21 September 2023

**James Fisher and Sons plc**
**Half year results for the six months ended 30 June 2023**

James Fisher and Sons plc (FSJ:L) ('James Fisher', 'the Group'), the leading marine service provider, announces its unaudited results for the six months ended 30 June 2023 ('the period').

| **Continuing operations** | **H1 2023** | H1 2022* | change |
|---|---|---|---|
| Revenue (£m) | **252.0** | 215.0 | 17.2% |
| Underlying operating profit margin | **5.6%** | 5.3% | 30 bps |
| Return on capital employed | **4.7%** | 2.7% | 200 bps |
| Underlying operating profit (£m) ** | **14.0** | 11.4 | 22.8% |
| Underlying profit before tax (£m) ** | **6.4** | 6.8 | (5.9%) |
| Underlying diluted earnings per share (pence) *** | **8.7** | 6.7 | 29.9% |
| Statutory operating profit (£m) | **3.2** | 9.8 | (67.3%) |
| Statutory (loss)/profit before tax (£m) | **(4.4)** | 5.2 | n/m |
| Statutory diluted (loss)/earnings per share (pence) | **(6.3)** | 6.9 | n/m |

* restated due to a business classified as discontinued operations
** excludes separately disclosed items of £10.8m loss (2022: £1.6m loss) (note 3)
*** excludes separately disclosed items of £14.0m loss (2022: £1.4m loss) (note 3)

**Financial summary:**

- Strong revenue growth of 17.2% to £252.0m (H1 2022: £215.0m), driven by positive momentum in the Energy Division
- Underlying operating profit up £2.6m to £14.0m (H1 2022: £11.4m) with all three divisions delivering year on year profit growth
- Underlying operating profit margin enhancement of 30 bps with growth and improvement initiatives offsetting the impact of cost inflation and investments in Business Excellence and strengthening of central functions
- Reduction in statutory PBT from £5.2m to a loss of £4.4m due principally to refinancing legal and advisory costs (£9.3m) and higher interest rates offsetting the positive operating performance
- Net debt on a covenant basis at 30 June 2023 was £154.5m, (31 December 2022: £142.1m; 30 June 2022: £172.4m) representing 2.8x EBITDA compared to a covenant limit of 3.5x. The Group expects to reduce net debt in the second half of the year.

**Operational progress:**

- Continued progress in simplification of the Group
    - Three operating divisions aligned to market verticals
    - Sale of Swordfish Dive Support Vessel, Nuclear Decommissioning business and obsolete assets generating net proceeds of £18.1m
- Key initiatives underway in establishing One James Fisher operating model
    - Business Excellence function established, with the objective of improving operating practices across the Group, with initial priority given to health & safety and project management processes
    - New and experienced senior hires in key divisional and functional roles

**Commenting, Jean Vernet, CEO said:**
"All three divisions delivered revenue and profit growth against the first half of 2022, with a particularly strong increase seen in the Energy division, driven by demand for the Group's well-testing, artificial lift and bubble curtain offerings against a relatively weak comparator period.

"The Group's new divisions have now been embedded into the operating and reporting structures of the Group, and whilst there remains significant work to do to achieve the anticipated commercial and operating synergies, progress has been positive to date.

"Further strategic progress is expected in the second half of the year as the Group continues to execute its stated aims of simplifying and focusing the portfolio. Although the geopolitical and economic climate remains uncertain, the Board is confident that it is taking the right steps to create a platform for sustained recovery. Trading in July and August was in line with expectations and the Group's full year expectations remain unchanged."

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

**For further information:**


| | | | |
|---|---|---|---|
| James Fisher and Sons plc | Jean Vernet<br>Duncan Kennedy | Chief Executive Officer<br>Chief Financial Officer | 020 7614 9503 |
| FTI Consulting | Richard Mountain<br>Susanne Yule | | 0203 727 1340 |


A presentation of the Half Year Results for analysts and investors will take place today at 9.00am. The presentation can also be accessed via:

Webcast link:
https://storm-virtual-uk.zoom.us/webinar/register/WN_xZ0icxwhSj-hZqAHyZr5AQ

Webinar ID:
846 8756 8961

## Review of the six months ended 30 June 2023

### Overview

The Group has continued to stabilise its financial performance during 2023. Continuing operations delivered revenue growth of 17.2% in the first half of the year, to £252.0m (H1 2022: £215.0m) and underlying operating profit growth of 22.8% to £14.0m (H1 2022: £11.4m), representing an improvement of 30bps on underlying operating profit margin to 5.6% (H1 2022: 5.3%). Statutory operating profit reduced from £9.8m in H1 2022 to £3.2m in H1 2023 as the positive trading performance was principally offset by costs of refinancing.

Market conditions across all three of the Group's divisions of Energy, Defence and Maritime Transport were good during the period. Global energy markets remain strong and the Group has seen high demand for well-testing, artificial lift and bubble curtain products and services in particular. Subsea defence activity is moving up the list of many government priorities, resulting in a number of longer-term and strategically important opportunities for the Defence division to pursue. Within Maritime Transport, cargo rates for Tankships have remained at good levels, albeit slightly below the peaks seen in Q4 2022, and Fendercare's ship-to-ship transfer business traded in line with the second half of 2022.

The Group completed several disposals during the period, including the Swordfish Dive Support Vessel in January, the nuclear decommissioning business in March and the Mersey Fisher, a tanker that had reached the end of its commercial life, in June. Net proceeds from disposals in the period were £18.1m. These sales helped to further solidify the Group's funding position and had a net positive impact on underlying operating profit.

The Group completed the refinancing of its borrowing facilities during the period. The new revolving credit facility of £210m has a maturity date of 31 March 2025 and a package of covenants that support the delivery of the Group's strategy. Costs of refinancing of £9.3m were incurred and excluded from underlying operating profit. Net debt on a covenant basis at 30 June 2023 was £154.5m, (31 December 2022: £142.1m; 30 June 2022: £172.4m) representing 2.8x EBITDA compared to a covenant limit of 3.5x. The Group's operating cashflow profile is typically weighted to the second half of the year and consequently further progress on deleveraging is expected in the second half of the year.

### Operational progress

The Group has continued to implement its internal change agenda during the period, including a continued focus on improvement and simplification. A Business Excellence team has been formed, with initial priorities on safety (see 'Safety Performance' section) and project management. Project management improvements have included an ongoing roll-out of Lean Six Sigma training, with 36 Green Belts trained in H1, leading to 32 ongoing improvement projects, each of which is aligned to an over-arching Group priority. The target for the end of 2023 is to have certified 30 Green Belts and 3 Black Belts.

Across the Group there is a continued focus on improvement and simplification. A programme of internal control improvements has continued, prioritising those businesses and processes that can materially impact financial reporting. This programme is being supported by BDO and has now been running for 12 months. After a period of process documentation and gap identification, the teams are now moving on to remediation activities and are looking to make considerable progress before the end of 2023. The programme is expected to last at least until the end of 2024, before moving into a more business as usual process of continuous improvement.

An enabler of enhanced internal control is the simplification of the Group's corporate structure, the planning for which is underway and forms a key pillar of a more cohesive operating model under the internal moniker of "One James Fisher". Enhancements to the Group's go-to-market and commercial models are also well underway, for example within the Energy division there is an increased focus on selling the Group's full suite of products and services into the Renewables market with positive feedback from offshore windfarm asset operators that the Group's offering, which spans across the development and operating life phases of wind farms, is uniquely differentiated from competitors.

The key focus of the Group's long-term people strategy is ensuring the recruitment and retention of the required talent to drive the Group's turnaround and future growth. Key appointments in the year to date include several members of the Executive Committee including new heads of the Finance, Legal, Communications, Business Excellence and Commercial functions.

**Safety Performance**

As part of the Group's commitment to safety, a company-wide programme of work has been put in place, sponsored by the Executive Committee and embedded across all senior leadership incentive packages. A Group HSEQ framework, including policies and process was delivered earlier in the year, alongside the appointment of a new Head of Group HSEQ. This will align the business behind a common set of KPIs for Lost Time Incident Frequency ("LTIF") and Total Recordable Case Frequency ("TRCF"), common benchmarking and delivery of safe working practices. At 30 June 2023, LTIF was 0.53 vs a target of 0.48 (2022: 0.51) and TRCF was 2.38 vs target of 2.39 (2022: 2.65). Work is also underway to launch a new global safety campaign in the second half of the year, including implementation of James Fisher 'Life Saving Rules'. This is based on industry best practice and will initially target common areas of highest safety incidents.

**Financial performance**

The Group delivered strong revenue growth in the period, up 17.2% to £252.0m (H1 22: £215.0m). All divisions showed growth against H1 22, with Energy up 26.3% (H1 23: £134.0m; H1 22: £106.1m), Defence up 13.5% (H1 23: £37.0m; H1 22: £32.6m) and Maritime Transport up 6.2% (H1 23: £81.0m; H1 22: £76.3m).

Energy division revenue growth was driven by sustained demand for well-testing services and artificial lift products, 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. Within the Defence division, commercial diving products have performed well, and Maritime Transport has seen sustained good utilisation and pricing for the Tankships fleet, and stable demand for ship-to-ship transfer services.

Underlying operating profit, which is the basis on which the Group's banking covenant EBITDA is calculated, improved by 22.8% to £14.0m (H1 2022: £11.4m). This includes the negative impact of an onerous contract provision of £1.7m relating to one of the seasonal vessel charters entered into by the Inspection, Repairs and Maintenance (IRM) product line within the Energy Division. The vessel remained idle for several weeks during June, meaning that it is now anticipated to generate an overall loss over the period of its rental. Each Division delivered growth in underlying operating profit and margin, however the Group's overall underlying operating profit margin improved by a modest 30bps, from 5.3% in H1 22 to 5.6% in H1 23 as the Group has made necessary investments in its strategic initiatives, including the establishment of the Business Excellence workstream and projects to strengthen internal controls and key senior management roles.

Statutory operating profit, at £3.2m, is £6.6m below prior year, reflecting net adjusting items of £10.8m (H1 2022: £1.6m). The Group incurred £9.3m legal and advisory costs related to refinancing and obtaining a waiver from its lenders and £1.4m of costs related to organisational restructuring, partially offset by a £1.1m gain from the sale of the Mersey Fisher tanker. Last year, the adjusting items related to a gain of £1.0m on the sale of a Tankships vessel, which was offset by amortisation of acquired intangible assets of £1.1m and a past service cost of £1.5m recognised in relation to the MNRPF pension fund.

Loss before tax was £4.4m (H1 2022: £5.2m profit) and the underlying effective tax rate was 27.3% compared to 30.6% in the period to 30 June 2022. The decrease in profit before tax was driven by the statutory operating profit performance described above as well as a £3.0m increase in net finance expense driven by increased interest rates and higher amortisation of arrangement fees.

Loss per share was 19.0p compared to 3.7p earnings in H1 2022, reflecting the reduced operating profit performance and higher net finance expense.

**Dividends**

The Board remains committed to reintroducing a sustainable and progressive dividend policy at the appropriate time. However, considering our current absolute levels of net debt and the resulting leverage ratio, the Board has not declared an interim dividend for 2023 (2022: Nil).

**Liquidity**

At 30 June 2023 the Group had revolving credit facilities totalling £209.9m (31 December 2022: £247.5m; 30 June 2022: £287.5m). Undrawn facilities were £40.9m.

