £m	Maritime Transport £m	Corporate £m	Continuing total £m	Discontinued total £m	Total £m
Segmental revenue	266.5	72.6	157.2	–	496.3	6.8	503.1
Inter-segmental sales	–	(0.1)	–	–	(0.1)	(0.1)	(0.2)
Revenue	266.5	72.5	157.2	–	496.2	6.7	502.9
Underlying operating profit/(loss)	15.7	1.5	23.3	(10.9)	29.6	(11.4)	18.2
APMs (see Note 2)	(6.2)	(25.2)	(1.6)	(15.2)	(48.2)	–	(48.2)
Operating profit/(loss)	9.5	(23.7)	21.7	(26.1)	(18.6)	(11.4)	(30.0)
Finance income					3.2	–	3.2
Finance expense					(24.5)	–	(24.5)
Loss before tax					(39.9)	(11.4)	(51.3)
Income tax					(11.0)	–	(11.0)
Loss for the year					(50.9)	(11.4)	(62.3)
Assets and liabilities							
Segmental assets	226.8	80.0	154.5	88.5	549.8	–	549.8
Investment in joint ventures	2.6	3.3	2.5	–	8.4	–	8.4
Total assets	229.4	83.3	157.0	88.5	558.2	–	558.2
Segmental liabilities	(72.8)	(31.7)	(73.2)	(231.9)	(409.6)	–	(409.6)
	156.6	51.6	83.8	(143.4)	148.6	–	148.6
Other segmental information							
Capital expenditure*	28.7	6.3	27.9	0.1	63.0	–	63.0
Depreciation and amortisation	17.4	4.2	19.3	0.4	41.3	–	41.3

* Capital expenditure relates to additions within other intangible assets, property, plant and equipment and right-of-use assets, of which details can be found in Notes 13,14 and 15.

At 31 December 2023, there is £3.6m (2022: £6.1m) consideration allocated to performance obligations that were unsatisfied and expected to be recognised as revenue within 12 months.

Revenue from discontinued activities disclosed in the income statement is comprised of products £0.6m (2022: £4.1m) services of £3.7m (2022: £23.6m) and construction contract income of £2.3m (2022: £15.0m).

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.

3. SEGMENTAL INFORMATION CONT.

The following table shows the maturity profile of operating lease receivables using the undiscounted payments:

	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	4 – 5 years £m	>5 years £m
Operating lease receivables	8.1	0.9	0.9	–	–	–

Year ended 31 December 2022	Energy £m	Defence £m	Maritime Transport £m	Corporate £m	Continuing total £m	Discontinued total £m	Total £m
Segmental revenue	242.8	68.3	167.3	–	478.4	43.9	522.3
Inter-segmental sales	(0.2)	(0.1)	–	–	(0.3)	(1.1)	(1.4)
Revenue	242.6	68.2	167.3	–	478.1	42.8	520.9
Underlying operating profit/(loss)	13.9	(0.4)	18.8	(5.9)	26.4	(7.3)	19.1
APMs (see Note 2)	2.5	(3.1)	0.4	(1.5)	(1.7)	(13.3)	(15.0)
Operating profit/(loss)	16.4	(3.5)	19.2	(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)	(6.1)
Income tax					(5.5)	0.8	(4.7)
Profit/(loss) for the year					9.0	(19.8)	(10.8)
Assets and liabilities							
Segmental assets	250.8	114.5	155.1	63.6	584.0	16.3	600.3
Investment in joint ventures	3.0	3.4	2.3	–	8.7	–	8.7
Total assets	253.8	117.9	157.4	63.6	592.7	16.3	609.0
Segmental liabilities	(81.5)	(33.0)	(74.6)	(185.3)	(374.4)	(16.3)	(390.7)
	172.3	84.9	82.8	(121.7)	218.3	–	218.3
Other segmental information							
Capital expenditure*	16.7	5.4	31.2	0.2	53.5	0.4	53.9
Depreciation and amortisation	19.5	5.3	15.1	0.4	40.3	0.8	41.1

* Capital expenditure relates to additions within other intangible assets, property, plant and equipment and right-of-use assets, of which details can be found in Notes 13,14 and 15.

NOTES TO THE FINANCIAL STATEMENTS CONT.

3. SEGMENTAL INFORMATION CONT.

Geographic information

Geographical revenue is determined by the location in which the product or service is provided. Where customers receive the product or service in one geographical location for use or shipment to another it is not practicable for the Group to identify this, and the revenue is attributed to the location of the initial shipment. The geographical allocation of segmental assets and liabilities is determined by the location of the attributable business unit.

	United Kingdom		Rest of Europe		Middle East, Africa & Americas		Asia Pacific		Total	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Continuing										
Revenue										
Segmental revenue	157.6	165.1	66.1	65.3	180.1	155.5	92.5	92.5	496.3	478.4
Inter-segmental sales	(0.1)	(0.3)	–	–	–	–	–	–	(0.1)	(0.3)
Group revenue	157.5	164.8	66.1	65.3	180.1	155.5	92.5	92.5	496.2	478.1
Discontinued										
Revenue										
Segmental revenue	6.8	43.6	–	–	–	–	–	0.3	6.8	43.9
Inter-segmental sales	(0.1)	(1.1)	–	–	–	–	–	–	(0.1)	(1.1)
Group revenue	6.7	42.5	–	–	–	–	–	0.3	6.7	42.8
Continuing										
Segmental non-current assets	203.2	209.9	38.7	40.9	26.3	26.8	18.7	34.9	286.9	312.5
Segmental current assets	191.5	177.0	8.8	7.1	37.0	53.2	25.6	34.2	262.9	271.5
Segmental assets	394.7	386.9	47.5	48.0	63.3	80.0	44.3	69.1	549.8	584.0
Investment in joint ventures	1.0	0.3	2.5	3.1	1.2	0.2	3.7	5.1	8.4	8.7
Segmental liabilities	(350.9)	(314.1)	(14.3)	(8.0)	(31.5)	(36.1)	(12.9)	(16.2)	(409.6)	(374.4)
	44.8	73.1	35.7	43.1	33.0	44.1	35.1	58.0	148.6	218.3
Discontinued										
Segmental non-current assets	–	–	–	–	–	–	–	–	–	–
Segmental current assets	–	16.3	–	–	–	–	–	–	–	16.3
Segmental assets	–	16.3	–	–	–	–	–	–	–	16.3
Investment in joint ventures	–	–	–	–	–	–	–	–	–	–
Segmental liabilities	–	(16.3)	–	–	–	–	–	–	–	(16.3)
	–	–	–	–	–	–	–	–	–	–

Major customer

No single customer generates revenue greater than 10% of the consolidated revenue.

4. OPERATING PROFIT

Detailed below are the key amounts recognised in arriving at operating profit for continuing operations:

	2023 £m	2022 £m
Amortisation of intangible assets (Note 13)	2.9	5.2
Depreciation of property, plant and equipment (Note 14)	22.0	23.3
Depreciation of ROU assets (Note 15)	16.3	12.6
Impairment charges/(reversals):		
Goodwill and intangible assets (Notes 12 and 13)	29.0	4.6
Tangible fixed assets, including ROU assets (Notes 14 and 15)	(1.4)	1.1
Investment in joint ventures (Note 16)	(0.3)	0.5
Assets held for sale (Note 20)	0.8	–
Vessel held for sale (Note 20)	–	(5.4)
Trade and other receivables (Note 19)	0.3	(0.3)
Staff costs (Note 6)	125.3	145.8
Loss on disposal of businesses, net of disposal costs (Note 26)	(2.1)	(2.5)

The total remuneration of the Group's auditor, KPMG LLP, for services provided to the Group during the year ended 31 December 2023 is analysed below:

	2023 £m	2022 £m
Audit of the financial statements of the Parent Company	1.2	0.6
Audit-related assurance services (half year review)	0.2	0.1
Local statutory audits of subsidiaries	2.5	3.8
Total fees payable to Group auditor	3.9	4.5

Included in the audit fee for the year ended 31 December 2023 is £0.2m (2022: £0.5m) in relation to the prior year audit, which was billed subsequent to the completion of the audit. The total remuneration of the Group's auditor for the audit in relation to the year ended 31 December 2023 was £3.7m (2022: £4.0m).

5. DISCONTINUED OPERATIONS

In December 2022, management agreed a plan to sell the nuclear business as a result of a strategic decision to rationalise and focus the portfolio of businesses within the Group. At 31 December 2022, the business had 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 had been 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 was sold to Myneration Limited, a wholly-owned investment vehicle of Rcapital Partners LLP for a consideration of £3. The Group has retained certain Parent Company guarantees which historically were given to support the obligations of JFN (see Note 31).

Results of discontinued operations	2023 £m	2022 £m
Revenue	6.8	43.9
Inter-segmental sales	(0.1)	(1.1)
	6.7	42.8
Expenses	(17.1)	(50.1)
Loss before taxation	(10.4)	(7.3)
Income tax	(1.0)	0.8
Loss from operating activities after tax	(11.4)	(6.5)
Loss on remeasurement to fair value less costs to sell	–	(13.3)
Loss for the year from discontinued operations	(11.4)	(19.8)
Attributable to:		
Owners of the Company	(11.4)	(19.8)
Non-controlling interests	–	–
	(11.4)	(19.8)

NOTES TO THE FINANCIAL STATEMENTS CONT.

5. DISCONTINUED OPERATIONS CONT.

Cash flows used in discontinued operations	2023 £m	2022 £m
Net cash from operating activities	(0.4)	(3.1)
Net cash from investing activities	–	(5.0)
Net cash from financing activities	–	–
Net cash flows for the year	(0.4)	(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	(13.8)
Lease liabilities	(2.2)
Taxation	(0.3)
Liabilities associated with assets held for sale	(16.3)

On transfer of assets to held for sale a £13.3m loss was recognised in 2022 on remeasurement to fair value less cost to sell, consisting of impairments of goodwill (£8.1m), property, plant and equipment (£3.9m) and anticipated costs of disposal (£1.3m).

The non-recurring fair value measurement for the disposal group before £1.3m costs to sell had been categorised as a Level 3 fair value based on the present value of cash flows.

6. GROUP EMPLOYEE COSTS

(a) Staff costs including Directors' remuneration were as follows:

	2023 £m	2022 £m
Wages and salaries	107.4	127.3
Social security costs	11.9	12.8
Pension costs	5.0	5.2
Share-based compensation	1.0	0.5
	125.3	145.8

The total staff costs which were capitalised during the year amounted to £1.6m (2022: £0.5m).

The actual number of persons, including Executive Directors, employed by the Group was 2,041 persons at 31 December 2023 (2022: 2,526 persons).

The average number of persons, including Executive Directors, employed by the Group is detailed below by function:

	2023 Number	2022 Number
Production and Engineering	1,189	1,608
Sales	153	213
Administration	763	789
Seafarers	24	37
	2,129	2,647

The Directors' remuneration and their interest in shares of the Company are set out in the Directors' remuneration report on pages 92 to 109. The amount charged against operating profit in the year in respect of Directors' short-term remuneration was £0.9m (2022: £0.9m) in respect of emoluments and £0.1m (2022: £0.1m) in respect of pension contributions to defined contribution schemes. The number of Directors accruing retirement benefits were 2 (2022: 2). The charge for share-based payments in respect of Directors was £0.4m (2022: £0.2m) and aggregate gains under the exercise of options was £0.1m (2022: £nil).

(b) Compensation of key management to the Group

	2023 £m	2022 £m
Short-term employee benefits	2.8	2.9
Share-based payments	0.5	0.3
	3.3	3.2

Key management personnel include the Board of Directors of the Company and other senior members of the management team.

7. NET FINANCE EXPENSE

	2023 £m	2022 £m
Finance income:		
Interest receivable on short-term deposits	2.9	0.7
Net interest on pension obligations	0.3	–
Total income	3.2	0.7
Finance expense:		
Interest payable on bank loans and overdrafts	(15.8)	(7.4)
Loan arrangement and other financing fees	(4.4)	(1.0)
Unwind of discount on right-of-use lease liability	(4.0)	(2.1)
Other	(0.3)	(0.4)
Total expense	(24.5)	(10.9)
Net finance expense – continuing operations	(21.3)	(10.2)

NOTES TO THE FINANCIAL STATEMENTS CONT.

8. TAXATION

(a) The tax charge is based on profit for the year and comprises:

	2023 £m	2022 £m
Current tax:		
UK corporation tax	(0.1)	(1.2)
Overseas tax	(9.0)	(6.3)
Adjustment in respect of prior years:		
UK corporation tax	–	0.5
Overseas tax	0.1	0.2
Total current tax	(9.0)	(6.8)
Deferred tax:		
Origination and reversal of temporary differences:		
Current year		
UK corporation tax – current year	1.9	0.7
UK write off of brought forward deferred tax asset	(4.7)	–
Overseas tax	1.0	(0.3)
Prior year		
UK corporation tax	(0.3)	0.9
Overseas tax	0.1	–
Tax expense on continuing operations	(11.0)	(5.5)

The tax expense excludes a tax charge from discontinued operations of £1.0m (2022: credit £0.8m).

The total tax charge in the income statement includes a further £0.2m (2022: £0.1m) which is stated within the share of post-tax results of joint ventures.

(b) Tax included within other comprehensive income:

	2023 £m	2022 £m
Current tax:		
Foreign exchange losses on internal loans	(0.1)	(0.4)
Contributions to defined benefit pension schemes	0.2	0.4
Deferred tax:		
Actuarial gain on defined benefit pension schemes	(0.5)	(1.7)
Relating to derivatives	(0.2)	(0.7)
	(0.6)	(2.4)

8. TAXATION CONT.

(c) Reconciliation of effective tax rate

The Group falls under the UK tonnage tax regime on its tanker owning and operating activities and a charge is based on the net tonnage of vessels operated. Profits for these activities are not subject to corporation tax. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2023 £m	2022 £m
(Loss)/profit before tax	(39.9)	14.5
Tax arising from interests in joint ventures	0.2	0.1
	(39.7)	14.6
Tax on (loss)/profit at UK statutory tax rate of 23.5% (2022: 19%)	(9.3)	2.8
Tonnage tax expense on vessel activities	(1.5)	(0.8)
Expenses not deductible for tax purposes	7.7	1.6
(Over)/under provision in prior years:		
Current tax	(0.1)	(0.7)
Deferred tax	0.2	(0.9)
Higher tax rates on overseas income	1.7	2.8
Non-taxable income	–	(0.8)
Impact of change of rate	(1.0)	0.1
Write off of brought forward deferred tax asset	4.7	–
Movement on unrecognised deferred tax	8.8	1.5
	11.2	5.6

Expenses not deductible for tax purposes relate mainly to non-recurring items such as goodwill impairments, costs associated with business disposals, and losses made on business disposals.

Movement on unrecognised deferred tax is explained in further detail in Note 9.

The effective rate on the (loss)/profit before income tax from continuing operations is -27.6% (2022: 37.9%). The effective income tax rate on the underlying profit before tax is 29.0% (2022: 28.4%), which has been adjusted for £3.6m deferred tax on finance charges. Underlying profit before tax is included in Note 2. Overprovision in previous years arose due to the timing in which certain transactions have been accounted for, rather than any correction.

9. DEFERRED TAX

Deferred tax at 31 December relates to the following:

	Group		Company	
	2023 £m	2022 restated* £m	2023 £m	2022 £m
Assets				
Property, plant and equipment	4.9	4.9	0.1	–
Losses carried forward	2.3	6.4	–	–
Temporary differences	1.4	1.1	1.4	0.6
	8.6	12.4	1.5	0.6
Liabilities				
Retirement benefits	(0.7)	(0.7)	(0.7)	(0.8)
Property, plant and equipment	(3.1)	(1.6)	–	–
Intangible assets	(0.1)	(1.4)	–	–
Derivative financial instruments	(0.7)	(0.6)	(0.7)	(0.6)
	(4.6)	(4.3)	(1.4)	(1.4)

* Amendments to IAS 12 related to Assets and Liabilities Arising from a Single Transaction, effective for periods starting on or after 1 January 2023, narrowed the application of the initial recognition exception by clarifying that the exemption does not apply to transactions such as leases and decommissioning obligations. The above Note includes deferred tax assets of £3.1m (2022: £1.6m) and deferred tax liabilities of £3.1m (2022: £1.6m) in respect of timing differences on right-of-use assets. 2022 figures disclosed in the table above have been amended to reflect this change.

NOTES TO THE FINANCIAL STATEMENTS CONT.

9. DEFERRED TAX CONT.

In order to recognise a deferred tax asset it must be probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. The Group assesses the recoverability of deferred tax assets at each reporting date.

IAS 12 does not define a time period over which an assessment of expected taxable profits should be made although it is acknowledged that reliability decreases the further out into the future the forecast extends. Expected UK taxable profits have been calculated based on the approved Business Plan, which shows losses carried forward at the balance sheet date are expected to be utilised within the review period. However utilisation of the losses occurs predominately in later years of the forecast period. As a result of this forecast information, and the taxable UK loss incurred in the current and prior year, management has not recognised any deferred tax asset in respect of the UK losses incurred in the year and has derecognised £4.7m in respect of the brought forward net UK deferred tax asset as at 31 December 2022. These losses can be carried forward indefinitely.

At 31 December 2023, the Group had unrecognised tax losses of £43.3m (2022: £21.4m). £40.2m (2022: £16.3m) of these losses can be carried forward indefinitely, and £3.1m (2022: £5.1m) will expire within the next ten years.

Deferred tax assets and liabilities included in the consolidated balance sheet have been stated according to the net exposures in each tax jurisdiction.

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Balance at 1 January	8.1	9.2	(0.8)	1.0
Charged to comprehensive income	(0.7)	(2.4)	(0.6)	(2.3)
Charged to equity	–	–	–	–
Credited/(charged) to income statement	(3.0)	1.3	1.5	0.5
Exchange adjustments	(0.4)	–	–	–
Balance at 31 December	4.0	8.1	0.1	(0.8)

At 31 December 2023, the Group has no deferred income tax liability (2022: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits' exemption, the availability of double taxation relief and the ability to control the remittance of earnings.

Deferred tax (credited)/charged to the income statement in the year ending 31 December 2023 relates to the following:

	Group	
	2023 £m	2022 £m
Deferred tax assets	2.8	(3.0)
Deferred tax liabilities:		
Property, plant and equipment	1.5	0.7
Intangible assets	(1.3)	1.0
Deferred income tax (credit)/charge	3.0	(1.3)

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, after excluding 12,519 (2022: 47,855) 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 2023, 2,649,876 options (2022: 1,759,740) 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:

	2023 £m	2022 £m
Loss after tax attributable to shareholders	(62.4)	(11.1)

10. EARNINGS PER SHARE CONT.

Weighted average number of shares

	2023 Number of shares	2022 Number of shares
Basic weighted average number of shares	50,358,388	50,345,989
Potential exercise of share-based payment schemes	–	21,158
Diluted weighted average number of shares	50,358,388	50,367,147

Earnings per share	pence	pence
Basic earnings per share	(123.9)	(22.1)
Diluted earnings per share	(123.9)	(22.1)

Earnings per share – continuing operations	pence	pence
Basic earnings per share	(101.2)	17.4
Diluted earnings per share	(101.2)	17.4

Earnings per share – discontinued operations	pence	pence
Basic earnings per share	(22.7)	(39.5)
Diluted earnings per share	(22.7)	(39.5)

11. DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed in either 2023 or 2022.

12. GOODWILL

Reconciliation of carrying amount	**JFD £m**	**Scantech £m**	**Fendercare £m**	**Multiple units without significant goodwill £m**	**Total £m**
At 1 January 2022	32.3	22.9	16.7	61.6	133.5
Impairment	–	–	–	(4.4)	(4.4)
Disposals	–	–	–	(7.1)	(7.1)
Discontinued operations	–	–	–	(8.1)	(8.1)
Reallocation between CGUs	0.9	–	–	(0.9)	–
Exchange differences	0.9	0.2	0.3	1.0	2.4
At 31 December 2022	34.1	23.1	17.0	42.1	116.3
Impairment	(25.0)	–	–	(3.0)	(28.0)
Reclassification to assets held for sale	–	–	–	(7.6)	(7.6)
Exchange differences	(0.5)	(1.8)	(0.2)	0.1	(2.4)
At 31 December 2023	8.6	21.3	16.8	31.6	78.3

NOTES TO THE FINANCIAL STATEMENTS CONT.

