

Company Registered No: 10502763



AI Mistral TopCo Limited
Consolidated Financial Statements and Annual Report

For the year ended 31 December 2022



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Officers and Advisors

Directors

The following Directors held office during the year and up to the date of this report:

G Westgarth	(Chairman)
J Brocklebank	
C Kyriakopoulos	(resigned 16 December 2022)
J Van Der Meijs	(appointed 1 September 2022)
J Deahl	
JP Traaholt	
P Rodgers	
R Kofod-Olsen	
P James	

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Group Strategic Report for the year ended 31 December 2022

Incorporation and background

AI Mistral TopCo Limited (the "Company") was incorporated on 29 November 2016 as a holding company, which together with its subsidiaries listed in Appendix 1 form "V." or "the Group". The Company's immediate parent is AI Mistral (Luxembourg) Bottomco S.a.r.l, a company incorporated in Luxembourg. The Directors are of the opinion that the Company ultimately continues to be majority owned and controlled by the GPE VIII private equity funds managed by Advent International Corporation ("Advent") incorporated in Delaware, USA.

Introduction, strategy and objectives

2022 was a transformative year with V.'s financial performance on an upward trajectory, reflecting the strategic focus on improving quality of earnings and productivity, enabled by an increasing application of our digital capability. V. experienced sustained performance in those business areas previously impacted by the Covid-19 pandemic and had good traction across our Marine Services offerings who are positioned well and are driving growth in their respective markets.

In 2022, management continued to embed, streamline, and strengthen its Ship Management operating structure, realising synergies through fleet cell and crewing operations optimisation which will allow for improved scalability to support sustainable future growth. In addition, the Group has reshaped its go-to market strategy, adopting a more targeted approach to commercial growth, with the singular aim of becoming the partner of choice for deeper strategic partnerships across all marine support services.

V. has been relentless in its pursuit of safe, efficient and flawless service delivery, which is underpinned by the continued evolution of the "V.Way" which ensures the organisation has consistency in services delivered globally, always improving through best practice, and always with a focus on the customer. The Group's competitive advantage of breadth across the globe, and quality of offering with respect to crew management and many other services for vessel operations, is maximised when customers receive the same V. service at any touch point.

V. realises both the power and need for digitalisation, automation and data-driven insights across the maritime industry, and believe that ShipSure, our own internally developed global marine digital platform, has the most compelling solution in the market to provide these services for our customers. Management continue to invest significantly in the ShipSure platform, which is viewed as core to the future success of V. and an enabler for scalability and flawless service delivery. Furthermore, V. recently acquired a controlling interest in Maritime Payment Solutions LLC which provides digital payment solutions to the maritime industry.

During the year, V. leveraged its strong relationships with our lenders to strengthen our balance sheet by extending maturities on our debt facilities by an additional 18 months (see pg 19). This allows management to continue to focus resolutely on the implementation of its strategic vision.

V. finishes 2022 in a stronger position than it started, which is evidenced by our improved operating profit for the year of \$40.1m (2021: \$19.5m). 2023 is expected to be another year of positive momentum, as the Group continues on its journey to becoming the committed partner of progress for everything at sea.

Group Strategic Report for the year ended 31 December 2022 (continued)

Strategy and objectives (continued)

Safety and Customers first

After safety, the customer is at the centre of V.'s operations. The Group is committed to listening closely to our customers, responding more quickly to their needs, building stronger relationships, enhancing our service offerings and providing a flawless service delivery. Positive customer advocacy continues to be key to V.'s success, that requires ensuring safety and customers are at the centre of the Group's decisions, emphasising transparency, pro-activeness, and partnership in all relationships. In line with safety 'first', for the year the Group targeted zero fatalities and 0.20 lost-time injury frequency on its managed vessels. Accident related fatalities were 1 during the year (2021: 3) and lost-time injury frequency was 0.26 (2021: 0.25).

Key performance indicators

The Group considers the following measures to be key indicators of business performance:

- Health and safety including accident related fatalities and lost-time injury frequency;
- EBITDA before separately disclosed items – EBITDA before separately disclosed items represents earnings before interest, tax, depreciation, amortisation, and excluding fair value adjustments in respect of financial instruments and other separately disclosed items where the nature or scale of the item requires separate presentation in order to better understand trading performance.
- Ship managed vessels and mix of vessel type.
- Seafarer positions on board and crew managed vessels.

The Group's performance against its key performance indicators is noted above in 'Safety and Customers first' and also assessed in the business review for the year ended 31 December 2022 on page 18.

Overview of V.'s operations

V. is a global leader in its field, providing a full range of ship management and marine services to vessel owners and operators around the globe, as well as the ability to blend those services together in unique combinations to meet specific customer needs. Guided by our values, we aim to deliver excellence in every area we operate in, with safety being our number one priority.

To help us achieve that, our group of companies and brands work interdependently, operating across different sectors, allowing us to become a comprehensive supplier of maritime and offshore services around the world with a uniquely comprehensive service offering.

With close to 40 years' experience in managing vessels in the cargo shipping, cruise and energy sectors, we're committed to delivering safe and compliant operations. Helping customers with specific needs and putting them at the heart of our business. The Group is also dedicated to working towards a maritime industry free of corruption, as an active member of the Maritime Anti-Corruption Network (MACN).

V. has access to an international network of over 44,000 seafarers, covering all areas of ship management and crewing. With those crew members all supported by an onshore team of close to 3,000 colleagues across 30 countries, we're dedicated to investing in our people and culture, our technology, and our processes, to ensure we deliver the highest quality service to our customers.

V. is firmly committed to sustainability and decarbonisation, it is a member of the Getting to Zero coalition whose aim is to advance zero emission vessels to support the transformation change toward a decarbonised, sustainable and affordable shipping industry. V. are also strategic partners with the Maersk McKinney Moller Center for Zero Carbon Shipping, which positions the Group at the forefront of a zero-carbon maritime future.

Group Strategic Report for the year ended 31 December 2022 (continued)

The ship management industry

Ship Managers provide outsourced expertise for all aspects of technical and operational vessel management including, but not limited to, recruiting and deploying qualified seafarers, engineering and catering staff to manage the vessel, transporting personnel to and from the vessel, training of all staff, technological solutions to manage, monitor vessel performance, decarbonisation, communications and provision of technical solutions for vessel maintenance.

Vessel owners or charterers may outsource the full technical management of their entire fleet, a portion of their fleet, or just individual vessels. V.'s breadth of experience and scale of fleet under management, positions the Group to manage most vessel types with best practice service quality.

Under Crew Management, Crew Managers provide all aspects of crew management including, but not limited to, recruiting and deploying qualified seafarers, engineering and catering staff to manage the vessel, transporting personnel to and from the vessel and training of all staff.

As the shipping industry continues to evolve, ship managers are well-positioned to help ship owners navigate the complex regulatory, technological and sustainability challenges that the industry is facing. As such, the outsourced shipping industry continues to show growth driven by vessel owners who choose to outsource the management of their vessels to Ship Managers.

The V. solution

Customers choose V. because, by working closely and directly with the customer, V. provides safe, reliable and efficient management of every vessel in management, optimising returns on investment to the vessel owners and charterers, ensuring managed vessels are in compliance with required regulations and allowing the vessel owners to focus on other areas of the vessel's operations such as commercial management.

V. is one of the world's leading providers of technical ship management and a global pioneer in technology, innovation and services for worldwide vessel owners, providing full technical management to more than 570 vessels operating worldwide. Our fleet under management includes a variety of vessel types, with a particular focus on technically demanding tankers. Furthermore, V. provides crew management as a standalone service to 376 vessels and crew supply to a further 446 vessels at 31 December 2022.

V. also offers its full range of marine services to vessels not under full technical management or crew management, supporting vessel owners in the management of their own vessels, whatever their needs. These services include catering, travel, technical services, supply chain and insurance.

The V. business model

The business operates in two operating segments:

V. Ships

V. Ships provides third party technical management and crewing related activities to ensure the safe and efficient operation of vessels in accordance with regulatory and customer requirements. Services are provided to vessels to facilitate the commercial movement of a wide range of products across the globe and supporting operations of the cruise and offshore sectors. These services include full technical management of various vessel types and crew management through the provision of the best crew from our world-leading crewing operation.

V.Services

V.Services comprises a broad range of value added technical and crew welfare services ranging from new build supervision to upgrades, repairs and maintenance, provision of crew services to meet the travel, catering, welfare needs of our seafarers, provision of a digital platform which provides real-time operational, technical and financial insights, supply chain management by leveraging scale to deliver goods and services to our customers at competitive prices and insurance solutions to meet all of the insurance needs of vessel owners and operators. These services are provided both to vessels that are under full technical management or crew management, and to other vessel managers and owners.

Group Strategic Report for the year ended 31 December 2022 (continued)

V. Board and key management

V. has a strong Board and key management personnel with the appropriate balance of skills and experience to oversee the future growth of the Group. The Board is collectively responsible for the leadership of the Company, its culture, values and standards.

Chairman – Graham Westgarth* †

Graham joined the Board in September 2018 and was subsequently appointed as Chief Executive Officer in April 2019 and then Chairman in November 2020. Graham has more than 50 years' maritime experience covering almost every shipping sector. For the previous 30 years, he has held a range of senior executive roles with companies including GasLog Limited, Teekay Corporation and Maersk UK. During this period, he also held a number of industry roles including Chairman of INTERTANKO, a position he held for five years. Graham is also the President of the UK Chamber of Shipping since March 2022, prior to which he has been Vice-President. Graham is a Master Mariner.

Chief Executive Officer – René Kofod-Olsen* †

Rene joined the Board in November 2020. Prior to joining V., René served as CEO of Topaz Energy & Marine, a position he held for 7 years until the company's successful divestment in 2019. Earlier in his career, René worked for the A.P. Moller-Maersk Group where he held a variety of executive positions in numerous countries including Chief Executive Officer of SVITZER, Asia, Middle East and Africa.

Chief Financial Officer – Petter Traaholt*

Petter joined the Board in March 2020. Formerly, Group CFO of the Nasdaq Stockholm listed Eltel Group. Prior to joining Eltel in 2017, Petter held for more than 12 years senior operations and finance roles in Wilhelmsen Group companies, initially combining roles as CFO and Deputy CEO of Wilhelmsen Maritime Services. Petter has also held international senior finance roles with ASSA ABLOY, Boliden and Trelleborg Group.

Non- Executive Director – James Brocklebank †

James joined Advent International in 1997 and is based in London. He is Co-Head of Advent in Europe and co-chairs Advent's global Executive Committee. James has led or co-led Advent's investments in Williams Lea Tag, V.Group, Nets, Nexi, Worldpay and Equiniti and has participated in many other investments. He chairs the Private Equity Taskforce of the Sustainable Markets Initiative. Prior to Advent, James worked on international mergers and acquisitions in the London office of investment bank Baring Brothers and its affiliate Dillon, Read & Co. in New York.

Non- Executive Director – Jabine van der Meijs*

Jabine joined the Board in September 2022 and also serves as chairperson of the Audit Committee. Prior to this Jabine served as the Executive Vice President & CFO of the Royal Schiphol Group and worked for the Royal Dutch Shell Group for 25 years, primarily in finance leadership positions, but also in HR and strategy positions in The Netherlands, Scotland, England, Brunei, and Australia. Jabine is currently a Member of the Board of Kendrion N.V, Koole Terminals Holding B.V, Pharming Group N.V, and Grundfos Holding A/S, a privately owned Danish Company.

Non- Executive Director – Paddy Rodgers

Paddy joined the Board in May 2020. Prior to joining V., Paddy served as CEO of Euronav for almost 20 years and brings a wealth of knowledge and expertise to the Board. Having qualified as a solicitor he relocated to Hong Kong where he first worked in shipping. Under his leadership Euronav grew from a family operation with 17 vessels to one of the largest international tanker companies with 73 vessels. Paddy is currently Director at the Royal Museums Greenwich, England, comprising of the Royal Observatory, Cutty Sark, National Maritime Museum and Queen's House.

Non- Executive Director – John Deahl

John joined the Board in July 2021. He has over 25 years experience transforming data into business insights and has acted as a digital transformation consultant to a range of international clients across multiple industries as a consultant with KPMG, BearingPoint, and IBM Global Services. John is currently the Vice President of Data Strategy, Hospitality at travel tech leader Amadeus IT Group in Spain. John has held a number of roles at Amadeus, including Head of Product Management, Airline Data Platform and Head of Product Management, SaaS BI Airline Products. Prior to Amadeus, John was Vice President of Data for Prologis, a global leader in logistics real estate.

Group Strategic Report for the year ended 31 December 2022 (continued)

V. Board and key management (continued)

Non- Executive Director – Peter James †*

Peter joined the Board in December 2020. Peter joined Advent International in 2020 and is based in London. He is a member of the European business and financial services sector team and participated in Advent's investments in Aareon AG and Global Processing Services Ltd. Peter has been a private equity investor since 2010, previously participating in buyout, growth and credit investments for TPG from London and San Francisco. Peter began his career in the corporate finance team within the London office of investment bank Merrill Lynch.

Chief Executive Officer, V.Ships– Bjoern Sprotte

Bjoern joined V. in January 2021 from OSM Maritime Group, where he spent four years in a number of senior roles, including chief operating officer, president and, most recently, chief executive officer. His career started at Rickmers Group, where he rose from nautical officer to CEO of maritime services over a period of fifteen years, from where he moved to the position of vice president at Carnival Group, where he was responsible for the development and delivery of ship management strategy.

Chief Operating Officer, V.Ships – Allan Falkenberg

Allan joined V. in 2017 and was appointed to Group Director of Crew Management in January 2018 overseeing the global transformation program of crewing services. In November 2021, he was appointed as Chief Operating Officer, V.Ships. Before joining V., Allan was Managing Director of OSM Ship Management ROHQ. Allan started his professional career in Maersk working through the ranks at sea, and ultimately earning his Master's ticket and then took up various management positions in the shore organisation, working with dry cargo, tankers and offshore vessels, before being appointed Head of Operations in Crew Management for Maersk Line.

Chief Executive Officer, Marine Services - Elliot Gow

Elliot was appointed to CEO, Marine Services in June 2017. Prior to joining V.Group, Elliot worked for professional services firm, Arthur Andersen. Former roles in V.Group have included Financial Director for V.Ships, Chief Operating Officer V.Ships, Chief Executive Officer of V.Group's ship supply chain and Chief Operating Officer V.Group.

Chief Commercial Officer - Robert Desai

Robert joined V. in September 2021 from P&O Maritime Logistics, a global marine logistics company, where he was Chief Commercial Officer and Offshore Director. Prior to P&O, Robert served as Chief Commercial Officer of Topaz Energy and Marine from 2009 until the company's successful divestment in 2019.

Chief Human Resource Officer - Graeme Lindsay

Graeme joined V. in September 2021, and brings over 25 years of international business experience across EMEA and North & South America. He has held several senior HR and business transformation roles predominately within Oil & Gas, Power & Utilities, and International Shipping. Prior to V., Graeme has held senior HR positions in Petro-Canada/Suncor, Abu Dhabi National Energy Co. (TAQA), and Topaz Energy & Marine.

Director, Sustainability and Decarbonisation - Matt Dunlop

Matt is a Master Mariner and has sailed on Royal Fleet Auxiliary vessels. His career ashore began in 1996 with Acomarit which was later acquired by V.Ships in 2001. His roles included time spent as a Ship Operator, Fleet Operations Manager and Fleet Manager, before taking up the role of Divisional Risk, Safety and Quality Director, Chief Operating Officer, Group Director Marine Operations and latterly Group HSSEQ Director.

General Counsel and Company Secretary - Niree Mahabeer

Niree has over 20 years of legal and diverse business experience, having worked predominately in the Oil & Gas and Maritime industries. Niree began her career in South Africa in private practice where she was a part of their Commercial & Litigation department. Subsequently, Niree spent over a decade with Shell and Gazprom in a variety of senior legal roles supporting their Downstream, Marketing and Trading businesses. Niree since then has held multiple General Counsel roles, most recently at Inchcape Shipping Services.

* Member - Audit and Risk Committee

† Member - People and Remuneration Committee

Group Strategic Report for the year ended 31 December 2022 (continued)

Section 172 of the Companies Act 2006

Directors' Duties and Stakeholder Engagement

The Board and its individual directors consider that they have acted in good faith in the manner that is most likely to promote the success of V. for the benefit of its members as a whole and in doing so having regard to the stakeholders and matters set out in Section 172 of the Companies Act 2006.

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Group.

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management

We provide business critical services to our clients across the globe and in most cases manage their most expensive assets in an industry that is becoming increasingly regulated. The Board ensures the Group is able to identify, assess and effectively manage or mitigate existing, changing and newly emerging risks. The Board assesses the likelihood and potential impact of risks to the Group and seeks to ensure that the overall risk profile of the Group is appropriate in light of its strategy.

The details of our principal risks and uncertainties and how we manage our risk environment through our risk framework are included in pages 9-15 in this Group Strategic Report.

Our People

The Group is committed to being a responsible business and employer. The Group recruit, develop, motivate and retain the best talent in the industry and our people are at the very core of the value we create for our customers. For our business to succeed we ensure that our people are highly engaged and focussed on performing at their best. This includes developing their skills and capabilities, ensuring we are aligned and focussed on meeting customer expectations while ensuring we operate as safely and efficiently as possible. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. This is embodied through our core values – the 5 C's – of We Care, We Collaborate, We Challenge, We are Consistent and We Commit & Deliver that continue to guide our behaviour and the decisions we make as a Board and across the Group more broadly.

The details of our Employment Policies and Engagement are included in pages 22-23 of the Directors' Report.

Business Relationships

Our strategy is a blend of organic growth through an increase in the managed fleet, improved vessel mix and quality of earnings, as well as, inorganic growth through acquisitions. In 2022, we have continued to evolve our operating model to further improve our core ship management offering and organic growth trajectory. At the heart of this model are our people, processes and systems which ensure that we provide consistent, efficient and flawless service delivery to all our customers across the globe. V.'s ShipSure 2.0 global digital ship management platform is a key enabler of this strategy and allows us to both collect richer data and provide informed decisions in real-time, handing our customers a digital advantage.