The Group typically experiences a working capital outflow in the first half of each year, due to the seasonality of the business, and bank borrowings of £147.2m were £14.3m higher than 31 December 2022, but £12.3m below 30 June 2022. As part of its ongoing balance sheet improvement programme, the Group is actively targeting a reduction in net debt volatility through the year, which has resulted in a pronounced reduction in creditor days, from 97 to 82. This initiative had the effect of increasing leverage as at 30 June 2023 by c.0.3x but represents a more appropriate balance sheet management strategy for the business.

| £m | 30 June 2023 | 31 Dec 2022 | 30 June 2022 | 30 June 2023 | 31 Dec 2022 | 30 June 2022 |
|---|---|---|---|---|---|---|
| Net bank borrowings | 147.2 | 132.9 | 159.5 | 147.2 | 132.9 | 159.5 |
| Finance leases (IAS 17) | 5.7 | 6.9 | 7.7 | 5.7 | 6.9 | 7.7 |
| Right of use liabilities | 50.6 | 46.0 | 38.3 | - | - | - |
| Bonds/guarantees | - | - | - | 1.6 | 2.3 | 5.2 |
| **Net debt** | **203.5** | **185.8** | **205.5** | | | |
| **Net debt – covenant basis** | | | | **154.5** | **142.1** | **172.4** |
| **EBITDA – covenant basis** | | | | **55.4** | **52.6** | **53.0** |
| **Net debt : EBITDA** | | | | **2.8** | **2.7** | **3.3** |

When measured on a covenant basis, the ratio of net debt to EBITDA was 2.8 times (31 December 2022: 2.7 times; 30 June 2022: 3.3 times) compared to a covenant limit of 3.5 times. Interest cover was 3.2 times (31 December 2022: 3.5 times; 30 June 2022: 4.5 times) compared to a covenant requirement to exceed 2.5 times.

**Environmental, Social and Governance**

The Group published its sustainability report in the period. This report sets out our commitment to improving the impact that our products and services have on the environment and the areas in which we operate and can be found on our Group website.

Improvements in the Group's governance are ongoing, with good progress made under the internal controls improvement programme which is now focused on remediation rather than identification activities.

James Fisher continues to focus on diversity and inclusion. In the first half of 2023, women represented 38% of our Board membership, in line with 2022 and 29% of our Executive Committee, a slight reduction from 36% in H1 2022. Two recent new hires to the Executive Committee are women.

**Board changes**

The Board was pleased to announce on 3 August 2023 the appointment of Karen Hayzen-Smith as its Chief Financial Officer. Karen will formally join the Group on 1 December 2023 and brings a wealth of energy and defence sector experience and a strong background in finance strategy and leadership. Karen will replace Duncan Kennedy, who announced his intention to step down from the role earlier in the year. Duncan will remain with the Group for a short period after Karen's arrival to ensure a smooth handover.

**Summary and outlook**

All three divisions delivered revenue and profit growth against the first half of 2022, with a particularly strong increase seen in the Energy division, driven by demand for the Group's well-testing, artificial lift and bubble curtain offerings against a relatively weak comparator period.

The Group's new divisions have now been embedded into the operating and reporting structures of the Group, and whilst there remains significant work to do to achieve the anticipated commercial and operating synergies, progress has been positive to date.

The completion of the Group's refinancing in June has provided a more stable platform to allow the Board to continue its strategy to simplify and rationalise the Group and the Board is grateful for the continued support of its lending group. Net bank borrowings and leverage are both expected to reduce in the second half of the year in line with the Group's typical trading patterns.

Further strategic progress is expected in the second half of the year as the Group continues to execute its stated aims of simplifying and focusing the portfolio. Although the geopolitical and economic climate remains uncertain, the Board is confident that it is taking the right steps to create a platform for sustained recovery. Trading in July and August was in line with expectations and the Group's full year expectations remain unchanged.

**Business review**

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

**Energy**

| | **H1 2023** | H1 2022 | change |
|---|---|---|---|
| Revenue (£m) | **134.0** | 106.1 | 26.3% |
| Underlying operating profit (£m) | **7.5** | 6.2 | 21.0% |
| Underlying operating profit margin | **5.6%** | 5.8% | (20)bps |
| Return on capital employed | **8.2%** | 6.3% | 190bps |

The Energy division provides products and services to the offshore wind and oil and gas markets. Revenue growth, at 26.3% was strong in the period, with particularly high demand being seen for well-testing, artificial lift and bubble curtain products and services. Underlying operating profit growth of 21.0% was also delivered, which included the negative impact of an onerous contract provision of £1.7m.

Inspection, Repair and Maintenance activities showed strong revenue growth, from £38.7m in H1 22 to £55.8m in H1 23, with the greatest increase being achieved in the European market. However, despite the notable increase in revenue, a period of inactivity for one of the seasonal chartered vessels has resulted in a £1.7m onerous contract provision being recognised in the H1 23 results, holding back divisional earnings.

Artificial lift product sales increased by 42% (H1 23: £20.3m vs H1 22: £14.3m), continuing the strong market trend seen in the second half of 2022. The order book remains at record levels and our new manufacturing plant in Saudi Arabia which opened during the period will add capacity and additional market capabilities in the Middle East.

Product rentals from the Scantech companies, which includes bubble curtain solutions, increased by 47.1% to £32.5m (H1 22: £22.1m). A new fleet of more energy efficient compressors was completed during the period and quickly deployed on bubble curtain projects on the East Coast of the USA, a fast-growing and very attractive opportunity for future growth.

The EDS high voltage cabling business delivered strong revenue growth over a weak comparator period (H1 23: £16.6m; H1 22: £7.9m) and achieved a small operating profit compared to an operating loss in H1 22. The market is continuing to expand at pace globally and the Group continues to believe that the combined offerings of all products and services into this market will deliver profitable growth in the future.

The Decommissioning business had a disappointing half, with a decrease in revenue of 39% vs H1 22 to £9.0m (H1 22: £14.8m). New tendering activity looks promising for 2024 and a new management team is in place. The medium-term market growth drivers for this business remain attractive.

**Defence**

| | **H1 2023** | H1 2022 | change |
|---|---|---|---|
| Revenue (£m) | **37.0** | 32.6 | 13.5% |
| Underlying operating profit/(loss) (£m) | **0.6** | (1.3) | n/m |
| Underlying operating profit margin | **1.6%** | (4.0%) | 560bps |
| Return on capital employed | **1.8%** | 2.6% | (80)bps |

The Defence division delivered revenue growth of 13.5% against H1 22 and reversed a prior year operating loss to deliver an operating profit in H1 23. Cost saving measures taken in 2022 contributed to the improved performance. Activity in the period focused on service and training contracts in India and Korea with good progress. The renewed NATO submarine rescue contract ("NSRS"), secured at the end of 2022 went live in July 2023.

Diving product sales showed good growth in the period, consistent with higher levels of activity seen in the Energy division's diving activities and the team is working on its next generation product portfolio to secure the long-term sustainability of this important franchise.

The division is continuing to focus on converting its significant sales pipeline, although there were no large wins in the period. Well qualified and near-term opportunities represent approximately £270m in future revenue and the forward order book at 30 June was £224.5m.

**Maritime Transport**

| | **H1 2023** | H1 2022 | change |
|---|---|---|---|
| Revenue (£m) | **81.0** | 76.3 | 6.2% |
| Underlying operating profit (£m) | **10.0** | 8.4 | 19.0% |
| Underlying operating profit margin | **12.3%** | 11.0% | 130bps |
| Return on capital employed | **24.1%** | 14.9% | 920bps |

The Maritime Transport division includes the Group's tankers, port and Fendercare businesses. Divisional revenue growth of 6.2% was delivered, with a high operating leverage leading to 19.0% operating profit growth.

The tanker fleet was well utilised during the period at 91% (H1 22: 88%) and spot charter rates, although not at the peak levels seen at the end of 2022, remained at good and stable levels. 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.

Fendercare's ship-to-ship transfer business has stabilised and a combination of a relatively high and stable oil price and increased demand for LNG ship-to-ship transfer services helped deliver 8% growth in the period. A fourth LNG STS kit was purchased in the period with a customer retainer agreement quickly in place, meaning all four kits are now under customer retainers.

**Discontinued operations**

In the period through to its disposal on 3 March 2023 the Nuclear Decommissioning business generated revenue of £6.7m (H1 22: £23.4m) and a loss after tax of £6.4m (H1 22: £1.6m). Subsequent to the sale of the business, on 9 August 2023, the Group was notified that JFN Limited 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 £4.0m has been included in the results for the period to 30 June 2023 in relation to potential claims/settlements under parent company guarantees.

**Cashflow and borrowings**

Net bank borrowings as at 30 June 2023 were £147.2m, representing a £14.3m increase in borrowings from 31 December 2022, but an improvement of £12.3m compared to the same point in 2022.

As anticipated, the Group saw a working capital outflow during the period. The seasonality of the offshore projects businesses means that receivables build during May and June as summer projects commence. Debtor days continued to show some positive progress, being 70 in June 2023 vs 83 days in June 2022. Creditor days have also reduced to 82 days from 97 days as at 30 June 2022, which contributed to the increase in borrowings and was a conscious decision to rebalance the Group's through year working capital.

Capital expenditure, at £16.8m, was higher than the £10.7m in H1 2022. The increase was mostly driven by the investment in next-generation, fuel-efficient compressors to replace an aging fleet within ScanTech Offshore. This investment has an attractive financial profile and was subject to rigorous review at the Group's Investment Committee before being recommended to the Board. The Group generated £21.3m in asset disposal proceeds from the sale of Swordfish Dive Support Vessel and a tanker, which compares to £1.5m in the prior period. The Group also incurred costs of £3.2m from the sale of JFN. There were no new acquisitions in the period, or in the prior period, with net outflows of £1.4m in 2022 representing deferred consideration on acquisitions completed in prior years.

The Group's tax payments were broadly in line with prior year at £4.1m (1H 2022: £4.4m). Finance costs have gone up by £3.2m (1H 2023: £6.3m; 1H 2022: £3.1m) due to the increase in interest costs and costs of refinancing.

**Balance sheet**

Non-current assets increased by £8.8m during the period, from £321.2m at 31 December 2022 to £330.0m (30 June 2022: £337.9m). This is principally due to the recognition of an additional £9.3m right of use asset following the delivery of Lady Maria Fisher tanker into our fleet, partially offset by a £3.8m decrease in goodwill driven by FX retranslation on consolidation.

Current assets have increased by £18.6m to £306.4m (31 December 2022: £287.8m; 30 June 2022: £295.5m). The principal movements are increases in short-term cash balances, receivables and inventory, offset by a reduction in assets held for sale following the sale of Swordfish and JFN. Inventory has increased as a result of increased activity. Receivables of £163.5m are £16.2m below 30 June 2022 reflecting improved debtor days and £14.6m above 31 December 2022, principally reflecting the seasonality of the business.

Current liabilities have decreased by £3.5m to £223.0m compared to 31 December 2022 and are £25.5m higher than 30 June 2022. The decrease against 31 December 2022 is mostly driven by the £16.3m reduction in liabilities associated with assets held for sale following the sale of JFN in March 2023, offset by a seasonal increase in trade payables and a provision of £4.0m relating to potential liabilities on performance guarantees for JFN and an onerous contract provision of £1.7m relating to one of the seasonal vessel charters entered into by the Inspection, Repairs and Maintenance (IRM) product line within the Energy Division. Short-term bank borrowings (i.e. overdrafts) have increased to £70.5m from £67.4m at 31 December 2022, with the net position of short-term cash and short-term borrowings having reduced to £19.8m at 30 June 2023 (31 December 2022: £22.8m; 30 June 2022: £11.1m).