12. GOODWILL CONT.

Details of assets held for sale are provided in Note 20, disposals in Note 26 and of discontinued operations in Note 5.

During the year, the Group impaired JFD's goodwill by £25.0m. Whilst JFD's performance improved in comparison to 2022, it did not secure some of the projects that were forecasted in the last year's cash flow projections due to delays in customer procurement processes and management's decision not to pursue certain opportunities. The CGU retains a solid pipeline and the outlook remains positive, however, JFD's performance is yet to return to pre-COVID levels and the future cash flows contain a number of risks associated with the timing, cancellations and inability to win projects. Given the risk of delays in the defence market, the assumptions around the timing and win probability required to include revenue in the forecasts have been revised in the current year which resulted in the impairment of goodwill.

In 2023, based on the value in use calculations, impairments were identified in respect of two CGUs without significant goodwill balances in the Energy Division and charges of £0.8m and £1.4m have been recognised respectively, resulting in a zero recoverable amount for one CGU and recoverable value of £3.6m for the remaining CGU based on the value in use calculations. These impairment charges are due to the combined effect of the increased discount rates and the risks surrounding the current and projected profitability of the CGUs.

One CGU without a significant goodwill balance was identified as held for sale during the year. The carrying amount of the CGU, including the allocated goodwill was compared to the fair value less costs to sell. This assessment resulted in an impairment of £0.8m being recognised.

In 2022, the Group experienced projects in subsea operations in the EU being deferred or cancelled at short notice by customers, including projects that had been awarded to the Group. This led to a reduction in profitability in an Energy Division business in the EU. As a result of this, and of a more cautious outlook given this disruption, an impairment of £4.4m in relation to a CGU which is a business operation within the Energy Division was recognised in administrative expenses, resulting in zero goodwill remaining in respect of that CGU.

During 2022, a subsidiary that previously reported its results through Energy operating segment moved under management of JFD. As the result, goodwill associated with that subsidiary was moved under JFD's CGU.

Impairment testing for CGUs containing goodwill

The headroom and the key assumptions used in determining the recoverable amount of each CGU, or group of CGUs, are as follows:

	Headroom		Discount rate (post-tax)*		Five-year average revenue growth rate		Terminal value growth rate	
	2023 £m	2022 £m	2023	2022	2023	2022	2023	2022
JFD	–	35.6	15.9%	14.7%	4.8%	3.2%	2.6%	2.6%
Scantech	28.8	39.8	16.1%	12.9%	6.5%	7.0%	2.6%	2.6%
Fendercare	15.0	49.3	18.3%	15.3%	3.4%	2.7%	2.6%	2.6%
Multiple units without significant goodwill**	49.8	183.5	16.2%	14.1%	8.8%	12.8%	2.6%	2.6%
Total	93.6	308.2						

* The pre-tax discount rates are 1.4% (2022: 0.8%) higher than the post-tax rates stated above.

** For one of the CGUs without significant goodwill, gross margin was determined to be a key assumption (2023: five-year average gross margin of 24.9%; 2022: 25.9%).

Headroom represents the difference between the recoverable amount and the carrying amount of net assets, including goodwill, of a CGU.

The individual carrying values for "multiple CGUs without significant goodwill balances" amount to less than 10% individually of the Group's total opening goodwill balance each. The assumptions in the table above represent weighted average amounts.

Key assumptions

The recoverable amount is based on a value in use calculation, which is determined by performing discounted future post-tax cash flow calculations for a five-year period and projected into perpetuity, where relevant cash flows are expected to continue into perpetuity. For CGUs designated as assets held for sale and/or discontinued operations, the fair value less costs to sell is used.

The five-year cash flow forecasts are based on the budget for the following year (year one) and the strategic business plans for years two to five. The five-year revenue growth rate is calculated as cumulative average growth rate over five years and is derived from the five-year plan, adjusted for risks, where appropriate, which is prepared by management and is reviewed and approved by the Board. The five-year plan reflects a combination of past experience, management's assessment of the current contract portfolio, contract wins, contract retention, sales pipeline (including historic contract win rates), as well as future expected market trends (including the impact of climate change, where relevant), adjusted to meet the requirements of IAS 36 Impairment of Assets.

The cash flows are discounted at a post-tax discount rate which is based on the Group's weighted average cost of capital (WACC) (pre-tax rate 11.8% (2022: 8.0%), post-tax rate 10.4% (2022: 7.2%)), adjusted for each CGUs' specific country and business risks. The inputs used in the WACC calculation include risk-free rate, equity risk premium and risk adjustment, and are based on information from third party sources. The increase in WACC from 2022 to 2023 is primarily driven by both a higher cost of equity resulting from an increase in the risk-free rate and the recent increase in the cost of borrowing seen in 2023. Country specific risk premiums, which are sourced from the publication by Prof. A. Damodaran, have also increased across most territories in which we operate.

12. GOODWILL CONT.

Key assumptions cont.

The growth and discount rates are stated on nominal basis.

The forecast five-year revenue growth rate for JFD was assessed to be 4.8% and has improved from prior year due to a change in the assumptions of the timing and phasing of projects compared to the prior year. The Defence Division has been in a turnaround period after a disruptive period of poor performance and is in a strong position to take advantage of the increased global defence spending and to win some key defence contracts. However, the timing of defence spending and ability to secure projects remains a significant risk for JFD. To reflect this risk, in assessing JFD's goodwill for impairment, large unsecured contracts were removed from the forecasts leading to margin reductions which impacted cash flows and the terminal value calculation. The base case had 0% growth after five years for the oil and gas revenue stream and those cash flows were limited to 40 years. This, combined with a higher discount rate, led to a recognition of impairment.

Scantech CGU's five-year growth expectation has remained relatively flat at 6.5% reflecting the strong renewables and oil and gas markets in which this CGU operates. The Scantech CGU had strong performance in the past two years and has consistently demonstrated its ability to deliver against budgets and forecasts.

Fendercare's five-year growth rate of 3.4% reflects a strong year in 2023, significantly outperforming 2022. This reflects the strength of ship-to-ship (STS) markets in Brazil and LNG transfers as well as stronger product sales.

The remaining growth for the multiple CGUs without significant goodwill is 8.8% which reflects the nature of these CGUs which operate in high-growth industries such as renewables and are expected to have significant growth in the next five years. The goodwill balance of non-significant CGUs includes £9.4m relating to a CGU which performs offshore wind services for which the five-year growth expectation is estimated to be 13.6% reflecting the high growth potential in the renewables market as a result of the UK energy targets for net zero and windfarms actively being built in both UK and surrounding waters.

The decline as compared to 2022 five-year revenue growth is predominantly caused by the strong revenue generation in 2023 which is used as a starting point for five-year revenue growth calculation, reducing the overall growth rate.

Cash flows beyond year five are projected into perpetuity where appropriate using a long-term terminal growth rate in line with management's long-term expectations for the prevailing rates of inflation as a proxy to economic growth which are sourced from Tradingeconomics website.

Sensitivity to impairment

Given JFD's cash flows are dependent upon its ability to secure projects, an additional sensitivity was run to remove unsecured projects from the terminal value cash flow due to potential delays in securing projects. This sensitivity resulted in a full impairment of the remaining £8.6m goodwill balance. If the discount rate (with all other variables being equal) in the JFD CGU increased by 0.5%, this would result in a further impairment of £1.9m of the goodwill balance.

For the CGUs without significant goodwill where partial goodwill impairment was recognised, there were no reasonably possible changes to assumptions that would result in an additional impairment given the market outlook and the performance of the business.

For all other CGUs, the value in use calculations were assessed for sensitivity to reasonably possible changes to assumptions. Sensitivities carried out across all CGUs were (1) increasing the discount rate by 2.0%; (2) increasing the discount rate by 2% and reducing operating profit by 10%; (3) reducing the terminal growth to zero; and (4) reducing operating profit by 25%. For one of the CGUs which is expected to have high levels of revenue growth, an additional sensitivity was run to reduce five-year average revenue growth by 2% and five-year average gross margin by 1.2%. None of the scenarios showed impairment.

The Scantech and Fendercare CGUs with significant goodwill balances showed positive headroom in all of the scenarios. The sensitivities identified that the headroom is most sensitive to changes in the operating profit, which would need to be decreased by 34% for Scantech and 36% for Fendercare, to give rise to a goodwill impairment in these CGUs. This is not considered a reasonably possible change given current market conditions and business performance.

NOTES TO THE FINANCIAL STATEMENTS CONT.

13. OTHER INTANGIBLE ASSETS

Group	Development costs £m	Intellectual property £m	Customer relationships £m	Total £m
Cost				
At 1 January 2022	29.2	10.4	17.5	57.1
Additions	1.2	–	0.1	1.3
Transfer	(2.0)	–	(0.3)	(2.3)
Disposals	(4.8)	(0.1)	–	(4.9)
Exchange differences	0.1	0.2	0.5	0.8
At 31 December 2022	23.7	10.5	17.8	52.0
Additions	1.7	–	–	1.7
Transfers	1.1	–	–	1.1
Disposals	–	(0.7)	(0.1)	(0.8)
Exchange differences	–	(0.3)	–	(0.3)
At 31 December 2023	26.5	9.5	17.7	53.7
Amortisation				
At 1 January 2022	22.7	6.3	14.8	43.8
Charge for the period	2.3	1.2	1.7	5.2
Impairment	0.2	–	–	0.2
Transfer	(1.1)	–	(0.3)	(1.4)
Disposals	(4.5)	(0.1)	–	(4.6)
Exchange differences	0.2	0.1	0.3	0.6
At 31 December 2022	19.8	7.5	16.5	43.8
Charge for the period	1.1	0.8	1.0	2.9
Impairment	0.2	1.7	–	1.9
Disposals	–	(0.7)	(0.1)	(0.8)
Exchange differences	–	(0.3)	(0.1)	(0.4)
At 31 December 2023	21.1	9.0	17.3	47.4
Net book value at 31 December 2023	5.4	0.5	0.4	6.3
Net book value at 31 December 2022	3.9	3.0	1.3	8.2
Net book value at 31 December 2021	6.5	4.1	2.7	13.3

Customer relationships relate to items acquired through business combinations which are amortised over their estimated useful economic life resulting in an amortisation charge of £1.1m (2022: £2.1m) charged to administrative expenses. Development costs relate to new products developed by the Group and intellectual property represents amounts purchased or acquired relating to technology in the Group's activities. The related amortisation is charged to cost of sales. Based on an assessment of the recoverable amount using value in use, an impairment charge of £nil (2022: £0.2m) has been recognised within cost of sales in respect of development costs in the Energy Division where the projects have been discontinued.

Included within £2.3m transfers at cost in 2022 is £1.4m of assets within the nuclear business which have been reclassified to assets held for sale (Note 20).

There was no research and development charged to operating profit (2022: £nil).

14. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels £m	Assets under construction £m	Property £m	Plant and equipment £m	Total £m
Cost:					
At 1 January 2022	81.7	3.6	35.4	213.1	333.8
Additions	4.1	9.7	0.5	13.1	27.4
Reclassifications	0.3	(3.6)	(5.7)	(2.9)	(11.9)
Disposals	(20.7)	(0.2)	(4.2)	(12.8)	(37.9)
Exchange differences	0.6	–	1.0	4.5	6.1
At 31 December 2022	66.0	9.5	27.0	215.0	317.5
Additions	2.6	17.1	0.2	8.6	28.5
Reclassifications	(2.4)	(12.3)	(1.4)	10.0	(6.1)
Disposals	(12.7)	–	(0.6)	(11.7)	(25.0)
Exchange differences	(0.4)	–	(0.3)	(5.8)	(6.5)
At 31 December 2023	53.1	14.3	24.9	216.1	308.4
Depreciation:					
At 1 January 2022	52.4	–	15.5	143.7	211.6
Provided during the year	5.8	–	1.5	16.0	23.3
Provision for impairment	(0.3)	–	0.9	0.1	0.7
Reclassifications	–	–	(1.1)	(5.0)	(6.1)
Disposals	(19.3)	–	(4.2)	(11.9)	(35.4)
Exchange differences	0.3	–	0.6	2.8	3.7
At 31 December 2022	38.9	–	13.2	145.7	197.8
Provided during the year	5.5	–	1.2	15.3	22.0
Provision for impairment	0.5	–	–	–	0.5
Reclassifications	(1.7)	–	(0.4)	(0.9)	(3.0)
Disposals	(11.6)	–	(0.6)	(10.2)	(22.4)
Exchange differences	(0.3)	–	(0.1)	(4.1)	(4.5)
At 31 December 2023	31.3	–	13.3	145.8	190.4
Net book value at 31 December 2023	21.8	14.3	11.6	70.3	118.0
Net book value at 31 December 2022	27.1	9.5	13.8	69.3	119.7
Net book value at 31 December 2021	29.3	3.6	19.9	69.4	122.2

Reclassifications (£6.1m cost and £3.0m depreciation) in 2023 include a £1.1m net book value (NBV) relating to two properties and a £0.6m NBV relating to a vessel reclassified to assets held for sale in the Energy Division. Reclassifications of £5.8m at NBV in 2022 includes assets reclassified to assets held for sale – £4.2m (Nuclear Business) and £1.5m (Defence Division) (see Note 20).

Disposals in 2023 include £0.9m NBV relating to a vessel in the Maritime Transport Division. 2022 included £1.4m NBV relating to two vessels in the Maritime Transport Division as part of the wider fleet renewal strategy.

Restructuring programmes within the Defence Division were completed during 2022 resulting in an impairment charge of £1.0m charged to cost of sales. Following improved market conditions and improving utilisation in 2022, there is a credit of £0.3m to cost of sales in the Maritime Transport Division on part reversal of a vessel impairment.

Climate change impact was considered for the Vessel UELs and no adjustments were required.

NOTES TO THE FINANCIAL STATEMENTS CONT.

14. PROPERTY, PLANT AND EQUIPMENT CONT.

The Group recognises operating leases rental income as revenue (see Note 3). Property, plant and equipment includes the following assets which provide rental income. The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Group	Vessels £m	Plant and equipment £m	Total £m
Cost:			
At 1 January 2022	0.9	38.3	39.2
Additions	–	1.8	1.8
Disposals	–	(1.4)	(1.4)
Exchange differences	–	0.4	0.4
At 31 December 2022	0.9	39.1	40.0
Additions	–	0.6	0.6
Disposals	–	(1.2)	(1.2)
Exchange differences	–	(3.0)	(3.0)
At 31 December 2023	0.9	35.5	36.4
Depreciation:			
At 1 January 2022	0.2	23.9	24.1
Provided during the year	0.2	2.5	2.7
Disposals	–	(0.8)	(0.8)
Exchange differences	–	0.2	0.2
At 31 December 2022	0.4	25.8	26.2
Provided during the year	–	2.2	2.2
Disposals	–	(1.0)	(1.0)
Exchange differences	–	(2.0)	(2.0)
At 31 December 2023	0.4	25.0	25.4
Net book value at 31 December 2023	0.5	10.5	11.0
Net book value at 31 December 2022	0.5	13.3	13.8
Net book value at 31 December 2021	0.7	14.4	15.1

Company	Vessels £m	Property £m	Plant and equipment £m	Total £m
Cost:				
At 1 January 2022	10.6	2.3	3.7	16.6
Additions	–	–	0.3	0.3
Disposals	(10.6)	–	–	(10.6)
At 31 December 2022	–	2.3	4.0	6.3
Additions	–	0.1	0.2	0.3
Disposals	–	–	(0.1)	(0.1)
At 31 December 2023	–	2.4	4.1	6.5
Depreciation:				
At 1 January 2022	10.3	1.7	3.2	15.2
Provided during the year	0.2	0.1	0.2	0.5
Disposals	(10.5)	–	–	(10.5)
At 31 December 2022	–	1.8	3.4	5.2
Provided during the year	–	0.1	0.2	0.3
At 31 December 2023	–	1.9	3.6	5.5
Net book value at 31 December 2023	–	0.5	0.5	1.0
Net book value at 31 December 2022	–	0.5	0.6	1.1
Net book value at 31 December 2021	0.3	0.6	0.5	1.4

Disposals in 2022 related to a vessel, the Thames Fisher, which was sold yielding a £1.0m profit on sale, which is shown within cost of sales.

15. RIGHT-OF-USE ASSETS

Group	Vessels £m	Property £m	Plant and equipment £m	Total £m
Cost:				
At 1 January 2022	51.9	24.8	1.7	78.4
Reclassifications	–	(3.0)	(0.1)	(3.1)
Additions	21.6	3.0	0.7	25.3
Disposals	–	(3.6)	(0.1)	(3.7)
Exchange differences	1.2	0.6	–	1.8
At 31 December 2022	74.7	21.8	2.2	98.7
Reclassifications	(4.9)	0.1	–	(4.8)
Additions	21.6	11.0	0.2	32.8
Disposals	(1.3)	(3.1)	(0.2)	(4.6)
Exchange differences	(0.6)	(0.8)	–	(1.4)
At 31 December 2023	89.5	29.0	2.2	120.7
Depreciation:				
At 1 January 2022	25.7	10.4	0.5	36.6
Provided during the year	7.6	4.6	0.4	12.6
Provision for impairment	–	0.4	–	0.4
Reclassifications	–	(1.2)	(0.1)	(1.3)
Disposals	–	(3.0)	(0.1)	(3.1)
Exchange differences	0.8	0.4	–	1.2
At 31 December 2022	34.1	11.6	0.7	46.4
Provided during the year	12.2	3.7	0.4	16.3
Provision for impairment	(1.9)	–	–	(1.9)
Reclassifications	(4.2)	0.1	–	(4.1)
Disposals	(0.4)	(2.0)	(0.2)	(2.6)
Exchange differences	(0.4)	(0.5)	0.1	(0.8)
At 31 December 2023	39.4	12.9	1.0	53.3
Net book value at 31 December 2023	50.1	16.1	1.2	67.4
Net book value at 31 December 2022	40.6	10.2	1.5	52.3
Net book value at 31 December 2021	26.2	14.4	1.2	41.8

In 2023, additions during the year included a new vessel and renewal of leases within the Maritime Transport Division.

The Company had right-of-use assets in respect of leasehold property with a cost of £2.3m (2022: £2.2m), accumulated depreciation of £1.5m (2022: £1.2m). Depreciation charged in the year amounted to £0.3m (2022: £0.3m).

Reclassifications in 2023 relate to the business classified as assets held for sale (see Note 20).

£1.9m impairment reversal relates to two vessels in the Energy Division which were remeasured to fair value less costs of disposal.

The income statement includes the following charges related to short-term leases:

	2023 £m	2022 £m
Short-term leases	0.3	0.2

At 31 December 2023 and 2022, there were no material cash flows which have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

NOTES TO THE FINANCIAL STATEMENTS CONT.

16. INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

Details of the Group's joint ventures and associated undertakings are set out on page 199.

	2023 £m	2022 £m
Investment in joint ventures	6.0	6.2
Loans to associate	2.4	2.5
	8.4	8.7

Loans to associate primarily relates to First Response Marine and further information is set out in Note 32. The expected credit loss on the loans to associates is immaterial.