In order to continuously improve customer relationships, increase customer retention and reduce vessel churn, the Company continues to evolve its service delivery model and range of services offered. These include offerings that are aimed at value creation rather than cost reduction, digital solutions that further differentiate our offering, services supporting the commercial placement of vessels, and offerings relating to decarbonisation and ESG.

Group Strategic Report for the year ended 31 December 2022 (continued)

Section 172 of the Companies Act 2006 (continued)

Business Relationships (continued)

V.Group expects that the initiatives and innovation referred to above will help build closer ties to our existing customers and attract new customers with similar values to those of the Group.

Community and Environment

V.'s response to the challenges we have faced in recent years, most notably the conflict in the Ukraine, Covid-19 pandemic and International Maritime Organisation regulations, is testimony to the resilience and agility of the sustainability framework we have implemented and our ability to not only overcome such challenges but thrive when doing so. Balancing the interests and expectations of all our stakeholders, including investors, employees, customers, suppliers, and communities is never easy but we believe our sustainability strategy is key to striking this balance and creating long-term value. The Group's decisions take into consideration our stakeholders' interest and of the long term impact of social and environmental issues. Below are some examples of this in practice this year:

- Care for our Colleagues

As a service business, V. recognises that our people are our most important asset, with our seafarers being critical to a safe and efficient service delivery to our customers, and our onshore colleagues equally critical in providing an efficient, effective, and compliant support organisation for those seafarers and vessels under our care.

The primary challenge of 2022 has been the conflict in the Ukraine with V. responding within the first 24 hours of the invasion by forming a dedicated crisis management team to oversee the continued safeguarding of seafarers, shore colleagues, service delivery, and potential business risks. V. worked with global charitable organisations to provide safe transportation options to repatriate seafarers' families who were unable to safely travel themselves, and worked with global partners to provide safe and affordable accommodation to those families opting to leave the Ukraine.

During the year V. launched a number of safety culture initiatives globally to reinvigorate our 'Safety First' mission, including conducting a global safety culture survey, relaunching V.Rules a simple set of lifesaving rules that all colleagues can apply to daily operations and rolling out free mobile apps to ensure timely completion of key safety reporting.

- Care for the Environment

V. remains committed to supporting the IMO's 2030 and 2050 targets for reducing greenhouse gas emissions across the shipping industry by at least 40% and 70% respectively from 2008. We believe data driven decision making and transparent reporting are fundamental to the execution of our sustainability approach. ShipSure, our global ship management digital platform enables monitoring, managing, and reporting ESG related KPIs, including energy efficiency and health and safety metrics.

We are focussed on becoming the leading partner for key ESG services – the ability to support the shipping industry through ESG transformation and increasing regulatory complexity will be pivotal to the future success of the Group. We are encouraged by the progress achieved by the Group to date.

- Care for the Customer

As the shipping industry continues to evolve, understanding the challenges our customers face is V.'s key priority. V.'s ambition is to provide the most comprehensive service to our customers, safely and efficiently, whilst maximising commercial and environmental sustainability. Our intention is to listen to our customers' ESG ambitions and to utilise our comprehensive in-house Marine Services capability to provide technical and sustainable solutions.

During 2022, through our partnership with the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, V. introduced the Fleet Decarbonisation Optimiser (FDO); a machine learning algorithm determining the most cost-optimal way to decarbonise a fleet. The FDO provides a comprehensive view on cost savings and value realised across energy saving devices, ship efficiency technologies and various fuel pathways. In addition, as part of our continual improvement program under our ISO Accreditation, V. has commenced a global review of our Vessel Management System to ensure our internal processes and policies continue to align or exceed industry standards that our customers require.

Group Strategic Report for the year ended 31 December 2022 (continued)

Section 172 of the Companies Act 2006 (continued)

Business Conduct

V.'s reputation is built on a strong foundation of honesty and transparency, both in day-to-day business, and when handling issues involving people, property and the environment. Moving forward, the Group is committed to protecting this reputation. With customers operating across the globe, it is essential that we operate our business to the highest standards of integrity and ethical conduct. Unfortunately certain former employees have fallen well below these standards, acting dishonestly and without integrity to defraud the Group (see Fraud identified by management during the year).

Shareholders/Investors

The Board is committed to openly engaging with our shareholders and investors, recognising the importance of a continuing effective dialogue. It is of vital importance that V.'s investors understand the Group's strategy and objectives (including the need for financial discipline), so these must be explained clearly, feedback heard, and any issues or questions raised are properly considered and addressed.

V. maintains a close working relationship with the majority shareholder, which is well represented by two non-executive directors on our Board, and who are fully engaged with the Group's strategy, risk management, and operating performance of the Company.

The submission of the Group's Quarterly Reporting as required by the terms of our debt facilities is followed by the opportunity for lenders to participate with senior management in a Q&A session on the Group's performance, strategy and objectives. Senior management also maintain an active dialogue with lenders throughout the quarter, speaking directly to lenders and responding to additional information requests. During the year, the Group obtained the consent of our lenders to amend and extend the existing debt facilities, see page 19.

Risk management

Accountability for oversight of risk

The Board has overall responsibility for establishing procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Group is willing to take in order to achieve its long-term strategic objectives.

During the year, Management and the Board reassessed the Group's principal risks on pages 9-15, and whilst still monitored as business risks, insurance and the tax implications of direct employment were removed as principal risks. There were no other significant changes in the principal risks or their risk ratings.

In updating the risk assessment, Management and the Board considered operational, strategic and financial risks with input from the principal risk owners within the Group. The risk assessment considered the Group's tolerance to risk and the key controls that Management and the Board has implemented to mitigate these risks.

The Board believes it has taken all the reasonable steps to satisfy itself that the Group's risk management processes are effective and fit for purpose. Nevertheless, as with all risk management processes, there remains a degree of uncertainty as planned mitigations may not be effective and unforeseen risks may arise. As a consequence, there can be no guarantee that all risks to the Group will be successfully identified, controlled or mitigated.

Frauds identified by management during the year

During the year, the Group identified two separate instances of misappropriation of assets by two distinct employees in separate parts of the Group, whereby the individuals overrode the Group's control environment. In response to the frauds, management have conducted thorough investigations to understand the specific fact patterns which led to the frauds and, to quantify the amounts stolen.

Once the investigations are finalised management will complete detailed root cause assessments and implement controls where necessary to further strengthen the Groups control environment. As at the date of these financial statements no criminal charges have been brought against the individual.

As at 31 December 2022 the Group has recognised an additional insurance asset of \$1.4m offset by a client account liability of \$1.6m, with the difference relating to the insurance excess. Other movements in the reimbursement asset during the year relate to amounts returned from one of the perpetrators under the civil agreement, amounts returned to impacted parties, and a small reversal.

Group Strategic Report for the year ended 31 December 2022 (continued)

Risk management (continued)

Risk management framework

The Board sets strategic objectives and appetite for risk, sets the delegation of authority and receives and reviews Audit Committee reports on risk governance and internal controls.

The Audit and Risk Committee is responsible for the assessment of risk across the Group including consideration of the adequacy of the risk management and internal control framework, co-ordination of risk management strategies and initiatives, and defining and implementing safe practises. See V.Board and key management section on pages 5-6 for members of Audit and Risk Committee.

HSSEQ are responsible for the safe practice of all vessel related operations, both on shore and at sea, around the world.

Business units and corporate functions are responsible for the identification, management and reporting of local risks and assessing the effectiveness of controls.

Principal risks

The Group has identified in the table below what we believe to be the most significant risks that could materially affect the Group's ability to achieve its strategic, operating and financial goals.

There have been no changes in the principal risks, including their risk ratings, apart from the following which are no longer considered to be risks that would prevent the Group from achieving its strategy: Non-compliance with financial covenants (combined with liquidity risk), tax implications from direct employment (legacy risk whereby vessels have since left management), and insurance (insurance risk is fully reinsured).

Group Strategic Report for the year ended 31 December 2022 (continued)

Risk management (continued)

Operational risk		
1	Loss of life and serious incident	<p>The Group operates in a challenging environment that could lead to accidents causing death, injury or illness.</p> <p>Potential Impact Risk of incident onboard resulting in loss of life and/or environmental damage due to improper management of the vessel or crew, or non-compliance with the published management system, which could result in reputational damage and loss of future revenue.</p> <p>Mitigation Safety "first" is a priority of the Group and the Group has implemented policies, processes, and procedures to be followed onboard all managed vessels and onshore.</p> <p>Group Safety Culture initiatives, and continual improvement processes, continue to drive safe behaviours and performance with leadership behaviours setting the standard for others to follow.</p> <p>To check compliance with our policies and procedures each vessels operational and safety performance is measured within ShipSure through vessel performance and service delivery KPIs, and associated dashboards. This is verified by internal and external onboard and onshore audits and inspections.</p>
2	Business continuity due to natural disaster, war and conflict	<p>Natural disaster, pandemics, war and conflicts pertaining to the Group's services and its operations.</p> <p>Potential Impact Loss of business continuity due to impact of a disaster, pandemic or conflict on essential business services such as crewing, purchases and administrative tasks.</p> <p>Mitigation Each business unit and office is responsible for maintaining a business continuity plan with drills performed regularly to measure its effectiveness.</p>
3	Supply, retention and crew competence	<p>The Group may not be able to resource or retain adequately trained crew to meet its crewing commitments.</p> <p>Potential Impact Reduction in revenue, growth and profitability through loss of customers and loss of reputation, by either not being able to deliver on: (i) contractual terms or (ii) the customers' expectations on the quality of the service offering.</p> <p>Mitigation The Group performs both long-term schedule planning and weekly monitoring, having access to a network of over 44,000 seafarers.</p> <p>Any local shortages will give rise to a recruitment escalation to the global network of crew. Ongoing training is provided to all crew and is monitored through the Crew Management System.</p>

Group Strategic Report for the year ended 31 December 2022 (continued)

Risk management (continued)

<i>Operational risk (continued)</i>		
4	Dependence on core information systems	<p>The Group operates an in-house developed marine management system "ShipSure". Effective vessel management and crewing services are dependent upon the operation of this software. E-mail, collaboration and communication services are critical to V.Group.</p> <p>Potential Impact Lack of timely information could impact effective management of vessels and crew and cause reputational damage from loss of systems and data.</p> <p>Mitigation The ShipSure architecture is hosted within data centres provided through two global Tier 1 infrastructure providers in Europe and Asia. Both providers retain internationally recognised data security certification.</p> <p>The system and delivery infrastructure is monitored 24/7. If a data centre were to become unavailable there is failover to the other active centre.</p> <p>Core e-mail, collaboration and communications have been moved to a hosted cloud service.</p>
5	Key staff turnover	<p>Failure to achieve strategic objectives as a result of significant management churn, loss of business critical staff and inability to attract and retain top talent.</p> <p>Potential Impact Loss of key customer specific knowledge and relationships, leading to a failure to deliver on customer expectations.</p> <p>Loss of productivity due to recruiting, integrating and training new employees, as well as, damage to market reputation.</p> <p>Mitigation Significant focus on the identification, engagement and retention of critical talent through the top talent review process.</p> <p>Monthly voluntary turnover data produced and reviewed at Business Unit and Board level.</p>
6	Cyber attacks	<p>As a global complex organisation, there is a risk that the Group falls victim to increasingly sophisticated cyber-attacks aimed at causing disruption to our information assets by circumventing confidentiality, integrity or availability controls.</p> <p>Potential Impact Significant business disruption, data theft, regulatory non-compliance, reputational damage and financial loss through theft, regulatory/legislative fines or inability to operate the business normally.</p> <p>Mitigation V.Group operates a number of perimeter defence technologies to enhance the Group's security and defence.</p> <p>A 24/7/365 third party managed cyber threat, detect and response service is in place and integrated with the Group's Information Security Incident Management Processes. This covers response, identification, containment and recovery.</p> <p>Cyber incident drills are regularly conducted and the Group's systems are externally tested.</p> <p>Regular training of cyber and technology threats for staff and vessels is conducted to ensure a high level of employee awareness is maintained.</p>

Group Strategic Report for the year ended 31 December 2022 (continued)

Risk management (continued)

Strategic Risk		
1	Economic risk specific to inflation	<p>An inflationary economic environment can lead to an increase in cost to service and overheads, notably as a rise in people costs.</p> <p>Potential Impact Increase in costs will lead to lower profitability, absent any mitigating action.</p> <p>Mitigation In response to the risk the Group has ensured that:</p> <ul style="list-style-type: none"> – Appropriate price increases are passed to customers through fixed fee budget negotiations, or individual project pricing – Ongoing operating model initiatives are driving productivity improvements that more than offset the inflationary impact on the underlying costs
2	Lack of organic growth	<p>Lack of organic growth could arise from a variety of areas including but not limited to low quality service offering, pricing out of market, lack of qualified specialists and ineffective customer engagement.</p> <p>Potential Impact Loss of existing customers growth, not attracting new customers and loss of business leading to loss of revenue and profitability across the Group.</p> <p>Mitigation V. (i) continually engages with its customers, (ii) has implemented a key management program whereby customer satisfaction surveys are performed and results monitored and (iii) developed objectives to increase service offerings to customers through strategic partnerships</p>
Compliance and legal risk		
1	General Compliance & legal	<p>Risk that V. are not compliant with relevant obligations, laws and regulations which apply to the area in which the Group operates in. These include:</p> <ul style="list-style-type: none"> – Environmental (1) – Group policies, laws and regulations (2) <p>Potential Impact Damage to the Group's reputation leading to loss of customers, significant potential fines and possible civil or criminal liability for the Group and its management.</p>
2	Environmental non-compliance	<p>Mitigation The Group is proactive in monitoring all changes in the industry and has an established programme for developing appropriate training of staff.</p> <p>Environmental inspections are conducted internally at least twice per year per vessel to ensure compliance with Group policies, processes, guidelines and procedures, regulatory requirements and industry standards.</p> <p>External Audits carried out by regulatory bodies and key tanker customers.</p>
3	Non-compliance with Group policies, laws & regulations	<p>Mitigation The Group monitors changes in relevant laws and regulations (including sanctions) and has a comprehensive framework of policies and training in place that set out the ways colleagues and suppliers are expected to conduct themselves.</p> <p>V. operates a speak-up process that allows anonymous reporting, through an independent hotline, of any suspected wrongdoing or unethical behaviour, including reporting instances of non-compliance laws and regulations. All reported cases are investigated.</p>

Group Strategic Report for the year ended 31 December 2022 (continued)

Risk management (continued)

Financial risk	
1	<p>Liquidity</p> <p>The Group may not have access to sufficient funds.</p> <p>Potential Impact Insufficient liquidity could: hinder the growth of the business due to being unable to invest in commercial and M&A opportunities and/or, impact the Group's ability to service its debt obligations and daily operational needs as and when they fall due.</p> <p>Mitigation Processes and controls in place to deliver high levels of cash conversion and to ensure efficient use of funds held within the Group. Continual monitoring and forecasting of cash sources and uses, identify potential future needs with sufficient time to source funding and/or restructure the Group's capital if necessary.</p> <p>Sale of non-core assets of the Group's business.</p> <p>Regular dialogue with lenders and shareholders to ensure that appropriate mitigating actions are agreed should the need arise.</p>
2	<p>Credit</p> <p>The Group's customers may not be able to pay when required to or not at all. The Group has no material concentration of credit risk with any one customer.</p> <p>Potential Impact Reduction of future cash flows and profitability.</p> <p>Mitigation The Group (i) completes credit checks on new customers, (ii) has credit and processing capacities in place to support credit card transactions where customers are not given credit, (iii) mostly bills monthly for ship management and crewing services where customers pay in advance (iv) actively monitors outstanding debtors.</p>
3	<p>Interest rate</p> <p>The Group borrowings incur a variable interest rates which are subject to change.</p> <p>Potential Impact Interest costs could be materially different than forecast, affecting the Group's profitability and net cash flow.</p> <p>Mitigation The Group has a policy to convert 50% - 90% of the underlying exposure on secured loans to a fixed rate using interest rate swaps for a term up to 24 months. The application of this policy is at the discretion of the Chief Financial Officer following alignment with the Board, noting that in certain circumstances it may not be prudent to enter into interest rate swaps.</p>

Group Strategic Report for the year ended 31 December 2022 (continued)

Risk management (continued)

Financial risk (continued)		
4	Foreign exchange	<p>The Group's revenue is primarily generated in USD. Costs are primarily denominated in local currency. The Group is subject to foreign exchange risks associated with the translation of the underlying net assets and earning of its foreign subsidiaries.</p> <p>Potential Impact Fluctuation in exchange rates can adversely affect cash flows and profitability.</p> <p>Mitigation Currency exposures are managed (i) by maximising potential for natural hedges (ii) passing on currency risks to customers where possible and (iii) by using financial instruments as permitted by the Group's hedging policy to hedge the risk.</p>
5	Management override (operational and financial)	<p>Fraud can occur as a result of override of systems and controls.</p> <p>Potential Impact This could result in the misappropriation of the Group's assets, reputational damage or loss of business leading to loss of revenue and profitability across the Group.</p> <p>Mitigation The Group (i) has embedded the internal control function and is expanding internal audit capacity (ii) has implemented Group policies, procedures and guidelines, (iii) has implemented standards and practices for detecting, reporting and preventing fraud, (iv) performs an annual comprehensive fraud risk assessment (v) has designed and implemented anti-fraud controls to prevent and detect identified fraud risks (vi) operates a speak up process that allows anonymous reporting through an independent hotline of any suspected wrongdoing with all reported cases investigated and (vii) conducts compliance and ethics training.</p> <p>During the year management identified two separate instances of fraud. Refer to page 9 for further details.</p>

Group Strategic Report for the year ended 31 December 2022 (continued)

Corporate Governance

Good governance is essential to the successful delivery of our strategy and the way our business operates on a day-to-day basis. V. is committed to maintaining the highest standards across the Group and its subsidiaries for the benefit of all our stakeholders. V.'s Corporate Governance Policy is a combination of both the Wates Principles for Large Private Companies and our own pre-existing governance frameworks which governance principles for the Board and its subsidiary boards.

The Board of Directors have ultimate responsibility for the management, direction, culture, performance and long-term success of our business as a whole. Supporting the Board of Directors, our Executive Management team develop and deliver the strategy and objectives set by the Chairman and Board.