Long-term liabilities, at £213.3m, are £49.1m higher than as at 31 December 2022, principally reflecting the reclassification of £36.6m borrowed under Barclays RCF from short-term as at December 2022 to long-term as at 30 June 2023 following the completion of refinancing as well as an increase in long-term borrowings in the period.

Overall, the Group's net assets have decreased in the period from £218.3m at 31 December 2022 to £200.1m at 30 June 2023.

**Risks and uncertainties**

The principal risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as disclosed in the 2022 Annual Report and Accounts on pages 62-70. The principal risks set out in the 2022 Annual Report and Accounts were:

- Operational – Group transformation programme, health and safety, cyber security, contractual, project delivery, recruitment and retention of key staff, and pandemic risks;
- Strategic – operating in emerging markets, climate change; and
- Financial – maintaining access to adequate funding, interest rate, foreign exchange and credit risks.

The Board considers that the principal risks and uncertainties set out in the 2022 Annual Report and Accounts remain the same. The global macroeconomic environment is presenting an emerging risk to the Group. A combination of a slowdown in key global economies and higher interest rates, which may affect commodity prices, and high inflation in the UK, reflect an emerging risk that is being factored into the Group's strategic planning process in particular.

**Directors' Responsibilities**

We confirm that to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the United Kingdom;

(b) The interim management report includes a fair review of the information required by:

a. DTR 4.2.7R of the 'Disclosure and Transparency Rules', being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b. DTR 4.2.8R of the 'Disclosure and Transparency Rules', being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any changes in the related party transactions described in the last annual report that could do so.

Approved by the Board of Directors and signed on its behalf by:

J Vernet
Chief Executive Officer

D Kennedy
Chief Financial Officer

20 September 2023

# INDEPENDENT REVIEW REPORT TO JAMES FISHER AND SONS PLC

**Conclusion**

We have been engaged by James Fisher and Sons Plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

**Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

**The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

**Ailsa Griffin**
**for and on behalf of KPMG LLP**
*Chartered Accountants*
1 St Peter's Square
Manchester
M2 3AE
20 September 2023

## CONDENSED CONSOLIDATED INCOME STATEMENT
**for the six months ended 30 June 2023**

| | Note | **Six months ended 30 June 2023** | Six months ended 30 June 2022 restated* | Year ended 31 December 2022 |
|---|---|---|---|---|
| | | **£m** | £m | £m |
| Continuing operations | | | | |
| **Revenue** | 4 | **252.0** | 215.0 | 478.1 |
| Cost of sales | | **(186.5)** | (159.9) | (350.9) |
| **Gross profit** | | **65.5** | 55.1 | 127.2 |
| Administrative expenses | | **(62.4)** | (45.9) | (104.4) |
| Impairment of trade and other receivables | | **(0.4)** | (0.8) | 0.3 |
| Share of post-tax results of associates | | **0.5** | 1.4 | 1.6 |
| **Operating profit** | 4 | **3.2** | 9.8 | 24.7 |
| Finance income | 6 | **1.1** | 0.2 | 0.7 |
| Finance expense | 6 | **(8.7)** | (4.8) | (10.9) |
| **(Loss)/profit before taxation** | | **(4.4)** | 5.2 | 14.5 |
| Income tax | 7 | **1.2** | (1.6) | (5.5) |
| **(Loss)/profit for the period from continuing operations** | | **(3.2)** | 3.6 | 9.0 |
| | | | | |
| **Loss for the period from discontinued operations, net of tax** | 5 | **(6.4)** | (1.6) | (19.8) |
| **(Loss)/profit for the period** | | **(9.6)** | 2.0 | (10.8) |
| | | | | |
| Attributable to: | | | | |
| Owners of the Company | | **(9.6)** | 1.9 | (11.1) |
| Non-controlling interests | | **-** | 0.1 | 0.3 |
| | | **(9.6)** | 2.0 | (10.8) |
| | | | | |
| **(Loss)/earnings per share** | | **pence** | pence | pence |
| **Basic** | 8 | **(19.0)** | 3.7 | (22.1) |
| **Diluted** | 8 | **(19.0)** | 3.7 | (22.1) |
| | | | | |
| **(Loss)/earnings per share - continuing activities** | | **pence** | pence | pence |
| **Basic** | 8 | **(6.3)** | 6.9 | 17.4 |
| **Diluted** | 8 | **(6.3)** | 6.9 | 17.4 |

* 30 June 2022 results are restated due to a business classified as discontinued operations - see Note 5.

The presentation of the consolidated income statement has been amended to include a line item 'impairment of trade and other receivables' and for removal of columns headed 'separately disclosed items' as described in the 2022 Annual Report - Note 1: Presentation of financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
**for the six months ended 30 June 2023**

| | Note | **Six months ended 30 June 2023 £m** | Six months ended 30 June 2022 £m | Year ended 31 December 2022 £m |
|---|---|---|---|---|
| **(Loss)/profit for the period** | | **(9.6)** | 2.0 | (10.8) |
| | | | | |
| **Other comprehensive (loss)/income:** | | | | |
| **Items that will not be classified to the income statement** | | | | |
| Actuarial (loss)/gain in defined benefit pension schemes | 10 | **(1.1)** | 7.6 | 7.1 |
| Tax on items that will not be reclassified | | **-** | (0.9) | (1.3) |
| | | **(1.1)** | 6.7 | 5.8 |
| **Items that may be reclassified to the income statement** | | | | |
| Exchange differences on foreign currency net investments | | **(10.1)** | 6.6 | 8.8 |
| Effective portion of changes in fair value of cash flow hedges | | **4.8** | (1.7) | 3.6 |
| Effective portion of changes in fair value of cash flow hedges in joint ventures | | **(0.1)** | 0.2 | 0.4 |
| Net change in fair value of cash flow hedges transferred to income statement | | **(1.3)** | 0.7 | 0.6 |
| Tax on items that may be reclassified | | **(1.3)** | 0.3 | (1.1) |
| | | **(8.0)** | 6.1 | 12.3 |
| | | | | |
| **Total other comprehensive income for the period** | | **(9.1)** | 12.8 | 18.1 |
| | | | | |
| **Total comprehensive income for the period** | | **(18.7)** | 14.8 | 7.3 |
| | | | | |
| **Attributable to:** | | | | |
| Owners of the Company | | **(18.7)** | 14.6 | 6.9 |
| Non-controlling interests | | **-** | 0.2 | 0.4 |
| | | **(18.7)** | 14.8 | 7.3 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## at 30 June 2023

| | Note | **30 June 2023 £m** | 30 June 2022 restated* £m | 31 December 2022 £m |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | 11 | **112.5** | 135.1 | 116.3 |
| Other intangible assets | | **7.5** | 11.4 | 8.2 |
| Property, plant and equipment | | **120.3** | 120.9 | 119.7 |
| Right-of-use assets | | **61.6** | 39.5 | 52.3 |
| Investment in joint ventures | | **8.5** | 9.6 | 8.7 |
| Retirement benefit surplus | 10 | **5.3** | 5.8 | 5.5 |
| Other investments | | **1.4** | 1.4 | 1.4 |
| Deferred tax assets | | **11.5** | 8.9 | 8.4 |
| Other receivables | | **1.4** | 5.3 | 0.7 |
| | | **330.0** | 337.9 | 321.2 |
| **Current assets** | | | | |
| Inventories | | **51.8** | 54.3 | 49.8 |
| Trade and other receivables | | **162.1** | 174.4 | 148.2 |
| Assets held for sale | 13 | **2.2** | 13.0 | 36.2 |
| Cash and cash equivalents | 12 | **90.3** | 53.8 | 53.6 |
| | | **306.4** | 295.5 | 287.8 |
| **Current liabilities** | | | | |
| Trade and other payables | | **(127.2)** | (141.2) | (122.4) |
| Provisions | 14 | **(11.5)** | (2.0) | (5.3) |
| Liabilities associated with assets held for sale | 13 | **-** | - | (16.3) |
| Current tax | | **(1.9)** | (1.6) | (1.9) |
| Borrowings | | **(70.5)** | (42.7) | (67.4) |
| Lease liabilities | | **(11.9)** | (10.0) | (13.2) |
| | | **(223.0)** | (197.5) | (226.5) |
| **Net current assets** | | **83.4** | 98.0 | 61.3 |
| **Total assets less current liabilities** | | **413.4** | 435.9 | 382.5 |
| **Non-current liabilities** | | | | |
| Other payables | | **-** | (1.6) | (0.5) |
| Provisions | 14 | **(1.4)** | (1.3) | (1.4) |
| Retirement benefit obligations | 10 | **(0.5)** | (0.7) | (0.4) |
| Cumulative preference shares | | **(0.1)** | (0.1) | (0.1) |
| Borrowings | | **(167.0)** | (170.5) | (121.8) |
| Lease liabilities | | **(44.3)** | (36.0) | (39.7) |
| Deferred tax liabilities | | **-** | (0.3) | (0.3) |
| | | **(213.3)** | (210.5) | (164.2) |
| **Net assets** | | **200.1** | 225.4 | 218.3 |
| **Equity** | | | | |
| Called up share capital | | **12.6** | 12.6 | 12.6 |
| Share premium | | **26.8** | 26.8 | 26.8 |
| Treasury shares | | **(0.6)** | (0.6) | (0.6) |
| Other reserves | | **(14.8)** | (14.4) | (6.8) |
| Retained earnings | | **175.6** | 200.1 | 185.8 |
| **Equity attributable to owners of the Company** | | **199.6** | 224.5 | 217.8 |
| Non-controlling interests | | **0.5** | 0.9 | 0.5 |
| **Total equity** | | **200.1** | 225.4 | 218.3 |

* Non-current other receivables, Current trade and other receivables and Current trade and other payables have been restated for the June 2022 comparative period (see Note 1).