The Group's share of the assets, liabilities and trading results of joint ventures and associates, which are accounted for under the equity accounting method, are as follows:

	2023 £m	2022 £m
Current assets	9.4	15.5
Non-current assets	16.8	16.8
Current liabilities	(1.5)	(4.6)
Non-current liabilities	(18.7)	(21.5)
	6.0	6.2
Revenue	13.8	13.0
Cost of sales	(10.8)	(10.1)
Administrative expenses	(1.5)	(1.3)
Profit from operations	1.5	1.6
Net finance expense	0.1	0.2
Profit before tax	1.6	1.8
Tax	(0.2)	(0.1)
Profit after tax	1.4	1.7
Profit after tax:		
Continuing	1.4	1.6
Discontinued	–	0.1
	1.4	1.7
Segmental analysis of profit after tax:		
Energy	0.1	–
Defence	0.4	0.6
Maritime Transport	0.9	1.1
	1.4	1.7
Movement on investment in joint ventures:		
At 1 January	6.2	6.0
Provision/(reversal) against investments	0.3	(0.5)
Profit for the year	1.4	1.7
Dividends received	(1.2)	(1.7)
Share of fair value (losses)/gains on cash flow hedges	(0.1)	0.4
Exchange adjustments	(0.6)	0.3
At 31 December	6.0	6.2

There are no capital commitments or contingent liabilities in respect of the Group's interests in joint ventures.

The provision during 2022 related to an investment in the Defence Division where the recoverable amount is below carrying value. The £0.5m charge was recorded within administrative expenses.

17. INVESTMENTS AND LOANS TO SUBSIDIARIES

Group

Other investments (Group and Company)

Other investments with a net book value of £1.4m (2022: £1.4m) in the Group and Company balance sheets are in unquoted entities, held at fair value and subject to annual impairment review. They comprise a 17.2% (2022: 17.2%) equity interest in ordinary shares in SEML De Co-operation Transmanche, an unlisted company incorporated in France, whose main activity is a port and ferry operator. In addition, the Group has a 50.0% interest in JFD Domeyer GmbH, a company incorporated in Germany which provides in-service support and aftermarket services to the local customer base.

Subsidiary undertakings (Company)

	Subsidiary undertakings		
Company	**Shares £m**	**Loans £m**	**Total £m**
Cost:			
At 1 January 2022	140.3	386.9	527.2
Additions	0.2	–	0.2
Net movement on loans to subsidiaries	–	(3.2)	(3.2)
Utilisation of provision	–	(40.5)	(40.5)
At 31 December 2022	140.5	343.2	483.7
Loans converted to equity	229.4	(229.4)	–
Additions	0.5	–	0.5
Disposal of subsidiaries	(25.7)	–	(25.7)
Net movement on loans to subsidiaries	–	(5.8)	(5.8)
At 31 December 2023	344.7	108.0	452.7
Amount provided:			
At 1 January 2022	0.4	40.5	40.9
Provided in the year	25.7	1.1	26.8
Utilisation of provision	–	(40.5)	(40.5)
At 31 December 2022	26.1	1.1	27.2
Provision for impairment	75.6	(1.1)	74.5
Disposal of subsidiaries	(25.7)	–	(25.7)
At 31 December 2023	76.0	–	76.0
Net book value at 31 December 2023	268.7	108.0	376.7
Net book value at 31 December 2022	114.4	342.1	456.5

Current year additions/(reductions) in shares and loans of £229.4m and (£229.4m) respectively, relate to the capitalisation of loans to direct UK subsidiaries of the Company.

Equity investments (shares)

Investments in subsidiaries comprise equity investments (shares) stated at cost. A provision is made if there are indicators that the carrying value may not be recoverable. For initial impairment assessment, the value of the investment is compared with the net assets of the entities invested in. If the net assets are lower than the investment value, the Company estimates recoverable amount using value in use calculations for the entity and its subsidiaries using the five-year discounted cash flows which have been calculated based on either budgeted data for year one, the same year one budgeted data was used for years 2–5 for all the investments that did not map directly to a cash generating unit or for investments that map directly to a CGU, the five-year cash flow forecasts are based on the budget for the following year (year one) and the strategic business plans for years two to five where the investment does map directly to a cash generating unit. Cash flows beyond year five are projected into perpetuity where appropriate using a long-term terminal growth rate in line with management's long-term expectations for the prevailing rates of inflation as a proxy to economic growth which are sourced from Tradingeconomics website. The cash flows are discounted at a post-tax discount rate which is based on the Group's WACC and applied to post-tax cash flows. The impairment assessment for equity investments is performed under IAS 36.

In 2023, based on the value in use calculations, total impairment of £75.6m was recognised. This comprises £75.6m impairment in James Fisher (Aberdeen) Ltd. The recoverable amount of James Fisher Aberdeen is £21.8m, the discount rate used in this assessment was 13.3%–17.9%. The impairment resulted from the continuing volatility in the markets in which it operates, in particular the decommissioning market, which remained challenging during 2023. The assumptions around the timing and win probability used for the impairment assessment reflected the volatility in the decommissioning market, in particular to incorporate the risk of project delays in this market. The increase in the discount rates used for the assessment, driven by the higher cost of debt, equity, country risk have also contributed to the impairment recognition in addition £92.0m of loans was capitalised in the current year, increasing the carrying amount of the investment being assessed under IAS 36 for impairment purposes from £5.4m to £97.4m.

NOTES TO THE FINANCIAL STATEMENTS CONT.

17. INVESTMENTS AND LOANS TO SUBSIDIARIES CONT.

Group cont.

Equity investments (shares) cont.

In 2022, £25.7m provision charge comprised a £20.0m write down in the Nuclear business following designation as held for sale and remeasurement to fair value less costs to sell (see Note 5). The remaining £5.7m related to the sale of the Strainstall business' UK operations (see Note 26).

The key assumptions used in the value in use calculations are the five-year average revenue growth rate, discount rate and terminal value growth rate. For these investments the key assumptions range across the investments i.e. five-year average revenue growth rate 0%–27.9%, discount rate 13.3%–18.3%, terminal value growth rate 2.6%.

For the Aberdeen investment balance, there were no reasonably possible changes to assumptions that would result in an additional impairment or reversal of impairment given the market outlook and performance of the business.

For all other investment balances, the value in use calculations were assessed for sensitivity to reasonably possible changes to assumptions. Sensitivities carried out across all investments were (1) increasing the discount rate by 2.0%; (2) increasing the discount rate by 2.0% and reducing operating profit by 10.0%; (3) reducing the terminal growth to zero; and (4) reducing operating profit by 25.0%.

The following investment balances showed positive headroom in all the scenarios, James Fisher Properties Two Ltd (formerly Strainstall Group Ltd), James Fisher Subtech Group Limited, JF Overseas Ltd, Scantech, FT Everard & Sons Ltd, James Fisher Tankships Holdings Ltd and James Fisher Holdings UK Ltd. James Fisher (Shipping Services) Ltd had a positive headroom in scenario (2) only and deficits in all other scenarios.

For all investments, the sensitivities identified that the headroom is most sensitive to changes in the operating profit. For the positive headroom investments, the decrease that would be required to turn it into a deficit is not considered a reasonably possible change given current market conditions and business performance. Given the diversity of the businesses within most of the individual investments, current market condition and investments' performance, we do not consider that additional impairments are reasonably possible.

Loans to subsidiary undertakings

Loans are advanced to subsidiaries as permitted in the Parent Company banking agreements. Each subsidiary loan has a formalised agreement with clearly defined terms and are interest bearing as determined by rates decided by Group Treasury which are reviewed quarterly.

Loans receivable from subsidiaries are recorded initially at amortised cost and reduced by an allowance for expected credit losses in accordance with IFRS 9. The assessment of credit risk and the estimation of expected credit loss is probability-weighted and incorporates all reasonable and supportable information, including forward-looking information relevant to the assessment, information about past events and current conditions, and forecasts of economic conditions at the reporting date.

Management's definition of default is where the forecast cash flows at the effective interest rate (EIR) have nil headroom or less and therefore do not support the loan value.

For each immediate subsidiary sub-group loan an assessment has been made to determine what is the stage of the loan. If the credit risk of the loan has not significantly increased and if the loan is not already in default, then a 12-month expected credit loss has been calculated and hence estimates the probability of an event occurring in the next 12 months that would give rise to default (stage 1). If the credit risk has significantly increased or the loan has already defaulted, an impairment at the lifetime expected credit loss has been calculated.

A significant increase in credit risk is considered to be where headroom <10.0% of loan or deterioration in operating profit over last 12 months without a recovery plan.

Base case discounted cash flows have been prepared for each immediate subsidiary sub-group with which the Company has a loan. The cash flows are discounted at the EIR for the loans, including loans payable/receivable and associated interest, to entities outside of the immediate subsidiary sub-group.

In preparing the cash flows it is assumed that where the immediate subsidiary sub-group or entity has loans receivable, if these are party to Group support, these would be recoverable and therefore have been included in in the cash flows.

A number of probability weighted downsides have been prepared including reduction of underlying operating profits by 25.0%, increasing the EIR by 0.5% and reducing the terminal growth rate to nil with appropriate probabilities assigned. Whilst some of these scenarios resulted in default, none of these scenarios resulted in a material expected credit loss. Provision is made when the discounted cash flows result in a cash shortfall and no support expected to be received by the counterparty.

As a result of the work performed and based on the facts and circumstances described above, the expected credit loss provision of £1.1m held at 31 December 2022 was released during the year.

A list of subsidiary undertakings is included on pages 196 to 199.

18. INVENTORIES

	Group	
	2023 £m	2022 £m
Work in progress	7.2	10.1
Raw materials and consumables	11.5	11.2
Finished goods	28.0	28.5
	46.7	49.8

Inventories are stated net of impairment provisions of £5.8m (2022: £5.5m). The cost of inventories recognised as an expense within cost of sales was £69.2m (2022: £81.9m).

There were no write down of inventories recorded as an expense in the year (2022: £nil). There was no reversal of any write downs in inventories in the year (2022: £nil).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Trade receivables	62.2	68.7	0.1	–
Amounts owed by Group undertakings	–	–	4.5	3.6
Amounts owed by joint venture undertakings	2.5	1.5	–	–
Other non-trade receivables	12.4	18.2	8.9	17.2
Contract assets	37.1	45.7	–	–
Prepayments	9.8	14.1	0.7	1.4
Current trade and other receivables	124.0	148.2	14.2	22.2

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Contract assets	1.0	0.6	–	–
Other non-trade receivables	3.0	0.1	–	–
Non-current other receivables	4.0	0.7	–	–

Contract assets (current) reduced from £45.7m to £37.1m due to projects completed during the year within the Defence and Energy Divisions. Trade receivables reduced from £68.7m to £62.2m due to improved collectability (reduced debtors days).

Prepayments includes £nil (2022: £4.2m) relating to new build vessel deposits in the Maritime Transport Division.

Other non-trade receivables includes £3.1m derivatives (2022: £7.7m).

Trade receivables, contract assets and amounts owed by joint venture undertakings are net of expected credit losses (see Note 29).

All amounts receivable from Group undertakings are interest free, unsecured and repayable on demand.

20. ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2023, £12.3m assets and £0.7m liabilities relate to a non-core business which has been classified as held for sale.

At 31 December 2023, a vessel with net book value £0.6m in the Maritime Transport Division has been classified as held for sale.

At 31 December 2023, £1.1m of property in the Energy Division has been classified as held for sale.

At 31 December 2023, a vessel with net book value of £0.7m in the Energy Division has been classified as held for sale.

The vessel in the Maritime Transport Division completed during January and the remaining disposals are expected to complete during 2024.

In June 2021, management agreed a plan to sell the Dive Support Vessel (DSV) known as the Swordfish within the Energy Division. During January 2023, the vessel was sold for £18.4m being proceeds less selling costs. A gain of £0.3m is included within administrative expenses. During 2022, a £5.4m reversal of impairment loss has been recorded in cost of sales.

At 31 December 2022, £16.3m assets and £16.3m liabilities relates to the nuclear business, which was classified as a discontinued operation, see Note 5 for details.

In the prior year £1.5m of assets related to land and buildings for a business within the Defence Division.

NOTES TO THE FINANCIAL STATEMENTS CONT.

21. TRADE AND OTHER PAYABLES

Current liabilities

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Trade payables	29.6	42.6	6.0	5.2
Amounts owed to Group undertakings	–	–	19.6	12.4
Amounts owed to joint venture undertakings	0.5	0.2	–	–
Taxation and social security	3.0	4.9	0.1	0.9
Other payables	17.0	14.8	2.5	3.0
Accruals	51.6	51.4	5.7	5.7
Contract liabilities	11.7	8.5	–	–
	113.4	122.4	33.9	27.2

Non-current liabilities

	2023 £m	2022 £m	2023 £m	2022 £m
Other payables	–	0.5	–	–

At 31 December 2023, trade payables reduced to £29.7m as the Group re-balanced its working capital throughout the year and reduced creditor days.

The increase in other payables is due to £4.1m interest and deferred fees accrual (2022: £1.1m).

No revenue included in the contract liabilities at 31 December 2022 was recognised during the current year (2022: £0.5m at 31 December 2021).

All amounts payable by the Company to Group undertakings are interest free, unsecured and repayable on demand.

During the year, contract liabilities increased from £8.5m to £11.7m due to projects within the Defence and Energy Divisions.

22. PROVISIONS

	Group				Company		
	Cost of material litigation £m	Warranty £m	Other £m	Total £m	Cost of material litigation £m	Other £m	Total £m
At 1 January 2022	2.0	1.1	–	3.1	–	–	–
Provided during the year	–	1.3	2.3	3.6	–	–	–
At 31 December 2022	2.0	2.4	2.3	6.7	–	–	–
Provided during the year	–	(0.2)	7.2	7.0	2.0	6.4	8.4
At 31 December 2023	2.0	2.2	9.5	13.7	2.0	6.4	8.4

Provisions in respect of warranties are based on management's assessment of the previous history of claims, expenses incurred and an estimate of future obligations on goods and services supplied where a warranty has been provided to the customer. "Costs of material litigation" are those arising from the process of exiting a number of historic joint venture companies. The Company has applied the exemption in paragraph 92 of IAS 37 from disclosing further details relative to this matter. Further details have not been disclosed as this could be seriously prejudicial to the outcome. The timing of settlement is uncertain due to the legal process being outside of the Group's control, we expect it to settle within one to two years and we do not expect the outcome to materially exceed the amount provided including any associated interest and legal costs. The increase in the cost of material litigation in the Company relates to the same matter previously provided in the Group. The Directors have not restated as it is not considered material. Provisions due within one year were £9.4m (2022: £5.3m) and provisions due greater than one year were £4.3m (2022: £1.4m).

Included within Other Provisions are the amounts in relation to James Fisher Nuclear Limited (JFN) Parent Company guarantees and offset provisions.

Following the sale of JFN on 6 March 2023 (see Note 5) and JFN subsequently going into administration on 9 August 2023, a limited number of performance guarantees covering an event of default by JFN in performing its contractual duties and obligations that remained within the Group. As at 31 December 2023, a provision of £6.4m (2022: £nil) has been recognised reflecting management's best estimate at the balance sheet date of the expenditure required to settle or transfer performance guarantees, based on negotiations that were ongoing at the balance sheet date and that were not ultimately concluded. There may be additional claims on other performance guarantees, however, to date, the Group has not received details of any further claims. The Directors are therefore unable to reasonably estimate a range of possible outcomes or the timing of any outflows other than the ones provided.

22. PROVISIONS CONT.

Within the Defence Division, some international customers require defence contractors to comply with their industrial co-operation regulations, often referred to as offset requirements. The intention of offset requirements is to enhance the social and economic environment of the foreign country by requiring the contractor to promote investment in the country. The offset requirements can be satisfied through purchasing supplies and services from in-country vendors, providing financial support for in-country projects, establishment of joint ventures with local companies (direct investment) and establishing facilities for in-country operations. It can also involve technology and technical knowledge transfer. In the event contractors fail to perform in accordance with offset requirements then penalties may arise unless a negotiated position can be reached with the respective authorities. Offset obligations are calculated based on regulations, normally a fixed percentage of the revenue contract value. Similarly, penalties are calculated on standard methodology, normally a fixed percentage of the unfulfilled offset obligation. Offset contractual compliance is monitored separately from the revenue contract counterparty.

The Group has entered into foreign offset agreements as part of securing some international business. As at 31 December 2023, a provision of £3.1m (2022: £2.3m) has been recognised in regard to offset agreement penalties. The liability is expected to be settled over the next one to two years (2022: two years).

23. RETIREMENT BENEFIT OBLIGATIONS

The Group and Company defined benefit pension scheme obligations relate to the James Fisher and Sons plc Pension Fund for Shore Staff (Shore staff), the Merchant Navy Officers Pension Fund (MNOPF) and the Merchant Navy Ratings Pension Fund (MNRPF) which are regulated under UK pension legislation. The financial statements incorporate the latest full actuarial valuations of the schemes which have been updated to 31 December 2023 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 2023 were as follows:

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Shore staff	7.4	5.5	7.4	5.5
MNOPF	–	(0.4)	–	(0.2)
MNRPF	(1.6)	–	(0.5)	–
	5.8	5.1	6.9	5.3

Shore staff

The assets of this scheme are held in a separate trustee administered account and do not include any of the Group's assets. The scheme was closed to new members in October 2001 and closed to future accrual on 31 December 2010. The most recent actuarial valuation was as at 31 July 2022. It is valued every three years following which deficit contributions and the repayment period are subject to agreement between the Company and the Trustees. Funding arrangements are set out in the most recent triennial actuarial valuation report. Estimated contributions to the scheme in 2024 are £1.5m. The weighted average duration of the Shore staff scheme is 11 years.

The Shore staff plan assets and obligations have been updated to 31 December 2023 resulting in a surplus being recognised. A surplus, when calculated on an accounting basis, is recognised when the Group can realise the economic benefit at some point during the life of the plan or when the plan liabilities are all settled and there are no remaining beneficiaries. Based on a review of the plan's governing documentation, the Company has a right to a refund of surplus assuming the gradual settlement of the plan liabilities over time until all members have left. The Directors therefore take the view that it is appropriate to recognise the surplus. The recognition of the surplus is considered to be a judgement in line with IFRIC 14 (see Note 34).

MNOPF

The MNOPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. It is valued every three years and deficits have typically been funded over a ten-year period. The most recent triennial actuarial valuation of the scheme was as at 31 March 2021 and no additional deficit funding was requested by the Trustees. Funding arrangements are set out in the most recent triennial actuarial valuation report. The respective share of the Group and Company in the net retirement benefit obligation of the MNOPF are 2.95% (2022: 3.00%) and 1.46% (2022: 1.50%), respectively. The Company share also includes the liability of other Group subsidiaries, as it has agreed to recognise these liabilities and hence there are no liabilities in those accounts with the exception of FT Everard & Sons Ltd. Disclosures relating to this scheme are based on these allocations which are reviewed, and changes notified to the Company. Information supplied by the trustees of the MNOPF has been reviewed by the Company's actuaries. The principal assumption in the review is the discount rate on the scheme's liabilities which was 4.55% (2022: 4.80%). The other major assumptions are the same as in the actuarial assumptions table below. The disclosures below relate to the Group's share of the assets and liabilities within the MNOPF. Estimated contributions to this scheme in 2024 are £nil which is represented by the deficit in the table above. The Company does not have an unconditional right to a refund of a scheme surplus. The weighted average duration of the MNOPF scheme is ten years.

NOTES TO THE FINANCIAL STATEMENTS CONT.

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

MNRPF

The MNRPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. The most recent actuarial valuation of the MNRPF was at 31 March 2023. Information supplied by the trustees of the MNRPF has been reviewed by the Company's actuaries. The share of the Group and the Company in the net retirement benefit obligation of the MNRPF are reviewed and changes notified to the Company. The Directors have identified that the share of the Group and Company in the net retirement benefit obligation of the MNRPF was incorrect in the prior year. The Group share was included at 2.19% instead of 1.45%, and the Company share at 0.79% instead of 0.47%. The Group assets and liabilities were therefore both overstated by £6m and the Company assets and liabilities by £3m, with a £nil impact after the effect of the asset ceiling on the net defined benefit obligation in both Group and Company. The Directors consider that this is not material and therefore have not restated the prior year figures; the correct Group and Company shares have been included in the current period. The principal assumption in the MNRPF valuation is the discount rate on the schemes liabilities which was 4.55% (2022: 4.80%). The other major assumptions are the same as in the actuarial assumptions table below. Estimated contributions to this scheme are £nil in 2024. The Company does not have an unconditional right to a refund of a scheme surplus. The weighted average duration of the MNRPF scheme is 11 years.