Both the Board of Directors and Executive Management team are supported by working departments within the Group all around the world. These teams keep our strategies, operations and values in place and meet performance expectations on a day to day basis.

Throughout the year ended 31 December 2022, the Group has complied with the following Corporate Governance Principles:

Board Leadership and Company Purpose

The role of the Board is to promote the long-term sustainable success of the Group, generating value for all stakeholders and contributing to wider society. The Board should establish the Group's purpose, direction, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture. The Board should ensure that the necessary resources are in place for the Group to meet its objectives and measure performance against them.

The Board should also establish a framework of prudent and effective controls, that enable risk to be assessed and managed. In order for the Group to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties. The Board should ensure that workforce policies and practices are consistent with the Group's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Board Composition

As at 31 December 2022, the Board is comprised of two Executive Directors and six Non-Executive Directors. The Board and its committees should have a combination of skills, experience and knowledge.

Whilst, as a unitary Board, the Executive and Non-Executive Directors are collectively responsible for the success of the Group and have fiduciary duties to shareholders, their roles are strictly delineated. The roles of the Chairman and Chief Executive are separate and distinct, and the division of their responsibilities is defined below.

Director Responsibilities

Chairman

Responsible for leading the Board, creating conditions for overall Board and individual director effectiveness, promoting constructive debate and for:

- Ensuring a robust decision-making process is in place based on all appropriate information being provided to the Board in a timely manner and ensuring clear decisions are made, communicated and effected.
- Promoting a culture of openness and debate.
- Setting the Board agenda, focusing on strategic matters and giving adequate time to other key issues.
- Managing the Board to allow enough time for discussion for complex and contentious issues.
- Ensuring the Board committees are properly structured.
- Ensuring appropriate delegation of authority from the Board to the Executive Management.
- Appropriate oversight of business performance.
- Ensuring the Board discharges its responsibilities with respect to risk management and governance generally.

Group Strategic Report for the year ended 31 December 2022 (continued)

Corporate governance (continued)

Director Responsibilities (continued)

Chief Executive Officer

Primarily responsible for the running of the Group and for executing strategy in line with the risk appetite defined by the Board and Company values. The Chief Executive is responsible for:

- Communicating to the Board their views on business issues to improve the standard of Board discussion and prior to final decision of an issue, explaining in a balanced way, any divergence of views in the executive management team.
- Driving the strategy formulation process and definition of the Group's objectives, to enable an effective and evidence based approach and to ensure that the Board is well informed about all aspects of the business and its operations that bear on its strategy.
- Driving the execution of the strategy.
- Managing the Groups risk profile in accordance with the risk appetite as defined by the Board.
- Ensuring implementation of Board actions.
- Delivering high-quality information to the Board to enable it to monitor the performance of the whole business including the management of risk, and to make critical decisions.

Non-Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. The Board, supported by the secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Opportunity and Risk

It is the responsibility of the Board as a whole to establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself as to the integrity of financial and narrative statements. The Board should present a fair, balanced and understandable assessment of the Group's position and prospects. It is the responsibility of the Board to establish procedures to manage risk, oversee the internal control framework and to determine the nature and extent of the principal risks the Group is willing to take in order to achieve its strategic objectives.

Remuneration

As part of the governance structure of the Group, the Remuneration Committee of the Board approves the Group policy for all employee compensation and benefit matters, and meets regularly to review and discuss. The Remuneration Committee receives regular updates on senior management appointments, providing oversight and approval of any remuneration changes and awards to members of the Executive Management Team.

Stakeholder relationships and engagement

The Group encourages two-way communication with its stakeholders and responds promptly to all enquiries received. Periodic updates on business performance are provided to employee shareholders by designated representatives of the Board. The Chairman is always available to the Group's stakeholders if they have any issues they wish to discuss.

Group Strategic Report for the year ended 31 December 2022 (continued)

Business review for year ended 31 December 2022

2022 financial results

2022 revenue has increased from 2021 to \$657.8m (2021: \$601.6m), driven by strong volumes across most service lines within Marine Services, reactivation of cruise and leisure sector, and improvement in vessel mix in our managed fleet. The increase in revenue was also reflective of the continued recovery from Covid-19, as well as, better coordinated go-to market strategy across all our service offerings.

EBITDA before separately disclosed items increased in 2022 to \$90.6m (2021: \$65.9m), as a result of improved margins and increased volumes that drove revenue improvement. The improved margins were largely driven by cost savings realised from our business transformation programme targeted at fleet cell and crewing operations optimisation, as well as, overhead improvements. In addition the strength of the US dollar also had a positive impact on our EBITDA margin. Further information on this non-IFRS performance measure and reconciliation to the profit/(loss) for the year is included in notes 2 and 3.

The loss before taxation for the year was \$28.5m (2021: profit of \$87.7m), including the loss on debt modification of \$42.0m and fair value gain arising on derivatives of \$20.0m (gain in foreign exchange derivatives \$4.8m and gain in interest rate swaps \$15.1m). The profit before tax for the prior year includes a gain on debt extinguishment of \$101.9m.

Key business volume measures

- Vessels under full technical management at the year-end were 569 (2021: 578);
- Crew managed vessels were 376 (2021: 365);
- Crew supply vessels were 446 (2021: 501); and
- Seafarer positions on board were 26,334 (2021: 25,242).

Separately disclosed items

Separately disclosed items represent income and expense items which, due to their nature and size, have a significant impact on the financial results of the business and should be individually considered when assessing the performance of the business and comparing results to prior or future periods. In 2022 separately disclosed items include:

- Significant costs incurred on business transformation programmes including staff, consultancy, redundancy and office closure costs;
- Acquisition and integration costs of successful acquisitions;
- Transaction cost of prospective or unsuccessful acquisitions;
- Amortisation of intangible assets recognised on acquisition;
- Fair value gains and losses on financial instruments;
- Gains and losses on debt modification or extinguishment;
- Gains and losses on disposal of subsidiaries;
- Significant legal costs arising from claims outside the normal course of business; and
- Related tax effects on the above, that do not form part of the underlying tax rate.

An analysis of the separately disclosed items is provided in note 3.

Net finance expenses / income

The Group recorded net finance expense of \$68.6m (2021: \$68.1m income) driven by the accounting loss on debt modification of \$42.0m recognised on refinancing the Group's debt facilities, as well as bank interest expense of \$37.8m (2021: \$40.2m). Net finance expense also included the unrealised marked-to-market gain on interest rate swap notes of \$15.1m (2021: loss of \$12.0m). The note below and note 10 provide further details on the debt refinancing and movement in net finance expense / income.

Fair value of derivatives

As laid out in note 25 the Group hedges its exposure to movements in foreign exchange rates by purchasing forward currency derivatives. During 2022 the fair value of the forward exchange derivatives improved by \$4.8m (recognised within separately disclosed items) and at 31 December 2022 had a fair value asset of \$1.4m (2021: liability of \$3.4m).

Group Strategic Report for year ended 31 December 2022 (continued)

Business review for year ended 31 December 2022 (continued)

Fair value of derivatives (continued)

The Group holds interest rate swaps that were in an asset position at 31 December 2022 of \$1.9m (2021: liability \$13.1m), a fair value gain of \$15.1m (2021: loss of \$12.0m) has been recognised within separately disclosed items. Further information on financial instruments are detailed in note 25.

Taxation

Tax charge after separately disclosed items was \$2.2m (2021: \$16.3m), with taxation impact on separately disclosed items being \$6.1m (2021: \$11.2m). The weighted average standard corporate tax rate is dependent on the different territories in which the Group operates, and calculated by adjusting for net finance and other costs where tax relief is not available. In 2022 the weighted average rate for pre-tax profit on continuing activities is 30% (2021: 21%). Refer to note 11 for further details.

Statement of financial position

Net assets as at 31 December 2022 were \$48.1m (2021: \$82.4m). This decrease in net assets was primarily due to a loss of \$30.7m (2021: profit \$71.4m) and other comprehensive loss of \$3.4m (2021: income \$2.4m). The increase in the carrying amount of borrowings to \$610.0m (2021: \$580.0m), was due to the recalculation of the amortised cost of the liability on refinancing, resulting in the loss on debt modification. Net debt¹ at year end was \$569.2m (2021: \$546.4m). Further details on this transaction are noted below.

Trade and other receivables has increased to \$147.5m (2021: \$128.6m) driven by higher revenues and accrued income in the year. Similarly trade and other payables has increased to \$237.2m (2021: \$207.1m) driven by increased business activity and increase in cash held on behalf of clients. Cash and cash equivalents at 31 December 2022 was \$111.5m (2021: \$93.5m) including unrestricted cash balances of \$40.0m (2021: \$32.6m) which together with undrawn revolving credit facilities of \$50.0m (2021: \$50.0m) mean we significantly exceed the \$25.0m minimum liquidity covenant.

Statement of cash flows

Net cash inflow in the year was \$19.1m (2021: \$6.6m), which was primarily driven by strong operating cash flows of \$37.7m (2021: \$16.6m) and increase in client accounts of \$10.8m (2021: \$3.6m), offset by debt arrangement fees incurred on the refinancing of \$12.1m (2021: \$0.4m). Higher operating cash flows were driven by higher EBITDA and partially offset by a decrease in working capital of \$8.4m (2021: \$5.3m) attributed to the increase in trade and other receivables. Cash outflows relating to separately disclosed items in the year totalled \$6.4m (2021: \$6.7m).

Debt refinancing

On 18 November 2022, the Group completed the refinancing of its debt facilities which has resulted in the extension of maturity dates, amendments to interest rate margins, transition to SOFR and increase of the RCF liquidity covenant from \$20.0m to \$25.0m.

The refinancing of the Group's debt included the:

- Extension of the maturity dates of the Revolving Credit Facility ('RCF') and Acquisition Credit Facility ('ACF') from December 2023 to June 2025;
- Extension of the maturity dates of the Term Loan B and Term Loan C-1 from March 2024 to September 2025;
- Increase in interest rate on Term Loan B, Term Loan C-1 and C-2 from 3.0%+LIBOR to 6.0%+SOFR and on ACF from 4.0%+LIBOR to 6.0%+SOFR;
- Ability to PIK up to 100% interest for Term Loan C-1 and C-2 for the 12 month period following refinancing, and thereafter 50% for the remaining term of the loan. The PIK option is still at the Group's discretion.

¹ Net debt is calculated by deducting group and restricted cash balances (note 18) from total borrowings (note 20)

Group Strategic Report for year ended 31 December 2022 (continued)

Business review for year ended 31 December 2022 (continued)

Ukraine conflict and humanitarian crisis

The Group has limited operations within Ukraine and Russia with their primary purpose being to recruit and mobilise local seafarers. Transactions at these locations are primarily comprised of office overheads, agents fees and onshore wages.

Throughout 2022 the conflict impacted the mobilisation of Ukrainian and Russian crew given travel restrictions, national services requirements and difficulties changing crew. To manage the the risk the Group took a number of actions including: seafarer contract extensions, increasing recruitment capability in other global hubs and securing alternative nationalities of seafarers. As a result of no significant impacts were noted to the Group's operations as a result of crew supply.

V. has minimal exposure to customers from these two countries, having only one Russian and no Ukrainian vessels under management.

To identify and monitor the impacts of the conflict in Ukraine on the Group, a crisis management team was established including individuals from operations, finance, legal, risk, insurance and marketing. The key risks identified by the crisis management team included the safety of our people, crew availability, damage to vessels/war risk, increased cyber-attacks, compliance with Russian sanctions and ability to pay Russian seafarers given sanctioned banks.

The imposition of recent US, UK and EU sanctions increased the Group's transactional risk. As noted above this risk was largely around payments to Russian seafarers and local suppliers in Russia. To mitigate the risk, clear communications were made by the Group to all of its employees, a sanctions intranet page was set up to provide guidance, and the Group's due diligence procedures were reviewed. Targeted communications were also been made to higher risk locations. The Group have also continually monitored the impact of sanctions on vessel operations including part calls, cargo and ship-to-ship transfers.

To minimise the impact of sanctions on the Group's ability to pay seafarers V. partnered with a provider of digital eWallets, allowing the Group to facilitate payment directly to seafarers via a cloud finance approach. It is then the seafarers' responsibility to transfer their wages received on their personal eWallet to non-sanctioned banks or disburse their funds via a card issued on Visa.

The impact has also been considered by Directors in the going concern section on page 21.

Group Strategic Report for year ended 31 December 2022 (continued)

Going concern

At 31 December 2022, the Group held cash balances of \$40.0m and undrawn revolving credit facilities of \$50.0m which were available for general corporate purposes, working capital and capital expenditure.

The Group had net assets of \$48.1m (2021: net assets of \$82.4m), net current assets of \$20.0m (2021: net current assets of \$0.1m) and net debt of \$569.2m (2021: \$546.4m).

During the year, the Group strengthened its financial position by amending and extending its existing debt facilities to 30 June and 30 September 2025 (see note 20). The financial performance of the Group was strong for the year ended 31 December 2022, with operating profit after separately disclosed items of \$40.1m (2021: \$19.5m) and positive net cash flow of \$19.1m (2021: \$6.6m).

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 31 December 2022, the Directors have considered cash flow forecast scenarios that represent plausible downside to the business and global economy.

The forecasts demonstrate that the Group has sufficient cash and undrawn credit facilities to enable it to meet its liquidity based covenant and obligations as they fall due, for a period of not less than twelve months from the date of these Financial Statements. Under the base case scenario, the Group has headroom versus its minimum liquidity covenant of \$25.0m over the going concern period. Consequently, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these consolidated Financial Statements.

Approved by the Board of Directors and signed on behalf of the Board on 28 April 2023.



René Kofod-Olsen
Director

Directors' report for the year ended 31 December 2022

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022 for AI Mistral TopCo Limited and its subsidiaries ("the Group").

Directors

The Directors who held office throughout the year and until the date of this report are given on page 1.

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of this report.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employment Policies and Engagement

The Group is committed to being a responsible business and employer. Our people are at the very core of the value we create for our customers. For our business to succeed our leadership teams are expected to engage colleagues, manage our people's performance and develop and nurture talent while ensuring we operate as safely and efficiently as possible.

We also must ensure that the five values of We Care, We Collaborate, We Challenge, We are Consistent and We Commit & Deliver are adhered to and continue to guide our behaviour and the decisions we make as a Board.

During the year, the Board continued to receive monthly updates on business performance including a monthly people update. As part of the schedule of regular Board Meetings a range of senior leaders have the opportunity to update the Board with respect to people related matters. The Board received regular updates on key people related metrics including employee labour turnover, hiring activities, rewards and recognition related activities, diversity and inclusion, colleague engagement activities and other relevant matters.

Directors' report for the year ended 31 December 2022 (continued)

Employment Policies and Engagement (continued)

From an oversight perspective the Board encourages regular communication with all colleagues globally. There are several mechanisms that exist in support of this, with the Chief Executive Officer and Group Executive Team hosting regular meetings with senior managers and leaders, the output from which is then cascaded across the Group. Further, regular all employee communication sessions are held and led by senior management where key Group information is shared and employees are encouraged to ask questions and submit suggestions.

In the course of the year, the Group has undertaken a number of employee culture and safety surveys, with established committees being provided with relevant feedback on the Company's progress. A Group intranet channel is also in place and is regularly updated with relevant information and engagement activities. There is a network of 'Ambassadors' across the Group with a two-way feedback mechanism in place to share ideas and information.

As part of our focus on engaging and developing our talent, the Group has completed several major training and development initiatives with a focus on operational and service delivery. Focusing on our offshore colleagues, Senior Officer and Fleet Manager development programs were delivered in 2022 and we continued to support our talent pipeline with our Global Graduate Development program. These initiatives were based on a review with the Board of our strategic agenda and operating model and the recognition of the importance of investment in these groups in support of driving flawless service delivery.

Diversity and inclusion is always a consideration in our pursuit of attracting and retaining top talent. Our Diversity and Inclusion Group Policy guides organisational behaviours and emphasises the Group's commitment to an open and equitable culture. We have employees in over 30 countries, having more than 65 nationalities represented in our workforce. This diversity within our workforce is a competitive strength as a truly global service provider. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of colleagues becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should be, as far as possible, identical to that of other employees.

Community and the Environment

As leaders in our industry, the Group's environmental commitment is to adopt and promote industry standards and best practices, with an ambition to be the leader in environmental and energy management, both at sea and ashore.

V. is strongly committed to economic, environmental and social responsibility. The protection and preservation of the natural environment and its resources, and especially the conservation of our oceans, are key priorities. In addition to the Getting to Zero Coalition, V. are strategic partners with the Mærsk McKinney Møller Center for Zero Carbon Shipping which positions the Group at the forefront of a zero-carbon maritime future, in line with our ESG strategy.

The Group continues to drive the adoption of energy efficient measures to reduce its carbon footprint and adapt to climate change, supporting our clients to do the same. In terms of minimising our negative impact to the environment, the Group have sought to make a number of changes to the way we work, including a reduction in travel and investment in energy efficiency.

We continue to strive to reduce our overall plastic consumption and have successfully decreased plastic use by 7% in 2022. To achieve our internal targets, we intend to continue promoting the use of alternative drinking water sources to reduce dependency on plastic bottles, adopting the Single Use Plastics policy proposed by UK Chamber of Shipping, and promoting the use of alternative packaging throughout our supply chain.

We continue to enhance our ability to collect and disclose accurate and meaningful data through ShipSure. Not only will this give our stakeholders confidence in our reporting, but also improves decision making based on data driven insights. To this end we have taken the step to have our current greenhouse gas emission metrics verified by a third-party consultancy and also commissioned a study on how we define, consider, collect material Scope 3 emissions. In 2023, V. will continue its efforts to optimise both transparency and accountability in our operations to promote fairness, equality and inclusion in our own operations and across the industry.

We separately report on our direct emissions from V.'s controlled and owned sources in the UK, relating to the combustion of gas, consumption of fuel for the purposes of transport and purchase of electricity (including for the purposes of transport).

Directors' report for the year ended 31 December 2022 (continued)

Community and the Environment (continued)

This ensures our compliance to Part 7 of the Companies Act 2006 (Strategic Report and Directors Report) regulation 2018 that requires certain disclosures on greenhouse gas emissions. All emissions are deemed Scope 2 and calculated in line with Energy Saving Opportunity Scheme – ESOS.