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## for the six months ended 30 June 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 2023 | **12.6** | **26.8** | **185.8** | **(6.8)** | **(0.6)** | **217.8** | **0.5** | **218.3** |
| Loss for the period | **-** | **-** | **(9.6)** | **-** | **-** | **(9.6)** | **-** | **(9.6)** |
| Other comprehensive (loss)/income | **-** | **-** | **(1.1)** | **(8.0)** | **-** | **(9.1)** | **-** | **(9.1)** |
| Share based payments | **-** | **-** | **0.5** | **-** | **-** | **0.5** | **-** | **0.5** |
| At 30 June 2023 | **12.6** | **26.8** | **175.6** | **(14.8)** | **(0.6)** | **199.6** | **0.5** | **200.1** |
| | | | | | | | | |
| At 1 January 2022 | 12.6 | 26.8 | 191.5 | (20.4) | (0.6) | 209.9 | 0.7 | 210.6 |
| Profit for the period | - | - | 1.9 | - | - | 1.9 | 0.1 | 2.0 |
| Other comprehensive income | - | - | 6.7 | 6.0 | - | 12.7 | 0.1 | 12.8 |
| Changes in ownership interest without a change in control | - | - | (0.3) | - | - | (0.3) | - | (0.3) |
| Share based payments | - | - | 0.3 | - | - | 0.3 | - | 0.3 |
| At 30 June 2022 | 12.6 | 26.8 | 200.1 | (14.4) | (0.6) | 224.5 | 0.9 | 225.4 |

**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 | 6.6 | (0.6) | - | 6.0 |
| At 30 June 2022 | (10.3) | (1.6) | (2.5) | (14.4) |
| Other comprehensive income | 2.1 | 4.1 | - | 6.2 |
| 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)/income | (10.1) | 2.1 | - | (8.0) |
| **At 30 June 2023** | **(18.3)** | **4.6** | **(1.1)** | **(14.8)** |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT
**for the six months ended 30 June 2023**

| | Note | **Six months ended 30 June 2023** | Six months ended 30 June 2022 restated* | Year ended 31 December 2022 |
|---|---|---|---|---|
| | | **£m** | £m | £m |
| (Loss)/profit for the period | | **(9.6)** | 2.0 | (10.8) |
| Tax (credit)/charge | | **(1.2)** | 1.2 | 4.7 |
| Adjustments to reconcile profit/(loss) before tax to net cash flows | | | | |
| Depreciation and amortisation | | **20.8** | 20.4 | 41.1 |
| Other non-cash items | | **(2.5)** | (1.3) | (1.7) |
| Impairments | | **(0.3)** | - | 0.7 |
| Loss on remeasurement to fair value less costs to sell | | **-** | - | 13.3 |
| (Gain)/loss on disposal of businesses, net of disposal costs | 5 | **2.1** | - | (2.5) |
| Net finance expense | | **7.5** | 4.6 | 10.3 |
| Increase in inventories | | **(3.0)** | (3.9) | (3.2) |
| (Increase)/decrease in trade and other receivables | | **(20.8)** | (21.0) | 2.5 |
| Increase/(decrease) in trade and other payables and provisions | | **15.4** | 0.7 | (1.9) |
| Defined benefit pension cash contributions less service cost | | **(0.8)** | 0.6 | 0.1 |
| **Cash generated from operations** | | **7.6** | 3.3 | 52.6 |
| Income tax payments | | **(4.1)** | (4.4) | (8.1) |
| **Cash flow from/(used in) operating activities** | | **3.5** | (1.1) | 44.5 |
| | | | | |
| **Investing activities** | | | | |
| Dividends from joint venture undertakings | | **-** | 1.0 | 1.7 |
| Proceeds from the disposal of a subsidiary, net of cash disposed | 5 | **(3.2)** | - | 15.1 |
| Proceeds from the disposal of property, plant and equipment | | **21.3** | 1.5 | 2.2 |
| Finance income | | **1.2** | 0.2 | 0.8 |
| Acquisition of subsidiaries, net of cash acquired | | **-** | (1.4) | (2.6) |
| Acquisition of property, plant and equipment | | **(16.8)** | (10.7) | (31.7) |
| Development expenditure | | **(0.9)** | (0.6) | (1.3) |
| **Cash flows from/(used in) investing activities** | | **1.6** | (10.0) | (15.8) |
| | | | | |
| **Financing activities** | | | | |
| Finance costs | | **(6.3)** | (3.1) | (7.5) |
| Acquisition of non-controlling interests (NCI) | | **-** | - | (1.5) |
| Capital element of lease repayments | | **(8.5)** | (7.0) | (14.5) |
| Proceeds from borrowings | | **192.0** | 100.0 | 166.0 |
| Repayment of borrowings | | **(184.6)** | (104.0) | (182.6) |
| **Cash flows used in financing activities** | | **(7.4)** | (14.1) | (40.1) |
| | | | | |
| Net decrease in cash and cash equivalents | | **(2.3)** | (25.2) | (11.4) |
| Cash and cash equivalents at beginning of period | | **22.8** | 34.5 | 34.5 |
| Net foreign exchange differences | | **(0.7)** | 1.8 | 2.5 |
| Cash transferred to asset held for sale | | - | - | (2.8) |
| **Cash and cash equivalents at end of period** | 12 | **19.8** | 11.1 | 22.8 |

* Cash generated from operations for the six-months period ended 30 June 2022 has been re-presented to reallocate 'separately disclosed items' to the relevant line items within cash generated from operations. In addition, £0.6m prepayments related to the acquisition of property, plant and equipment has been reclassified from within cash generated from operations. Proceeds from borrowings and repayment of borrowings have also been restated (Note 1).

## NOTES TO THE CONDENSED CONSOLIDATED HALF YEAR STATEMENTS

### 1 Basis of preparation

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 condensed consolidated half year financial statements of the Company for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in jointly controlled entities.

**Statement of compliance**

These condensed consolidated interim financial statements, which have been reviewed and not audited, have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as adopted for use in the UK. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed consolidated set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2022 with the exceptions described below. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

The comparative figures for the financial year ended 31 December 2022 are not the Group's statutory accounts for that financial year. Those accounts which were prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS), have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) included reference to a matter to which the auditor drew attention by way of emphasis without qualifying their report in respect of a material uncertainty in respect of going concern and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 31 December 2022 are available upon request from the Company's registered office at Fisher House, PO Box 4, Barrow-in-Furness, Cumbria LA14 1HR or at www.james-fisher.co.uk.

The half year financial information is presented in Sterling and all values are rounded to the nearest 0.1 million pounds (£0.1m) except where otherwise indicated.

**Prior period restatements**

In the annual report for 31 December 2022, Note 1 made reference to several restatements to the prior period reported figures Note 1 also referred to amendments following a review of the financial statements for the year ended 31 December 2021 by the FRC's Corporate Reporting Review Team, which was concluded in the period. Equivalent restatements have been made in respect of the 30 June 2022 figures, details as per the below:

*Presentation of financial statements*
The presentation of the consolidated income statement has been amended to include a line item for 'impairment of trade and other receivables'. The June 2022 comparative has been amended to reclassify £0.8m which was previously within administrative expenses.

*Balance sheet restatements*
At 30 June 2022, other payables of £9.0m was recognised in respect of a pain provision which should have been presented as a reduction in contract assets to represent a single net position on one contract.

At 30 June 2022, a contract asset and corresponding contract liability of £5.7m was recognised in respect of what was understood to be a commission payment for which there was considered to be an obligation to make payments over a number of years. It is now recognised by the Directors from further analysis of the underlying agreement that these costs relate to services that will be performed over a number of years which are cancellable under the agreement. The Directors do not consider there to be a contractual obligation under the agreement and therefore have restated the comparatives to derecognise the contract liability and therefore the corresponding asset. This change in presentation within the Consolidated statement of financial position has no effect on the profit of the Group or Company, the cash position of the Group or Company in their balance sheets and has no further impact on the Group's interim financial statements. The effect of the restatement on the Consolidated statement of financial position in respect of the comparative amount for the period ended 30 June 2022 is set out below. The effect of the restatement on the Consolidated statement of financial position in respect of the comparative amount for the period ended 30 June 2022 is set out below:

| | 30 June 2022 As reported £m | Adjustment £m | Adjustment £m | 30 June 2022 Restated £m |
|---|---|---|---|---|
| Current trade and other receivables | 183.4 | (9.0) | - | 174.4 |
| **Current assets** | 304.5 | (9.0) | - | 295.5 |
| Non-current other receivables | 11.0 | - | (5.7) | 5.3 |
| **Non-current assets** | 343.6 | - | (5.7) | 337.9 |
| Trade and other payables | (155.9) | 9.0 | 5.7 | (141.2) |
| **Current liabilities** | (212.2) | 9.0 | 5.7 | (197.5) |
| **Total assets less current liabilities** | 435.9 | - | - | 435.9 |

**Cash flow restatement**

The movement in trade and other receivables presented in the prior year Consolidated cash flow statement included prepayments in respect of the acquisition of property, plant and equipment of £0.6m which was incorrectly presented within 'cash flows from operating activities' when it should have been included within 'cash flows from investing activities'. In preparing the Consolidated cash flow statement for the period ended 30 June 2023, the comparative amounts have been restated to present the movement in trade and other receivables of £0.6m in respect of prepayments in relation to the acquisition of property, plant and equipment within cash flows from investing activities.

**Gross up of drawdowns and repayments of external borrowings**

The proceeds from and repayments of borrowings had been incorrectly calculated in the prior period cash flow statement. In preparing the cash flow statement for the year ended 30 June 2023, the comparative amounts have been restated to show the proceeds from and repayments of borrowings as gross balances in line with IAS 7.21. This change in presentation within the Group and Company cash flow statement has no effect on the cash position of the balance sheet and has no further impact on the financial statements. The effect of the restatement on the Consolidated cash flow statement in respect of the comparative amount for the period ended 30 June 2022 is set out below.

| | 30 June 2022 As reported £m | 30 June 2022 Restated £m |
|---|---|---|
| Proceeds from borrowings | 17.0 | 100.0 |
| Repayment of borrowings | (21.0) | (104.0) |
| **Cash flows used in financing activities** | (14.1) | (14.1) |

**Going concern**

In determining the appropriate basis of preparation of the financial statements for the six months ended 30 June 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.

The Group had £40.9m of undrawn committed facilities at 30 June 2023 (30 June 2022: £115.5m; 31 December 2022: £88.0m). At 30 June 2023, the Group had £210.0m of committed facilities (30 June 2022: £115.5m; 31 December 2022: £247.5m).

On 7 June 2023, the Group announced that it has signed its new revolving credit facility. The Group's new £210m secured revolving credit facility, which matures in March 2025 (the "RCF"), has been provided by its six existing lenders.

The key terms of the new facility agreement are:

- Maturity date: 31 March 2025.
- Net debt/EBITDA covenant (measured quarterly): 3.5x for 30 June and 30 September 2023, 3.25x for 31 December 2023, 3.0x for 31 March 2024, 2.75x for 30 June 2024 and 2.5x thereafter.
- Interest cover covenant (measured quarterly): 2.5x in June and September 2023, 1.75x in December 2023 and March 2024, 2.0x in June and September 2024, 2.5x in December 2023 and 2.75x in March 2025.
- Scheduled amortisation of: £15m on 30 September 2023, £10m on 31 December 2023 and £10m on 30 June 2024.
- Minimum liquidity requirement: £10m.

The Group has been in compliance with the requirements of its financial covenants under the existing agreement and remained so at the 30 June 2023 measurement date.

*Going concern assessment period*
Accounting standards require the Directors to make an assessment of the Company's ability to continue to operate as a going concern for at least 12 months from the date of approval of the financial statements. The Board has considered an appropriate period for going concern assessment taking into account any known liquidity events that will occur after the 12 months period. Given that the refinancing has been recently completed, the Directors concluded that the 12 months going concern assessment period is appropriate.

**Board assessment**

***Base case***
The Group continues to closely monitor and manage its liquidity and covenants compliance. The Group has prepared base case cash flow forecasts that demonstrate the Board's best estimate for the going concern assessment period, taking into account the wider macro-economic environment such as increases in the base interest rate. The Board believes that in the preparation of the base case it has taken into account some potential downside risks to business performance, including the likelihood of winning major new contracts, ongoing project delivery risks and timing of contract cashflows. The base plan does not include any further disposals or acquisitions. The base case demonstrated the Company would have headroom against its facilities and would comply with covenants over the going concern period.