In 2018, the Trustees became aware of historic legal uncertainties relating to changes to ill-health early retirement benefits payable from the MNRPF.

In order to resolve the issue, the Trustee sought directions from the Court, and in February 2022, the High Court approved a settlement in principle. During the year a £0.3m credit (2022: £1.5m past service cost) was recognised within administrative expenses relating to the Group's share of additional liabilities which have been estimated to date.

New issues were identified in 2021 in relation to the Fund's administrative and benefit practices as part of the benefit review carried out by the Fund's lawyers. The Trustee is undertaking further investigations and the potential quantum of these issues at the moment is uncertain. During the year, a £2.5m past service cost was recognised within administrative expenses relating to the Group's share of additional liabilities which have been estimated to date. This £2.5m combined with the £0.3m credit regarding ill-health early retirement represents a net £2.2m charge during the year.

Actuarial assumptions

The schemes' assets are stated at their market values on the respective balance sheet dates. The overall expected rates of return on assets reflect the risk-free rate of return plus an appropriate risk premium based on the nature of the relevant asset category. The principal assumptions used in updating the latest valuations for each of the schemes were:

	2023	2022
Inflation (%)	3.10	3.15
Rate of increase of pensions in payment – Shore staff (%)	3.00	3.05
Discount rate for scheme liabilities (%)	4.55	4.80
Expected rates of return on assets (%)	4.55	4.80
Post-retirement mortality: (years)		
Shore staff scheme		
Current pensioner at 65 male	21.7	21.9
Current pensioner at 65 female	23.6	23.5
Future pensioner at 65 male	23.0	23.3
Future pensioner at 65 female	25.1	25.1

The post-retirement mortality assumptions allow for the expected increase in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to a member who is currently 45 years old.

The mortality assumption is based on: 96% S3PMA/S3PFA_M CMI_2022 1.00%; S=7.0; A=0%.

The key sensitivities on the major schemes may be summarised as follows:

Key measure	Change in assumption	Change in deficit
Shore staff scheme		
Discount rate	Increase of 0.5%	Decrease by 4.9%
Rate of inflation	Increase by 0.5%	Increase by 2.8%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 3.7%
MNOPF		
Discount rate	Increase of 0.5%	Decrease by 4.5%
Rate of inflation	Increase by 0.5%	Increase by 3.2%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 3.3%
MNRPF		
Discount rate	Increase of 0.5%	Decrease by 4.7%
Rate of inflation	Increase by 0.5%	Increase by 2.0%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 2.7%

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

In determining the discount rate, assumptions have been made in relation to corporate bond yields and the expected term of liabilities. As noted above, a change in discount rate applied has a significant impact on the value of liabilities.

(a) The assets and liabilities of the schemes at 31 December are:

	Group				Company			
At 31 December 2023	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
Fair value of scheme assets*	54.0	60.0	12.4	126.4	54.0	29.7	4.0	87.7
Present value of scheme liabilities	(46.6)	(57.8)	(14.0)	(118.4)	(46.6)	(28.6)	(4.5)	(79.7)
Effect of asset ceiling	–	(2.2)	–	(2.2)	–	(1.1)	–	(1.1)
Net pension surplus/(liabilities)	7.4	–	(1.6)	5.8	7.4	–	(0.5)	6.9

	Group				Company			
At 31 December 2022	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
Fair value of scheme assets*	52.3	65.9	20.2	138.4	52.3	33.0	7.2	92.5
Present value of scheme liabilities	(46.8)	(61.1)	(18.3)	(126.2)	(46.8)	(30.6)	(6.6)	(84.0)
Effect of asset ceiling	–	(5.2)	(1.9)	(7.1)	–	(2.6)	(0.6)	(3.2)
Net pension surplus/(liabilities)	5.5	(0.4)	–	5.1	5.5	(0.2)	–	5.3

* The Shore staff scheme includes the following asset categories:

	2023 £m	2022 £m
Investment funds: diversified alternatives (unquoted)	7.0	18.7
Investment funds: liability-driven investments (quoted)	13.9	12.6
Investment funds: absolute return bonds (unquoted)	14.1	12.8
Investment funds: asset backed securities (quoted)	6.2	0.3
Investment funds: annuity assets	0.7	–
Investment funds: other (unquoted)	5.1	4.9
Cash or liquid assets**	7.0	3.0
	54.0	52.3

** £7.0m cash at 31 December 2023 includes £6.0m cash in transit from diversified alternatives disinvestment which was credited to the bank account on 2 January 2024.

The Liability Driven Investments (LDI) held by the Shore staff scheme (£13.9m at 31 December 2023) include fixed interest government bonds (gilts), index-linked gilts, cash and various derivative instruments such as inflation swaps, interest rate swaps, gilt total return swaps and gilt repurchase agreements. The aim of these investments is to match the interest rate and inflation exposure of a portion of the Scheme's liabilities, to help reduce the volatility in the funding position.

The value of the Shore staff assets is determined by fund managers using principles of fair valuation as determined appropriate given the nature of the investment.

For the MNRPF and MNOPF schemes, the value of the assets is projected by our corporate actuary using the generic accounting report as on 31 March 2023 and is projected in line with market movement. The MNOPF and MNRPF schemes do not provide employer/participant specific asset details and do not provide details of assets as at year ends, therefore, the bifurcation of assets for these schemes at 31 December 2023 has not been presented.

The MNRPF and MNOPF contributions paid by the Group are not refundable in any circumstances and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the Group's assumptions. Other investments in the Shore staff scheme comprise diversified growth funds, liability driven investments, absolute return and private market funds.

NOTES TO THE FINANCIAL STATEMENTS CONT.

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(b) Expense recognised in the income statement

	Group				Company			
At 31 December 2023	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
Past service cost	–	–	2.2	2.2	–	–	0.7	0.7
Expenses	0.1	0.2	0.2	0.5	0.1	0.1	–	0.2
Interest cost on benefit obligation	2.2	2.8	0.8	5.8	2.2	1.4	0.3	3.9
Return on scheme assets	(2.4)	(3.1)	(0.9)	(6.4)	(2.4)	(1.5)	(0.3)	(4.2)
Interest cost on the asset ceiling	–	0.2	0.1	0.3	–	0.1	–	0.1
	(0.1)	0.1	2.4	2.4	(0.1)	0.1	0.7	0.7

	Group				Company			
At 31 December 2022	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
Past service cost	–	–	1.5	1.5	–	–	0.6	0.6
Expenses	0.1	0.2	0.3	0.6	0.1	0.1	0.1	0.3
Interest cost on benefit obligation	1.2	1.6	0.4	3.2	1.2	0.8	0.2	2.2
Return on scheme assets	(1.2)	(1.8)	(0.5)	(3.5)	(1.2)	(0.9)	(0.2)	(2.3)
Interest cost on the asset ceiling	–	0.2	0.1	0.3	–	0.1	–	0.1
	0.1	0.2	1.8	2.1	0.1	0.1	0.7	0.9

The actual return on the Shore staff plan assets is a gain of £4.2m (2022: loss of £11.9m).

(c) Movements in the net defined benefit liability

	Group				Company			
At 31 December 2023	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
At 1 January 2023	(5.5)	0.4	–	(5.1)	(5.5)	0.2	–	(5.3)
Expense recognised in the income statement	(0.1)	0.1	2.4	2.4	(0.1)	0.1	0.7	0.7
Contributions paid to scheme	(1.1)	(0.4)	–	(1.5)	(1.1)	(0.2)	–	(1.3)
Remeasurement gains and losses	(0.7)	(0.1)	(0.8)	(1.6)	(0.7)	(0.1)	(0.2)	(1.0)
At 31 December 2023	(7.4)	–	1.6	(5.8)	(7.4)	–	0.5	(6.9)
At 1 January 2022	1.0	0.9	–	1.9	1.0	0.4	–	1.4
Expense recognised in the income statement	0.1	0.2	1.9	2.2	0.1	0.1	0.7	0.9
Contributions paid to scheme	(1.6)	(0.5)	–	(2.1)	(1.6)	(0.2)	–	(1.8)
Remeasurement gains and losses	(5.0)	(0.2)	(1.9)	(7.1)	(5.0)	(0.1)	(0.7)	(5.8)
At 31 December 2022	(5.5)	0.4	–	(5.1)	(5.5)	0.2	–	(5.3)

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(d) Changes in the present value of the defined benefit obligation are analysed as follows:

	Group				Company			
At 31 December 2023	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
At 1 January 2023	46.8	61.1	18.3	126.2	46.8	30.6	6.6	84.0
Past service cost	–		2.2	2.2	–	–	0.7	0.7
Interest cost	2.2	2.8	0.8	5.8	2.2	1.4	0.3	3.9
Remeasurement loss/(gain):								
Actuarial loss arising from scheme experience	0.7	(1.7)	(6.6)	(7.6)	0.7	(1.2)	(2.8)	(3.3)
Actuarial (gain)/loss arising from changes in demographic assumptions	(0.3)	(1.1)	(0.3)	(1.7)	(0.3)	(0.6)	(0.1)	(1.0)
Actuarial gain arising from changes in financial assumptions	0.6	1.2	0.4	2.2	0.6	0.6	0.1	1.3
Net benefits paid out	(3.4)	(4.5)	(0.8)	(8.7)	(3.4)	(2.2)	(0.3)	(5.9)
At 31 December 2023	46.6	57.8	14.0	118.4	46.6	28.6	4.5	79.7
At 1 January 2022	66.8	87.5	26.1	180.4	66.8	43.8	9.4	120.0
Past service cost	–	–	1.5	1.5	–	–	0.6	0.6
Interest cost	1.2	1.6	0.4	3.2	1.2	0.8	0.2	2.2
Remeasurement loss/(gain):								
Actuarial loss arising from scheme experience	1.3	2.7	1.1	5.1	1.3	1.3	0.4	3.0
Actuarial (gain)/loss arising from changes in demographic assumptions	0.1	(1.4)	(0.1)	(1.4)	0.1	(0.7)	(0.1)	(0.7)
Actuarial gain arising from changes in financial assumptions	(19.5)	(24.6)	(9.0)	(53.1)	(19.5)	(12.3)	(3.3)	(35.1)
Net benefits paid out	(3.1)	(4.7)	(1.7)	(9.5)	(3.1)	(2.3)	(0.6)	(6.0)
At 31 December 2022	46.8	61.1	18.3	126.2	46.8	30.6	6.6	84.0

(e) Changes in the effect of the asset ceiling are analysed as follows:

	Group				Company			
	Shore staff £m	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
As at 1 January 2023	–	(5.2)	(1.9)	(7.1)	–	(2.6)	(0.6)	(3.2)
Interest	–	(0.2)	(0.1)	(0.3)	–	(0.1)	–	(0.1)
Change in adjustment in excess of interest	–	3.2	2.0	5.2	–	1.6	0.6	2.2
As at 31 December 2023	–	(2.2)	–	(2.2)	–	(1.1)	–	(1.1)

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
As at 1 January 2022	–	(10.6)	(2.9)	(13.5)	–	(5.2)	(1.0)	(6.2)
Interest	–	(0.2)	(0.1)	(0.3)	–	(0.1)	–	(0.1)
Change in adjustment in excess of interest	–	5.6	1.1	6.7	–	2.7	0.4	3.1
As at 31 December 2022	–	(5.2)	(1.9)	(7.1)	–	(2.6)	(0.6)	(3.2)

NOTES TO THE FINANCIAL STATEMENTS CONT.

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(f) Changes in the fair value of the plan assets are analysed as follows:

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2023	52.3	65.9	20.2	138.4	52.3	33.0	7.2	92.5
Expenses	(0.1)	(0.2)	(0.2)	(0.5)	(0.1)	(0.1)	–	(0.2)
Return on scheme assets recorded in interest	2.4	3.1	0.9	6.4	2.4	1.5	0.3	4.2
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	1.7	(4.7)	(7.7)	(10.7)	1.7	(2.7)	(3.2)	(4.2)
Contributions by employer	1.1	0.4	–	1.5	1.1	0.2	–	1.3
Net benefits paid out	(3.4)	(4.5)	(0.8)	(8.7)	(3.4)	(2.2)	(0.3)	(5.9)
At 31 December 2023	54.0	60.0	12.4	126.4	54.0	29.7	4.0	87.7
At 1 January 2022	65.8	97.2	29.0	192.0	65.8	48.6	10.4	124.8
Expenses	(0.1)	(0.2)	(0.3)	(0.6)	(0.1)	(0.1)	(0.1)	(0.3)
Return on scheme assets recorded in interest	1.2	1.8	0.5	3.5	1.2	0.9	0.1	2.2
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	(13.1)	(28.7)	(7.3)	(49.1)	(13.1)	(14.3)	(2.7)	(30.1)
Contributions by employer	1.6	0.5	–	2.1	1.6	0.2	–	1.8
Net benefits paid out	(3.1)	(4.7)	(1.7)	(9.5)	(3.1)	(2.3)	(0.5)	(5.9)
At 31 December 2022	52.3	65.9	20.2	138.4	52.3	33.0	7.2	92.5

(g) History of experience gains and losses

Shore staff	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Fair value of scheme assets	54.0	52.3	65.8	62.9	58.9
Defined benefit obligation	(46.6)	(46.8)	(66.8)	(71.7)	(59.3)
Surplus/(deficit) in scheme	7.4	5.5	(1.0)	(8.8)	(0.4)
Remeasurement gain/(loss):					
Return on plan assets excluding interest income	1.7	(13.1)	3.7	5.7	6.5
Remeasurement (loss)/gain on scheme liabilities	1.0	(18.1)	(2.7)	14.7	2.2

MNOPF Group	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Fair value of scheme assets	60.0	65.9	97.2	99.2	103.8
Defined benefit obligation	(57.8)	(61.1)	(98.1)	(100.5)	(107.2)
Asset ceiling	(2.2)	(5.2)	–	–	–
Deficit in scheme	–	(0.4)	(0.9)	(1.3)	(3.4)

MNOPF Company	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Fair value of scheme assets	29.7	33.0	48.6	49.7	52.0
Defined benefit obligation	(28.6)	(30.6)	(49.0)	(50.3)	(54.2)
Asset ceiling	(1.1)	(2.6)	–	–	–
Deficit in scheme	–	(0.2)	(0.4)	(0.6)	(2.2)

23. RETIREMENT BENEFIT OBLIGATIONS CONT.

(g) History of experience gains and losses cont.

MNRPF **Group**	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Fair value of scheme assets	12.4	20.2	29.0	30.9	28.7
Defined benefit obligation	(14.0)	(18.3)	(29.0)	(31.1)	(30.7)
Asset ceiling	–	(1.9)	–	–	–
Deficit in scheme	(1.6)	–	–	(0.2)	(2.0)

MNRPF **Company**	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Fair value of scheme assets	4.0	7.2	10.4	10.6	9.6
Defined benefit obligation	(4.5)	(6.6)	(10.4)	(10.7)	(10.4)
Asset ceiling	–	(0.6)	–	–	–
Deficit in scheme	(0.5)	–	–	(0.1)	(0.8)

The cumulative amount of actuarial gains and losses relating to all schemes recognised since 1 January 2004 in the Group and Company statement of comprehensive income is a loss of £43.5m (2022: £45.1m).

(h) Defined contribution schemes

The Group operates a number of defined contribution schemes. The pension charge for the year for these arrangements is equal to the contributions paid and was £5.0m (2022: £5.0m).

During the year, the Company contributed £0.4m (2022: £0.5m) into defined contribution schemes.

24. SHARE-BASED PAYMENTS

The Group operates a Long-Term Incentive Plan (LTIP) in respect of Executive Directors and certain senior employees and details are set out in the Director's remuneration report on pages 92 to 109. It also operates a Sharesave scheme (Sharesave) for eligible employees which is HM Revenue and Customs approved.

The Group recognised an expense in respect of equity-settled share-based payments of £1.0m (2022: £0.5m), Company £0.5m (2022: £0.3m) during the year.

The weighted average exercise prices (WAEP) and movements in share options during the year are as follows:

	Sharesave scheme				**LTIP awards**	
Group	2023 Number	WAEP	2022 Number	WAEP	2023 Number	2022 Number
Outstanding at 1 January	677,651	£4.41	284,653	£10.67	1,383,824	386,413
Granted during the year	261,914	£3.66	640,834	£3.24	1,390,033	1,242,218
Forfeited during the year	(362,577)	£4.66	(247,836)	£8.57	(466,243)	(244,807)
Exercised	(2,544)	£3.24	–	£0.00	(35,337)	–
Outstanding at 31 December	574,444	£3.90	677,651	£4.41	2,272,277	1,383,824
Exercisable at 31 December	12,154	£14.09	12,154	£14.09	–	–

Sharesave scheme

All employees, subject to the discretion of the Remuneration Committee, may apply for share options under an employee save as you earn plan which may from time-to-time be offered by the Company. An individual's participation is limited so that the aggregate price payable for shares under option at any time does not exceed the statutory limit. Options granted under the plans will normally be exercisable if the employee remains in employment and any other conditions set by the Remuneration Committee have been satisfied. Options are normally exercisable at the end of the related savings contract, but early exercise is permitted in certain limited circumstances. The performance period will not normally be less than three and a half years or greater than seven and a half years. Awards were made of 261,914 options under this scheme on 7 June 2023.

During the year 2,544 options were exercised (2022: no options were exercised). The weighted average share price at the date of exercise for the options exercised was £3.24 (2022: not applicable). For the Sharesave options outstanding at 31 December 2023, the weighted average remaining contractual life is 2 years and 7 months (2022: 2 years and 10 months). The weighted average fair value of options granted during the year was £1.48 (2022: £1.25). The range of exercise prices for options outstanding at the end of the year was £3.24 – £20.98 (2022: £3.24 – £20.98). The fair value of share-based payments has been estimated using the Black-Scholes model for the Sharesave.

NOTES TO THE FINANCIAL STATEMENTS CONT.

24. SHARE-BASED PAYMENTS CONT.

LTIP awards scheme

LTIP awards are granted in the form of a conditional share award to certain employees. Vesting requirements for this scheme are set out within the Directors' remuneration report on page 103. 2023 LTIP awards have been granted over 999,806 ordinary shares of 25 pence each.

A "reset share award" was made in June 2023 to certain employees as part of the Company's reset, reinforce and realise strategy. A restricted share award (structured as a conditional award of shares) has been granted over 145,883 (2022: 180,365) ordinary shares of 25 pence each.

A "transformation share award" was made in June 2023 to certain employees as part of the Company's transformation strategy. A restricted share award (structured as a conditional award of shares) has been granted over 181,986 (2022: not applicable) ordinary shares of 25 pence each.

A LTIP share award was made in December 2023 to Karen Hayzen-Smith, Chief Financial Officer, upon her joining the Company. Vesting requirements for this scheme are set out within the Directors' remuneration report on page 104. The 2023 LTIP awards have been granted over 62,358 ordinary shares of 25 pence each.

As described in the Directors' remuneration report on page 103, a restricted share award (structured as a conditional award of shares) over 135,516 ordinary shares of 25 pence each was granted to Mr Vernet (CEO) on 13 September 2022. 35,337 options vested during the year, with 32,421 lapsing and 67,758 outstanding.

35,337 options were exercised during the year (2022: nil). For LTIP awards the weighted average remaining contractual life is 2 years (2022: 2 years). The weighted average fair value of options granted during the year was £3.60 (2022: £3.32). The fair value of share-based payments has been estimated using the Black-Scholes model for the earnings per share element of the LTIP. The fair value of share-based payments relating to the total shareholder return element of the LTIP has been estimated using the Monte Carlo model.