	2022	2021
Total CO2 equivalent generated (tonnes)	515.3	461.9
Total Electricity consumes (MWh)	418.8	985.5
Total employees ¹	277	283
Total kg CO2 generated per employee	1,860	1,632
Total KWh per employee	2,209	1,926

¹ Total number of UK based employees.

The increase in CO2 generated is due to recent UK government directive to include CO2 emissions for those colleagues working from home.

Auditor

In accordance with section 386 of the Companies Act 2006 a resolution to dispense with the obligation to appoint an auditor annually has been passed. Accordingly, Deloitte LLP will continue in office as auditor, having expressed their willingness to do so.

Each of the persons who is a Director at the date of the approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken steps as directors to make themselves aware of any relevant audit information and establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Company information

The Company is a private company limited by shares and registered in England and Wales (No. 10502763) and its Registered Office is located at 1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA.

Information incorporated by reference

The information that fulfils this requirement and which is incorporated by reference into, and forms part of, this report is included in the following sections of the Annual Report:

- The Section 172(1) Statement
- The Corporate Governance section within the Group Strategic Report
- Future developments of the Group: likely future developments in the business are included in the strategy and objectives within the Group Strategic Report.
- Financial instruments: the information about use of financial instruments by the Group and its subsidiaries is given in note 26 to the financial statements
- Details of events occurring after the balance sheet date form part of this report and are discussed in note 35.

Dividends

The Directors do not recommend the payment of a dividend in the current year or prior year.

This Directors' report was approved by the Board of Directors and signed on behalf of the Board on 28 April 2023 by:



René Kofod-Olsen
Director

Independent auditor's report to the members of AI Mistral TopCo Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of AI Mistral TopCo Limited (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent Company statement of financial position;
- the consolidated and parent Company statements of changes in equity;
- the consolidated Company cash flow statement;
- the related consolidated notes 1 to 36, parent Company notes 1 to 4; and
- Appendix 1.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of AI Mistral TopCo Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the Board of Directors about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act 2006, International Financial Reporting Standards, Health and Safety regulations, Employment Law and associated regulations, the UK Anti Bribery and Corruption Act 2010, the Pensions Act 2004 and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

Independent auditor's report to the members of AI Mistral TopCo Limited (continued)

We discussed amongst the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, financial instruments and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud or potential management bias might occur in the financial statements.

Frauds identified by management during the year

During the year, the Group identified two separate instances of fraud involving employees misappropriating assets. Refer to the 'Frauds identified by management during the year' section of the Strategic Report on page 9 for further details.

In response, we performed the following audit procedures:

- meeting with management, including the head of internal control, to assess the scope of their investigation and their risk assessment;
- evaluating the results of management's investigation; and
- testing, on a sample basis, the accuracy and completeness of the amounts identified as arising from the frauds.

Significant risks of fraud

We also identified the risk of fraud in the following areas:

- Revenue recognition – Marcas International Limited;
- Valuation of goodwill and other intangible assets; and
- Management override of controls.

Revenue recognition – Marcas International Limited

This risk is driven by the accuracy and completeness of unbilled rebates, due to the judgement required in assessing the level of accrued income on contracts at year-end. Our audit procedures included testing the accuracy of unbilled rebate balances by agreeing amounts to supporting documentation on a sample basis.

Valuation of goodwill and other intangible assets

The valuation risk is driven by the accuracy of key assumptions reflected within the Directors' impairment model. Our audit procedures included assessing model accuracy and challenging key assumptions, especially the vessel growth assumption in the Ship Management CGU grouping.

Management override of controls

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of AI Mistral TopCo Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

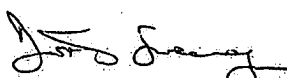
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Sweeney CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
28 April 2023

Consolidated Income Statement

For the year ended 31 December 2022

		Before separately disclosed items	Separately disclosed items	Year ended 31 December 2022	Before separately disclosed items	Separately disclosed items	Year ended 31 December 2021
Note		USD m	USD m	USD m	USD m	USD m	USD m
	Service income	653.0	—	653.0	597.6	—	597.6
	Expenses recovered	4.8	—	4.8	4.0	—	4.0
	Revenue	657.8	—	657.8	601.6	—	601.6
4	Cost of sales	(458.5)	—	(458.5)	(429.2)	—	(429.2)
	Gross Profit	199.3	—	199.3	172.4	—	172.4
3,5	Administrative expenses	(124.0)	(35.3)	(159.3)	(123.1)	(29.9)	(153.0)
15	Share of results of associates	—	—	—	(0.1)	—	(0.1)
34	Other income	0.1	—	0.1	0.3	—	0.3
	Operating profit/(loss)	75.4	(35.3)	40.1	49.5	(29.9)	19.6
3,10	Net finance (expenses)/income	(41.7)	(26.9)	(68.6)	(45.8)	113.9	68.1
	Profit/(loss) before tax	33.7	(62.2)	(28.5)	3.7	84.0	87.7
3,11	Tax charge	(8.3)	6.1	(2.2)	(5.1)	(11.2)	(16.3)
	Profit/(loss) for the year	25.4	(56.1)	(30.7)	(1.4)	72.8	71.4
Attributable to:							
	Owners of the parent	24.9	(56.1)	(31.2)	(1.3)	72.8	71.5
	Non-controlling interests	0.5	—	0.5	(0.1)	—	(0.1)
		25.4	(56.1)	(30.7)	(1.4)	72.8	71.4

The accompanying notes on pages 34 to 89 form an integral part of these financial statements.

All results are derived from continuing operations.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 USD m	Year ended 31 December 2021 USD m
(Loss)/Profit for the year		(30.7)	71.4
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to income statement			
Remeasurement of net retirement benefit obligations	27	0.4	3.5
Deferred tax charge on remeasurement of net retirement benefit obligations	11	(0.1)	(0.5)
		0.3	3.0
Items that may be reclassified subsequently to profit and loss			
Exchange loss arising on translation of overseas operations		(3.8)	(0.6)
		(3.8)	(0.6)
Items that won't be reclassified subsequently to profit and loss			
Revaluation gain of equity instruments - FVOCI		0.1	—
		0.1	—
Other comprehensive (loss)/income		(3.4)	2.4
Total comprehensive (loss)/income for the year		(34.1)	73.8
Attributable to:			
Owners of the company		(34.6)	74.1
Non-controlling interests		0.5	(0.3)
		(34.1)	73.8

The accompanying notes on pages 34 to 89 form an integral part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2022

	Note	31 December 2022 USD m	31 December 2021 USD m
Non-current assets			
Goodwill	12	265.1	265.0
Other intangible assets	12	427.3	461.8
Property, plant and equipment	13	8.7	8.0
Right-of-use assets	14	12.0	15.9
Interests in associates	15	0.2	0.2
Related party loans	17,28	13.0	13.0
Investments		1.4	1.2
Derivative financial instruments	17,25	—	0.1
Deferred tax asset	22	1.0	1.1
Other non-current assets	17	0.5	0.5
Total non-current assets		729.2	766.8
Current assets			
Inventories	16	16.9	15.6
Trade and other receivables	17	147.5	128.6
Cash and bank balances	18	111.5	93.5
Current tax asset	17	0.2	0.2
Derivative financial instruments	17,25	4.2	4.7
Contingent consideration receivable	17,25	—	4.1
Total current assets		280.3	246.7
Total assets		1,009.5	1,013.5
Equity			
Share capital	23	137.7	137.7
Share premium	23	559.9	559.9
Translation reserve		(12.0)	(8.2)
Retained earnings		(638.6)	(607.5)
Shareholders equity		47.0	81.9
Non-controlling interests		1.1	0.5
Total equity		48.1	82.4
Non-current liabilities			
Borrowings - term loans	19,20	598.0	577.2
Lease liabilities	19,21	6.7	10.3
Provisions	19,33	1.0	—
Deferred tax liabilities	19,22	89.8	89.2
Retirement benefit obligation	19,27	3.4	4.4
Derivative financial instruments	19,25	—	2.3
Contingent consideration payable	19,25	2.2	1.1
Total non current liabilities		701.1	684.5
Current liabilities			
Borrowings - term loans	19,20	12.0	2.8
Trade and other payables	19	237.2	207.1
Lease liabilities	19,21	5.8	7.5
Current tax liabilities	19	4.1	4.4
Deferred tax liabilities	19,22	—	5.8
Derivative financial instruments	19,25	0.9	19.0
Provisions	33	0.3	—
Total current liabilities		260.3	246.6
Total liabilities		961.4	931.1
Total equity and liabilities		1,009.5	1,013.5

The accompanying notes on pages 34 to 89 form an integral part of these financial statements. The financial statements of AI Mistral TopCo Limited, registered number 10502763, were approved and authorised for issue by the Board of Directors and signed on behalf of the Board on 28 April 2023.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share capital	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		USD m	USD m	USD m	USD m	USD m	USD m	USD m
Balance at 1 January 2021		137.7	509.9	(7.7)	(682.1)	(42.2)	1.1	(41.1)
Profit/(loss) for the year		—	—	—	71.5	71.5	(0.1)	71.4
Other comprehensive (loss)/income		—	—	(0.5)	3.1	2.6	(0.2)	2.4
Total comprehensive (loss)/income		—	—	(0.5)	74.6	74.1	(0.3)	73.8
Issue of share capital	23	—	50.0	—	—	50.0	—	50.0
Dividends paid to non-controlling interest		—	—	—	—	—	(0.3)	(0.3)
Balance at 31 December 2021 and 1 January 2022		137.7	559.9	(8.2)	(607.5)	81.9	0.5	82.4
(Loss)/profit for the year		—	—	—	(31.2)	(31.2)	0.5	(30.7)
Other comprehensive (loss)/income		—	—	(3.8)	0.4	(3.4)	—	(3.4)
Total comprehensive (loss)/income		—	—	(3.8)	(30.8)	(34.6)	0.5	(34.1)
Acquisition of non-controlling interest		—	—	—	(0.3)	(0.3)	0.2	(0.1)
Dividends paid to non-controlling interest		—	—	—	—	—	(0.1)	(0.1)
Balance at 31 December 2022		137.7	559.9	(12.0)	(638.6)	47.0	1.1	48.1

The accompanying notes from pages 34 to 89 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note	Year Ended 31 December 2022 USD m	Year Ended 31 December 2021 USD m
Net cash inflow from operating activities on continuing operations	30	37.7	16.6
Cash inflow from operating activities		37.7	16.6
Investing activities			
Purchase of property, plant and equipment	13	(4.0)	(2.2)
Purchase of intangible assets	12	(3.8)	(2.7)
Proceeds on disposal of property, plant and equipment		0.1	0.9
Proceeds on disposal of intangible assets		0.3	—
Proceeds on disposal of other investments		—	0.1
Dividends paid to non-controlling interests		(0.1)	(0.3)
Purchase of other investments		(0.1)	(0.2)
Net cash used in investing activities		(7.6)	(4.4)
Financing activities			
Proceeds on issue of shares		—	50.0
Principal repayment on term loans		(5.1)	(5.1)
Repayment of the lease liabilities – Principal		(7.6)	(9.4)
Repayment of the lease liabilities – Interest		(1.1)	(1.6)
Draw down on revolving credit facilities		—	30.0
Repayment of revolving credit facilities		—	(50.0)
Debt arrangement fees		(12.1)	(0.4)
Debt extinguishment fees		—	(2.7)
Payment of deferred consideration		—	(20.0)
Receipt of contingent consideration		4.1	—
Increase in client accounts		10.8	3.6
Net cash used in financing activities		(11.0)	(5.6)
Net increase in cash and cash equivalents		19.1	6.6
Cash and cash equivalents at the beginning of the year		93.5	87.4
Effect of foreign exchange rate changes		(1.1)	(0.5)
Cash and cash equivalents at the end of the year		111.5	93.5
Cash and bank balances	18	111.5	93.5

The accompanying notes on pages 34 to 89 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2022

1 Accounting Policies

The principal accounting policies of the Group are set out below:

a) Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the IASB.

The Group's consolidated financial statements are presented in US dollar ("USD"), as it most reliably reflects the Group's global business performance with all values are rounded to the nearest \$0.1m except where otherwise indicated. These financial statements have been prepared on the historical cost basis modified to include certain financial instruments that are measured at fair value.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that reflect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Judgements made by directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in future periods are discussed in Note 2 'Significant accounting judgements and estimates'.

Going concern basis:

At 31 December 2022, the Group held cash balances of \$40.0m and undrawn revolving credit facilities of \$50.0m which were available for general corporate purposes, working capital and capital expenditure

The Group had net assets of \$48.1m (2021: net assets of \$82.4m), net current assets of \$20.0m (2021: net current assets of \$0.1m) and net debt¹ of \$569.2m (2021: \$546.4m).

During the year, the Group strengthened its financial position by amending and extending its existing debt facilities to 30 June and 30 September 2025 (see note 20). The financial performance of the Group was strong for the year ended 31 December 2022, with operating profit after separately disclosed items of \$40.1m (2021: \$19.5m) and positive net cash flow of \$19.1m (2021: \$6.6m).

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 31 December 2022, the Directors have considered cash flow forecast scenarios that represent plausible downside to the business and global economy.

The forecasts demonstrate that the Group has sufficient cash and undrawn credit facilities to enable it to meet its liquidity based covenant and obligations as they fall due, for a period of not less than twelve months from the date of these Financial Statements. Under the base case scenario, the Group has headroom versus its minimum liquidity covenant of \$25.0m over the going concern period. Consequently, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these condensed Financial Statements. Consequently, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these consolidated Financial Statements.

Basis of consolidation

The consolidated financial statements of AI Mistral TopCo Limited incorporate the financial statements of the Company and the entities which it controls (its subsidiaries), (together the "Group"), and are drawn up to the relevant year end date.

Subsidiary undertakings

Subsidiary undertakings are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary undertakings are included in the consolidated financial statements from the date that control commences until the date that control ceases.

¹ Net debt is calculated by deducting group and restricted cash balances (note 18) from total borrowings (note 20)

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

Acquisition accounting

The acquisition method is used to account for the acquisition of businesses by the Group. The consideration transferred in a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values on the acquisition irrespective of the extent of any non-controlling interest. Where the aggregate of the consideration transferred, the non-controlling interest and fair value of any previously held equity interest in the acquiree exceeds the fair value of the identifiable net assets acquired (including contingent liabilities), the excess is recorded as goodwill. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies into line with the group accounting policies.

Contingent consideration liabilities are initially recognised at their fair values. The fair value of contingent consideration liabilities are reassessed at each subsequent balance sheet date, with any changes in fair value being immediately reflected in the income statement.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into the Group's presentational of currency.

Transactions eliminated on consolidation

Any unrealised gains or losses or income and expenses arising from intra-group transactions eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent there is no evidence of impairment.

Non-controlling interests

Where not all of the equity of a subsidiary is acquired the non-controlling interest is recognised either at fair value or at the non-controlling interest's share of the net assets of the subsidiary on a case by case basis.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position.

b) Foreign currency translation

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and the financial position of each Group company are expressed in USD, which is the presentation currency for the consolidated financial statements.

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the prevailing foreign exchange rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognised in the income statement. Exchange gains/losses on translation of foreign currency transactions are recognised in the income statement within administrative expenses.

Non-monetary assets and liabilities that are measured at historical cost or stated at fair value are translated using the exchange rate at the date of transaction or at the date the fair value was determined.

(ii) Financial statements of non-USD denominated operations

The assets and liabilities of non-USD denominated operations are translated into USD at the prevailing exchange rate at the balance sheet date. The revenue and expenses of non-USD denominated operations are translated into USD at rates approximating the prevailing exchange rate at the dates of the transactions. Foreign currency differences arising on re-translation of non-USD denominated operations are recognised directly in the currency translation reserve within equity.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

e) Revenue recognition

Revenue is recognised to the extent the Group has delivered goods or performed the services under an agreement, an amount of the revenue can be reliably measured and it is probable economic benefits associated with the transaction will flow to the Group. Revenue is measured at the fair value net of the consideration receivable, exclusive of sales taxes, rebates and discounts. The Group recognises all of its revenue by applying the 5 step-model in accordance with IFRS 15.

The Group's customer contracts including its Ship Management contracts, crewing contracts and contracts for other services typically contain a single performance obligation, or bundled services which the Group considers meet the definition of a series of distinct goods and services as they are: (i) substantially the same; and (ii) have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g. daily, monthly or annual services) and therefore the Group treats the series as one performance obligation. Even if the underlying activities performed by the Group to satisfy a promise vary significantly throughout the day and from day to day, that fact, by itself, does not mean the distinct goods or services are not substantially the same. For service contracts with customers in this category, the Group recognises revenue using the input method as it best reflects the nature in which the Group is transferring control of the goods or services to the customer. Revenue from these contracts is recognised on a straight-line basis over the period of the contract.

The Group also delivers a range of goods and services that are transactional services for which revenue is recognised at the point in time when control of the goods or services have transferred to the customer, at the point when the customer obtains control of the goods or services as defined by the customer-specified acceptance criteria within the underlying customer contract.

Principal versus agent

The Group has arrangements with some of its clients whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Group is an agent if its role is to arrange for another entity to provide the goods or services.

Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group is primarily responsible for fulfilling the promise to deliver the service or good. Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent, revenue is recorded at a net amount reflecting the margin earned.

Costs to obtain a contract

The Group rarely incurs incremental costs for obtaining a contract (e.g. legal fees to draft a specific contract) and when it does so the amortisation period of these costs will normally be one year or less, therefore the Group recognises all incremental costs of obtaining a contract as an expense when incurred.

Termination fees

Termination fees under standard ship management contracts are unavoidable and are received from vessel-owners when vessels leave Full Technical Management. The customers' option to terminate is deemed a material right and the Group recognises revenue from termination fees over the expected duration of the contracts.