***Severe but plausible downside scenario***
The Group also modelled severe but plausible downside scenarios in which the Board has taken account of the following:

- trading downside risks, which assume the Group is not successful in delivering the anticipated profitability levels due to risks associated with contract wins and/or delays and forecast margins achievement resulting in operating profit reduction of 26% in September to December 2023 and 25% in 2024;
- cash inflow disruptions that may result from late payments from customers or project delivery challenges resulting in £10m cash receipts reduction in September to December 2023 and a further £10m reduction in 2024;
- cash outflows during the going concern period that may be required to settle or transfer certain performance guarantees that remained within the Group following the sale of James Fisher Nuclear (JFN) on 3 March 2023, in the event of default by JFN in performing its contractual duties and obligations;
- further increase in interest rates from the current rate of 5.25% with incremental increases to 6.5% SONIA in March 2024 and for the remainder of the going concern period.

The above scenarios, individually and combined, demonstrated sufficient liquidity headroom and covenants compliance. However, the combination of all above scenarios result in limited headroom on the interest cover and net debt/EBITDA covenants at June 2024. Should the Board need to take mitigating action moving into the 2024 financial year then it would initially consider the level of pay increases included in the forecasts that was appropriate to be awarded in January 2024 and secondly consider an extension to creditor terms. The severe but plausible downside scenario includes an average of a 2% increase across all employees, costing the Group approximately £3m on an annualised basis which the Board believes would provide sufficient flexibility to mitigate the risk of any potential covenant breaches.

As part of the new revolving credit facility there is a non-financial covenant that requires the Group to provide signed audited financial statements for all guarantors party to the banking arrangement where applicable within 180 days of the year end. At the time of signing these financial statements the Group has obtained a waiver from the banks for certain guarantors where this covenant requirement has not been met. 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.

**Conclusion**
Having undertaken rigorous assessment as detailed above, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the condensed interim financial statements and therefore have prepared the condensed interim financial statements on a going concern basis.

**Significant accounting policies**

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's financial reporting. Otherwise, the accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2022.

## 2 Accounting estimates and judgements

The preparation of half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ materially from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2022.

## 3 Alternative performance measures

The Group uses a number of alternative (non-Generally Accepted Accounting Practice (non-GAAP)) performance measures which are not defined within IFRS. The alternative performance measures (APMs) should be considered in addition to and not as a substitute or superior to the information presented in accordance with IFRS, as APMs may not be directly comparable with similar measures used by other companies.

The Group believes that APMs, when considered together with IFRS results, provide the readers of the financial statements with complementary information to better understand and compare the financial performance and position of the Group from period to period. The adjustments are usually items that are significant in size and/or non-recurring in nature. These measures are also used by management for planning, reporting and performance management purposes. Some of the measures form part of the covenant ratios calculation required under the terms of The Group's loan agreements.

As APMs include the benefits of restructuring programmes or use of the acquired intangible assets but exclude certain significant costs, such as amortisation of intangible assets, litigation, material restructuring and transaction items, they should not be regarded as a complete picture of the Group’s financial performance, which is presented in its IFRS results. The exclusion of adjusting items may result in underlying profits/(losses) being materially higher or lower than IFRS earnings.

A review has been performed to determine which APMs are most relevant to users of the financial results. As a consequence, some measures have been removed (including underlying dividend cover and underlying cash conversion) and a leverage (replacing underlying net borrowings) and interest cover APMs have been added with a view to increase reliance on statutory measures and reduce the number of APMs. The following APMs are referred to in the Annual Report and Accounts and described in the following paragraphs.

### 3.1 Underlying operating profit

Underlying operating profit is defined as operating profit from continuing and discontinued operations (see Note 5) adjusted for acquisition related income and expense (amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to contingent consideration), the costs of a material restructuring, litigation, asset impairment and profit/loss relating to the sale of businesses or any other significant one-off adjustments to income or expenses (adjusting items).

Underlying operating profit is used as a basis for net debt/EBITDA and interest cover covenant calculation, required under the terms of the Group's loan agreements. This APM is also used internally to measure the Group's performance against previous years and budgets, as the adjusting items fluctuate year on year and may be unknown at the time of budgeting.

**Six months ended 30 June 2023**

| | Continuing operations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **As reported £m** | **Impairment charges/ (reversals) £m** | **Re-financing £m** | **Re-structuring £m** | **Disposal of businesses and assets £m** | **Other/ Tax £m** | **Underlying results £m** | **Discontinued operations £m** | **Total underlying results £m** |
| **Continuing operations** | | | | | | | | | |
| **Revenue** | **252.0** | **-** | **-** | **-** | **-** | **-** | **252.0** | **6.7** | **258.7** |
| Cost of sales | **(186.5)** | **-** | **-** | **-** | **(1.1)** | **-** | **(187.6)** | **(6.0)** | **(193.6)** |
| **Gross profit** | **65.5** | **-** | **-** | **-** | **(1.1)** | **-** | **64.4** | **0.7** | **65.1** |
| Administrative expenses | **(62.4)** | **(0.3)** | **9.3** | **1.4** | **-** | **1.5** | **(50.5)** | **(7.2)** | **(57.7)** |
| Impairment of trade receivables | **(0.4)** | **-** | **-** | **-** | **-** | **-** | **(0.4)** | **-** | **(0.4)** |
| Share of post-tax results of associates | **0.5** | **-** | **-** | **-** | **-** | **-** | **0.5** | **-** | **0.5** |
| **Operating profit/(loss)** | **3.2** | **(0.3)** | **9.3** | **1.4** | **(1.1)** | **1.5** | **14.0** | **(6.5)** | **7.5** |
| Finance income | **1.1** | **-** | **-** | **-** | **-** | **-** | **1.1** | **-** | **1.1** |
| Finance expense | **(8.7)** | **-** | **-** | **-** | **-** | **-** | **(8.7)** | **-** | **(8.7)** |
| **Profit/(loss) before taxation** | **(4.4)** | **(0.3)** | **9.3** | **1.4** | **(1.1)** | **1.5** | **6.4** | **(6.5)** | **(0.1)** |
| Income tax | **1.2** | **-** | **-** | **-** | **-** | **(2.9)** | **(1.7)** | **0.1** | **(1.6)** |
| Profit/(loss) for the year from continuing operations | **(3.2)** | **(0.3)** | **9.3** | **1.4** | **(1.1)** | **(1.4)** | **4.7** | **(6.4)** | **(1.7)** |
| **Discontinued operations** | | | | | | | | | **-** |
| (Loss)/profit for the year from discontinued operations, net of tax | **(6.4)** | **-** | **-** | **-** | **-** | **-** | **(6.4)** | **6.4** | **-** |
| **Profit/(loss) for the period** | **(9.6)** | **(0.3)** | **9.3** | **1.4** | **(1.1)** | **(1.4)** | **(1.7)** | **-** | **(1.7)** |
| Operating margin (%) | **1.3%** | | | | | | **5.6%** | **(97%)** | **2.9%** |

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

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Energy | **6.9** | **(0.5)** | **-** | **0.4** | **0.4** | **0.3** | **7.5** |
| Defence | **0.7** | **(0.3)** | **-** | **0.2** | **-** | **-** | **0.6** |
| Maritime transport | **10.0** | **0.5** | **-** | **0.8** | **(1.5)** | **0.2** | **10.0** |
| Corporate | **(14.4)** | **-** | **9.3** | **-** | **-** | **1.0** | **(4.1)** |
| **Continuing** | **3.2** | **(0.3)** | **9.3** | **1.4** | **(1.1)** | **1.5** | **14.0** |

During the six months ended 30 June 2023, adjusting items were in relation to the following matters:

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

Refinancing is related to the costs of the refinancing strategy and obtaining a waiver from the lenders.

Restructuring costs relates to restructuring programmes in the Fendercare and JFD businesses.

Disposal of businesses and assets includes a gain of £1.1m on disposal of a vessel in Tankships.

Other includes £0.4m costs of litigation, £0.6m legal and advisory costs related to compliance with the new facilities' requirements and amortisation of acquired intangibles.

**Six months ended 30 June 2022**

| | Continuing operations | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **As reported restated £m** | **Amortisation of acquired intangible assets £m** | **Impairment charges/ (reversals) £m** | **Disposal of businesses and assets £m** | **Other/ Tax £m** | **Underlying results £m** | **Discontinued operations £m** | **Total underlying results £m** |
| **Continuing operations** | | | | | | | | |
| **Revenue** | 215.0 | - | - | - | - | 215.0 | 23.4 | 238.4 |
| Cost of sales | (159.9) | - | - | (1.0) | - | (160.9) | (21.8) | (182.7) |
| **Gross profit** | **55.1** | **-** | **-** | **(1.0)** | **-** | **54.1** | **1.6** | **55.7** |
| Administrative expenses | (45.9) | 1.1 | - | - | 1.5 | (43.3) | (3.5) | (46.8) |
| Impairment of trade receivables | (0.8) | - | - | - | - | (0.8) | - | (0.8) |
| Share of post-tax results of associates | 1.4 | - | - | - | - | 1.4 | 0.0 | 1.4 |
| **Operating profit/(loss)** | **9.8** | **1.1** | **-** | **(1.0)** | **1.5** | **11.4** | **(1.9)** | **9.5** |
| Finance income | 0.2 | 0.0 | - | - | - | 0.2 | 0.0 | 0.2 |
| Finance expense | (4.8) | 0.0 | - | - | - | (4.8) | (0.1) | (4.9) |
| **Profit/(loss) before taxation** | **5.2** | **1.1** | **-** | **(1.0)** | **1.5** | **6.8** | **(2.0)** | **4.8** |
| Income tax | (1.6) | 0.0 | - | - | (0.2) | (1.8) | 0.4 | (1.4) |
| **Profit/(loss) for the year from continuing operations** | **3.6** | **1.1** | **-** | **(1.0)** | **1.3** | **5.0** | **(1.6)** | **3.4** |
| **Discontinued operations** | | | | | | | | |
| (Loss)/profit for the year from discontinued operations, net of tax | (1.6) | - | - | - | - | (1.6) | 1.6 | - |
| **Profit/(loss) for the period** | 2.0 | 1.1 | - | (1.0) | 1.3 | 3.4 | (0.0) | 3.4 |
| Operating margin (%) | 4.5% | | | | | 5.3% | (8%) | 4.0% |
| **Segmental underlying operating profit is calculated as follows:** | | | | | | | | |
| Energy | 5.4 | 0.8 | - | - | - | 6.2 | | |
| Defence | (1.4) | 0.1 | - | - | - | (1.3) | | |
| Maritime transport | 9.1 | 0.2 | - | (1.0) | - | 8.4 | | |
| Corporate | (3.4) | - | - | - | 1.5 | (1.9) | | |
| **Continuing** | 9.8 | 1.1 | - | (1.0) | 1.5 | 11.4 | | |

During the six months ended 30 June 2022, adjusting items were in relation to the following matters:

Disposal of businesses and assets relates includes a gain of £1.0m on disposal of a vessel in the Marine Transport division.

Other includes £1.5m past service cost recognised for the MNRPF scheme in respect of ill health early retirement benefits (see Note 10).