	Sharesave scheme				LTIP awards	
Company	2023 Number	WAEP	2022 Number	WAEP	2023 Number	2022 Number
Outstanding at 1 January	72,898	£5.55	66,100	£9.15	644,826	246,450
Granted during the year	34,881	£3.66	55,811	£3.24	738,233	590,599
Forfeited during the year	(13,092)	£5.86	(49,013)	£7.57	(133,622)	(192,223)
Exercised	–	–	–	£0.00	(35,337)	–
Outstanding at 31 December	94,687	£4.81	72,898	£5.55	1,214,100	644,826
Exercisable at 31 December	12,154	£14.09	12,154	£14.09	–	–

Sharesave scheme

No options were exercised in 2023 or 2022. For the share options outstanding at 31 December 2023, the weighted average remaining contractual life is 2 years and 5 months (2022: 2 years and 10 months). The weighted average fair value of options granted during the year was £1.48 (2022: £1.24). The range of exercise prices for options outstanding at the end of the year was £3.24 – £11.06 (2022: £3.24 – £20.98). The fair value of share-based payments has been estimated using the Black-Scholes model for the Sharesave.

LTIP scheme

35,337 options were exercised during the year (2022: nil). For LTIP awards the weighted average remaining contractual life is 2 years (2022: 1 year and 9 months). The weighted average fair value of options granted during the year was £3.58 (2022: £3.27). The fair value of share-based payments has been estimated using the Black-Scholes model for the earnings per share element of the LTIP. The fair value of share-based payments relating to the total shareholder return element of the LTIP has been estimated using the Monte Carlo model.

The inputs to the models used to determine the valuations fell within the following ranges:

	2023	2022
Dividend yield (%)	1.6%	1.6%
Expected life of option (years)	3 – 7	3 – 7
Share price at date of grant	£3.90 – £3.94	£3.72 – £3.80
Expected share price volatility (%)	40.0%	40.0%
Risk-free interest rate (%)	4.32% – 4.59%	1.60% – 1.76%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price.

25. BUSINESS COMBINATIONS

Year ended 31 December 2023

There were no acquisitions during the year ended 31 December 2023.

Year ended 31 December 2022

On 1 March 2022, James Fisher Subtech Group Limited paid £0.2m to buy back shares in Subtech Offshore Services Nigeria Ltd (SOSN) in Marine Support, from a third-party. The Group previously consolidated SOSN as a subsidiary in accordance with IFRS 10, following the transaction, the accounting treatment remained unchanged and the impact of the change in ownership interest is recorded within equity (see Consolidated statement of changes in equity).

On 22 August 2022, James Fisher Servicos Empresariais Ltda paid £1.3m to acquire an additional 30% shares in Servicos Maritimos Continental S.A (Continental) in Marine Support, thereby increasing its ownership to 90%. The Group previously consolidated Continental as a subsidiary in accordance with IFRS 10, following the transaction the accounting treatment remained unchanged and the impact of the change in ownership interest is recorded within equity (see Consolidated statement of changes in equity).

26. DISPOSAL OF BUSINESSES

Year ended 31 December 2023

On 6 March 2023, the Group announced that the entire share capital of James Fisher Nuclear Holdings Limited and related properties was 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.

	£m
Consideration received	–
Net liabilities disposed	(0.1)
Costs in relation to businesses sold	(2.0)
Loss on disposal	(2.1)
Cash flow from the disposal of businesses	
Cash received	–
Cash and cash equivalents disposed	–
Costs in relation to businesses sold	(3.2)
	(3.2)

JFN was classified as a discontinued operation and details of the results and cash flows of this discontinued operation can be found in Note 5.

Year ended 31 December 2022

On 19 December 2022, the Group disposed of its 100% shareholding in Strainstall UK Ltd from its Energy Division to BES Group for £9.4m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	9.4
Less net assets disposed:	
Goodwill	(3.0)
Property, plant and equipment	(0.2)
Right-of-use assets	(0.3)
Inventories	(2.4)
Trade and other receivables	(2.9)
Cash and cash equivalents	(0.6)
Trade and other payables	1.5
Lease liabilities	0.4
Net assets disposed	(7.5)
Costs in relation to businesses sold	(0.9)
Gain on disposal	1.0
Cash flow from the disposal of businesses	
Cash received	9.4
Cash and cash equivalents disposed	(0.6)
Costs in relation to businesses sold	(0.9)
	7.9

NOTES TO THE FINANCIAL STATEMENTS CONT.

26. DISPOSAL OF BUSINESSES CONT.

Year ended 31 December 2022 cont.

On 19 December 2022, the Group disposed of its 100% shareholding in Prolec Ltd from its Energy Division to Kinshofer GmbH, part of Lifco AB for £4.9m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	4.9
Less net assets disposed:	
Goodwill	(1.0)
Other intangible assets	(0.1)
Inventories	(1.1)
Trade and other receivables	(1.2)
Cash and cash equivalents	(0.5)
Trade and other payables	0.9
Net assets disposed	(3.0)
Costs in relation to businesses sold	(0.4)
Gain on disposal	1.5

Cash flow from the disposal of businesses	
Cash received	4.9
Cash and cash equivalents disposed	(0.5)
Costs in relation to businesses sold	(0.4)
	4.0

On 19 December 2022, the Group disposed of its 100% shareholding in James Fisher Mimic Ltd from its Energy Division to BES Group for £4.2m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	4.2
Less net assets disposed:	
Goodwill	(3.0)
Other intangible assets	(0.1)
Trade and other receivables	(0.7)
Cash and cash equivalents	(0.5)
Trade and other payables	0.6
Net assets disposed	(3.7)
Costs in relation to businesses sold	(0.5)
Gain on disposal	–

Cash flow from the disposal of businesses	
Cash received	4.2
Cash and cash equivalents disposed	(0.5)
Costs in relation to businesses sold	(0.5)
	3.2

The total gains on disposal of £2.5m are included within administrative expenses. The above disposals do not meet the IFRS 5 criteria for discontinued operations.

27. LOANS AND BORROWINGS

Current liabilities

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Overdrafts	51.1	30.8	13.7	8.7
Bank loans	–	36.6	–	36.6
Lease liabilities	13.0	13.2	0.6	0.2
	64.1	80.6	14.3	45.5

Non-current liabilities

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Bank loans	166.6	121.8	166.6	121.8
Lease liabilities	48.2	39.7	0.7	1.3
	214.8	161.5	167.3	123.1

Bank loans

All loans are denominated in GBP.

At 31 December 2023

	Group £m	**Company £m**
Due within one year	51.1	13.7
Due between one and two years	166.6	166.6
	217.7	180.3

At 31 December 2022

	Group £m	Company £m
Due within one year	67.4	45.3
Due between one and two years	121.8	121.8
	189.2	167.1

The variable interest rates charged during the year are linked to SONIA and ranged from 5.5% to 9.9% (2022: 2.2% to 5.5%). During the year, the Group refinanced its existing credit facilities, signing a new revolving credit facility (RCF) agreement on 6 June 2023 with a maturity date of 31 March 2025. Under the new RCF agreement, security over certain assets and shares was granted to the lenders. There were no loans secured against the assets of the Group or Company in the prior period.

Following a qualitative assessment of the terms of the new RCF agreement, the refinancing was accounted for as a substantial modification of the existing debt, as the terms of the RCF were considered to be substantially different from those under the previous credit facility agreement. Accordingly, £0.7m of capitalised loan arrangement fees relating to the previous credit facility were expensed as finance costs in the Consolidated Income Statement. Additionally, associated refinancing costs of £12.2m have been expensed to the Consolidated Income Statement.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise:

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Cash at bank and in hand	77.5	53.6	10.9	0.4
Overdrafts	(51.1)	(30.8)	(13.7)	(8.7)
	26.4	22.8	(2.8)	(8.3)

The overdrafts form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS CONT.

28. RECONCILIATION OF NET BORROWINGS

Net debt comprises interest bearing loans and borrowings less cash and cash equivalents.

	31 December 2022 £m	Cash flow £m	Other non-cash** £m	Transfers £m	Exchange movement £m	31 December 2023 £m
Cash and cash equivalents*	22.8	5.7	–	(0.4)	(1.7)	26.4
Cash – classified within assets held for sale	2.8	–	–	(2.4)	–	0.4
Debt due within one year	(36.6)	36.6	–	–	–	–
Debt due after one year	(121.9)	(43.0)	(1.8)	–	–	(166.7)
	(158.5)	(6.4)	(1.8)	–	–	(166.7)
Lease liabilities	(52.9)	18.1	(28.9)	–	2.5	(61.2)
Net borrowings	(185.8)	17.4	(30.7)	(2.8)	0.8	(201.1)

	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)

* As defined in Note 27.

** Other non-cash includes lease additions and finance expense related to the unwind of discount on right-of-use lease liability.

Transfers comprise £0.4m and (£2.8m) of cash and cash equivalents which relate to a business classified as held for sale and the disposal of a business classified as discontinued operations in the prior year (see Note 5).

29. FINANCIAL INSTRUMENTS

Capital management

The primary objective of the Group's capital management policy is to maintain a strong credit rating and covenant ratios in order to be able to support the continued growth of its trading businesses and to increase shareholder value. The Group meets its day-to-day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. At 31 December 2023, the Group had £24.7m (2022: £88.0m) of undrawn committed facilities.

The Group is required under the terms of its loan agreements to maintain covenant ratios in respect of net debt to EBITDA and net interest costs to underlying earnings before interest. The Group met its covenant ratios for the year ended 31 December 2023. Non-compliance with covenants would result in the loan being repayable on demand. See Note 1 for the Directors going concern assessment. The total amount that it is able to borrow under existing revolving credit facilities was reduced to a maximum of £192.7m (2022: £247.5m).

The Group manages its capital structure to maintain investor, supplier and market confidence and to provide returns to shareholders that will support the future development of the business. The Group's dividend policy is based on the expected growth in sustainable income streams after making provision for the retention of capital to invest in growth and acquisitions. In evaluating growth investment opportunities, the Group applies a hurdle rate of a 15.0% pre-tax return on capital invested.

Capital efficiency is monitored by reference to Return on Capital Employed (Underlying ROCE – see Note 2.4).

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Group's receivables from customers and from cash balances held with financial institutions. The credit risk on cash and deposits and derivative financial instruments is limited because the counterparties with significant balances are banks with strong credit ratings. The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which each customer operates. The Group has a number of large customers including Government agencies in the UK and overseas, major oil companies and other multinational corporations. The ten largest customers of the Group accounted for approximately 33.0% of Group revenue (2022: 41.0%). No customer accounted for more than 6.0% (2022: 10.0%) of Group revenue. Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim.

New customers are subject to creditworthiness checks and credit limits are subject to approval by senior management. The credit profiles of the Group's customers are obtained from credit rating agencies where possible and are closely monitored. The scope of these reviews includes amounts overdue and credit limits. The credit quality of customers is assessed against the appropriate credit ratings, financial strength, trading experience and market position to define credit limits. Trade receivables are non-interest bearing and are generally on 30 to 60 days terms.

The maximum exposure to credit risk at the reporting date was as follows:

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Receivables	111.1	127.2	10.4	13.9
Cash at bank and in hand	77.5	53.6	10.9	0.4
Interest rate swaps used for hedging:				
Assets	2.3	3.8	2.3	3.8
Forward exchange contracts used for hedging:				
Assets	0.8	3.1	0.8	3.1
	191.7	187.7	24.4	21.2

The Group and Company have elected to apply the simplified approach to measuring expected credit losses, using a lifetime expected credit loss approach for trade receivables, contract assets, amounts owed by joint venture undertakings and other financial assets, including cash and cash equivalents and loans to associated undertakings. In respect of loans made to subsidiary undertakings, the Company's approach to measuring expected credit losses is set out in Note 17. In applying the simplified approach to measuring expected credit losses, the Group and Company uses a provision matrix to calculate lifetime expected credit losses, using historical loss rates based on days past due and forward-looking information, primarily country growth forecasts. The matrix approach allows application of different default rates to different groups of customers with similar risk characteristics. These groups are determined by a number of factors including the nature of the customer and the sector in which they operate. In determining the recoverability of a trade receivable or contract asset, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date, largely based on the ageing of the trade receivable or contract asset.

Trade receivables and contract assets are specifically impaired when the amount is in dispute, customers are in financial difficulty or for other reasons which imply there is doubt over the recoverability of the debt. They are written off when there is no reasonable expectation of recovery, based on an estimate of the financial position of the counterparty. For contract assets, in the event of a contract issue, specific provision is made where appropriate.

NOTES TO THE FINANCIAL STATEMENTS CONT.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(a) Credit risk cont.

When estimating expected credit losses, the Group considers reasonable and supportable information (both qualitative and quantitative) that is relevant and available without undue cost or effort.

As at 31 December 2023, the expected credit loss on trade receivables was £9.2m (2022: £11.8m) despite the lower trade receivables balances but reflecting a slightly heightened risk profile due to the volatile macroeconomic environment. In the prior year, for debts which were overdue by more than 180 days, and where evidence suggested non-recoverability, the Group made a provision for impairment for the outstanding amount of value the debt as the expected credit loss was considered to be 100%.

The following table provides information about the ageing of gross trade receivables and the expected credit losses for trade receivables for the Group. The Company had trade receivables of £0.1m (2022: £nil) on which expected credit losses are considered to be immaterial.

	2023		2022	
Group	Gross carrying amount £m	Loss allowance £m	Gross carrying amount £m	Loss allowance £m
Not yet due	40.8	0.4	37.3	–
Overdue 1 to 30 days	12.2	0.1	17.7	–
Overdue 31 to 60 days	5.7	0.2	3.7	–
Overdue 61 to 90 days	2.0	0.1	2.5	–
Overdue 91 to 180 days	0.8	0.1	5.8	–
Overdue more than 180 days	9.8	8.3	13.5	11.8
	71.3	9.2	80.5	11.8

Contract assets, which represent revenue earned but not yet invoiced or due, before any provision for expected credit losses were £38.1m (2022: £46.3m). The expected credit loss provision against contract assets at 31 December 2023 was £0.4m. Expected credit losses in respect of amounts owed by joint ventures were £0.2m (2022: £nil). The Group and Company consider expected credit losses for other financial assets, including cash and cash equivalents and loans to associates, to be immaterial.

Movements in the allowance for credit losses on trade receivables and contract assets for the Group and the Company are as follows:

	Group		**Company**	
	2023 £m	2022 £m	2023 £m	2022 £m
Balance at 1 January	11.8	19.0	–	–
On disposal of subsidiaries	–	(0.2)	–	–
Provided in the year	0.1	(0.3)	–	–
Written off	(1.9)	(8.4)	–	–
Exchange differences	(0.4)	1.7	–	–
	9.6	11.8	–	–

Based on historic default rates, used to inform our view of future expected credit losses, the Group believes that apart from the amounts included in the table above, no impairment allowance is necessary in respect of trade receivables or contract assets.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash resources and borrowings to ensure that it will have sufficient liquidity to meet its liabilities as they fall due but in a manner designed to maximise the benefit of those resources whilst ensuring the security of investment resources. The Group forecasts the profile of its cash requirements on a monthly basis and ensures that sufficient facilities are available to meet peak requirements which occur at predictable times in the year. The Group manages the maturity profile of its borrowings by maintaining a regular dialogue with its lenders and ensuring that it commences the renegotiation of facilities sufficiently early to allow a comprehensive review of its requirements before completion.

The following are the contractual maturities of financial liabilities, including interest payments:

At 31 December 2023

Group	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	217.7	(250.2)	(69.8)	(180.4)	–	–	–	–
Lease liabilities	61.2	(84.3)	(16.8)	(13.5)	(11.7)	(8.1)	(7.0)	(27.2)
Trade and other payables	113.4	(113.4)	(113.4)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	(0.2)	(25.4)	(4.2)	(5.0)	(3.8)	(3.6)	(2.2)	(6.6)
Outflow on forward exchange contracts used for hedging	–	(52.1)	(52.1)	–	–	–	–	–
	392.1	(525.4)	(256.3)	(198.9)	(15.5)	(11.7)	(9.2)	(33.8)

At 31 December 2022

	£m	£m	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	189.2	(204.7)	(78.7)	(126.0)	–	–	–	–
Lease liabilities	52.9	(57.4)	(14.2)	(12.0)	(9.4)	(4.9)	(4.1)	(12.8)
Trade and other payables	122.9	(122.9)	(122.9)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	–	(3.0)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	–
Outflow on forward exchange contracts used for hedging	(2.6)	(58.6)	(58.6)	–	–	–	–	–
	362.4	(446.6)	(275.0)	(138.6)	(10.0)	(5.5)	(4.7)	(12.8)

NOTES TO THE FINANCIAL STATEMENTS CONT.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(b) Liquidity risk cont.

At 31 December 2023

Company	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	4 – 5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	180.3	(212.8)	(32.4)	(180.4)	–	–	–	–
Lease liabilities	1.3	(3.0)	(0.4)	(0.4)	(0.3)	–	–	(1.9)
Trade and other payables	14.5	(14.5)	(14.5)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	(0.2)	(4.8)	(1.2)	(1.2)	(1.2)	(1.2)	–	–
Outflow on forward exchange contracts used for hedging	–	(52.1)	(52.1)	–	–	–	–	–
	195.9	(287.2)	(100.6)	(182.0)	(1.5)	(1.2)	–	(1.9)

At 31 December 2022

	£m	£m	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	167.1	(182.6)	(56.6)	(126.0)	–	–	–	–
Lease liabilities	1.5	(1.5)	(0.3)	(0.3)	(0.3)	(0.1)	(0.1)	(0.4)
Trade and other payables	17.4	(17.4)	(17.4)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	–	(3.0)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	–
Outflow on forward exchange contracts used for hedging	(2.6)	(58.6)	(58.6)	–	–	–	–	–
	183.4	(263.1)	(133.5)	(126.9)	(0.9)	(0.7)	(0.7)	(0.4)

(c) Foreign exchange risk

The Group is exposed to foreign currency risks on sales, purchases, cash and borrowings denominated in currencies other than Sterling. The Group's risk management policy uses forward exchange contracts to hedge its transactional exposures. These transactional exposures are mainly to movement in the US Dollar and the Euro. The Group uses forward exchange contracts to hedge its transactional exposures. Most forward exchange contracts have maturities of less than one year after the balance sheet date. Forward exchange contracts which qualify as effective cash flow hedges are stated at fair value. The principal translation exposures relate to the US Dollar, Norwegian Kroner, Singapore Dollar, and Australian Dollar.

The Group's exposure to foreign currency transactional risk in its principal currencies was as follows based on notional amounts:

	31 December 2023					
	USD m	EUR m	NOK m	SGD m	AUD m	NGN m
Trade receivables	55.2	1.2	–	–	0.2	0.2
Cash at bank and in hand	37.8	0.5	9.7	1.8	0.1	1.1
Trade payables	(9.6)	(3.1)	(11.8)	–	–	(42.4)
Gross balance sheet exposure	83.4	(1.4)	(2.1)	1.8	0.3	(41.1)
Forecast sales	184.9	12.8	–	–	–	631.5
Forecast purchases	(61.7)	(15.3)	–	–	–	(807.8)
Gross exposure	206.6	(3.9)	(2.1)	1.8	0.3	(217.4)
Forward exchange contracts	(66.4)	–	–	–	–	–
Net exposure	140.2	(3.9)	(2.1)	1.8	0.3	(217.4)

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(c) Foreign exchange risk cont.

	31 December 2022					
	USD m	**EUR m**	**NOK m**	**SGD m**	**AUD m**	**NGN m**
Trade receivables	59.6	3.0	0.1	0.1	0.1	91.7
Cash at bank and in hand	1.4	(0.8)	–	1.9	–	34.0
Trade payables	(7.3)	(4.4)	(11.7)	(0.6)	–	(6.7)
Gross balance sheet exposure	53.7	(2.2)	(11.6)	1.4	0.1	119.0
Forecast sales	179.9	7.2	–	–	–	411.7
Forecast purchases	(65.1)	(14.5)	(0.5)	–	–	(380.6)
Gross exposure	168.5	(9.5)	(12.1)	1.4	0.1	150.1
Forward exchange contracts	(81.8)	0.2	–	–	–	–
Net exposure	86.7	(9.3)	(12.1)	1.4	0.1	150.1

Changes in the level of exchange rates will have an impact on consolidated earnings. The following table shows the impact on earnings of a 5.0% strengthening in Sterling against the Group's key currencies. The obverse movements would be of the same magnitude. These amounts have been calculated by applying changes in exchange rates to the Group's foreign currency profits and losses and to financial instruments denominated in foreign currency.