Contract related assets and liabilities

As a result of the contracts which the Group enters into with its clients, a number of different assets and liabilities are recognised on the Group's balance sheet including accrued and deferred income (to recognise timing differences between revenue being recognised and the service being provided to the customer) and capitalisation of costs to fulfil contracts.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

d) Expenses recovered

Expenses recovered represents overheads incurred by the Group directly related to the delivery of ship and crew management services that are recharged in full directly to third party clients.

e) Operating profit

Operating profit is stated as revenues less cost of sales and administration costs including depreciation and amortisation, but before investment revenues and net finance costs and share of results of associates.

f) Taxation

The income tax expense/credit for the year/period comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent it relates to items recognised in other comprehensive income or directly in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year calculated using tax rates or tax laws substantively enacted by the consolidated statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of the assets and liabilities in the consolidated statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recorded within equity.

g) Goodwill

Goodwill arising on the acquisition of subsidiaries and businesses represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired at the date of the acquisition and is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed at least annually for impairment under the requirements of IAS 36. For the purpose of impairment testing, goodwill is allocated to two cash-generating groupings, Ship Management (V.Ships) and Marine Services (V.Services). The allocation is made to the cash-generating unit grouping that is expected to benefit from the business combination in which the goodwill arose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata basis of the carrying amount of each asset in the unit. The impairment loss is recognised immediately in profit and loss and is not reversed in subsequent periods. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

h) Other intangible assets

Other intangible assets comprise purchased goodwill, representing the excess of the purchase price over the fair values of the identifiable assets and liabilities acquired on the acquisition of businesses, and separately identifiable customer relationships, contract rights, corporate brand names, licences and proprietary software.

Customer relationships, contract rights, corporate brand names, proprietary software and licences are capitalised separately from goodwill as other intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits of the asset will flow to the Group.

Intangible assets are included at cost and are amortised on a straight line basis over their estimated useful lives:

- | | |
|--------------------------|------------------------------------|
| • Customer relationships | 7 - 20 years |
| • Contract rights | 20 years |
| • Brand | 10 - 20 years |
| • Software | Expected life of asset (2-5 years) |

Amortisation is recognised in the consolidated income statement and included in administrative expenses. For impairment of amortised intangible assets, please refer to note 1(j).

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight line basis over its estimated useful working lives at the following useful economic lives:

- | | |
|---|---------------|
| • Buildings | 30 - 50 years |
| • Office equipment, furniture & fittings and motor vehicles | 3 - 10 years |

Depreciation is recognised in the consolidated income statement and included in administrative expenses. For impairment of depreciated property, plant and equipment, please refer to note 1(j).

j) Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

j) Impairment of property, plant and equipment and intangible assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

k) Interests in associates

The proportion of the results of associates applicable to the Group's shareholdings based on the latest available figures is brought into the consolidated financial statements of the Group. On acquisition, the Group financial statements for the fair value of net assets acquired in associates. Where the fair value exceeds the consideration paid, the difference is credited to the income statement. Where the consideration paid exceeds fair value, the difference is treated as goodwill.

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

l) Cash and bank balances

Cash and cash equivalents comprise cash on hand and demand deposits, cash held on behalf of clients which is deemed restricted with a corresponding payable recognised and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value less overdrafts held with banks.

m) Trade and other receivables

Trade receivables do not carry interest and are stated at amortised cost net of any expected credit losses.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group reassesses its expected loss rates annually based on the payment profiles of sales over a period of at least 24 months and also considers other contractual rights to recover management fees e.g. a lien over the vessel, where existent.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase price of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in, first out ('FIFO') basis. Net realisable value represents the estimated selling price less further cost expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective stock as appropriate.

o) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss in net finance income or costs.

q) Insurance contracts

Insurance contract revenue represents income recognised from issuing insurance contracts and is recorded within service income in the consolidated income statement. Revenue is recognised in the consolidated income statement in equal instalments over the duration of each policy and revenue that relates to future years deferred and recognised at fair value in the consolidated statement of financial position within liabilities.

Reinsurance costs represent costs incurred purchasing reinsurance contracts to reinsure the risks the Group is insuring and is recorded in cost of sales in the consolidated income statement. The costs are recognised in the consolidated income statement in equal instalments over the duration of each policy and costs that relate to future years are deferred and recognised at fair value in the consolidated statement of financial position within trade and other receivables.

The fair value of financial assets and liabilities of insurance contract revenue and reinsurance contract costs relating to future years are tested for impairment at each consolidated statement of financial position date and any gains or losses are recognised in the consolidated statement of financial position as they arise.

r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

A restructuring provision is recognised when the Group has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

s) Retirement benefit obligations

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period which they occur. Re-measurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Re-measurement.

The Group presents the first two components of defined benefit costs within administrative expenses in its consolidated income statement. Curtailment gains and losses are accounted for as past service cost.

Net interest expense or income is recognised within net finance expense.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

t) Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

t) Leases (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not adopted this practical expedient.

u) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

u) Financial assets (continued)

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

- The Group subsequently measures all equity investments at fair value. The Group has the option to either fair value its investments through FVPL or FVOCI on a case by case basis.
- Where the Group's management has elected to present fair value gains and losses on equity investments in OCI which can only be applied if the investments are neither held for trading nor classified as investment in subsidiaries, associates or joint arrangements, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
- Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

v) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or financial liabilities subsequently measured at amortised cost using the effective interest rate method (see note 1(p)).

Derecognition or modification of financial liabilities

The Group derecognises financial liabilities, when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

When the Group exchanges an existing debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the financial liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as a gain or loss on modification within net finance (expenses)/income. The carrying amount of the modified financial liability is the present value of the modified cash flows adjusted for any costs or fees incurred on the modification.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting Policies (continued)

w) Government assistance

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

x) Adoption of new and revised International Financial Reporting Standards

New and amended standards adopted by the Group

The following revised IFRS's have been adopted in this consolidated financial information:

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendment to IFRS 3 – Reference to the conceptual framework
- Amendment to IAS 16 – Property, Plant and Equipment – Proceeds before intended use
- Amendment to IAS 37 – Onerous contracts – costs of fulfilling a contract
- Annual improvement amendments to IFRS 2018-2020 cycles - IFRS 16

None of these amendments and interpretations that came into effect in the current period has had or will have a material impact on the Group.

New and amended standards to be adopted on or after 1 January 2023

The following standards, interpretations and amendments have not yet been adopted by the Group. At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been endorsed by the UK Endorsement Board).

- IFRS 17 - Insurance contracts (effective 1 January 2023)
- Amendment to IAS 1 – Classification of liabilities as Current or Non-Current (effective 1 January 2024)
- Amendment to IAS 1 - Non-current Liabilities with Covenants (effective 1 January 2024)
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Account Policies (effective 1 January 2023)
- Amendments to IAS 8 - Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
- Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback (effective 1 January 2024)

The Directors do not expect that the adoption of the standards and amendments listed above will have a material impact on the financial statements of the Group in future periods.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions that affect the value at which certain assets and liabilities are held at balance sheet date and also the amounts of revenue and expenditure recorded in the year. The estimates and associated assumptions are based on the latest information available to management at the time each estimate is made. Actual results may differ materially from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements that management has made in applying its accounting policies and the estimates and assumptions for which there is a significant risk of a material adjustment to the Financial Statements within the next financial year are set out below.

Critical accounting judgements

In addition to the judgement taken by the Group in selecting and applying the accounting policies set out in Note 1, the Directors have made the following judgement concerning the amounts recognised in the Consolidated Financial Statements.

Separately disclosed items

The Group separately discloses certain income statement items based on their nature and scale, in order to provide stakeholders a better understanding of trading performance. The Board considers profit and EBITDA before separately disclosed items an important way to measure the Group's performance as it aids comparability to the prior year and to peers and therefore facilitates comparisons.

Management are required to exercise judgement in determining what items are classified as separately disclosed. For most items it is straight forward and the classification is consistent each year, however for select items greater judgement is required as to whether it is of the required nature and scale to be separately disclosed. Note 3 identifies and describes all separately disclosed items.

Key sources of estimation uncertainty

Recoverability of goodwill and other intangible assets

The Group prepares an annual impairment review to determine whether goodwill and intangible assets are impaired at the balance sheet date. The recoverable amounts of the two cash-generating unit groupings ('CGUs') determined to be Ship Management (V.Ships) and Marine Services (V.Services) have been based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the determination of a pre-tax discount rate in order to calculate the present value of the cash flows. The significant estimates impacting future cash flows include number of vessels under management, terminal growth rate, new business wins and future costs of the business. For more information on key assumptions, carrying values and sensitivity analysis refer to note 12.

Measurement of retirement benefit obligations

Actuarial assumptions and external factors can significantly impact the surplus or deficit of defined benefit pension schemes. The most significant of these assumptions relate to the discount rate, the rate of increase in pension and mortality assumptions. Note 27 details the principal assumptions which have been adopted following advice received from independent and qualified actuaries and also provides sensitivity analysis with regard to these assumptions. As at 31 December 2022 the Group had a net pension liability of \$3.4m (31 December 2021: \$4.4m).

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

3 EBITDA and Separately Disclosed Items

The Directors consider EBITDA before separately disclosed items an important KPI. EBITDA is defined as earnings before interest, taxation, depreciation, and amortisation of intangible assets. EBITDA before separately disclosed items for the year is calculated below:

	Note	Year ended 31 December 2022 USD m	Year ended 31 December 2021 USD m
Statutory (loss)/profit after taxation		(30.7)	71.4
Add back: Charge/(credit) for separately disclosed items		56.1	(72.8)
Profit/(loss) after taxation before separately disclosed items		25.4	(1.4)
Add back:			
Taxation	11	8.3	5.1
Net finance expenses	10	41.7	45.8
Property, plant and equipment depreciation	13	2.8	2.5
Right-of-use asset depreciation	14	7.1	8.8
Amortisation of intangible assets	5	4.6	5.1
Impairment of property, plant and equipment	5	0.7	—
EBITDA before separately disclosed items		90.6	65.9

Items are classified as separately disclosed where the nature or scale of the item requires separate presentation in order to better understand the trading performance:

- Significant costs incurred on business transformation programmes including staff, consultancy, redundancy and office closure costs;
- Acquisition and integration costs of successful acquisitions;
- Transaction costs of prospective or unsuccessful acquisitions;
- Amortisation of intangible assets recognised on acquisition;
- Impairment losses on goodwill and other intangible assets;
- Fair value gains and losses on financial instruments;
- Gains and losses on debt modification or extinguishment;
- Gains and losses on disposal on subsidiaries;
- Significant legal costs arising from claims outside the normal course of business; and
- Related tax effects on the above, which do not form part of the underlying tax rate (see note 11).

The separately disclosed items incurred in the year are listed below:

	Note	Year ended 31 December 2022 USD m	Year ended 31 December 2021 USD m
Investments in business transformation costs		(4.5)	(2.5)
Redundancy and staff termination		(0.8)	(1.2)
Total cost incurred in respect of business transformation projects		(5.3)	(3.7)
Fair value (loss)/gain on contingent consideration	25	(1.1)	4.8
Transaction cost of acquisition bids		(1.0)	(0.2)
Significant legal costs arising from claims outside normal course of business		(0.8)	(0.3)
Fair value gains on foreign exchange contracts	5	4.8	1.6
Separately disclosed items which impact EBITDA		(3.4)	2.2
Amortisation of intangible assets acquired on acquisition	5	(31.9)	(32.0)
Impairment loss on other intangible assets	5	—	(0.1)
Separately disclosed items impacting operating profit		(35.3)	(29.9)
Loss on debt modification	10	(42.0)	—
Gain on debt extinguishment	10	—	101.9
Fair value gains on interest rate swaps	10	15.1	12.0
Taxation charge on separately disclosed items	11	6.1	(11.2)
Total separately disclosed items		(56.1)	72.8

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

3 EBITDA and Separately Disclosed Items (continued)

During the year, the Group continued its programme of business transformation which was launched to execute its new strategy.

Amortisation of intangible assets relates to the amortisation of customer relationships, contract rights and brands acquired on acquisition.

The Group purchases forward foreign currencies in order to manage its exposure to fluctuations in currency movements. The contracts outstanding at the period end have been fair valued, with the movement in fair value since the contracts were acquired credited to the consolidated income statement.

Cash outflows relating to separately disclosed items in the year totalled \$6.4m (2021: \$6.7m).

4 Revenue

	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Rendering of services	653.0	—	653.0	597.6	—	597.6
Expenses recovered	4.8	—	4.8	4.0	—	4.0
Total revenue	657.8	—	657.8	601.6	—	601.6

IFRS 15 paragraph 114 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount and timing and uncertainty of revenue and cash flows are affected by economic factors. The disaggregation will depend on the entity's individual facts and circumstances. The Group has reviewed how it recognises revenue from its customers across all of its products and services. Significantly all of the Group's revenue is derived from services accounted for as a single performance obligation that is delivered over time (see note 1(c)).

The Directors are of the view that as substantially all of the Group's revenue is recognised over time and relate wholly to contracts with customers there is no further need to disaggregate revenue.

Contract assets

	Year ended 31 December 2022 USD m	Year ended 31 December 2021 USD m
Accrued income - current	32.8	32.8

The Group's contract assets relate to unbilled revenue.

Contract liabilities

	Year ended 31 December 2022 USD m	Year ended 31 December 2021 USD m
Deferred income - current	8.9	3.3

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

5 Administrative Expenses

	Note	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Direct staff costs		65.2	0.8	66.0	67.7	1.2	68.9
Unrealised gain on mark to market movements on forward currency contracts	25	—	(4.8)	(4.8)	—	(1.6)	(1.6)
Depreciation of property, plant and equipment	13	2.8	—	2.8	2.5	—	2.5
Depreciation of right-of-use assets	14	7.1	—	7.1	8.8	—	8.8
Amortisation of intangible assets	12	4.6	31.9	36.5	5.1	32.0	37.1
Impairment of property plant and equipment	13	0.7	—	0.7	—	—	—
Impairment loss on other intangible assets	12	—	—	—	—	0.1	0.1
Provision recognised on trade receivables	17	3.4	—	3.4	2.2	—	2.2
Other overheads		37.9	6.3	44.2	31.8	3.0	34.8
Loss on foreign exchange	7	2.3	—	2.3	5.0	—	5.0
Fair value loss/(gain) on contingent consideration	25	—	1.1	1.1	—	(4.8)	(4.8)
		124.0	35.3	159.3	123.1	29.9	153.0

6 Auditor Remuneration

An analysis of the auditor's remuneration as follows:

	Year ended 31 December 2022 USD m	Year ended 31 December 2021 USD m
Fees payable to the Company's auditor and its associates for the audit of the financial statements:		
The audit of the Company's annual financial statements	1.0	1.0
The audit of the Company's subsidiaries' financial statements	0.9	0.9
Total audit fees	1.9	1.9
Fees payable to the Company's auditor and its associates for other services to the Group		
Other services relating to tax advisory	—	0.1
Other services	0.2	0.1
Total non-audit fees	0.2	0.2
Total fees paid to the Group's auditor	2.1	2.1

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

7 Gains and Losses on foreign exchange

	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Foreign exchange (gain)/loss on operations	(2.8)	—	(2.8)	0.3	—	0.3
Realised loss on foreign exchange contracts	5.1	—	5.1	4.7	—	4.7
Unrealised (gain) on foreign exchange contracts	—	(4.8)	(4.8)	—	(1.6)	(1.6)
	2.3	(4.8)	(2.5)	5.0	(1.6)	3.4

8 Staff Costs

The average monthly number of employees of the Group was:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Onshore staff		
Executive	10	10
Management	76	42
Operations	2,198	2,104
Finance & Shared Services	545	557
	2,829	2,713
Onboard staff		
Crewing directly employed employees	1,755	1,735
	4,584	4,448

The remuneration comprised:

Note	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
	115.5	1.0	116.5	123.9	—	123.9
Wages and salaries						
Crewing directly employed staff costs	88.6	—	88.6	93.3	—	93.3
Social security costs	18.3	—	18.3	16.9	—	16.9
Termination costs	1.1	0.8	1.9	0.2	1.2	1.4
Pension costs – defined contribution schemes	27 3.8	—	3.8	5.4	—	5.4
Pension costs – defined benefit schemes	27 0.3	—	0.3	0.2	—	0.2
	227.6	1.8	229.4	239.9	1.2	241.1

The remuneration of the Group's employees is included in cost of sales and administrative expenses (see note 5) depending on the employees nexus to the Group's revenue generating activities.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

9 Directors' emoluments

Staff costs include amounts payable to Directors as follows:

	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Fees to Non-Executive Directors	0.2	—	0.2	0.1	—	0.1
Aggregate emoluments	4.3	—	4.3	4.5	—	4.5
Money purchase pension contributions	0.1	—	0.1	—	—	—
	4.6	—	4.6	4.6	—	4.6
Highest paid Director						
Aggregate emoluments	2.3	—	2.3	2.3	—	2.3
Money purchase pension contributions	0.1	—	0.1	—	—	—
	2.4	—	2.4	2.3	—	2.3

The employee benefits of Directors and key management personnel:

	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Short-term employment benefits	8.2	—	8.2	8.8	0.3	9.1
Post-employment benefits	0.3	—	0.3	0.3	—	0.3
	8.5	—	8.5	9.1	0.3	9.4

A total of 6 (2021: 5) of the 9 (2021: 9) directors were remunerated by the Group. The remaining Directors were remunerated for their services by companies outside of the Group.

The increase in employee benefits is due to the Group realising targets set out in the 2021 incentive plan, as well as strengthening of the Executive Team.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

10 Net Finance Expenses/(Income)

	Note	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Interest on term loan and secured bank loans		37.8	—	37.8	40.2	—	40.2
Amortised finance costs		4.1	—	4.1	2.4	—	2.4
Net interest on pension schemes	27	0.1	—	0.1	0.1	—	0.1
Finance cost on lease liabilities	14	1.0	—	1.0	1.6	—	1.6
Unrealised mark-to-market gain on interest rate swap notes	25	—	(15.1)	(15.1)	—	(12.0)	(12.0)
Foreign exchange (gain)/loss on loans		(1.0)	—	(1.0)	1.2	—	1.2
Commissions and guarantee fees		0.4	—	0.4	0.4	—	0.4
Rating agency fees		0.3	—	0.3	0.3	—	0.3
Gain on debt extinguishment ¹		—	—	—	—	(101.9)	(101.9)
Loss on debt modification ²		—	42.0	42.0	—	—	—
Interest income		(1.0)	—	(1.0)	(0.7)	—	(0.7)
Deferred consideration unwinding of discount rate		—	—	—	0.3	—	0.3
		41.7	26.9	68.6	45.8	(113.9)	(68.1)

¹ Gain on extinguishment of \$101.9m recognised on the extinguishment of the Second Lien Facility. This was part of the shareholder investment and debt refinancing completed on 15 March 2021.