**Year ended 31 December 2022**

| | As reported £m | Amortisation of acquired intangible assets £m | Impairment charges/ (reversals) £m | Specific trade receivables provision £m | Re-structuring £m | Disposal of businesses and assets £m | Other/ Tax £m | Underlying results £m | Dis-continued operations £m | Total underlying results £m |
|---|---|---|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | | | | |
| **Revenue** | 478.1 | - | - | - | - | - | - | 478.1 | 42.8 | 520.9 |
| Cost of sales | (350.9) | - | (4.5) | - | - | (0.9) | - | (356.3) | (43.3) | (399.6) |
| **Gross profit** | 127.2 | - | (4.5) | - | - | (0.9) | - | 121.8 | (0.5) | 121.3 |
| Administrative expenses | (104.4) | 2.1 | 5.2 | - | 1.7 | (2.5) | 1.7 | (96.2) | (6.9) | (103.1) |
| Impairment of trade receivables | 0.3 | - | - | (1.1) | - | - | - | (0.8) | - | (0.8) |
| Share of post-tax results of associates | 1.6 | - | - | - | - | - | - | 1.6 | 0.1 | 1.7 |
| **Operating profit/(loss)** | 24.7 | 2.1 | 0.7 | (1.1) | 1.7 | (3.4) | 1.7 | 26.4 | (7.3) | 19.1 |
| Finance income | 0.7 | - | - | - | - | - | - | 0.7 | - | 0.7 |
| Finance expense | (10.9) | - | - | - | - | - | - | (10.9) | (0.1) | (11.0) |
| **Profit/(loss) before taxation** | 14.5 | 2.1 | 0.7 | (1.1) | 1.7 | (3.4) | 1.7 | 16.2 | (7.4) | 8.8 |
| Income tax | (5.5) | - | - | - | - | - | 0.8 | (4.6) | 0.8 | (3.8) |
| Profit/(loss) for the year from continuing operations | 9.0 | 2.1 | 0.7 | (1.1) | 1.7 | (3.4) | 2.5 | 11.6 | (6.6) | 5.0 |
| **Discontinued operations** | | | | | | | | | | |
| (Loss)/profit for the year from discontinued operations, net of tax | (19.8) | - | - | - | - | - | - | (19.8) | 19.8 | - |
| **Profit/(loss) for the year** | (10.8) | 2.1 | 0.7 | (1.1) | 1.7 | (3.4) | 2.5 | (8.3) | 13.3 | 5.0 |
| Operating margin (%) | 5.2% | | | | | | | 5.5% | (17.0%) | 3.7% |

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

| | As reported £m | Amortisation of acquired intangible assets £m | Impairment charges/ (reversals) £m | Specific trade receivables provision £m | Re-structuring £m | Disposal of businesses and assets £m | Other/ Tax £m | Underlying results £m |
|---|---|---|---|---|---|---|---|---|
| Energy | 16.4 | 1.6 | (0.8) | (1.1) | - | (2.5) | 0.2 | 13.9 |
| Defence | (3.5) | 0.1 | 1.7 | - | 1.4 | - | - | (0.3) |
| Maritime transport | 19.2 | 0.4 | (0.3) | - | 0.4 | (0.9) | - | 18.7 |
| Corporate | (7.4) | - | - | - | - | - | 1.5 | (5.9) |
| **Continuing** | 24.7 | 2.1 | 0.6 | (1.1) | 1.7 | (3.4) | 1.7 | 26.4 |

During the year ended 31 December 2022, adjusting items were in relation to the following matters:

Amortisation of acquired intangibles.

The impairment charges/(reversals) relate to goodwill, intangible and tangible assets, and assets held for sale (see Notes 11, 13).

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 for £18.5m proceeds with £4.3m gains less £1.8m costs of disposal. In addition, the Group has recognised a gain of £0.9m on disposal of one of its vessels in the Tankships division.

Other includes £1.5m past service cost recognised for the MNRPF scheme in respect of ill health early retirement benefits (see Note 10).

3.2 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 depreciation on right-of-use (“ROU”) assets and operating lease payments.

| | **2023 Six months ended 30 June £m*** | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m* |
|---|---|---|---|
| Underlying operating profit | **14.0** | 11.4 | 26.4 |
| Depreciation and amortisation | **20.8** | 19.8 | 40.3 |
| Less: Depreciation on right-of-use assets | **(8.2)** | (5.9) | (12.2) |
| Amortisation of acquired intangibles | **(0.5)** | (1.1) | (2.1) |
| IFRS 16 impact removed | **0.9** | 2.8 | 0.2 |
| Covenant EBITDA | **27.0** | 27.0 | 52.6 |

*Excludes discontinued operations.

3.3 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 12, including guarantees and excluding right-of-use operating leases, which are the leases which would be considered operating leases under IAS17, prior to the introduction of IFRS16. Guarantees are those issued by a bank or financial institution to compensate a stakeholder in the event of a Group company not fulfilling its obligations in the ordinary course of business in relation to either advance payments or trade debtors.

| | **2023 Six months ended 30 June £m** | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m |
|---|---|---|---|
| Net borrowings (Note 12) | **203.5** | 205.5 | 185.8 |
| Guarantees | **1.6** | 5.2 | 2.3 |
| Less: right-of-use operating leases | **(50.6)** | (38.3) | (46.0) |
| Underlying Net borrowings | **154.5** | 172.4 | 142.1 |
| Covenant EBITDA (12 months) | **55.4** | 53.0 | 52.6 |
| Leverage | **2.8** | 3.3 | 2.7 |

3.4 Underlying Capital employed and Return on Capital Employed (ROCE)

Capital employed is defined as net assets less right-of-use assets, less cash and cash equivalents and after adding back borrowings. Average capital employed is adjusted for the timing of businesses acquired and after adding back cumulative amortisation of customer relationships. Segmental ROCE is defined as the underlying operating profit, divided by average capital employed. Group ROCE, is defined as underlying operating profit, less notional tax, calculated by multiplying the underlying effective tax rate by the underlying operating profit, divided by average capital employed, as calculated below. Group ROCE is a KPI that is used internally and externally and forms part of performance conditions under the Group's LTIP scheme.

| | 2023 Six months ended 30 June £m | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m |
|---|---|---|---|
| Net assets | **200.1** | **225.4** | **218.3** |
| Less right-of-use assets | **(61.6)** | **(39.5)** | **(52.3)** |
| Plus net borrowings | **203.5** | **205.5** | **185.8** |
| Capital employed | **342.0** | **391.4** | **351.7** |
| Add: amortisation of customer relationships | **0.5** | **0.8** | **1.7** |
| | **342.5** | **392.2** | **353.4** |
| | | | |
| Underlying operating profit* | **13.6** | **9.5** | **19.1** |
| Notional tax at the underlying effective tax rate | **(3.7)** | **(2.7)** | **(5.1)** |
| | **9.9** | **6.8** | **14.0** |
| Average capital employed | **367.3** | **409.0** | **355.1** |
| Return on average capital employed | **4.7%** | **2.7%** | **3.9%** |

*June 2023 Underlying operating profit excludes £2.1m costs of disposal and a £4.0m provision for a parent company guarantee (see Note 14).

The three divisional ROCE's are detailed below:

| **Six months ended 30 June 2023** | **Energy** | **Defence** | **Maritime transport** |
|---|---|---|---|
| | **£m** | **£m** | **£m** |
| Net assets | **175.2** | **88.9** | **87.7** |
| Less right-of-use assets | **(8.3)** | **(2.5)** | **(49.9)** |
| Plus net borrowings | **11.8** | **2.6** | **40.6** |
| Capital employed | **178.7** | **89.0** | **78.4** |
| Add: amortisation of customer relationships | **0.3** | **-** | **0.2** |
| | **179.0** | **89.0** | **78.6** |
| Underlying operating profit | **15.2** | **1.6** | **20.1** |
| Average capital employed | **184.9** | **93.0** | **83.6** |
| Return on average capital employed | **8.2%** | **1.8%** | **24.1%** |

| **Six months ended 30 June 2022** | **Energy** | **Defence** | **Maritime transport** |
|---|---|---|---|
| | £m | £m | £m |
| Net assets | 185.1 | 96.6 | 87.3 |
| Less right-of-use assets | (10.3) | (3.5) | (22.7) |
| Plus net borrowings | 15.0 | 3.7 | 23.7 |
| Capital employed | 189.8 | 96.8 | 88.3 |
| Add: amortisation of customer relationships | 0.6 | - | 0.2 |
| | 190.4 | 96.8 | 88.5 |
| Underlying operating profit | 13.0 | 2.4 | 13.2 |
| Average capital employed | 206.9 | 94.3 | 88.8 |
| Return on average capital employed | 6.3% | 2.6% | 14.9% |

| **Year ended 31 December 2022** | **Energy** | **Defence** | **Maritime transport** |
|---|---|---|---|
| | £m | £m | £m |
| Net assets | 172.4 | 84.9 | 82.7 |
| Less right-of-use assets | (9.3) | (3.0) | (39.0) |
| Plus net borrowings | 13.4 | 3.3 | 34.8 |
| Capital employed | 176.5 | 85.2 | 78.5 |
| Add: amortisation of customer relationships | 1.1 | 0.1 | 0.4 |
| | 177.6 | 85.3 | 78.9 |
| 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% |

3.5 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 the IFRS 16 impact, to covenant interest.

| | **2023** | 2022 | 2022 |
|---|---|---|---|
| | **Six months ended 30 June** | Six months ended 30 June | Year ended 31 December |
| | **£m** | £m | £m |
| Interest payable on bank loans less interest receivable on short-term deposits less | **6.3** | 3.6 | 8.1 |
| Finance lease interest | **0.1** | - | 0.1 |
| Arrangement fees | **(1.2)** | (0.5) | (1.0) |
| Covenant interest | **5.2** | 3.1 | 7.2 |
| | | | |
| Underlying net operating profit* | **14.0** | 11.4 | 26.4 |
| IFRS 16 impact removed | **0.7** | 2.3 | (0.7) |
| | **14.7** | 13.7 | 25.7 |
| | | | |
| Interest cover | **3.2** | 4.5 | 3.5 |

*Excludes discontinued operations.

3.6 Underlying earnings per share

Underlying earnings per share (EPS) is calculated as the total of underlying profit before tax, less income tax, but excluding the tax impact on adjusting items, less profit attributable to non-controlling interests, divided by the weighted average number of ordinary shares in issue during the year. Underlying earnings per share is a performance condition used for the LTIP schemes.

| | **2023 Six months ended 30 June** | 2022 Six months ended 30 June | 2022 Year ended 31 December |
|---|---|---|---|
| Loss attributable to owners of the Company (£m) | **(9.6)** | 1.9 | (11.1) |
| Adjusting items (£m)* | **16.9** | 1.6 | 1.7 |
| Tax on adjusting items (£m) | **(2.9)** | (0.2) | 0.8 |
| Underlying profit attributable to owners of the Company (£m) | **4.4** | 3.3 | (8.6) |
| | | | |
| Basic weighted average number of shares (Note 8) | 50,347,663 | 50,344,286 | 50,345,989 |
| Diluted weighted average number of shares (Note 8) | 50,347,663 | 50,344,286 | 50,367,147 |
| Underlying basic earnings per share (p) | 8.7 | 6.7 | (17.1) |
| Underlying diluted earnings per share (p) | 8.7 | 6.7 | (17.1) |

*June 2023 adjusting items include £2.1m costs of disposal and a £4.0m provision for a parent company guarantee (see Note 14).

## 4 Segmental information

From 1 January 2023, the Group has reorganised as from 1 January 2023 into three divisions, representing the key markets within which the Group operates, namely: Energy, Defence, and Maritime Transport. The Energy division combines the division that used to be called Marine Support and Offshore Oil divisions, without Fendercare, which is added to the Tankships division to create Maritime Transport. JFD is the only component of the Defence division. The comparative segmental information for 2022 has been restated accordingly.

The Board assesses the performance of the segments based on underlying operating profit. The Board believes that such information is the most relevant in evaluating the results of certain segments relative to other entities which operate within these industries. Inter-segmental sales are made using prices determined on an arms-length basis. Sector assets exclude cash, short-term deposits and corporate assets that cannot reasonably be allocated to operating segments. Sector liabilities exclude borrowings, retirement benefit obligations and corporate liabilities that cannot reasonably be allocated to operating segments.