	2023		2022	
	Equity £m	Income statement £m	Equity £m	Income statement £m
US Dollar	(2.6)	(5.0)	(1.9)	(5.1)
Other	0.3	(1.2)	(0.3)	0.1
	(2.3)	(6.2)	(2.2)	(5.0)

Included within operating profit are foreign currency gains of £0.8m (2022: losses of £2.4m).

(d) Interest rate risk

The Group uses interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed rates to hedge exposure to fluctuations in interest rates. The interest rate profile of the Group's financial assets and liabilities are set out in the table below:

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Fixed rate instruments				
Financial liabilities	(0.1)	(0.1)	(0.1)	(0.1)
Variable rate instruments				
Financial assets	77.5	53.6	10.9	0.4
Financial liabilities	(217.7)	(189.1)	(180.3)	(130.5)
	(140.2)	(135.5)	(169.4)	(130.1)

Where hedging criteria are met the Group classifies interest rate swaps as cash flow hedges and states them at fair value. Over the longer-term, permanent changes in interest rates would have an impact on consolidated earnings. At 31 December 2023, a 1.0% change in the interest rate would have had the following impact:

	2023 Income statement £m	2022 Income statement £m
Variable rate instruments	(1.4)	(1.3)
Interest rate swap	0.5	0.5
Cash flow sensitivity	(0.9)	(0.8)

NOTES TO THE FINANCIAL STATEMENTS CONT.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(e) Fair values

There are no material differences between the book value of financial assets and liabilities and their fair value other than set out below:

		2023		2022	
Group	Note	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	27	(217.7)	(219.4)	(189.1)	(192.6)
Trade and other payables	21	(113.4)	(113.4)	(122.9)	(122.9)
Leases	27	(61.2)	(61.2)	(52.9)	(52.9)
Preference shares	30	(0.1)	(0.1)	(0.1)	(0.1)
		(392.4)	(394.1)	(365.0)	(368.5)
Company					
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	27	(180.3)	(181.8)	(167.1)	(170.5)
Trade and other payables	21	(14.5)	(14.5)	(17.4)	(17.4)
Leases	27	(1.3)	(1.3)	(1.5)	(1.5)
Preference shares	30	(0.1)	(0.1)	(0.1)	(0.1)
		(196.2)	(197.7)	(186.1)	(189.5)

Fair value has been determined by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments. The fair value of the financial assets has been assessed by the Directors with reference to the current prospects of the investments and associated risks.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments carried at fair value as set out below:

	Level 2		**Level 3**	
Group	2023 £m	2022 £m	2023 £m	2022 £m
Financial assets measured at fair value				
Forward exchange contracts – cash flow hedges	0.8	3.1	–	–
Interest rate swaps – cash flow hedges	2.3	3.8	–	–
Call option	–	–	–	0.8
	3.1	6.9	–	0.8
Financial liabilities measured at fair value				
Forward exchange contracts – cash flow hedges	–	(2.6)	–	–
Interest rate swaps – cash flow hedges	(0.2)	–	–	–
	(0.2)	(2.6)	–	–
	2.9	4.3	–	0.8

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(e) Fair values cont.

Fair value hierarchy cont.

Company	Level 2 2023 £m	Level 2 2022 £m
Financial assets measured at fair value		
Forward exchange contracts – cash flow hedges	0.8	3.1
Interest rate swaps – cash flow hedges	2.3	3.8
	3.1	6.9
Financial liabilities measured at fair value		
Forward exchange contracts – cash flow hedges	–	(2.6)
Interest rate swaps – cash flow hedges	(0.2)	–
	(0.2)	(2.6)
	2.9	4.3

There have been no transfers between categories during the period. The fair value of interest rate swap contracts and forward exchange contracts are calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yields, respectively.

Reconciliation of Level 3 fair values

The following table shows the movement in Level 3 fair values:

	Call option 2023 £m
Balance at 1 January 2023	0.8
Expensed to profit	(0.8)
Balance at 31 December 2023	–

During 2022, the Group entered into a call option agreement to acquire the business and business assets of a company. Management has concluded that the Group does not have "control" over the entity whereby it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

During the year the option was expensed as part of the closure costs associated with the Subtech Europe business in the Energy Division.

Fair value hedges – Group and Company

At 31 December 2023 and 31 December 2022 the Group did not have any outstanding fair value hedges.

Cash flow hedges – Group and Company

Forward contracts and interest rate swaps are included within "trade and other payables/trade and other receivables" in the Statement of financial position; in "effective portion of changes in fair value of cash flow hedges" in the Consolidated statement of other comprehensive income (OCI), and in "administrative expenses" within the income statement.

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of approximately 50.0%. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging which is recognised in equity in the hedging reserve.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are changes in timing of the hedged transactions.

NOTES TO THE FINANCIAL STATEMENTS CONT.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(e) Fair values cont.

Forward foreign exchange contracts

At 31 December 2023, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US Dollar $66.4m	January 2024 – December 2024	1.26	0.8

At 31 December 2022, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Euro. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US Dollar $81.8m	January 2023 – December 2023	1.23	0.5
Buy			
Euro €0.2m	January 2023 – December 2023	1.10	–

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2023, these hedges were assessed to be highly effective and an unrealised gain of £0.5m (2022: £1.5m) relating to the hedging instruments is included in equity.

In respect of the changes in the value of the hedging instrument of the forward contracts, a gain of £0.9m (2022: £0.6m loss) was recognised in the income statement and a gain of £0.4m (2022: £0.8m) was recognised in the Consolidated statement of other comprehensive income relating to forward contracts.

Interest rate swaps

The Group and Company entered into interest rate swap contracts in respect of Sterling denominated debt to swap a variable-rate liability for a fixed-rate liability. These instruments have been allocated against the Group and Company debt in the tables shown above. Details of the contracts and their fair values at 31 December are set out below:

	Fair value				Fair value	
	2023 £m	2022 £m	Maturity	Fixed rate %	2023 £m	2022 £m
Sterling interest rate swaps	50.0	50.0	29 October 2027	2.1%–3.1%	2.3	3.8
USD interest rate swaps	26.9	–	21 November 2032 16 January 2033	3.65%–3.70%	(0.2)	–

In respect of the interest rate swaps, a loss of £1.1m (2022: £0.3m) was recognised in the income statement, and loss of £0.6m (2022: £3.9m gain) was recognised in the Consolidated statement of other comprehensive income.

29. FINANCIAL INSTRUMENTS CONT.

Capital management cont.

(f) Market risk

The Group has the following derivative financial instruments in the following line items in the statement of financial position:

	Group		Company	
Current assets	2023 £m	2022 £m	2023 £m	2022 £m
Foreign currency forwards – cash flow hedges	0.8	3.1	0.8	3.1
Interest rate swaps – cash flow hedges	2.3	3.8	2.3	3.8
Total current derivative financial instrument assets	3.1	6.9	3.1	6.9

	Group		Company	
Current liabilities	2023 £m	2022 £m	2023 £m	2022 £m
Foreign currency forwards – cash flow hedges	–	(2.6)	–	(2.6)
Interest rate swaps – cash flow hedges	(0.2)	–	(0.2)	–
Total current derivative financial instrument liabilities	(0.2)	(2.6)	(0.2)	(2.6)

30. SHARE CAPITAL

Allotted, called up and fully paid

	25p Ordinary shares		£1 Cumulative Preference shares	
In millions of shares	2023	2022	2023	2022
In issue at 1 January and at 31 December	50.4	50.4	0.1	0.1

	2023 £m	2022 £m	2023 £m	2022 £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	2023 £m	2022 £m
12,519 (2022: 47,855) ordinary shares of 25p	0.5	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 2023 was £0.5m (2022: £0.6m). The Trust has not waived its right to receive dividends.

In the year ended 31 December 2023, 35,337 ordinary shares with an aggregate nominal value of £8,834 were issued to satisfy awards made under the restricted share award made to Mr Vernet (CEO). No shares were issued during the prior year.

The Trust purchased no shares during 2023 or 2022.

NOTES TO THE FINANCIAL STATEMENTS CONT.

31. COMMITMENTS AND CONTINGENCIES

Capital commitments

At 31 December, capital commitments for which no provision has been made in these accounts amounted to:

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
	16.4	6.0	–	–

Contingent liabilities

(a) In the ordinary course of the Company's business, counter indemnities have been given to banks in respect of custom bonds, foreign exchange commitments and bank guarantees.

(b) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £27.1m (2022: £28.3m).

(c) The Group is liable for further contributions in the future to the MNOPF and MNRPF if additional actuarial deficits arise or if other employers liable for contributions are not able to pay their share. The Group and Company remains jointly and severally liable for any future shortfall in recovery of the MNOPF deficit.

(d) The Company and its subsidiaries may be parties to legal proceedings and claims which arise in the ordinary course of business and can be material in value. Disclosure of contingent liabilities or appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities may materialise.

(e) The Group operates and has overseas investments in multinational and less developed markets which presents increased operational and financial risk in complying with regulation and legislation and where local practices in those markets may be inconsistent with laws and regulations that govern the Group. Given this risk, from time-to-time matters are raised and investigated regarding potential non-compliance with the legal and regulatory framework applicable to the Group. In preparing the financial statements, judgements and estimates were required to be made in respect of such potential regulatory matters. The Directors' judgement, relying on the findings of an independent audit as well as the Group's own investigations, is that the likelihood of adverse findings against the Company in respect of such matters is not probable albeit possible, and no provision has been included in the financial statements of the Group.

As described in Note 22, the Group has entered into foreign offset agreements as part of securing some international business. The remaining contractual offset obligation at the end of December 2023 is £22.0m. The penalties which would be incurred if the offset obligation is not delivered, excluding those already provided, is estimated to be £3.0m. The contingent liabilities disclosed assume no change from the current contractual obligations. However, contract time extensions have been requested and plans are in place to mitigate the penalty risk as far as possible.

There are no other significant provisions and no individually significant contingent liabilities that required specific disclosure.

In the normal course of business, the Company and certain subsidiaries have given parental and subsidiary guarantees in support of loan and banking arrangements and the following:

- A guarantee has been issued by the Group and Company to charter parties in respect of obligations of a subsidiary, James Fisher Everard Limited, in respect of charters relating to 12 vessels. The charters expire between 2024 and 2033.
- The Group has given an unlimited performance guarantee to the Singapore Navy in the event of default by First Response Marine Pte Ltd (its Singapore joint venture), in providing submarine rescue and related services under its contract.

There have been no amounts recognised during the year in relation to these guarantees.

32. RELATED PARTY TRANSACTIONS

Transactions with related parties

FCM businesses

The Group has interests of between 40% and 50% in several joint ventures providing ship-to-ship transfer services in Northern Europe and Asia through its wholly-owned subsidiary, Fender Care Marine Solutions Limited.

First Response Marine

The Group holds through James Fisher Marine Services Limited (JFMS) a 50% interest in First Response Marine Pte Ltd (FRM). FRM provides submarine rescue services to the Singapore government under a 20-year service contract which commenced in March 2009. FRM subcontracts the provision of the submarine rescue service to James Fisher Singapore Pte Ltd. JFMS has also provided a loan to FRM of £2.0m to support its day-to-day operations. The loan which is included in the Group balance sheet as part of the investment in joint ventures is interest bearing and is repayable at the end of the project. Interest charged in the period amounted to £0.1m (2022: £0.1m). Dividends received or receivable during the period included in the results of the Group are £0.6m (2022: £0.5m).

JFD Domeyer

The Group has a 50% stake in JFD Domeyer, an entity which provides in-service support and aftermarket services to customers in Germany.

Pleat Mud Coolers AS

The Group has a 50.1% stake in Pleat Mud Coolers AS, an entity which supplies mud cooling systems to the offshore oil and gas market. The interest is held through Scan Tech AS who have provided a loan to Pleat Mud Coolers AS of £0.6m to support its day-to-day operations. The loan which is included in the Group balance sheet as part of the investment in joint ventures is interest bearing and is repayable on cessation. Interest charged in the period amounted to £0.1m (2022: £0.1m).

Wuhu Divex Diving Systems

The Group has a 49% stake in Wuhu Divex Diving System Ltd, an entity which manufactures advanced diving systems for the Chinese market. A provision in the year has been made to the investment, full details are set out in Note 16. There is no provision made against amounts owed by related parties.

Mil Vehicles & Technologies Private Limited

The Group has a 49% stake in Mil Vehicles & Technologies Private Limited, an entity which provides services to fulfil the annual maintenance contract with the Indian government for the submarine rescue service.

JF Technologies LLC

The Group has a 49% stake in James Fisher Technologies LLC, an entity which provides specialist design and engineering services including the provision of remote-control equipment to the North American nuclear decommissioning market.

Details of the transactions carried out with related parties are shown in the table below:

		Services to related parties £m	Sales to related parties £m	Purchases from related parties £m	Amounts owed by parties £m	Amounts owed to parties £m
FCM businesses	2023	–	0.8	0.6	0.3	–
	2022	–	0.5	0.5	0.2	0.1
First Response Marine	2023	–	–	–	1.5	–
	2022	–	–	–	1.2	–
JFD Domeyer	2023	–	0.6	–	0.2	–
	2022	–	0.3	–	–	–
Pleat Mud Coolers AS	2023	–	0.4	0.5	0.6	0.3
	2022	–	0.4	0.2	–	–
Wuhu Divex Diving Systems	2023	–	–	–	–	–
	2022	–	–	–	0.1	–
Mil Vehicles	2023	–	–	1.7	–	0.1
	2022	–	–	3.0	–	–
JF Technologies LLC	2023	–	–	–	–	–
	2022	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS CONT.

32. RELATED PARTY TRANSACTIONS CONT.

Transactions with related parties cont.

Company

The Company has entered into transactions with its subsidiary undertakings primarily in respect of the provision of accounting services, finance and the provision of share options to employees of subsidiaries.

The amount outstanding from subsidiary undertakings to the Company at 31 December 2023 was £112.5m (2022: £345.7m). Amounts owed to subsidiary undertakings by the Company at 31 December 2023 totalled £19.6m (2022: £12.4m).

The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2022: £nil).

33. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have, unless otherwise stated, been applied consistently throughout the year and the preceding year.

33.1 Basis of preparation of the consolidated financial statements

The results of subsidiaries are consolidated for the periods from or to the date on which control has passed. Control exists when the Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. This assessment is re-performed whenever there is a subsequent share purchase and a change in subsidiary ownership. Acquisitions are accounted for under the purchase method of accounting from the acquisition date, which is the date on which control is passed to the Group. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in the consolidated financial statements.

Payment for the future services from employees or former owners are expensed. Any payments to employees or former owners in respect of the acquisition of the business are capitalised. This is carefully managed during the acquisition process so that former owners and/or employees do not receive any incentive payments during an earn-out period.

Joint arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates

An associate is an entity over which the Group has significant influence, and which is not a joint arrangement or subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Any investment in joint ventures or associates is carried in the balance sheet at cost plus the Group's post-acquisition share in the change in net assets of the joint ventures, less any impairment provision. The income statement reflects the Group's share of the post-tax result of the joint venture or associate. The Group's share of any changes recognised by the joint venture or associate in other comprehensive income are also recognised in other comprehensive income.

Non-controlling interests

Non-controlling interests represent the proportion of profit or loss and net assets not held by the Group and are presented separately in the income statement and in the consolidated statement of financial position. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Put options upon non-controlling interests are sometimes recognised arising from business combinations. An initial option price estimate is recorded within payables and a corresponding entry made to other reserves.

On the acquisition of non-controlling interests, the difference between the consideration paid and the fair value of the share of net assets acquired is recognised in equity. Changes to the carrying value of the Put option are similarly recorded within equity.

Company investments in subsidiaries and joint ventures

In its separate financial statements, the Company recognises its investments in subsidiaries and joint ventures at cost. Income is recognised from these investments when its right to receive the dividend is established.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.1 Basis of preparation of the consolidated financial statements cont.

Discontinued operations and assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered through a sale transaction rather than through continuing use. The assets or disposal group are measured at the lower of carrying amount and fair value less cost to sell.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Insurance contracts

IFRS 17 Insurance contracts (IFRS 17) as issued in 2017, with amendments published in 2020 and 2021, was adopted as from 1 January 2023. The adoption of IFRS 17 had no significant effect on the Group or Company's financial reporting.

New accounting requirements

The Group has adopted the following in these financial statements:

- Amendments to IAS 12 (Deferred tax related to assets and liabilities arising from a single transaction) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. For details of the impact of the change see Note 9.

The following accounting standards and amendments were adopted during the year and had no significant impact on the Group's accounting policies or reporting:

- IFRS 17 Insurance Contracts; including amendments to Initial Application of IFRS 17 and IFRS 9 – Comparative Information.
- Amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates.
- Amendment to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies.
- Amendment to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules. Standards, amendments and interpretations not yet effective.

The following amendments and interpretations will become effective for the 2024 financial year. These are not expected to have a significant impact on the accounting policies and reporting:

- Amendment to IAS 1 Presentation of Financial Statements – Classification of liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements) with Covenants.
- Amendment to IFRS 16 Leases – Lease Liability in a Sale and Leaseback.
- Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments – Disclosures – Supplier Finance Arrangements.
- UK legislation on international tax system reform (BEPS).

33.2 Foreign currency

Group

The financial statements of subsidiary undertakings are prepared in their functional currency which is the currency of the primary economic environment in which they operate. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into UK Sterling, which is the Group's presentational currency.

(i) Foreign currency transactions in functional currency

Transactions in currencies other than the entities functional currency are initially recorded at rates of exchange prevailing on the date of the transaction. At each subsequent balance sheet date:

(i) Foreign currency monetary items are retranslated at rates prevailing on the balance sheet date and any exchange differences recognised in the income statement;

NOTES TO THE FINANCIAL STATEMENTS CONT.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.2 Foreign currency cont.

(i) Foreign currency transactions in functional currency cont.

(ii) Non-monetary items measured at historical cost are not retranslated; and

(iii) Non-monetary items measured at fair value are retranslated using exchange rates at the date the fair value was determined. Where a gain or loss is recognised directly in equity, any exchange component is also recognised in equity and conversely where a gain or loss is recognised in the income statement, any exchange component is recognised in the income statement.

(ii) Net investment in foreign operations

Exchange differences arising on monetary items forming part of the Group's net investment in overseas subsidiary undertakings which are denominated in the functional currency of the subsidiary undertaking are taken directly to the translation reserve and subsequently recognised in the consolidated income statement on disposal of the net investment. Exchange differences on foreign currency borrowings to the extent that they are used to provide an effective hedge against Group equity investments in foreign currency are taken directly to the translation reserve.

(iii) Translation from functional currency to presentational currency

The assets and liabilities of operations, where the functional currency is different from the Group's presentational currency are translated at the period end exchange rates. Income and expenses are translated at the average exchange rate for the reporting period. All other exchange differences on transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Resulting exchange differences are recognised in the consolidated statement of other comprehensive income. Tax charges and credits attributable to exchange differences included in the reserve are also dealt with in the translation reserve.

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on settlement of monetary items or on the retranslation of monetary items at rates different from those at which they were initially recognised are taken to the income statement.

All exchange differences on assets and liabilities denominated in foreign currencies are taken to the income statement, other than investments in foreign operations and foreign currency borrowings used to hedge those investments, where exchange differences are taken to the translation reserve.

33.3 Financial instruments

IFRS 9 Financial Instruments became effective on 1 January 2018. This standard replaced IAS 39 and introduced requirements for classifying and measuring financial instruments and put in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The key areas of focus for the Group under IFRS 9 are:

- Expected credit losses being recognised on trade debtors and contract assets recognised under IFRS 15.
- Hedge accounting and related hedge documentation.
- Reclassification of assets held for sale as Other Investments, with these being fair valued at each reporting period.