² Loss on modification of \$42.0m, this was due to the refinancing of our existing debt facilities completed on 18 November 2022 (see note 20)

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

11 Taxation

	Note	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Analysis of (charge)/credit in the year							
Current tax							
In respect of the current year		(8.3)	0.3	(8.0)	(6.0)	0.1	(5.9)
Adjustments in respect of the prior year		0.6	—	0.6	(0.1)	—	(0.1)
Total current tax (charge)/credit		(7.7)	0.3	(7.4)	(6.1)	0.1	(6.0)
Deferred tax							
Current year		0.5	5.8	6.3	0.7	(11.3)	(10.6)
Adjustments in respect of the prior year		(1.1)	—	(1.1)	0.3	—	0.3
Total deferred tax credit/(charge)	22	(0.6)	5.8	5.2	1.0	(11.3)	(10.3)
Total tax charge in the year		(8.3)	6.1	(2.2)	(5.1)	(11.2)	(16.3)

In addition to the amount charged to the consolidated income statement the following amount relating to deferred tax has been charged directly to equity:

	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2022 USD m	Before separately disclosed items USD m	Separately disclosed items USD m	Year ended 31 December 2021 USD m
Tax effect of actuarial gain	(0.1)	—	(0.1)	(0.5)	—	(0.5)

The effective rate of tax for the year differs from a weighted average of the standard corporation tax rates for the territories in which the Group operates.

The expected tax charge at a weighted average standard rate is calculated on the Group's loss on ordinary activities before tax, adjusted for net finance and other costs for which no tax relief is available.

Change in tax rate

In the March 2021 Budget it was announced that the main rate of corporation tax would increase from 19% to 25% from 1 April 2023. This rate was substantively enacted by Finance Act 2021 on 24 May 2021. UK deferred tax balances as at 31 December 2022 have been calculated at 25% with the exception of deferred tax on intangible assets where a graduated rate has been used. The Finance Act 2023, which received Royal Assent on 10 January 2023, has no impact on the calculation of the deferred tax balances.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

11 Taxation (Continued)

The (charge)/credit for the period can be reconciled to the loss per the consolidated income statement as follows:

	Before separately disclosed items	Separately disclosed items	Year ended 31 December 2022	Before separately disclosed items	Separately disclosed items	Year ended 31 December 2021
	USD m	USD m	USD m	USD m	USD m	USD m
Profit/(loss) on continuing activities before tax	33.7	(62.2)	(28.5)	3.7	84.0	87.7
Expected tax (charge)/credit at weighted average standard rates	(3.4)	11.8	8.4	1.3	(16.0)	(14.7)
<i>Rates</i>	<i>10%</i>	<i>19%</i>	<i>30%</i>	<i>23%</i>	<i>19%</i>	<i>21%</i>
Effect of:						
Expenses not deductible for tax purposes	(3.5)	(8.4)	(11.9)	(2.5)	(0.9)	(3.4)
Income not taxable	1.4	2.9	4.3	3.8	22.9	26.7
Other taxes	(0.2)	—	(0.2)	(1.2)	—	(1.2)
Previously unrecognised temporary differences now recognised in deferred tax	0.8	—	0.8	0.4	—	0.4
Net losses unused in the year	(3.5)	—	(3.5)	(6.9)	—	(6.9)
Previously unrecognised tax losses utilised during the year	0.1	—	0.1	—	—	—
Effect of change of tax rate	0.4	(0.3)	0.1	0.1	(17.4)	(17.3)
Exchange movements	—	0.1	0.1	(0.3)	0.2	(0.1)
Adjustment in respect of prior year	(0.4)	—	(0.4)	0.2	—	0.2
Total tax charge	(8.3)	6.1	(2.2)	(5.1)	(11.2)	(16.3)

A deferred tax asset has not been recognised in respect of net losses of \$3.5m (2021: \$6.9m) on the basis that it is not probable that they will be utilised in the foreseeable future.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

12 Goodwill and Other Intangible Assets

	Goodwill	Other intangible assets	Total
	USD m	USD m	USD m
Cost			
At 1 January 2021	766.8	640.2	1,407.0
Additions	—	2.7	2.7
Disposals	—	(1.3)	(1.3)
Exchange rate movement	—	(0.9)	(0.9)
At 31 December 2021 and 1 January 2022	766.8	640.7	1,407.5
Additions	0.1	3.8	3.9
Disposals	—	(0.4)	(0.4)
Exchange rate movement	—	(2.9)	(2.9)
At 31 December 2022	766.9	641.2	1,408.1
Amortisation and impairment			
At 1 January 2021	(501.8)	(143.4)	(645.2)
Disposals	—	1.3	1.3
Amortisation charge for the period	—	(37.1)	(37.1)
Impairment loss	—	(0.1)	(0.1)
Exchange rate movement	—	0.4	0.4
At 31 December 2021 and 1 January 2022	(501.8)	(178.9)	(680.7)
Disposals	—	0.1	0.1
Amortisation charge for the year	—	(36.5)	(36.5)
Exchange rate movement	—	1.4	1.4
At 31 December 2022	(501.8)	(213.9)	(715.7)
Carrying amount			
At 31 December 2022	265.1	427.3	692.4
At 31 December 2021	265.0	461.8	726.8

The Group's goodwill carrying values have been tested in accordance with IAS 36 by comparing them against a "value-in-use" in perpetuity. The value-in-use calculations were based on projected cash flows, as prepared in accordance with IAS 36 and is derived from the latest budget approved by the Board, discounted at CGU specific discount rates to calculate their net present value.

Key assumptions when determining the value-in-use

- The Directors identified Ship Management (V.Ships) and Marine Services (V.Services) as the two CGU groupings of the business used for the assessment of goodwill impairment. This is consistent with the operating segments of the Group;
- Goodwill and intangible assets were allocated to the CGU groupings based on the enterprise value of the CGU determined at the date of acquisition of V. Goodwill and intangible assets acquired subsequently are allocated directly to the acquiring CGU grouping;
- The Directors estimate an average increase in vessel numbers of 4.21% p.a. through to 31 December 2027;
- The Directors estimate the discount rate of 13.0% (2021: 12.0%) for Ship Management¹ and 12.8% (2021: 13.8%) for Marine Services using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU grouping; and
- The Directors have made an assessment based on normalised historical growth rates adjusted for future expectations taking into account current market, industry and macroeconomic data - average price increase 3.0% (2021: 1.0%), net overhead cost growth 2.0% (2021: 2.0%), long term growth 1.5% (2021: 1.5%).

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

12 Goodwill and Other Intangible Assets (Continued)

Key assumptions when determining the value-in-use (continued)

In accordance with IAS 36, management's approach to determining the value of key assumptions has been based on past experience as well as, future projections derived from internal and external data sources. Management have noted that past experience does not always support the assumptions used most notably in forecast vessel growth. However, based on strategic vessel growth achieved to the date of this report, enhanced profitability per vessel achieved through business transformation programmes, and observable market trends, management believe that the current assumptions, particularly around vessel growth are supportable.

Key assumptions when valuing the Group's intangible assets and testing them under IAS 36:

- Useful economic lives of the intangibles range from 7 years to 20 years for customer relationships, 10 years to 20 years for brand names, 20 years for contract rights and 5 years for the latest versions of the ShipSure software; and
- Annually, the recoverable amounts of goodwill in the CGU groupings are determined from 'value-in-use' calculations where the discounted net present value of the future cash flows are compared to their carrying values. If the recoverable amount is less than the carrying value an impairment charge is recognised.

Carrying amount of goodwill and other intangible assets in the CGU groupings:

- Ship Management CGU: \$79.8m goodwill and \$369.8m other intangible assets; and
- Marine Services CGU: \$185.3m goodwill and \$57.6m other intangible assets.

Review of the carrying value of assets under IAS 36:

The recoverable amounts of intangible assets are reviewed if events or changes in circumstances indicate that the carrying value may not be recoverable. Comparing the carrying value of the assets to the present value of the discounted cash flows has resulted in no impairment charges to the two CGU groupings.

The Directors have conducted a sensitivity analysis against the cash flow projections under normal and stressed conditions which indicate that changes in key assumptions, would reduce the calculated value-in-use to such a level that an impairment charge could arise.

Ship Management (1/Ship) CGU grouping

For the Ship Management CGU grouping, management have conducted sensitivity analysis over key assumptions. The results of a future decline in vessel numbers, if all other key assumptions remain constant, have been summarised below.

	Key assumption in model	Break-even	Sensitivity
Vessel numbers	4.21% p.a average annual increase in vessels to Dec 2027	4.71% average annual decrease in vessels to Dec 2027	An additional decrease of 1% from the break-even rate, would result in an additional charge of \$18.3m in the CGU grouping.

Marine Services (1/Services) CGU grouping

For the Marine Services CGU grouping, management have conducted sensitivity analysis over key assumptions and concluded that there is no reasonably possible change to key assumptions which would result in the carrying value of the CGU grouping exceeding the recoverable amount.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

12 Goodwill and Other Intangible Assets (continued)

Other Intangible Assets

	Note	Customer relationship	Brand	Software	Contract rights	Total
		USD m	USD m	USD m	USD m	USD m
Cost						
At 1 January 2021		454.5	131.8	35.7	18.2	640.2
Additions		—	—	2.7	—	2.7
Disposals		—	—	(1.0)	(0.3)	(1.3)
Exchange rate movement		(0.4)	—	(0.5)	—	(0.9)
At 31 December 2021 and 1 January 2022		454.1	131.8	36.9	17.9	640.7
Additions		—	—	3.8	—	3.8
Disposals		—	—	(0.4)	—	(0.4)
Exchange rate movement		(0.3)	—	(2.6)	—	(2.9)
At 31 December 2022		453.8	131.8	37.7	17.9	641.2
Amortisation and accumulated impairment losses						
At 1 January 2021		(86.3)	(36.9)	(19.8)	(0.4)	(143.4)
Disposal		—	—	1.0	0.3	1.3
Amortisation charge for the period		(24.6)	(6.5)	(5.1)	(0.9)	(37.1)
Impairment loss		—	—	—	(0.1)	(0.1)
Exchange rate movement		0.1	—	0.3	—	0.4
At 31 December 2021 and 1 January 2022		(110.8)	(43.4)	(23.6)	(1.1)	(178.9)
Disposals		—	—	0.1	—	0.1
Amortisation charge for the year		(24.5)	(6.5)	(4.6)	(0.9)	(36.5)
Exchange rate movement		0.1	—	1.3	—	1.4
At 31 December 2022		(135.2)	(49.9)	(26.8)	(2.0)	(213.9)
Carrying amount						
At 31 December 2022		318.6	81.9	10.9	15.9	427.3
At 31 December 2021		343.3	88.4	13.3	16.8	461.8

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

12 Goodwill and Other Intangible Assets (continued)

The carrying value and remaining useful life of intangible assets are as follows:

	Asset category	Remaining life	Carrying amount 31 December 2022 USD m	Carrying amount 31 December 2021 USD m
V.Group customer relationships	Customer relationships	10-15 years	294.1	315.5
Graig customer relationships	Customer relationships	15 years	4.4	4.7
Norddeutsche Reederei customer relationships	Customer relationships	8 years	7.4	8.3
GMT and Argo customer relationships	Customer relationships	4-7 years	4.2	5.1
Ship management customer relationships	Customer relationships	6-9 years	8.5	9.4
V.Ships trade name	Brand	15 years	63.7	68.2
Seatec trade name	Brand	10 years	17.4	19.3
GMT trade name	Brand	12 years	0.8	1.0
ShipSure Software*	Software	2-5 years	9.9	11.5
Other Software	Software	2-5 years	1.0	2.0
Contract rights	Contract rights	18 years	15.9	16.8
			427.3	461.8

*Includes software development of \$1.5m (2021: \$0.9m) which is not ready for use.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

13 Plant, Property, and Equipment

	Note	Land and buildings USD m	Office Equipment USD m	Furniture and fittings USD m	Motor Vehicles USD m	Total USD m
Cost						
At 1 January 2021		4.7	5.7	9.5	0.1	20.0
Additions		—	1.3	0.9	—	2.2
Disposals		(0.3)	(1.6)	(5.6)	—	(7.5)
Exchange rate movement		—	(0.5)	(0.5)	—	(1.0)
At 31 December 2021 and 1 January 2022		4.4	4.9	4.3	0.1	13.7
Additions		0.9	1.7	2.1	—	4.7
Disposals		0.1	(1.5)	(1.4)	—	(2.8)
Exchange rate movement		—	(0.9)	(0.8)	—	(1.7)
At 31 December 2022		5.4	4.2	4.2	0.1	13.9
Depreciation						
At 1 January 2021		(2.4)	(2.5)	(6.4)	—	(11.3)
Depreciation charge for the year		(0.2)	(1.3)	(1.0)	—	(2.5)
Disposals		0.3	1.5	5.5	—	7.3
Exchange rate movement		—	0.4	0.4	—	0.8
At 31 December 2021 and 1 January 2022		(2.3)	(1.9)	(1.5)	—	(5.7)
Depreciation charge for the year		(0.3)	(1.3)	(1.2)	—	(2.8)
Impairment		(0.7)	—	—	—	(0.7)
Disposals		0.1	1.6	1.1	—	2.8
Exchange rate movement		(0.1)	0.7	0.6	—	1.2
At 31 December 2022		(3.3)	(0.9)	(1.0)	—	(5.2)
Carrying amount						
At 31 December 2022		2.1	3.3	3.2	0.1	8.7
At 31 December 2021		2.1	3.0	2.8	0.1	8.0

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

14 Leases (Group as a Lessee)

	Property	Equipment	Motor vehicles	Total
	USD m	USD m	USD m	USD m
Right-of-use assets				
Cost				
At 1 January 2021	34.8	2.6	0.3	37.7
Additions	7.6	0.1	0.1	7.8
Terminations	(8.4)	(0.2)	(0.1)	(8.7)
Exchange rate movement	(1.1)	—	—	(1.1)
At 31 December 2021 and 1 January 2022	32.9	2.5	0.3	35.7
Additions	5.0	—	0.1	5.1
Terminations	(7.0)	(2.0)	(0.2)	(9.2)
Exchange rate movement	(2.4)	(0.1)	—	(2.5)
At 31 December 2022	28.5	0.4	0.2	29.1
Accumulated depreciation				
At 1 January 2021	(15.1)	(1.3)	(0.2)	(16.6)
Depreciation charge for the year	(8.0)	(0.7)	(0.1)	(8.8)
Terminations	4.9	0.1	0.1	5.1
Exchange rate movement	0.5	—	—	0.5
At 31 December 2021 and 1 January 2022	(17.7)	(1.9)	(0.2)	(19.8)
Depreciation charge for the year	(6.6)	(0.4)	(0.1)	(7.1)
Terminations	5.8	2.0	0.1	7.9
Exchange rate movement	1.7	0.2	—	1.9
At 31 December 2022	(16.8)	(0.1)	(0.2)	(17.1)
Carrying amount				
At 31 December 2022	11.7	0.3	—	12.0
At 31 December 2021	15.2	0.6	0.1	15.9

The Group leases several assets including property, office and IT equipment, and motor vehicles. The average lease term is 2.1 years. The maturity analysis of lease liabilities is presented in note 21.

	31 December 2022	31 December 2021
	USD m	USD m
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	7.2	8.8
Interest expense on lease liabilities	1.0	1.6
Expense relating to short-term leases	0.4	0.3
(Gain)/loss on early terminations	(0.1)	0.2

On 01 May 2022, V. Ships Greece Ltd entered into a 7-year office lease, which had not commenced by the year-end and as a result, a lease liability and right-of-use asset has not been recognised at 31 December 2022. The aggregate future cash outflows to which the Group is exposed in respect of this contract is €2.6 million over the term of the lease. There are no extension or termination options on the lease.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

15 Interests in Associates

	Total USD m
At 1 January 2021	0.3
Share of profits	(0.1)
At 31 December 2022	0.2

The Group's share of the net assets and profits of the associates were as follows:

	2022 USD m	2021 USD m
Assets	0.2	0.2
Liabilities	—	—
Net assets	0.2	0.2

	2022 USD m	2021 USD m
Revenue	—	0.1
Expenses	—	(0.2)
Net profit and total comprehensive income	—	(0.1)

The principal investments in associates are:

	Country of incorporation and principal place of business	% ordinary share capital held
Team Tankers Crewing Inc	Philippines	25.0%

The Group has a 25.0% interest in Team Tankers Crewing Inc which it acquired for \$0.3m in 2020.

The registered office of Team Tankers Crewing Inc is 8th Floor Units D, E & F, Triumph Square, Bldg, 1618 Quezon Avenue, Quezon City, Philippines.

The financial reporting date for all associate companies is coterminous with that of AI Mistral TopCo Limited.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

16 Inventories

	31 December 2022	31 December 2021
	USD m	USD m
Finished goods	16.9	15.6

17 Receivables

	Note	31 December 2022		31 December 2021	
		Current	Non-current	Current	Non-current
		USD m	USD m	USD m	USD m
Due from clients		68.1	—	50.2	—
Other receivables		13.3	—	12.5	—
Reimbursement asset		4.9	—	5.5	—
Accrued income and prepayments		61.2	—	60.3	—
Trade and other receivables		147.5	—	128.5	—
Related party loans	28	—	13.0	—	13.0
Derivative financial instruments	25	4.2	—	4.7	0.1
Current tax assets		0.2	—	0.2	—
Contingent consideration receivable	26b	—	—	4.1	—
Other non-current assets		—	0.5	—	0.5
		151.9	13.5	137.5	13.6
Trade receivables					
Due from clients		73.8	—	53.8	—
Loss allowance		(5.7)	—	(3.6)	—
		68.1	—	50.2	—

The average credit terms offered to clients are between 15 and 60 days. Provisions for bad and debt doubtful debts reflect the value of receivables to their estimated recoverable amounts based on future expected credit losses.