**Six months ended 30 June 2023**

| | Energy | Defence | Maritime transport | Corporate | Continuing Total | Discontinued Total | Total |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m |
| **Revenue** | | | | | | | |
| Segmental revenue reported | 134.0 | 37.1 | 81.0 | - | 252.1 | 6.8 | 258.9 |
| Inter-segmental sales | - | (0.1) | - | - | (0.1) | (0.1) | (0.2) |
| | 134.0 | 37.0 | 81.0 | - | 252.0 | 6.7 | 258.7 |
| **Underlying operating profit/(loss)** | 7.5 | 0.6 | 10.0 | (4.1) | 14.0 | (6.5) | 7.5 |
| **APMs (see Note 3)** | (0.6) | 0.1 | - | (10.3) | (10.8) | - | (10.8) |
| **Operating profit/(loss)** | 6.9 | 0.7 | 10.0 | (14.4) | 3.2 | (6.5) | (3.3) |
| Finance income | | | | | | | 1.1 |
| Finance expense | | | | | | | (8.7) |
| **Loss before tax** | | | | | | | (10.9) |
| Income tax | | | | | | | 1.3 |
| **Loss for the period** | | | | | | | (9.6) |
| **Assets & liabilities** | | | | | | | |
| Segmental assets | 253.8 | 110.9 | 161.1 | 102.1 | 627.9 | - | 627.9 |
| Investment in joint ventures | 2.5 | 3.6 | 2.4 | - | 8.5 | - | 8.5 |
| Total assets | 256.3 | 114.5 | 163.5 | 102.1 | 636.4 | - | 636.4 |
| Segmental liabilities | (81.1) | (25.6) | (75.8) | (253.8) | (436.3) | - | (436.3) |
| | 175.2 | 88.9 | 87.7 | (151.7) | 200.1 | - | 200.1 |
| **Other segmental information** | | | | | | | |
| Capital expenditure | 13.0 | 0.7 | 2.5 | 0.2 | 16.4 | - | 16.4 |
| Depreciation and amortisation | 8.8 | 2.0 | 9.7 | 0.3 | 20.8 | - | 20.8 |

**Six months ended 30 June 2022**

| | Energy | Defence | Maritime transport | Corporate | Continuing Total | Discontinued Total | Total |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m |
| **Revenue** | | | | | | | |
| Segmental revenue reported | 106.3 | 32.6 | 76.3 | - | 215.2 | 24.0 | 239.2 |
| Inter-segmental sales | (0.2) | - | - | - | (0.2) | (0.6) | (0.8) |
| | 106.1 | 32.6 | 76.3 | - | 215.0 | 23.4 | 238.4 |
| **Underlying operating profit reported** | 6.2 | (1.3) | 8.4 | (1.9) | 11.4 | (1.9) | 9.5 |
| **APMs (see Note 3)** | (0.8) | - | 0.7 | (1.5) | (1.6) | - | (1.6) |
| **Operating profit** | 5.4 | (1.3) | 9.1 | (3.4) | 9.8 | (1.9) | 7.9 |
| Finance income | | | | | | | 0.2 |
| Finance expense | | | | | | | (4.9) |
| **Profit before tax** | | | | | | | 3.2 |
| Income tax | | | | | | | (1.2) |
| **Profit for the period** | | | | | | | 2.0 |
| **Assets & liabilities** | | | | | | | |
| Segmental assets | 270.5 | 118.5 | 142.0 | 65.6 | 596.6 | 27.2 | 623.8 |
| Investment in joint ventures | 3.0 | 3.9 | 2.7 | - | 9.6 | - | 9.6 |
| Total assets | 273.5 | 122.4 | 144.7 | 65.6 | 606.2 | 27.2 | 633.4 |
| Segmental liabilities | (88.2) | (25.8) | (57.4) | (220.4) | (391.8) | (16.2) | (408.0) |
| | 185.3 | 96.6 | 87.3 | (154.8) | 214.4 | 11.0 | 225.4 |
| **Other segment information** | | | | | | | |
| Capital expenditure | 4.2 | 1.4 | 4.3 | - | 9.9 | 0.2 | 10.1 |
| Depreciation and amortisation | 9.7 | 2.6 | 7.3 | 0.2 | 19.8 | 0.6 | 20.4 |

**Year ended 31 December 2022**

| | Energy | Defence | Maritime transport | Corporate | Continuing Total | Discontinued Total | Total |
|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m |
| **Revenue** | | | | | | | |
| Segmental revenue reported | 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) |
| | 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 3)** | 2.5 | (3.1) | 0.4 | (1.5) | (1.7) | (13.3) | (15.0) |
| **Operating (loss)/profit** | 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) |
| **Loss before tax** | | | | | 14.5 | (20.6) | (6.2) |
| Income tax | | | | | (5.5) | 0.8 | (4.7) |
| **Loss for the year** | | | | | 9.0 | (19.8) | (10.8) |
| **Assets & 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 | (81.4) | (33.0) | (74.6) | (185.4) | (374.4) | (16.3) | (390.7) |
| | 172.4 | 84.9 | 82.8 | (121.8) | 218.3 | - | 218.3 |
| **Other segment information** | | | | | | | |
| Capital expenditure | 14.2 | 4.4 | 8.5 | - | 27.1 | 0.3 | 27.4 |
| Depreciation and amortisation | 19.5 | 5.3 | 15.1 | 0.4 | 40.3 | 0.8 | 41.1 |

## 5 Discontinued operations

In December 2022, management agreed a plan to sell the Nuclear business as a result of a strategic decision to rationalise and focus the portfolio within the Specialist Technical division. At 31 December, the business has been classified as held for sale and is part of a single co-ordinated plan to dispose of a separate major line of business. It is classified as a discontinued operation.

| | **2023 Six months ended 30 June** | 2022 Six months ended 30 June | 2022 Year ended 31 December |
|---|---|---|---|
| | **£m** | £m | £m |
| Revenue | **6.8** | 24.0 | 43.9 |
| Inter-segmental sales | **(0.1)** | (0.6) | (1.1) |
| | **6.7** | 23.4 | 42.8 |
| Expenses | **(13.2)** | (25.4) | (50.1) |
| Loss before taxation | **(6.5)** | (2.0) | (7.3) |
| Income tax | **0.1** | 0.4 | 0.8 |
| **Loss from operating activities after tax** | **(6.4)** | (1.6) | (6.5) |
| Loss on remeasurement to fair value less costs to sell | **-** | - | (13.3) |
| **Loss for the period from discontinued operations** | **(6.4)** | (1.6) | (19.8) |
| | | | |
| Attributable to: | | | |
| Owners of the Company | **(6.4)** | (1.6) | (19.8) |
| Non-controlling interests | **-** | - | - |
| | **(6.4)** | (1.6) | (19.8) |

| Cash flows (used in)/from discontinued operations | **2023 Six months ended 30 June** | 2022 Six months ended 30 June | 2022 Year ended 31 December |
|---|---|---|---|
| | **£m** | £m | £m |
| Net cash from operating activities | **(0.4)** | 0.7 | (3.1) |
| Net cash from investing activities | **-** | (0.7) | (5.0) |
| Net cash from financing activities | **-** | - | - |
| Net cash flows for the period | **(0.4)** | - | (8.1) |

On 3 March 2023, the Group announced that the entire share capital of James Fisher Nuclear Holdings Limited and related properties were sold to Myneration Limited, a wholly-owned investment vehicle of Rcapital Partners LLP for a consideration of £3. The Group has retained certain parent company guarantees which historically were given to support the obligations of JFN.

| | 2023 Six months ended 30 June |
|---|---|
| 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) |

## 6 Net finance expense

| | **2023 Six months ended 30 June £m** | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m |
|---|---|---|---|
| Finance income: | | | |
| Interest receivable on short-term deposits | **1.0** | 0.2 | 0.7 |
| Net interest on pension surplus/(obligations) | **0.1** | - | - |
| | **1.1** | 0.2 | 0.7 |
| Finance expense: | | | |
| Interest payable on bank loans and overdrafts* | **(7.3)** | (3.8) | (8.8) |
| Unwind of discount on right-of-use lease liability | **(1.4)** | (1.0) | (2.1) |
| | **(8.7)** | (4.8) | (10.9) |
| Net finance expense | **(7.6)** | (4.6) | (10.2) |

*Includes impact of increased interest rates. In June 2023, the Company completed refinancing which accelerated the recognition of £0.7m unamortised arrangement fees.

## 7 Taxation

The Group's effective rate on profit before income tax is 27.3% (30 June 2022: 30.6%, 31 December 2022: 37.9%) which includes an exceptional tax credit of £2.9m as detailed in Note 3. The effective income tax rate on underlying profit before income tax, based on an estimated rate for the year ending 31 December 2023, is 27.2% (30 June 2022: 28.4%, 31 December 2022: 28.4%). Of the total tax charge, £3.9m relates to overseas businesses (30 June 2022: £0.8m). Taxation on profit has been estimated based on rates of taxation applied to the profits forecast for the full year.

## 8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, after excluding 47,855 (June 2022:47,855, December 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 ordinary equity holders of the Company by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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.
At 30 June 2023, 3,168,869 options (June 2022: 2,180,603, December 2022:1,759,740) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would be anti-dilutive.

**Weighted average number of shares**

| | **30 June 2023 Number of shares** | 30 June 2023 Number of shares | 31 December 2022 Number of shares |
|---|---|---|---|
| For basic earnings per ordinary share | **50,347,663** | 50,344,286 | 50,345,989 |
| Exercise of share options and LTIPs | **-** | - | 21,158 |
| For diluted earnings per ordinary share | **50,347,663** | 50,344,286 | 50,367,147 |

| **(Loss)/earnings per share** | **pence** | pence | pence |
|---|---|---|---|
| Basic earnings per share | **(19.0)** | 3.7 | (22.1) |
| Diluted earnings per share | **(19.0)** | 3.7 | (22.1) |

| **(Loss)/earnings per share - continuing operations** | **pence** | pence | pence |
|---|---|---|---|
| Basic earnings per share | **(6.3)** | 6.9 | 17.4 |
| Diluted earnings per share | **(6.3)** | 6.9 | 17.4 |

| **(Loss)/earnings per share - discontinued operations** | **pence** | pence | pence |
|---|---|---|---|
| Basic earnings per share | **(12.7)** | (3.2) | (39.5) |
| Diluted earnings per share | **(12.7)** | (3.2) | (39.5) |

## 9 Interim dividend

No interim dividend is proposed in respect of the period ended 30 June 2023 (2022: nil).

## 10 Retirement benefit obligations

Movements during the period in the Group's defined benefit pension schemes are set out below:

| | **2023 Six months ended 30 June £m** | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m |
|---|---|---|---|
| Net obligation as at 1 January | **5.1** | (1.9) | (1.9) |
| Expense recognised in the income statement | **(0.2)** | (1.6) | (2.2) |
| Contributions paid to scheme | **1.0** | 1.0 | 2.1 |
| Remeasurement gains and losses | **(1.1)** | 7.6 | 7.1 |
| At period end | **4.8** | 5.1 | 5.1 |

The Group's net surplus/(deficit) in respect of its pension schemes were as follows:

| | **2023 Six months ended 30 June £m** | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m |
|---|---|---|---|
| Shore Staff | **5.3** | 5.8 | 5.5 |
| Merchant Navy Officers Pension Fund | **(0.3)** | (0.7) | (0.4) |
| Merchant Navy Ratings Pension Fund | **(0.2)** | - | - |
| | **4.8** | 5.1 | 5.1 |

The principal assumptions in respect of these liabilities are disclosed in the December 2022 Annual Report. The Group has not obtained an interim valuation for the period ended 30 June 2023. In the first half of 2023, the Group paid contributions to defined benefit schemes of £1.0m (June 2022: £1.0m).