(a) Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, other than a trade receivable without a significant financing component, or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is measured at amortised cost if it is not designated as fair value through the profit and loss account (FVTPL) and it is held to collect contractual cash flows with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income (FVOCI) if it is not designated as at FVTPL, and it is held with the objective of collecting contractual cash flows and selling financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment not held for trading, the Group can irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, including derivative financial instruments are measured at fair value through profit and loss.

Financial assets at fair value through profit and loss, including any interest or dividend income, are recognised in the profit and loss.

Financial assets at amortised cost are valued using the effective interest method with the amortised cost reduced by any impairment losses, with interest income, foreign exchange gains or losses, impairment and de-recognition gains or losses recognised in profit or loss.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.3 Financial instruments cont.

(a) Financial assets cont.

Debt investments are measured at fair value with interest income calculated using the effective interest method with any foreign exchange gains and losses, or impairments, taken through the profit and loss. Other net gains or losses, and those on de-recognition accumulated through the OCI, are re-classified in the profit or loss.

Equity investments are measured at fair value with dividends recognised through the profit and loss. Other net gains or losses are recognised in the OCI and are never re-classified in the profit or loss.

(b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Contingent consideration is considered to be a financial liability measured at FVTPL.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and any gain or loss on de-recognition are recognised in profit or loss.

(c) De-recognition

The Group de-recognises a financial asset when the contractual rights to the cash flows from that asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or expire. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(d) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge and the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The appropriate level of hedging is monitored by Group Treasury and the Group Board. As part of this review process the following are assessed:

- the hedging effectiveness to determine that there is an economic relationship between the hedged item and the hedging instrument.
- the hedge ratio.
- that the hedged item and instrument are not intentionally weighted to create hedge ineffectiveness.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

For all hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

Cash and short-term deposits included in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the original acquisition date. Cash and cash equivalents included in the cash flow statement comprise cash and short-term deposits, net of bank overdrafts.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses are recognised in OCI and presented in the translation reserve within equity.

Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS CONT.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.3 Financial instruments cont.

(e) Expected credit losses

In accordance with IFRS 9, the Group has applied the expected credit loss model to financial assets measured at amortised cost. For trade receivables and contract assets, the simplified approach is taken, and a provision is made for the lifetime expected credit losses. For all other in-scope financial assets at the balance sheet date either the lifetime expected credit loss, or a 12-month expected credit loss is provided for, depending on the Group's assessment of whether the credit risk associated with the specific asset has increased significantly since initial recognition. As the Group's financial assets are predominantly short-term (less than 12 months), the impairment loss recognised is not materially different using either approach.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

33.4 Intangible assets

Intangible assets, excluding goodwill arising on a business combination, are stated at cost or fair value less any provision for impairment.

Intangible assets assessed as having finite lives are amortised over their estimated useful economic life and are assessed for impairment whenever there is an indication that they are impaired. Amortisation charges are on a straight-line basis and recognised in the income statement. Estimated useful lives are as follows:

Development costs	5 years or over the expected period of product sales, if less
Intellectual property	3 to 20 years
Patents and licences	5 years or over the period of the licence, if less
Other intangibles	5 years

(a) Goodwill arising on a business combination

Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

When the Group disposes of an operation within a CGU or restructures the business, any disposal/reallocation is performed using a relative value approach, unless the Directors consider another method better reflects the goodwill associated with the remaining and reorganised units.

Costs related to an acquisition, other than those associated with the issue of debt or equity securities incurred in connection with a business combination, are expensed to the income statement. The carrying value of goodwill is reviewed annually for impairment but more regularly if events or changes in circumstances indicate that it may be impaired. When an impairment loss is recognised, it is not reversed in a subsequent accounting period, even if the circumstances which led to the impairment cease to exist.

(b) Acquired intangible assets

Intangible assets that are acquired as a result of a business combination including but not limited to customer relationships, supplier lists, patents and technology and that can be separately measured at fair value on a reliable basis are recorded initially at fair value and amortised over their expected useful life. Amortisation is expensed to the consolidated income statement.

33.5 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment losses. Cost comprises expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring an asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset.

Dry dock overhaul

Dry dock costs for owned and leased vessels are deferred as a component of the related tangible fixed asset and depreciated over their useful economic lives until the next estimated overhaul.

Depreciation is provided to write off the cost of property, plant and equipment to their residual value in equal annual instalments over their estimated useful lives, as follows:

Freehold property	40 years
Leasehold improvements	25 years or the period of the lease, if shorter
Plant and equipment	Between 5 and 20 years
Vessels	Between 10 and 25 years

No depreciation is charged on assets under construction.

Residual values of vessels are set initially at 20% of purchase cost or fair value at acquisition, which the Directors believe to be an approximation of current values. Residual values and estimated remaining lives are reviewed annually by the Directors and adjusted if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.6 Impairment of tangible and intangible assets

At each reporting date the Group assesses whether there are any indications that an asset has been impaired. If any indication exists, an estimate of the recoverable amount of the asset is made which is determined as the higher of its fair value less costs to sell and its value in use. These calculations are determined for an individual asset unless that asset does not generate cash inflows independently from other assets, in which case its value is determined as part of that group of assets. To assess the value in use, estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

(a) Impairment of goodwill

Goodwill acquired in a business combination is allocated against the appropriate combination of business units deemed to obtain advantage from the benefits acquired with the goodwill. These are designated as cash generating units (CGU). Impairment is then assessed annually by comparing the recoverable amount of the relevant CGU with the carrying value of the CGU's goodwill. Recoverable amount is measured as the higher of the CGU's fair value less cost to sell and the value in use. For CGUs designated as assets held for sale/discontinued operations, the fair value less costs to sell is used. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement. An impairment loss for goodwill is not reversed in a subsequent period.

(b) Impairment of tangible and other intangible assets

If any indication of a potential impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. Assets are grouped together for this purpose at the lowest level for which there are separately identifiable cash flows.

(c) Research and development costs

Research expenditure is expensed in the income statement as incurred.

Expenditure on development which represents the application of research to the development of new products or processes is capitalised provided that specific projects are identifiable, technically feasible, and the Group has sufficient resources to complete development. The useful life of projects meeting the criteria for capitalisation is determined on a project-by-project basis. Capitalised development expenditure is measured at cost and amortised over its expected useful life on a straight-line basis. Other development costs are recognised in the income statement as incurred.

If an event occurs after the recognition of an impairment, that leads to a decrease in the amount of the impairment loss previously recognised, the impairment loss is reversed. The reversal is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

33.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables stock and finished goods for sale are stated at purchase cost on a first-in, first-out basis. Work in progress and finished goods are stated at the cost of direct materials and labour plus attributable overheads allocated on a systematic basis based on a normal level of activity. Net realisable value is based on estimated selling price less the estimated costs of completion and sale or disposal.

33.8 Taxation

Corporation tax is provided on taxable profits from activities not qualifying for tonnage tax relief and is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date, less any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes, that will result in an obligation to pay more, a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit.
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

NOTES TO THE FINANCIAL STATEMENTS CONT.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.8 Taxation cont.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is expected to be realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax arising on actuarial gains and losses relating to defined benefit pension funds is recorded in other comprehensive income. Where the cash contributions made to the schemes exceed the service costs recognised in the income statement, the current tax arising is recorded in other comprehensive income.

Deferred tax assets and liabilities are required to be offset in the statement of financial position if, and only if, the Company has a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on the same taxable company.

33.9 Leases

The Group leases land and buildings for some of its offices, warehouses and factory facilities. The length of these leases can typically run for up to 25 years, with most less than ten years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

Some of the buildings contain extension options that are exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group includes extension options in new leases to provide operational flexibility, that are exercisable by the Group but not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option, and then reassesses this in the event that there is a significant event or change in circumstances within its control.

The Group also leases vessels, with lease terms typically of up to five years and IT equipment and machinery, typically for a duration of less than ten years.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset, or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or it is recorded in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

The Group presents right-of-use assets and lease liabilities (within "borrowings") in the statement of financial position.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.9 Leases cont.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less at inception and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease, making an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is treated as a finance lease, otherwise as an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately, assessing the classification of the sub-lease with reference to the right-of-use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

33.10 Pension plans

(i) Defined contribution schemes

Pre-determined contributions paid to a separate privately administered pension plan are recognised as an expense in the income statement in the period in which they arise. Other than this contribution the Group has no further legal or constructive obligation to make further contributions to the scheme.

(ii) Defined benefit schemes

A defined benefit scheme is a pension plan under which the amount of pension benefit that an employee receives on retirement is defined by reference to factors including age, years of service and compensation. The schemes are funded by payments determined by periodic actuarial calculations agreed between the Group and the trustees of trustee-administered funds.

The cost of providing benefits is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (current service cost) and to current and prior periods (to determine the present value of the defined benefit obligation). Current service costs are recognised in the income statement in the current year. Past service costs are recognised in the income statement immediately. When a settlement (which eliminates all obligations for benefits already accrued) or a curtailment (which reduces future obligations as a result of a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and any gain or loss is recognised in the income statement.

The interest element of the defined benefit charge is determined by applying the discount rate to the net defined benefit liability at the start of the period and is recognised in the income statement. A liability is recognised in the statement of financial position which represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets and is calculated separately for each scheme.

The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, discounted at a rate representing the yield on a high quality corporate bond at the balance sheet date, denominated in the same currency as the obligations, and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available from any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses on experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

33.11 Share-based payments

Executive savings-related share option schemes are operated under which options are granted to employees of the Group. An expense is recognised in the income statement with a corresponding credit to equity in respect of the fair value of employee services rendered in exchange for options granted, which is determined by the fair value of the option at the date of grant. The amount is expensed over a specified period until the options can be exercised (the vesting period).

The fair value of an option is determined by the use of mathematical modelling techniques, including the Black-Scholes option pricing model and the Binomial model. Non-market vesting conditions (such as profitability and growth targets) are excluded from the fair value calculation but included in assumptions about the number of options that are expected to become exercisable.

An estimate is made of the number of options that are expected to become exercisable at each balance sheet date. Any adjustments to the original estimates are recognised in the income statement (and equity) over the remaining vesting period with any element of any adjustments relating to prior periods recognised in the current period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market condition (such as total shareholder return of the Group relative to an index). These are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS CONT.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.11 Share-based payments cont.

In addition to failure by the employee to exercise an option in accordance with the exercise period allowed by the scheme, an award made to an employee under a share option scheme is deemed to lapse when either the scheme is cancelled by the Company, or when an employee, who continues to qualify for membership of a scheme, ceases to pay contributions to that scheme. In these circumstances the full remaining unexpired cost of the award is expensed in the period in which the option lapses.

Where the exercise of options is satisfied by the issue of shares by the Company the nominal value of any shares issued from the exercise of options is credited to share capital with the balance of the proceeds received, net of transaction costs, credited to share premium.

33.12 Short-term employee benefits

The Group recognises a liability and an expense for short-term employee benefits, including bonuses, only when contractually or constructively obliged.

33.13 Share capital and reserves

Ordinary shares are classified as equity. Costs attributable to the issue of new shares are deducted from equity from the proceeds.

(a) Treasury shares

Shares issued by the Company which are held by the Company or its subsidiary entities (including the Employee Share Ownership Trust (ESOT)), are designated as treasury shares. The cost of these shares is deducted from equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares. Consideration paid or received is recognised directly in equity.

(b) Employee Share Ownership Plan (ESOP)

Company shares are held in an ESOP. The finance costs and administration costs relating to the ESOP are charged to the income statement. Dividend income arising on own shares is excluded in arriving at profit before taxation and deducted from aggregate dividends paid.

The Group maintains the following reserves:

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of operations whose financial statements are denominated in foreign currencies as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

33.14 Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services by the Company and its subsidiary undertakings to customers in exchange for consideration in the ordinary course of the Group's activities.

The Group has a broad range of activities; please refer to Note 3 for more detail on the categories of revenue.

The Group applies the following five-step framework when recognising revenue.

Step 1: Identify the contracts with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Performance obligations

Upon approval by the parties to a contract, the contract terms are reviewed to identify each promise to transfer either a distinct product or service or a series of distinct products or services that are substantially the same and have the same pattern of transfer to the customer. The criteria the Group uses to identify the performance obligations within a contract are:

- the customer must be able to benefit from the products or services either on its own or in combination with other resources readily available to the customer; and
- the entity's promise to transfer the goods or service to the customer is separable from other promises in the contract.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.14 Revenue recognition cont.

Transaction price

The total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes (VAT). Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices where appropriate. Given the bespoke nature of some of the Group's products and services, which are designed and/or manufactured under contract to the customer's individual requirements and specifications, there are typically no observable stand-alone selling prices. In such cases, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Group's pricing principles.

Revenue and profit recognition

Revenue is recognised as performance obligations are satisfied and as control of the products and services are transferred to the customer.

Revenue is recognised over time as the product is being manufactured or a service is being provided if any of the following criteria are met:

- the Group is creating a distinct item which does not have an alternative use to the Group (i.e., we would incur a significant loss to re-work and/or sell to another customer) and the Group has a right to payment for work completed to date including a reasonable profit;
- the customer controls the asset that is being created or enhanced during the manufacturing process i.e., the customer has the right to significantly modify and dictate how the product is built during construction; and
- services provided where the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs (e.g., service and maintenance or transportation contract).

For each performance obligation that is satisfied over time, the Group applies a single method of measuring progress toward complete satisfaction of the obligation. The Group measures progress toward satisfaction of a performance obligation that is satisfied over time using a single method that best depicts the transfer of goods or services to the customer, being either:

- Output method (i.e., measure of progress by reference to units produced or delivered, contract milestones, or surveys of work performed); or
- Input method (i.e., measure of progress by reference to costs incurred).

Revenue from construction contracts is recognised over the contract term (over time) as the work progresses, either as products are produced or as services are rendered. These are typically longer-term contracts where revenue is recognised according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs (input method), this is deemed to be the most appropriate method as there is direct correlation between costs incurred in building the asset and the measurement of progress towards satisfying the applicable performance obligations. The accounting for construction contracts involves a judgemental process of estimating total sales, costs and profit for each performance obligation. Cost of sales is recognised as incurred.

Costs are only included in the measurement of progress towards satisfying the performance obligation where there is a direct relationship between the input and the satisfaction of the performance obligation.

While the scope and price on certain construction contracts may be modified over their life, the transaction price is based on current rights and obligations under the contract and does not include potential modifications until they are agreed upon with the customer. When applicable, a cumulative adjustment or separate recognition for the additional scope and price may result. Construction contracts can be negotiated with a fixed price or a price in which we are reimbursed for costs incurred plus an agreed upon profit.

For construction contracts, changes in estimated revenues, cost of sales and the related effect on operating income are recognised using a cumulative catch-up adjustment which recognises in the current period the cumulative effect of the changes on current and prior periods based on a construction contract's percentage of completion. When it is probable that total contract costs will exceed total contract revenue (i.e. a contract becomes onerous), a provision for the entire reach-forward loss on the construction contract is recognised as an expense.

Contract assets arise where the Group has the right to receive consideration for the work completed which has not been billed at the reporting date (accrued income), while contract liabilities represent liabilities for consideration from customers received in advance.

Where the criteria to recognise revenue over time are not met, then revenue is recognised at the point in time at which control of the products or service is transferred to the customer and the performance obligation is satisfied. The customer obtains control of the product or service when the customer can direct the use of the product or service and obtain the benefits from the product or service.

Control passes when the products or services are either despatched, delivered to the customer (in accordance with the terms and conditions of the sale) or where required installation and testing is completed. At this point, the customer has completed its acceptance procedures and has assumed control, and this is when the performance obligation is satisfied.

NOTES TO THE FINANCIAL STATEMENTS CONT.

33. SIGNIFICANT ACCOUNTING POLICIES CONT.

33.14 Revenue recognition cont.

Revenue and profit recognition cont.

Invoicing for services and products depends on the nature of the service or product provided. Invoices are raised upon the completion of the related milestone or service activity. Some services are invoiced in advance and others in arrears, of which the billing frequency varies from contract to contract. Where amounts invoiced are greater than revenue recognised, this is treated as deferred revenue and conversely, where revenue is recognised in advance of billing this is treated as accrued revenue. Revenue from construction contracts is payable when milestones on agreed deliverables are achieved which is typically 30 days following completion of a milestone. For other types of revenue, the payment terms are typically 30-90 days.

Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product-by-product basis. Provisions for warranty costs are set out in Note 22.

Revenue – operating lease rental income

Revenue is recognised in the income statement on a straight-line basis over the period of the hire.

33.15 Other investments

Other investments which are in unquoted entities are held at fair value and subject to an annual review. The Group elects on an asset-by-asset basis whether fair value movements are posted to the income statement or directly to reserves.

34. ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. The outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed and revised on an ongoing basis.

Information about estimates and judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included below:

Major sources of estimation uncertainty

Impairment of goodwill

Goodwill, which is set out in Note 12, of £78.3m (2022: £116.3m) is tested annually for any permanent impairment in accordance with the accounting policy in Note 33.6. The value in use of the Group's cash generating units (CGU) requires assumptions about the five-year revenue growth rate, terminal value growth rate and discount rate. Inherent uncertainty involved in forecasting and discounting future cash flows is a key area of estimation. The carrying value of goodwill is compared to its recoverable amount which represents the higher of its value in use and fair value less costs of disposal. The assessment also includes sensitivity analysis to identify the range of outcomes and the validity of underlying assumptions. There is particular estimation uncertainty with regards to recoverability of the goodwill in the JFD cash generating unit where reasonably possible changes to key assumptions could change the value of impairment.

Defined benefit pensions

Pension assumptions are used to determine the amount of defined benefit obligations including future rates of inflation, discount rates and mortality of members (see Note 23). Valuation of pension assets is based on fair value which is an estimate, however the fair value of pension assets is not considered a major source of estimation uncertainty.

Other estimates and judgements

Set out below are certain other areas of estimation or judgement, however these are not considered to meet the definitions set out in IAS 1.122 and IAS 1.125.

Other estimates

Impairment of Parent Company investments

Parent Company investments in Note 17 comprising shares totalling £268.7m, are tested annually for impairment where an indicator of impairment exists. The Company estimates recoverable amount using value in use calculations which require assumptions over the five-year revenue growth rate, terminal value growth rate and discount rate. Inherent uncertainty involved in forecasting and discounting future cash flows is therefore an area of estimation uncertainty. The carrying value of the investment is compared to its recoverable amount which represents the higher of its value in use and fair value less costs of disposal. The assessment also includes sensitivity analysis to identify the range of outcomes and the validity of underlying assumptions. Subsequent to the material impairment recognised during the year, the estimation uncertainty is significantly reduced and therefore this is not considered to be a major source of estimation uncertainty in accordance with IAS 1.125.

34. ACCOUNTING JUDGEMENTS AND ESTIMATES CONT.

Other estimates cont.

Revenue

Revenue is set out in Notes 3 and 33.14. Revenue is recognised as performance obligations are satisfied as control of the goods and services are transferred to the customer. The timing of the performance obligations will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract. Areas of estimation relate to construction contract accounting and specifically estimating the stage of completion and forecast outturn of the contract which are reliant on the knowledge and expertise of project managers, engineers and other professionals.

Foreign offset agreements

As described in Notes 22 and 31, the Group has entered into foreign offset agreements as part of securing some international business. These agreements contain penalties which would be incurred if the offset obligation is not delivered. There were estimates and judgements in arriving at the amounts provided. This included judgement in assessing the accounting treatment of the contracts whereby the offset is treated as a levy recognised within cost of sales. Estimates were applied in calculating the offset provisions and the contingent liability to meet the offset requirements in country.