Ageing of past due but not impaired receivables:

	31 December 2022	31 December 2021
	USD m	USD m
31 -60 days	14.1	11.2
61 -90 days	4.7	4.3
91+ days	4.8	4.3
	23.6	19.8

Movement in the allowance for expected credit losses:

	31 December 2022	31 December 2021
	USD m	USD m
At start of year	3.6	2.6
Loss allowance recognised	3.4	2.2
Amounts written off during the year as uncollectible	(1.2)	(1.2)
Exchange rate movement	(0.1)	—
Balance at end of year	5.7	3.6

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

17 Receivables (continued)

Ageing of impaired trade receivables and loss provision thereon:

	31 December 2022	31 December 2021
	USD m	USD m
0-30 days	0.3	0.2
31 -60 days	0.2	0.1
61 -90 days	—	—
91+ days	5.2	3.3
	5.7	3.6

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

18 Cash and bank balances

	31 December 2022	31 December 2021
	USD m	USD m
Held on behalf of clients	70.7	59.9
Restricted cash	0.8	1.0
Group balances	40.0	32.6
	111.5	93.5

Included in client accounts (note 19) is a corresponding creditor of \$70.7m (2021: \$59.9m) representing funds held on behalf of clients. The difference of \$5.1m (2021: \$5.7m) between the balances is the reimbursement asset for the insurable fraud (note 17) and the insurance excess.

19 Liabilities

	Note	31 December 2022		31 December 2021	
		Current	Non-current	Current	Non-current
		USD m	USD m	USD m	USD m
Trade payables		51.4	—	37.0	—
Other payables		71.5	—	62.4	—
Accrued expenses		38.4	—	42.1	—
Client accounts	18	75.9	—	65.6	—
Trade and other payables		237.2	—	207.1	—
Term loans net of deferred finance costs	20	12.0	572.8	2.8	552.5
Acquisition credit facility	20	—	25.2	—	24.7
Lease liabilities	21	5.8	6.7	7.5	10.3
Total borrowings		17.8	604.7	10.3	587.5
Current tax liabilities		4.1	—	4.4	—
Deferred tax liabilities	22	—	89.8	5.8	89.2
Derivative financial instruments	25	0.9	—	19.0	2.3
Retirement obligation	27	—	3.4	—	4.4
Contingent consideration payable	25	—	2.2	—	1.1
Provisions	33	—	1.0	—	—
		260.0	701.1	246.6	684.5

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

20 Borrowings - term loans

	Currency	Nominal Interest Rate ²	Date of Maturity	31 December 2022 USD m	31 December 2021 USD m
Current borrowings¹:					
Term Loan B	USD	10.1%	Sep-2025	12.0	2.8
Revolving credit facility (RCF)	USD	8.1%	Jun-2025	—	—
				12.0	2.8
Non-current borrowings¹:					
Term Loan B	USD	10.1%	Sep-2025	493.3	482.6
Term Loan C-1	USD	10.1%	Sep-2025	53.1	46.8
Term Loan C-2	USD	10.1%	Mar-2026	26.4	23.1
Acquisition credit facility (ACF)	USD	10.1%	Jun-2025	25.2	24.7
				598.0	577.2
Total borrowings				610.0	580.0

¹ All borrowings are secured and are stated at amortised cost. The Term Loans are secured by debentures and share pledges over the assets of AI Mistral Holdco Limited, the subsidiary investment held by AI Mistral Limited and the Group's principal operating subsidiaries.

² All borrowings are at SOFR plus a margin.

The Group completed a refinancing on its existing debt facilities on 18 November 2022, this resulted in an extension of maturity profiles; amendments to interest terms and the liquidity covenant. The maturity dates of the Term Loan B⁴ and C-1 were extended from March 2024 to September 2025, the RCF and ACF were extended from December 2023 to June 2025 and the monthly liquidity covenant on the RCF was increased from \$20.0m to \$25.0m. These changes in terms to loans were treated as debt modifications and a loss of \$42.0m was recognised through profit and loss. The revised carrying amount for the facilities have been recalculated by discounting the modified contractual cash flows at the original effective interest rate and then adjusted for fees incurred. See accounting policy 1(v).

Term Loan B

Principal amount of \$515.0m was drawn on 9 March 2017. The facility is repaid at 1% per annum, due quarterly with the remaining principal repayable on maturity. During the year the Group incurred interest costs of \$25.8m (2021: \$20.0m) on this facility, a further \$6.1m (2021: \$11.2m) on interest rate swap contracts and \$1.6m related to unwinding the discount. The outstanding principal at 31 December 2022 is \$485.4m (2021: \$490.5m).

Term Loans C-1 and C-2

Principal amounts of \$50.0m and \$25.0m were drawn on 15 March 2021. Interest is payable quarterly and includes a 100% PIK option at the Group's discretion for 12 months from the 18th November 2022, thereafter PIK option is at 50%. The principal plus any PIK interest is repayable on maturity. During the year, the Group incurred interest costs of \$4.2m which were settled by PIK and interest costs of \$2.5m related to unwinding the discount.

Revolving credit facility

The Group has access to a \$57.5m RCF comprising a \$50.0m cash facility and a \$7.5m non-cash guarantee facility. At 31 December 2022 the cash facility was undrawn (2021: undrawn) and the Group had drawn \$5.3m (2021: \$4.9m) of the guarantee facility. During the year the Group incurred interest costs of \$nil (2021: \$0.5m) and on this facility. In addition, the Group incurred non-utilisation fees of \$0.3m (2021: \$0.2m) relating to the unused portion of this facility.

Acquisition credit facility

As at 31 December 2022, the Group had fully drawn \$24.7m (2021: \$24.7m) on the facility which is repayable on maturity. During the year the Group incurred interest costs of \$1.5m (2021: \$1.3m) and incurred non-utilisation fees of nil (2021: nil) on this facility.

⁴ It should be noted that certain lenders did not consent to the amended terms and the Term Loan B was bifurcated into a new tranche for consenting lenders (\$467.4m) to be paid on 30 Sep 2025 and an existing stub tranche (\$3.8m) for non-consenting lenders to be paid on the original maturity date of 9 Mar 2024.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

21 Lease Liabilities

	31 December 2022 USD m	31 December 2021 USD m
Analysed as:		
Non-current	6.7	10.3
Current	5.8	7.5
	12.5	17.8

	31 December 2022 USD m	31 December 2021 USD m
Maturity analysis:		
Not later than 1 year	6.4	8.6
Later than 1 year and not later than 5 years	7.1	11.0
Later than 5 years	0.1	0.1
Less: Effect of discounting	(1.1)	(1.9)
	12.5	17.8

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

All lease obligations are denominated in currency units.

The average incremental borrowing rate for all leases is 7.3% (2021: 8.0%).

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

22 Deferred Tax Liability

	Note	31 December 2022 USD m	31 December 2021 USD m
At the beginning of the year		(93.9)	(82.8)
Credit/(charge) to the income statement	11	5.2	(10.3)
Charge to other comprehensive income	11	(0.1)	(0.5)
Other		—	(0.3)
At the end of the year		(88.8)	(93.9)
Classified as:			
Non-current assets		1.0	1.1
Current liabilities		—	(5.8)
Non-current liabilities		(89.8)	(89.2)
		(88.8)	(93.9)
Analysed as:			
Decelerated capital allowances		0.2	0.3
Retirement benefit obligation		0.9	1.1
Losses available for relief		—	0.1
Intangible assets		(91.3)	(96.8)
Other timing differences		1.4	1.4
		(88.8)	(93.9)

As at 31 December 2022, the Group had an unrecognised deferred tax asset of \$69.7m (\$282.1m gross) (2021: \$56.2m; \$233.9m gross) of which \$16.5m (\$69.3m gross) (2021: \$19.2m; \$85.9m gross) relates to unutilised tax losses, \$42.9m (\$171.7m gross) (2021: \$37.0m; \$148.0m gross) unutilised interest carried forward and \$10.3m (\$41.1m gross) temporary differences in relation to the Group's debt refinancing. These assets have not been recognised as it is not considered probable that they will be utilised in the foreseeable future. A deferred tax asset of \$1.0m (2021: \$1.1m) has been recognised on the basis that it is probable that the Group will have taxable profits against which to offset future losses arising on the realisation of the related assets.

23 Share Capital

Ordinary shares authorised and issued	Number	Nominal value	Share capital USD m	Share Premium USD m	Total USD m
31 December 2022	137,750,007	USD 1	137.7	559.9	697.6
31 December 2021	137,750,007	USD 1	137.7	559.9	697.6

The company has one class of share capital which carries no right to fixed income.

On 15 March 2021 as part of the shareholder investment and debt refinancing, the Company issued 2 ordinary shares for cash consideration of \$50.0m and issued 1 ordinary share in consideration for the transfer and assignment of amounts due under the Second Lien Facility.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

24 Equity

	Note	31 December 2022 USD m	31 December 2021 USD m
Ordinary share capital	23	137.7	137.7
Share premium	23	559.9	559.9
Translation reserve		(12.0)	(8.2)
Retained earnings		(638.6)	(607.5)
		47.0	81.9

The translation reserve represents exchange gains and losses recognised on translating the Group's foreign operations for consolidation.

25 Financial Instruments

a) Categorisation of financial instruments

	Note	Amortised cost USD m	Fair value through profit and loss USD m	Fair value through OCI USD m	31 December 2022 USD m
Financial assets					
Trade and other receivables		130.5	—	—	130.5
Loan receivables	28	13.0	—	—	13.0
Investments		—	—	1.4	1.4
Derivative financial instruments less than one year	17	—	4.2	—	4.2
Group cash and bank balances	18	111.5	—	—	111.5
Other non-current assets		0.5	—	—	0.5
		255.5	4.2	1.4	261.1
Financial liabilities					
Trade and other payables		(225.1)	—	—	(225.1)
Derivative financial instruments less than one year	19	—	(0.9)	—	(0.9)
Borrowings - term loans	20	(610.0)	—	—	(610.0)
Contingent consideration payable		—	(2.2)	—	(2.2)
Lease liabilities	21	(12.5)	—	—	(12.5)
		(847.6)	(3.1)	—	(850.7)
		(592.1)	1.1	1.4	(589.6)

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

25 Financial Instruments (continued)

	Note	Amortised cost	Fair value through profit and loss	Fair value through OCI	31 December 2021
		USD m	USD m	USD m	USD m
Financial assets					
Trade and other receivables		115.6	—	—	115.6
Loan receivables	28	13.0	—	—	13.0
Investments		—	—	1.2	1.2
Derivative financial instruments less than one year	17	—	4.7	—	4.7
Derivative financial instruments greater than one year	17	—	0.1	—	0.1
Group cash and bank balances	18	93.5	—	—	93.5
Contingent consideration receivable		—	4.1	—	4.1
Other non-current assets		0.5	—	—	0.5
		222.6	8.9	1.2	232.7
Financial liabilities					
Trade and other payables	19	(201.0)	—	—	(201.0)
Derivative financial instruments less than one year	19	—	(19.0)	—	(19.0)
Derivative financial instruments greater than one year	19	—	(2.3)	—	(2.3)
Borrowings - term loans	20	(580.0)	—	—	(580.0)
Contingent consideration payable		—	(1.1)	—	(1.1)
Lease liabilities	21	(17.8)	—	—	(17.8)
		(798.8)	(22.4)	—	(821.2)
		(576.2)	(13.5)	1.2	(588.5)

Forward purchase of foreign currencies

In managing exposure to fluctuations in currency movements, the Group purchases forward foreign currencies.

The Group does not apply hedge accounting.

The notional amounts are based on expected foreign currency expenditure, over the forecast period outline in the Group's hedging policy (see note 26). Fair values represent the estimated termination amounts at the consolidated statement of financial position date and have been charged to the consolidated income statement in accordance with the accounting policy in note 1. The movement in fair values during the year was as follows:

	Note	2022 USD m	2021 USD m
Liability at 1 January		(3.4)	(5.0)
Gains recognised in the consolidated income statement	5	4.8	1.6
Asset/(Liability) at 31 December		1.4	(3.4)
		2022 USD m	2021 USD m
Asset at 31 December		2.2	4.8
Liability at 31 December		(0.9)	(8.2)
Net asset/(liability) at 31 December		1.3	(3.4)
Non-current asset		—	0.1
Current asset		2.2	4.7
Non-current liabilities		—	(0.3)
Current liabilities		(0.9)	(7.9)
		1.3	(3.4)

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

25 Financial Instruments (continued)

Forward purchase of foreign currencies (continued)

	31 December 2022				31 December 2021			
	Average exchange rate	Foreign currency	Contract value	Fair value	Average exchange rate	Foreign currency	Contract value	Fair value
		m	USD m	USD m		m	USD m	USD m
Buy GBP								
Less than 12 months	0.83	18.8	22.6	0.1	0.76	18.2	24.0	0.6
Greater than 12 months	—	—	—	—	—	—	—	—
		<u>18.8</u>	<u>22.6</u>	<u>0.1</u>		<u>18.2</u>	<u>24.0</u>	<u>0.6</u>
Buy EUR								
Less than 12 months	0.93	20.5	22.2	—	0.82	47.8	58.4	(3.6)
Greater than 12 months	—	—	—	—	0.74	1.4	1.9	(0.3)
		<u>20.5</u>	<u>22.2</u>	<u>—</u>		<u>49.2</u>	<u>60.3</u>	<u>(3.9)</u>
Buy INR								
Less than 12 months	82.91	1,205.3	14.5	(0.1)	78.35	1,270.9	16.2	0.5
Greater than 12 months	—	—	—	—	—	—	—	—
		<u>1,205.3</u>	<u>14.5</u>	<u>(0.1)</u>		<u>1,270.9</u>	<u>16.2</u>	<u>0.5</u>
Buy PHP								
Less than 12 months	59.79	869.6	14.5	0.6	53.51	2,428.2	45.4	(0.2)
Greater than 12 months	—	—	—	—	—	—	—	—
		<u>869.6</u>	<u>14.5</u>	<u>0.6</u>		<u>2,428.2</u>	<u>45.4</u>	<u>(0.2)</u>
Buy SGD								
Less than 12 months	1.41	12.5	8.9	0.5	1.34	34.2	25.5	(0.1)
Greater than 12 months	—	—	—	—	—	—	—	—
		<u>12.5</u>	<u>8.9</u>	<u>0.5</u>		<u>34.2</u>	<u>25.5</u>	<u>(0.1)</u>
Buy NOK								
Less than 12 months	—	—	—	—	8.80	16.9	1.9	—
Greater than 12 months	—	—	—	—	—	—	—	—
		<u>—</u>	<u>—</u>	<u>—</u>		<u>16.9</u>	<u>1.9</u>	<u>—</u>
Buy BRL								
Less than 12 months	—	—	—	—	4.37	40.5	9.3	(1.9)
Greater than 12 months	—	—	—	—	—	—	—	—
		<u>—</u>	<u>—</u>	<u>—</u>		<u>40.5</u>	<u>9.3</u>	<u>(1.9)</u>
Buy USD								
Less than 12 months	1.20	1.7	1.4	0.2	0.29	65.3	223.3	1.7
Greater than 12 months	—	—	—	—	1.20	1.7	1.4	0.1
		<u>1.7</u>	<u>1.4</u>	<u>0.2</u>		<u>67.0</u>	<u>224.8</u>	<u>1.8</u>
Buy ZAR								
Less than 12 months	—	—	—	—	16.67	17.9	1.1	—
Greater than 12 months	—	—	—	—	—	—	—	—
		<u>—</u>	<u>—</u>	<u>—</u>		<u>17.9</u>	<u>1.1</u>	<u>—</u>

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

25 Financial Instruments (continued)

Forward purchase of foreign currencies (continued)

	31 December 2022			Average exchange rate	31 December 2021			Average exchange rate
	Average exchange rate	Foreign currency m	Contract value USD m	Fair value USD m	Average exchange rate	Foreign currency m	Contract value USD m	Fair value USD m
Buy TRY								
Less than 12 months		—	—	—	7.71	5.0	0.6	(0.3)
Greater than 12 months		—	—	—		—	—	—
		—	—	—		5.0	0.6	(0.3)
Buy CAD								
Less than 12 months		—	—	—	1.30	0.1	0.1	—
Greater than 12 months		—	—	—		—	—	—
		—	—	—		0.1	0.1	—
Buy PLN								
Less than 12 months		—	—	—	3.82	8.0	2.1	(0.1)
Greater than 12 months		—	—	—		—	—	—
		—	—	—		8.0	2.1	(0.1)
Buy CNY								
Less than 12 months	6.99	47.1	6.7	—	7.15	24.4	3.4	0.4
Greater than 12 months		—	—	—		—	—	—
		47.1	6.7	—		24.4	3.4	0.4
Buy DKK								
Less than 12 months		—	—	—	6.19	18.7	3.0	(0.2)
Greater than 12 months		—	—	—		—	—	—
		—	—	—		18.7	3.0	(0.2)
			90.8	1.3			417.7	(3.4)

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

25 Financial Instruments (continued)

Interest rate swaps

IBOR Reform

As at 31 December 2022 the only exposure to USD LIBOR, which will cease to be representative after 30 June 2023, relate to the interest rate swaps noted below. These interest rate swaps are due to expire on 31 March 2023, after which V. will be transitioning to interest rate swaps at alternative risk free rates that are in line with our current debt structure.

The Group held the following contracts at 31 December 2021 and 31 December 2022.

At 31 December 2022:

Notional amount at contract start (USD m)	Notional amount at 31 December 2022 (USD m)	Start date	End Date	Fixed interest rate at end of year	Fixed interest rate at start of year
45.3	350.9	31 October 2018	31 March 2023	3.105%	3.105%
22.7	175.4	31 October 2018	31 March 2023	3.108%	3.108%
	<u>526.3</u>				

At 31 December 2021:

Notional amount at contract start (USD million)	Notional amount at 31 December 2021 (USD million)	Start date	End Date	Fixed interest rate at end of year	Fixed interest rate at start of year
159.5	—	9 March 2017	31 March 2021	—	2.842%
159.5	—	9 March 2017	31 March 2021	—	2.917%
159.5	—	9 March 2017	31 March 2021	—	2.920%
45.3	354.3	31 October 2018	31 March 2023	3.105%	3.105%
22.7	177.2	31 October 2018	31 March 2023	3.108%	3.108%
	<u>531.5</u>				

The contracts include the rollover of previous contracts held by Group subsidiaries prior to the acquisition of Vouvray Holdings Limited by AI Mistral Limited. The notional amounts of the swaps step down in line with the repayment of the Term Loan B.