The Shore staff plan assets and obligations have been updated to 30 June 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.

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 ended 31 December 2022, a £1.5m past service cost has been recognised within administrative expenses relating to the Group's share of additional liabilities which have been estimated to date.

## 11 Goodwill

Movements during the period in the Group's goodwill are set out below:

| | **2023 Six months ended 30 June £m** | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m |
|---|---|---|---|
| At 1 January | **116.3** | 133.5 | 133.5 |
| Impairment | **-** | - | (4.4) |
| Disposals | **-** | - | (7.1) |
| Discontinued operations | **-** | - | (8.1) |
| Exchange differences | **(3.8)** | 1.6 | 2.4 |
| At period end | **112.5** | 135.1 | 116.3 |

At the half year, the results of the impairment tests carried out in respect of the year ended 31 December 2022, were updated based on the Group's trading performance and revised outlooks.

In 2022, the Group saw projects in subsea operations being deferred or cancelled, leading to a reduction in profitability. As a result, the impairment loss was recognised in relation to a CGU within the Energy division with a charge of £4.4m recognised in other expenses, resulting in zero goodwill being recognised in respect of that CGU.

### 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. The five-year cashflow forecasts are based on the latest forecast for the current year (year one) and the strategic business plans for years two to five. The five-year revenue growth rate is calculated as cumulative average growth rate over five years and is derived from the five-year plan which is prepared by management, and is reviewed and approved by the Board. The five-year plan reflects past experience, management's assessment of the current contract portfolio, contract wins, contract retention, price increases, as well as future expected market trends (including the impact of climate change, where relevant), adjusted to meet the requirements of IAS 36 Impairment of Assets.

Cash flows beyond year five are projected into perpetuity using a long-term terminal growth rate in line with management's long-term expectations for the prevailing rates of inflation.

The cash flows are discounted at a post-tax discount rate which is based on the Group's weighted average cost of capital adjusted for CGUs' specific country risk and business risk.

### Sensitivity to impairment

The value-in-use calculations were assessed for sensitivity to reasonably possible changes to assumptions. Sensitivities carried out across all CGUs included increasing the discount rate by 2%, combination of increasing the discount rate by 2% and reducing operating profit by 10%, reducing the terminal growth to zero and reducing operating profit by 10%.

None of the CGUs with significant goodwill balances were identified as having a high risk of impairment and 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 27% for Fendercare, 33% for JFD and 26% for Scantech to give rise to a goodwill impairment in these CGUs and this is not considered a reasonably possible change.

An additional sensitivity was run on JFD to reflect the removal of a large unsecured contract in 2024 and 2025. Positive headroom remained under this scenario.

For one CGU without significant goodwill, the sensitivities identified that the headroom is most sensitive to changes in the operating profit, which would need to reduce by 1% to give rise to a goodwill impairment in respect of this CGU. As at June 23, the business has shown strong performance and was ahead of its budget and forecast. Given the strong performance for this GCU and increased latest forecast profitability for the full year we do not consider there to be an impairment of the goodwill associated with this CGU.

All other CGU's without significant goodwill show no impairment under any of the scenarios.

## 12 Reconciliation of net borrowings

| | **1 January 2023 £m** | **Cash flow £m** | **Other non-cash £m** | **Disposals £m** | **Exchange movement £m** | **30 June 2023 £m** |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | **22.8** | **(2.3)** | **-** | **-** | **(0.7)** | **19.8** |
| Cash - classified within Assets held for sale | **2.8** | **-** | **-** | **(2.8)** | **-** | **-** |
| Debt due after 1 year | **(121.9)** | **(44.0)** | **(1.1)** | **-** | **-** | **(167.0)** |
| Debt due within 1 year | **(36.6)** | **36.6** | **-** | **-** | **-** | **-** |
| | **(158.5)** | **(7.4)** | **(1.1)** | **-** | **-** | **(167.0)** |
| Lease liabilities | **(52.9)** | **8.5** | **(15.1)** | **-** | **3.2** | **(56.3)** |
| Net borrowings | **(185.8)** | **(1.2)** | **(16.2)** | **(2.8)** | **2.5** | **(203.5)** |

| | 1 January 2022 £m | Cash flow £m | Other non-cash £m | Transfers £m | Exchange movement £m | 30 June 2022 £m |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 34.5 | (25.2) | - | - | 1.8 | 11.1 |
| Debt due after 1 year | (174.0) | 3.9 | (0.5) | - | - | (170.6) |
| Debt due within 1 year | (0.1) | 0.1 | - | - | - | - |
| | (174.1) | 4.0 | (0.5) | - | - | (170.6) |
| Lease liabilities | (46.0) | 7.0 | (3.8) | - | (3.2) | (46.0) |
| Net borrowings | (185.6) | (14.2) | (4.3) | - | (1.4) | (205.5) |

| | 1 January 2022 £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 after 1 year | (174.0) | 16.6 | (1.0) | 36.5 | - | (121.9) |
| Debt due within 1 year | (0.1) | - | - | (36.5) | - | (36.6) |
| | (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) |

| Cash and cash equivalents comprise: | **2023 Six months ended 30 June £m** | 2022 Six months ended 30 June £m | 2022 Year ended 31 December £m |
|---|---|---|---|
| Cash at bank and in hand | **90.3** | 53.8 | 53.6 |
| Overdrafts | **(70.5)** | (42.7) | (30.8) |
| | **19.8** | 11.1 | 22.8 |

**Revolving credit facilities - refinancing**

On 7 June 2023, the Group announced that it has signed its new revolving credit facility. The Group's new £210m secured revolving credit facility, which matures in March 2025 (the "RCF"), has been provided by its six existing lenders.

The key terms of the new facility agreement are:

- Maturity date: 31 March 2025.
- Net debt/EBITDA covenant (measured quarterly): 3.5x for 30 June and 30 September 2023, 3.25x for 31 December 2023, 3.0x for 31 March 2024, 2.75x for 30 June 2024 and 2.5x thereafter.

- Interest cover covenant (measured quarterly): 2.5x in June and September 2023, 1.75x in December 2023 and March 2024, 2x in June and September 2024, 2.5x in December 2023 and 2.75x in March 2025.
- Scheduled amortisation of: £15m on 30 September 2023, £10m on 31 December 2023 and £10m on 30 June 2024.
- Minimum liquidity requirement: £10m.

During the period, £2.1m facility fees were paid and have been included in the loan liability. £1.1m other non-cash movement includes accelerated recognition of £0.7m unamortised arrangement fees.

The refinancing of the existing revolving credit facilities and the terms of the new agreement indicate a significant modification of the liability, resulting in the extinguishment of the existing liability and recognition of the associated legal and advisory costs of £9.3m, excluding any facility fees, in administrative expenses, in line with IFRS 9.

## 13 Assets and liabilities held for sale

At 30 June 2023, the £2.2m assets held for sale comprises £1.4m related to land and building for a business within the Defence division and £0.8m related to a vessel known as M22 within the Energy division. During July the vessel was sold for USD1.4m.

**Year ended 31 December 2022**

At 31 December 2022, management agreed a plan to sell the Nuclear business as a result of a strategic decision to rationalise and focus the portfolio within the Specialist Technical division. At 31 December, the business was classified as held for sale. The disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

| | **2022 Year ended 31 December £m** |
|---|---|
| Property, plant and equipment | **2.3** |
| Inventories | **0.7** |
| Trade and other receivables | **10.5** |
| Cash and cash equivalents | **2.8** |
| **Assets held for sale** | **16.3** |
| | |
| Trade and other payables | **(13.7)** |
| Lease liabilities | **(2.2)** |
| Taxation | **(0.3)** |
| **Liabilities associated with assets held for sale** | **(16.3)** |

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

The non-recurring fair value measurement for the disposal group before £1.3m costs to sell has been categorised as a Level 3 fair value based on the present value of cash flows.

At 31 December 2022, the Dive Support Vessel (DSV) known as the Swordfish within the Energy division was classified as held for sale. During January 2023, the vessel was sold for £18.4m being proceeds less selling costs.

At 31 December 2022, a £5.4m reversal of impairment loss has been recorded in cost of sales.

At 31 December 2022, £1.5m assets relates to land and buildings for a business within the Defence division.

## 14 Provisions

| | Cost of material litigation £m | Warranty £m | Other £m | Total £m |
|---|---|---|---|---|
| At 1 January 2023 | 2.0 | 2.4 | 2.3 | 6.7 |
| Provided during the period | - | (0.1) | 6.3 | 6.2 |
| At 30 June 2023 | **2.0** | **2.3** | **8.6** | **12.9** |

Provisions due within one year were £11.5m (30 June 2022: £2.0m and 31 December 2022: £5.3m) and provisions due greater than one year were £1.4m (30 June 2022: £1.3m and 31 December 2022: £1.4m).

Following the sale of James Fisher Nuclear Limited (JFN) on 3 March 2023 (see Note 5) a limited number of performance guarantees covering an event of default by JFN in performing its contractual duties and obligations remained within the Group. As at 30 June 2023 a provision of £4.0m has been recognised reflecting management's best estimate at the balance sheet date of the expenditure required to settle or transfer one performance guarantee, based on negotiations that were ongoing at the balance sheet date and that were not ultimately concluded. Subsequent to the period end JFN entered administration on 9 August 2023. To date, the Group has not received details of any claims under these performance guarantees and the guarantees remain with the Group. The Directors are therefore unable to reasonably estimate a range of possible outcomes or the timing of any outflow. Any amounts that are claimed in the future and ultimately settled could be materially different from the amount provided as at 30 June 2023.

An onerous contract provision of £1.7m relating to one of the seasonal vessel charters entered into by the Inspection, Repairs and Maintenance product line within the Energy Division, was recognised as the vessel remained idle for several weeks during June 2023 and is now anticipated to generate an overall loss over the period of its rental. The provision is expected to unwind over the second half of 2023.

## 15 Commitments and contingent liabilities

Capital commitments at 30 June 2023 were £4.1m (30 June 2022: £1.6m; 31 December 2022: £6.0m).

*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 £26.8m (30 June 2022: £33.0m, 31 December 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. Other than provisions made against foreign offset agreements, described in Note 34 of the last filed annual report, there are no other significant provisions and no individually significant contingent liabilities that required specific disclosure.
(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.

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 eleven vessels. The charters expire between 2023 and 2032.

- The Group has given an unlimited performance guarantee to the Singapore Navy in the event of default by First Response Marine Pte Ltd (its Singapore joint venture), in providing submarine rescue and related services under its contract.

There have been no amounts recognised during the year in relation to these guarantees.

## 16 Related parties

There were no changes to related parties or the nature of associated transactions from those disclosed in the Annual Report for the year ended 31 December 2022.

## 17 Post balance sheet events

In July 2023, the Group's subsidiary Deep Sea Technical Support Services LLC, incorporated in Saudi Arabia, sold a M22 Tug vessel for consideration of USD 1.4m (£1.1m).