Income taxes

Taxation is set out in Notes 8, 9 and 33.8. The Group is subject to income taxes in several jurisdictions. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax risk issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group has entered the UK tonnage tax regime under which tax on its ship owning and operating activities is based on the net tonnage of vessels operated. Income and profits outside this regime are taxed under normal tax rules. This means that it is necessary to make estimates of the allocation of some income and expenses between tonnage and non-tonnage tax activities. These estimates are subject to agreement with the relevant tax authorities and may be revised in future periods.

Tax includes a credit of £10.7m (2022: £1.3m charge), which represents deferred tax recognised on the timing differences created following the impairment of dive support vessels during the year ended 31 December 2020. The associated deferred tax asset will be utilised gradually over future accounting periods as the tax value of the vessels is amortised in line with rates set by HM Revenue & Customs.

Other judgements

Assets held for sale and discontinued operations

Judgement was taken that the carrying value of a non-core business (2022: Nuclear) would be recovered through a sale rather than continuing use in accordance with IFRS 5 paragraphs 6 to 8 criteria. Consequently, the assets and liabilities of the business have been classified as held for sale – see Note 20.

The results of the nuclear business, which was sold in March 2023, have been presented as discontinued operations in the consolidated income statement. The classification as discontinued operations was a judgement based on management's view of IFRS 5 paragraph 32 that the disposal group classified as held for sale represented a separate major line of business due to its size relative to Group revenue and the nature of operations.

During 2023, the Group announced its intention to cease operations of Subtech Europe, a business within the Energy Division. Management does not believe that the closure of Subtech Europe meets the definition of a discontinued operation under IFRS 5 as it does not represent a separate major line of business, and accordingly, the results of Subtech Europe have been included within continuing operations.

Defined benefit pensions

The Company considers it has a right to a refund of pension surplus assuming the gradual settlement of the plan liabilities over time until all members have left (see Note 23 for further details) and therefore recognises a pension surplus for the Shore Staff scheme in accordance with IFRIC 14.

35. POST BALANCE SHEET EVENTS

On 22 March 2024, the Group agreed to sell its RMSpumptools business to ChampionX UK Limited, a wholly-owned subsidiary of ChampionX Corporation. RMSpumptools did not meet the highly probable criteria to be recognised as a held for sale business as at 31 December 2023, primarily due to uncertainty associated with the disposal plan.

SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS

Subsidiary undertakings

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Energy		
Buchan Technical Services Limited	Barrow-in-Furness[1]	100%
Deep Sea Operation & Maintenance Co. Ltd	Al Khobar City, PO Box 2716, Al Olaya, 34447, Saudi Arabia	100%
EDS HV Group Limited	Barrow-in-Furness[1]	100%
EDS HV Management Limited	Barrow-in-Furness[1]	100%
Electricity Distribution Services Limited	Barrow-in-Furness[1]	100%
Hughes Marine Engineering Limited	Barrow-in-Furness[1]	100%
Hughes Sub Surface Engineering Limited	Barrow-in-Furness[1]	100%
James Fisher Asset Information Services Limited	Barrow-in-Furness[1]	100%
James Fisher Marine Services Limited	Barrow-in-Furness[1]	100%
James Fisher Marine Services Limited – Taiwan branch	Taiwan[14]	100%
James Fisher Marine Services Malaysia Ltd	Level 1, Lot 7, Block F, Sanguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%
James Fisher Marine Services Middle East Limited FZCO	PO Box 371072, Dubai, United Arab Emirates	100%
James Fisher Marine Services Limited FZCO – Dubai branch	Office 9, Floor 2, Mubarak Group Building, Dubai Maritime City, Dubai-UAE	100%
James Fisher Maritime Deutschland GmbH	Stadthausbrucke 8, 20355 Hamburg, Germany	100%
James Fisher MFE Limited	Barrow-in-Furness[1]	100%
James Fisher Offshore Limited	Oldmeldrum[2]	100%*
James Fisher Offshore Malaysia Sdn Bhd	Room A, Ground Floor, Lot 7, Block F, Saguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%
James Fisher Personnel S.A. de C.V.	Ciudad de Mexico, D.F., Mexico[13]	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
James Fisher Renouvelables	3 rue de France Comte, CS50311, Hauts de Quimpcanpoix, 50103, Cherbourg-en-Contentin, Cherbourg-Octeville, France	100%
James Fisher Rumic Limited	Barrow-in-Furness[1]	100%*
James Fisher Subsea Excavation Incorporated	6421 Cunningham Road, Houston, Harris County, Texas, 77041-4713	100%
James Fisher Subsea Excavation Mexico S.A. de C.V.	Ciudad de Mexico, D.F., Mexico[13]	100%
James Fisher Subsea Excavation Pte Limited	133 Cecil Street, #16-01, Keck Seng Tower, Singapore, 069535	100%
James Fisher Taiwan Co., Ltd	Taiwan[14]	100%
JCM Scotload Ltd	Barrow-in-Furness[1]	100%
JF Denmark – Denmark branch	Jenny Kammersgaards, Vei 5, 2.3 Horsens 8700, Demark	100%
Namibia Subtech Diving and Marine (Proprietary) Limited	Shop 48, Second Floor, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	100%
RMSPumptools FZE	1-153, THUB, Dubai Silicon Oasis, Dubai, United Arab Emirates	100%
RMSPumptools Limited	Barrow-in-Furness[1]	100%
RMSPumptools Saudi Industrial Company	2397, Unit Number 8, al Khobar, 34632-6282, Saudi Arabia	100%
Rotos 360 Limited	Barrow-in-Furness[1]	100%
Scan Tech AS	Stavanger[5]	100%
Scan Tech Personell AS	Stavanger[5]	100%
Scan Tech Produkt Personell AS	Stavanger[5]	100%
Scantech Offshore do Brasil Comercio E Servicos Ltda	R 01 223, Lote 146 Quadra 02, Balneario das Garcas, Rio das Ostras, 28.898-268, Brazil	100%
Scantech Offshore Limited	Barrow-in-Furness[1]	100%*

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Scantech Offshore Pty Ltd	Henderson, Australia[10]	100%
Servicos Maritimos Continental S.A.	Rio de Janeiro, Brazil[9]	90%
Strainstall International for Project Engineering LLC	Blg 3141, Street Anas Bin Malik, 8292, Al Malqa Dist. Riyadh, Saudi Arabia	100%
Strainstall Malaysia Sdn Bhd	Ground Floor, 8, Lorong Universiti B, Section 16, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	100%
Strainstall Singapore Pte Ltd	25 North Bridge Road, Level 7, Singapore, 179104	100%
Subsea Engenuity Limited	Oldmeldrum[2]	100%
Subtech (Pty) Ltd	Briardene, South Africa[8]	100%
Subtech (Pty) Ltd – Mozambique branch	Rua da Educacao, No.38, Matola, Mozambique	100%
Subtech Diving & Marine Tanzania Limited	The Slipway Road, Msasani Peninsula, Dar Es Salaam, United Republic of Tanzania	100%
Subtech Marine (Pty) Limited	PO Box 90757, Shop 48, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	70%
Subtech Marine R2S Offshore LLC	Floor 1, Building 81, Zone 36, Street 362, Al Jazira Al Arabiya Street, Al Messila Area, Doha, Qatar	49%
Subtech Middle East Saudi Company	Office 102, Al Jazira Building, Al Khobar, Saudi Arabia	100%
Subtech Norte Lda	Rua de Se no 114, Distrito Urbano 1, Bairro Central, Maputo City, Mozambique	100%
Subtech Offshore (GBL II)	Ocra (Mauritius) Limited, Level 2, Max City Building, Remy Ollier Street, Port Louis, Mauritius	100%
Subtech South Africa (Pty) Ltd	Briardene, South Africa[8]	49%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Maritime Transport		
Cattedown Wharves Limited	Barrow-in-Furness[1]	100%
Fender Care Limited	Barrow-in-Furness[1]	100%
Fender Care Marine (Asia Pacific) Pte Ltd	Singapore[6]	100%
Fender Care Marine (Gibraltar) Limited	28 Irish Town, Gibraltar	100%
Fender Care Marine Ltd	Barrow-in-Furness[1]	100%
Fender Care Marine Ltd, Agencia Chile – Chile branch	El Trovador 4280, Apt 1205, Las Condes, Santiago, 253-389, Chile	100%
Fender Care Marine Products (Asia Pacific) Pte Limited	Singapore[6]	100%
Fender Care Marine Sohar LLC	Al Batinah Region, PO Box 37, Sohar, 327	70%
Fendercare Australia Pty Ltd	8D Sparks Road, Henderson WA 6166, Australia	100%
Fendercare Servicos Marinhos do Brasil Ltda	Avenida Feliciano Sodre 325, Centro, Niteroi, Rio De Janeiro, CEP: 24030-012, Brazil	100%
F.T.Everard Shipping Limited	Barrow-in-Furness[1]	100%
F.T.Everard & Sons Limited	Barrow-in-Furness[1]	100%*
James Fisher (Crewing Services) Limited	Barrow-in-Furness[1]	100%*
James Fisher (Shipping Services) Limited	Barrow-in-Furness[1]	100%*
James Fisher Crewing (CY) Limited	115 Griva Digeni, Trident Centre, Limassol, 3101, Cyprus	100%
James Fisher Everard Limited	Barrow-in-Furness[1]	100%
James Fisher Maritime Limited	Karaiskaki, 13, 3032, Limassol, Cyprus	100%
Martek Marine Limited	Barrow-in-Furness[1]	100%
Martek-Marine (Asia Pacific) Pte Ltd	298 Tiong Bahru Road, #05-01, Central Plaza, Singapore, 168730	100%
Scottish Navigation Company Limited	Oldmeldrum[2]	100%

SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS CONT.

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Defence		
Cowan Manufacturing Pty Limited	BDO Tax (WA) Pty Ltd, 'BDO', 38 Station Street, Subiaco, WA6008, Australia	100%
Divex Asia Pacific Pty Ltd	Bibra Lake, Australia[12]	100%
Divex FZE	PO Box 261749, Jebel Ali Free Zone, Dubai, United Arab Emirates	100%
Divex Limited	Westhill[3]	100%
James Fisher Defence Limited	Barrow-in-Furness[1]	100%
James Fisher Defence North America Limited	Suite 808, 1220 North Market Street, Wilmington DE 19801, United States	100%
James Fisher Singapore Pte Ltd	137 Telok Ayer Street, #05-02, Singapore, 068602	100%
JFD Australia Pty Ltd	c/o BDO, Mia Yellagonga, Tower 22, Level 9, 5 Spring Street, Perth, WA, 6000	100%
JFD Limited	Westhill[3]	100%
JFD Ortega B.V.	Vliegveldstraat 100, B515, Technology Base, Enschede, Netherlands	100%
JFD Singapore Pte Ltd	Singapore, 508929[11]	100%
JFD South Africa (Pty) Limited	c/o Mazars, Mazars House, Rialto Road, Grand Moorings Precinct, Century City, Cape Town, SA 7441, South Africa	100%
JFD Sweden AB	Rindovagen, Rindo Vastra, 185 41 Vaxholm, Sweden	100%
Maritime Engineers Pty Ltd	Henderson, Australia[10]	100%
Holding Companies		
Fender Care Marine Solutions Limited	Barrow-in-Furness[1]	100%
James Fisher (Aberdeen) Limited	Barrow-in-Furness[1]	100%*

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
James Fisher and Sons Nigeria Limited	2 Idowu Taylor Street, Victoria Island, Lagos, Nigeria	99%*
James Fisher Holdings Limited	Barrow-in-Furness[1]	100%*
James Fisher Holdings UK Limited	Barrow-in-Furness[1]	100%*
James Fisher Hong Kong Limited	Level 17, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	100%
James Fisher Properties Limited	Oldmeldrum[2]	100%
James Fisher Properties Two Limited	Barrow-in-Furness[1]	100%*
James Fisher Servicos Empresariais Ltda	Rua 01 No 223, Quadra 02, Lote 146-part, Balneario das Garcas, Brazil	100%
James Fisher Subtech Group Limited	Barrow-in-Furness[1]	100%*
James Fisher Tankships Holdings Limited	Barrow-in-Furness[1]	100%*
JF Australia Holding Pty Ltd	Bibra Lake, Australia[12]	100%
JF Overseas Ghana Limited	The Octogon Building, 7th Floor, Suite B701, Accra Central, Accra, Ghana	100%
JF Overseas Limited	Barrow-in-Furness[1]	100%*
JF Singapore Holdings PTE Ltd	137 Telok Ayer Street, #05-02, Singapore 068602	100%
Martek Holdings Limited	Barrow-in-Furness[1]	100%
Onesimus Dorey (Shipowners) Ltd	St Peter Port[4]	100%*
Subtech Group Holdings (Pty) Ltd	Briardene, South Africa[8]	100%

Associated undertakings and significant holdings in undertakings other than subsidiary undertakings

Name of company	Address	Group percentage of equity capital
Energy		
Eurotestconsult Limited	County Laois, Ireland[7]	50%
Eurotestconsult UK Limited	Barrow-in-Furness[1]	50%
James Fisher (Angola) Limitada	67 Rua Damiao de Gois, Alvalade, Borough, District of Maianga, Ingombota Municipality, Angola	49%*
James Fisher Angola UK Limited	Barrow-in-Furness[1]	50%
Pleat MUD Coolers AS	Stavanger[5]	50.1%
Strainstall Laboratories WLL	PO Box 2255, Office No.70, Barwa Commercial Avenue, Doha, Qatar	49%**
Strainstall Middle East LLC	PO Box 111007Jebel Ali Industrial Area 1, Dubai, United Arab Emirates	49%**
Strainstall Testing Lab LLC	PO Box 62579, Abu Dhabi, United Arab Emirates	49%**
Subtech Offshore Services Nigeria Limited	Plot 15, Block 110, Henry Ojogho Crescent, Off Road 69, Lekki Phase 1, Lagos, Nigeria	100%
Maritime Transport		
FC Viking Sdn.Bhd	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, Kuala Lumpur, Wilayah Perseketuan, 59200, Kuala Lumpur	49%
Fender Care Marine LLC	Fujairah Port, PO Box 5198, Fujairah, United Arab Emirates	49%**
Fender Care Marine SA (Pty) Ltd	Unit 4, Thembani House, 41 Brand Road, Glenwood, Durban, 4001, South Africa	49%**
Fender Care Marine Services LLC	G013, GH-1, Industrial City of Abu Dhabi (ICAD-1), Mussafeh, PO Box 45628, Abu Dhabi, United Arab Emirates	49%**
Fender Care Middle East LLC	Plot 146/16, Emirates Industrial City, Sajja Industrial Area, PO Box 25896, Sharjah, United Arab Emirates	49%**
Fender Care Omega (Middle East) FZC	E-LOB Office No. E-69G-20, PO Box 51602, Hamriyah Free Zone – Sharjah, United Arab Emirates	50%
Fendercare Marine Ghana Limited	11 Aduemi Close, North Kaneshie, Accra, Ghana	50%
Fendercare Marine Omega India Private Limited	JA 1104 – 1106, DLF Tower – A, Jasole District Centre, New Delhi, 11044, India	50%
James Fisher Ghana Limited	HNO No.1, East Legon, Telley, Tesa Link, Otsokrikri Street, East Legon, Accra, Ghana	49%
James Fisher Nigeria Limited	Architects Place, 2 Idowu Taylor Street, Victoria Island, Lagos, Nigeria	100%
Defence		
First Response Marine Pte Ltd	16 Benoi Road, 629889, Singapore	50%
James Fisher Technologies LLC	5821 Langley Avenue, Loveland, Colorado, 80538, USA	49%
JFD Domeyer GmbH	Konsul-Smidt-Str. 15, 28217, Bremen, Germany	50%
MIL Vehicles & Technologies Private Limited	1517, Devika Tower, 6 Nehru Place, New Delhi, South Delhi, India, 110019	49%
Wuhu Divex Diving System Limited	No.58 Yongchang Road, Jiujiang District, Wuhu City, Anhui Province, PR China	49%

1 Fisher House, Michaelson Road, Barrow-in-Furness, Cumbria, LA14 1HR
2 North Meadows, Oldmeldrum, Aberdeenshire, AB51 0GQ
3 JFD, Westhill Industrial Estate, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ
4 4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA
5 Finnestadsvingen 23, 4029 Stavanger, Norway
6 39 Tuas West Avenue, Peck Tiong Choon Building, Singapore 638442
7 Unit D, Zone 5, Clonminam Business Park, Portlaoise, County Laois, Ireland
8 Unit 3, 11 Travertine Crescent, Briardene, Durban North, KwaZulu-Natal, 4051, South Africa
9 Rua Tenente Celio, No.150, Bairro Granja Caveleiros, Macae, State of Rio de Janeiro, 27.930-120, Brazil
10 8A Sparks Road, Henderson, WA 6166, Australia
11 19 Loyang Lane, Singapore 508929
12 54 Bushland Ridge, Bibra Lake WA 6163, Australia
13 Gabriel Mancera 1041 Del Valle, Benito Juarez, 03100, Ciudad de Mexico, D.F., Mexico
14 8F, No.367 Fuxing N.Rd, Songshan District, Taipei City, 105401, Taiwan

* Held by the Parent Company (all other subsidiaries are held by an intermediate subsidiary)
** Consolidated as subsidiary undertakings

GROUP FINANCIAL RECORD FOR THE FIVE YEARS ENDED 31 DECEMBER

	2023 £m	2022 £m	2021 £m	2020 £m Restated*	2019 £m Restated*
Revenue					
Energy [1,2]	266.5	242.6	222.9	222.9	272.2
Defence	72.5	68.2	81.5	83.2	106.3
Maritime Transport	157.2	167.3	138.0	164.9	192.2
Continuing operations	496.2	478.1	442.4	471.0	570.7
Underlying operating profit					
Energy [3]	15.7	13.9	7.7	(1.8)	15.0
Defence	1.5	(0.3)	9.7	13.2	18.2
Maritime Transport	23.3	18.7	13.5	31.4	36.9
Corporate costs	(10.9)	(5.9)	(2.8)	(2.8)	(2.8)
Continuing operations	29.6	26.4	28.1	40.0	67.3

From 1 January 2023, the Group has been re-organised into the three operating segments of Energy, Defence and Maritime Transport. The comparative segmental information for the prior years has been restated accordingly. See Note 3 to the financial statements for further details.

* 2019 and 2020 results are restated to exclude a business classified as discontinued operations - see Note 5.

Notes:

1 Energy includes the former Marine Support (without Fendercare) and Offshore Oil Divisions. Maritime Transport includes the former Tankships Division and Fendercare. James Fisher Defence is the only Component of the Defence Division and used to be reported within the Specialist Technical Division together with James Fisher Nuclear ("JFN") business. JFN was sold in March 2023.

2 Sales relating to divestments (Mimic, Prolec, Strainstall, Testing Services, NDT):

	2022 £m	2021 £m	2020 £m	2019 £m
	14.1	16.1	18.9	25.4

3 Operating Profit/(loss) relating to divestments (Mimic, Prolec, Strainstall, Testing Services, NDT):

	2022 £m	2021 £m	2020 £m	2019 £m
	2.3	1.1	(1.0)	0.2

INVESTOR INFORMATION

Registered office

James Fisher and Sons plc
Fisher House
Michaelson Road
Barrow-in-Furness
Cumbria LA14 1HR

Incorporated in England under
Company no. 211475

www.james-fisher.com

Registrar

Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL

Auditor

KPMG LLP
1 St Peters Square
Manchester M2 3AE

Brokers

Investec Bank (UK) Limited
30 Gresham Street
London EC2V 7QP

Peel Hunt LLP
100 Liverpool Street
London EC2M 2AT

Disclaimer

This Annual Report has been prepared for the members of the Company only. The Company, its Directors, employees and agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. This Annual Report contains certain forward-looking statements that are subject to future events including, amongst other matters, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates and the availability of financing to the Group.

As such the forward-looking statements involve risk and uncertainty. Accordingly, whilst it is believed the expectations reflected in these statements are reasonable at the date of publication of this Annual Report, they may be affected by a wide range of matters which could cause actual results to differ materially from those anticipated. The forward-looking statements will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

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