During the year the Group paid interest expense of \$6.1m from these interest rate swaps (2021: paid interest expense of \$11.2m).

The financial instruments are held in accordance with the Group's risk management policy and comply with the requirements of the Term Loan.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

25 Financial Instruments (continued)

Interest rate swaps (continued)

Fair values represent the estimated termination amounts at the consolidated statement of financial position date and have been charged to the consolidated income statement (note 1(v)). The movement in fair values during the year was as follows:

	Note	2022 USD m	2021 USD m
At 1 January		(13.2)	(25.1)
Unrealised mark-to-market gain on interest rate swap notes	10	15.1	12.0
Net asset/(liability) at 31 December		1.9	(13.1)

	2022 USD m	2021 USD m
Current assets	1.9	—
Current liabilities	—	(11.1)
Non-current liabilities	—	(2.0)
	1.9	(13.1)

b) Fair value measurement recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable Group policy on derivative hedging instruments).

	Level 1 USD m	Level 2 USD m	Level 3 USD m	Total 2022 USD m
Financial assets recognised at fair value				
Forward purchase of foreign currencies	—	2.2	—	2.2
Interest rate swaps	—	2.0	—	2.0
Total financial assets	—	4.2	—	4.2

Financial liabilities recognised at fair value

	Level 1 USD m	Level 2 USD m	Level 3 USD m	Total 2022 USD m
Forward purchase of foreign currencies	—	(0.9)	—	(0.9)
Contingent consideration payable	—	—	(2.2)	(2.2)
Total financial liabilities	—	(0.9)	(2.2)	(3.1)
Net financial assets/(liabilities)	—	3.3	(2.2)	1.1

	Level 1 USD m	Level 2 USD m	Level 3 USD m	Total 2021 USD m
Financial assets				
Forward purchase of foreign currencies	—	4.8	—	4.8
Contingent consideration receivable	—	—	4.1	4.1
Total financial assets	—	4.8	4.1	8.9

Financial liabilities

	Level 1 USD m	Level 2 USD m	Level 3 USD m	Total 2021 USD m
Forward purchase of foreign currencies	—	(8.2)	—	(8.2)
Interest rate swaps	—	(13.1)	—	(13.1)
Contingent consideration payable	—	—	(1.1)	(1.1)
Total financial liabilities	—	(21.3)	(1.1)	(22.4)
Net financial assets/(liabilities)	—	(16.5)	3.0	(13.5)

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

25 Financial Instruments (continued)

b) Fair value measurement recognised in the statements of financial position (continued)

Level 3 financial assets and liabilities represent contingent consideration assets and liabilities respectively. The Group is party to certain contingent consideration arrangements arising from the disposal of Marlins and acquisition of Argo, which include milestones that are potentially payable or receivable on the achievement of certain revenue targets. The fair value of these financial instruments are determined by assessing the probability of expected future payments and discounting these risk adjusted payments to their present value.

Argo Business

The Argo contingent consideration payable of \$1.6m at 31 December 2022 (2021: \$0.3m) related to a revenue milestone which is payable if certain revenue is achieved in 2024. During the year, the Group recognised a debit of \$1.3m (2021: \$1.0m credit) relating to a change in fair value resulting from an update in assumptions and the unwinding of the discount rate.

Marlins

The Marlins contingent consideration receivable was settled during the year for \$4.1m (2021: \$4.1m). This related to an earn-out entitlement of up to \$7.0m based on the revenue generated by Marlins leisure and cruise customers in 2021. The Marlins contingent consideration payable of \$0.6m (2021: \$0.8m) relates to the provision of an 8-year minimum revenue guarantee to the Buyer based on the revenue generated from a 'strategic partnership' that was entered into with the Buyer on completion of the sale of Marlins. During the year, the Group recognised a credit of \$0.2m (2021: \$0.9m credit) relating to a change in fair value resulting from an update in assumptions and the unwinding of the discount rate.

26 Risk Management

The Group Executive reviews and manages the key risks that could prevent the Group from meeting its business objectives. The Group Executive consists of senior managers from the different operating business units and reports findings and actions directly to the CEO and the Board. This process covers all risk areas, including strategic, operational and financial risks. The key risks identified by management are as follows:

Customer risk

The Group's principal activity is that of a ship manager and marine manpower and services provider. At 31 December 2022, the Group managed 569 (2021: 578) vessels under full technical management.

Before trading with a new customer, the new business is subject to a formal risk assessment process to review and fully document potential operational and financial risks. To complete the risk assessment process for new vessels entering management, formal inspection visits are carried out, where possible, with reports and findings forming the basis for the formal risk assessment process, together with reports from various international marine bodies. This process is subject to regular external audit by a number of recognised international marine bodies with any subsequent findings reported to management for review and action.

The Group operates a special focus list which is reviewed by the Group Executive and the Board to highlight and monitor any specific risks posed by customers.

Credit risk

Credit risk to the Group is the risk that a trading counterparty will fail to pay amounts due and therefore expose the Group to loss. The Group has specified terms of business which vary across different operating divisions and are defined contractually with customers.

As part of the formal risk assessment process the credit risk of new customers is formally assessed. The counterparty's business activities, financial resources, trading and operational history are all taken into account in the assessment, to the extent this information is publicly available, together with reports from external credit agencies, stock market filings, and supplier reports on payment performance.

In the Group's fleet credit risk report, customers which have the highest amounts of overdue debt are highlighted to the Board. The report includes corresponding commentary on expectations on recovery and changes in the amount of aged debt from the prior month.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

26 Risk Management (continued)

The Group does not aim to remove credit risk altogether and, notwithstanding the above, from time to time, has experienced economic loss because of customer default (ie where there is no realistic prospect of recovery). The Group has a broad customer base and does not consider the credit risk of one specific customer would have a significant impact on results.

The Group is cognisant of the increased credit risk posed by customers experiencing liquidity issues due to recent increases in interest rates and is closely monitoring aged debt on all customers on a weekly basis and placing customers 'on hold' where considered appropriate to reduce credit risk.

After a thorough evaluation of all Group customer receivables, a loss allowance of \$5.7m (2021: \$3.6m) has been made against certain aged trade receivables at 31 December 2022.

Foreign exchange risk

The majority of the Group's revenue is generated in USD. However, the Group operates globally and has administrative expenses in various other currencies. The Group has a policy of, where possible, fixing new contracts in local currencies to mitigate its exposure to foreign currencies. Where this is not possible, it is the Group's policy to hedge material exposures to foreign currency movements by way of derivative financial instruments such as forward foreign exchange contracts. The financial instruments hedging foreign exchange risk have duration of normally up to 15 months on a rolling basis. The impact of the mark to market value of the foreign exchange contracts is disclosed in note 25. As the Group has entered into forward foreign currency contracts on the majority of significant estimated expenditure in foreign currencies, it is considered that all material transactions of the Group are denominated in USD.

The Group's policy on hedging foreign currency is to cover up to a maximum of 90% of its estimated net annual foreign currency requirements 15 months forward, using the derivative financial instruments disclosed in note 25.

At 31 December 2022 the Group's financial assets and liabilities are denominated in the following principal operating currencies:

	USD	GBP	EUR	INR	Other	Total 2022
	USD m	USD m	USD m	USD m	USD m	USD m
Financial assets						
Trade and other receivables	92.5	7.9	19.3	2.6	8.2	130.5
Loan receivables	—	—	13.0	—	—	13.0
Investments	—	—	1.4	—	—	1.4
Derivative financial instruments less than one year	2.1	0.5	0.4	—	1.2	4.2
Group cash and bank balances ¹	32.0	1.1	3.7	0.4	3.6	40.8
Other non-current assets	0.5	—	—	—	—	0.5
Financial liabilities						
Trade and other payables	(92.9)	(7.3)	(23.4)	(1.7)	(23.9)	(149.2)
Derivative financial instruments less than one year	(0.4)	—	(0.4)	(0.1)	—	(0.9)
Borrowings - term loans	(610.0)	—	—	—	—	(610.0)
Contingent consideration payable	(0.6)	—	(1.6)	—	—	(2.2)
Net (liabilities)/assets	(576.8)	2.2	12.4	1.2	(10.9)	(571.9)

¹ Cash held on behalf of clients of \$70.7m (2021: \$59.9m) is excluded along with its corresponding liability in trade and other payables, as there is no foreign exchange risk associated with these balances. The foreign exchange movement on the cash directly offsets the liability.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

26 Risk Management (continued)

	USD	GBP	EUR	INR	Other	Total 2021
	USD m	USD m	USD m	USD m	USD m	USD m
Financial assets						
Trade and other receivables	90.2	3.1	15.1	4.1	3.1	115.6
Loan receivables	—	—	13.0	—	—	13.0
Investments	—	—	1.2	—	—	1.2
Derivative financial instruments less than one year	2.1	0.6	0.1	0.5	1.4	4.7
Derivative financial instruments greater than one year	0.1	—	—	—	—	0.1
Group cash and bank balances	25.0	0.8	5.0	0.3	2.6	33.7
Contingent consideration receivable	4.1	—	—	—	—	4.1
Other non-current assets	0.5	—	—	—	—	0.5
Financial liabilities						
Trade and other payables	(86.0)	(5.9)	(19.6)	(2.1)	(22.0)	(135.6)
Derivative financial instruments less than one year	(11.5)	(0.1)	(3.7)	—	(3.7)	(19.0)
Derivative financial instruments greater than one year	(2.1)	—	(0.2)	—	—	(2.3)
Borrowings - term loans	(580.0)	—	—	—	—	(580.0)
Contingent consideration payable	(0.8)	—	(0.3)	—	—	(1.1)
Net (liabilities)/assets	(558.4)	(1.5)	10.6	2.8	(18.6)	(565.1)

At 31 December 2022, had the exchange rate between the USD and the principal operating currencies moved in either direction by 10 per cent with all other variables held constant net liabilities would be \$0.1m (2021: net nil). 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign currency rates.

This sensitivity analysis takes account of the impact on the financial assets and liabilities at 31 December 2022 in the consolidated statement of financial position, in the consolidated income statement throughout the year to 31 December 2022, the impact on the net unhedged portion of foreign currency requirement, and the impact on the mark to market valuation of the derivatives held at the consolidated statement of financial position date. The impact on the consolidated income statement is estimated to be approximately neutral with the movement on the mark to market valuation of the derivatives offsetting the impact of the unhedged portion of the foreign currency requirement.

Interest rate risk

The Group is exposed to interest rate risks on its secured borrowings (note 20). It is a condition of our secured borrowings that this risk is managed through interest rate hedging of not less than two thirds of the principal amount of the borrowings looking over a 3-year minimum period. At 31 December 2022, the Group had taken out interest rate swaps equal to 89% of its borrowings (2021: 91%). The impact of the mark to market value of the interest rate swaps is disclosed in note 25.

At 31 December 2022, had yields shifts by 100 basis points with all other variables remaining constant, movement in marked-to-market interest rate swaps will increase profit after tax by approximately \$5.2m (2021: \$0.5m) if yields increase, and no impact if yields decrease due to the SOFR rate. 100 basis points is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

This sensitivity analysis takes account of the impact on the derivative financial instruments disclosed in note 25 and the impact of the uncovered portion of net interest expense in the income statement throughout the year to 31 December 2022. This was assessed on the impact of the basis point change against the unhedged portion of the senior debt and the impact of average positive bank balances offset against any average overdraft balances in the year.

The impact of the sensitivity analysis would be reflected entirely through the consolidated income statement.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

26 Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that suitable sources of funding may not be available for the Group's business activities. The Group's liquidity is managed by the central treasury function. On at least a monthly basis, the majority of surplus cash is repatriated to central treasury unless restricted by local regulation. The Group's treasury function coordinates centrally relationships with lead banks, borrowing requirements, cash management and foreign exchange hedging.

The Group central treasury function monitors cash balances on a daily basis and receives weekly cash forecasts from all business units built from individual company submissions looking out three months. These weekly cash forecasts are reviewed along with longer term projections reported in the monthly management accounts, monthly divisional financial forecasts and annual budgets, to ensure the Group has sufficient cash to meet its liabilities as they fall due. Business unit cash requirements are assessed through this process allowing surplus cash to be applied to meet circumstances of short term business unit shortfalls if these ever occur. The Group central treasury function uses the process on an on-going basis to assess medium term Group cash flow and to make recommendations to the Board.

At 31 December 2022, the Group had \$50.0m (2021: \$50.0m) undrawn on Revolving Credit Cash Facility.

In addition to surplus cash and undrawn elements of the available loan facilities, liquidity risk is managed through on-going review of the Group's financial projections by the Group finance function. Recommendations may then be made to the Board to mitigate cash outflows through restriction or deferral of discretionary expenditure as appropriate. The Group also takes out foreign exchange hedging to better manage this specific risk to cash flows and give a more certain base on which to predict and hence manage cash flows and liquidity.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, which will therefore not necessarily agree with the amounts disclosed in the balance sheet:

31 December 2022					
	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 years	Total
	USD m	USD m	USD m	USD m	USD m
Trade and other payables	149.2	—	—	—	149.2
Borrowings - term loans ¹	57.5	64.9	634.2	—	756.6
Derivative instruments (net settled)	0.9	—	—	—	0.9
Contingent consideration payable	0.4	2.3	0.4	0.2	3.3
	208.0	67.2	634.6	0.2	910.0

31 December 2021					
	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 years	Total
	USD m	USD m	USD m	USD m	USD m
Trade and other payables	135.5	—	—	—	135.5
Borrowings - term loans	26.2	50.7	570.7	—	647.6
Derivative instruments (net settled)	19.0	2.3	—	—	21.3
Contingent consideration payable	0.1	0.2	1.1	0.6	2.0
	180.8	53.2	571.8	0.6	806.4

¹ Interest on Term Loan C-1 and C-2 to the extent allowable under the debt facilities is assumed to be settled by PIK through to maturity.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

26 Risk Management (continued)

Health, safety, environmental and quality risk ("HSEQ")

The Group is exposed to HSEQ risk principally through its operations in the ship management and offshore sectors. Through its formal risk assessment process the Group has systems in place to assess risks prior to planned changes or when unplanned changes occur, whether permanent or temporary, during operations or when changes are required to facilities, equipment, procedures, laws, regulations, standards or systems. The risk assessment process involves staff with relevant knowledge and experience, with findings and changes communicated to all those who may be affected, and training provided as required.

The HSEQ risk management processes are applied to all new projects and existing operations, with risks prioritised and managed to ensure they are reduced to a level that is as low as reasonably practical. All identified risks are recorded and maintained at business unit level and are escalated to the Board as appropriate.

Insurance risk

The Group provides hull and machinery, increased value and war risk insurance products to a number of third party ship owners through one of its subsidiaries, Alvada Insurance Inc. The Group offsets this insurance risk by reinsuring 100% of the risks it is insuring on exactly the same terms and conditions, including the deductible, as the insurance policy offered to the ship owners. The reinsurance programme is arranged, administered and placed by Seascope Insurance Services, a well-established independent Lloyds broker specialising in providing Captive Reinsurance.

Reinsurance is negotiated annually by Seascope and is placed across a spread of underwriters which have a high level of standing. The security of the reinsuring underwriters is vetted and approved by Seascope's security committee and re-insurers must have a minimum 'A' Standard and Poor credit rating. In the event the security committee raise any concerns about a participating reinsurance underwriter, or their credit rating falls below an 'A' Standard and Poor rating they are immediately replaced with another underwriter meeting the required criteria. While this counterparty risk cannot be eliminated, the Group views the default risk of an underwriter as remote due to the spreading of the reinsurance across a number of underwriters, all with a minimum A credit rating coupled with the on-going risk assessment monitoring carried out by Seascope using their established vetting procedures.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements

Defined contribution schemes

The Group operates various defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to the consolidated income statement of \$3.8m (2021: \$5.4m) in the year represents contributions payable to the scheme by the Group at rates specified in the rules of the various schemes.

Defined benefit schemes

The Group is a participating employer in a number of defined benefit arrangements located across the globe. The major defined benefit plans are largely legacy arrangements that are closed to new entrants and only have a small number of active employees. Ninety seven percent of the Group's total defined benefit obligations or (55% of net obligations) at 31 December 2022 are in schemes within the UK.

Silverline Pension Scheme (SLPF)

V.Ships UK Limited, a wholly owned subsidiary of the Group, sponsors SLPF, a funded defined benefit pension scheme in the United Kingdom. The scheme is administered within a trust which is legally separate from V.Ships UK Limited. Trustees are appointed by both V.Ships UK Limited and the Scheme's membership and act in the interest of SLPF an all relevant stakeholders, including the members and the Group. The Trustees are also responsible for the investment of the assets of the Scheme.

The scheme provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The Scheme was closed to accrual of benefits on 31 December 2013. Members active at 31 December 2013 will retain a salary link. Previously active members of the scheme paid contributions at the rate of 5% of salary and the Group paid the balance of the cost as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

Responsibility for making good any deficit within the scheme lies with the Group and this introduces a number of risks to the Group. The major risks are: interest rate risk; inflation risk; investment risk; longevity risk. The Group and the Trustees are aware of these risks and manage them through appropriate investment and funding strategies.

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The valuation at 31 December 2019 was completed during 2021, with agreement reached on the future funding of the scheme and future contributions. These actuarial valuations are carried out in accordance with the requirements the Pensions Act 2004 and so include deliberate margins of prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

A formal actuarial valuation was carried out as at 31 December 2019. The results of that valuation have been projected to 31 December 2022 by a qualified independent actuary.

The Company will not be seeking to alter any discretionary pension increases that were previously followed.

The Merchant Navy Officers Pension Fund (MNOFF)

There are four group entities which participate in the MNOFF. The MNOFF is a funded defined benefits scheme. The assets of the MNOFF are held separately from the Group.

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. A formal actuarial valuation of the plan assets and the present value of the defined benefit obligations of the sections of the MNOFF were carried out as at 31 March 2018. This valuation has been updated to 31 December 2022 by a qualified independent actuary using the assumptions that are consistent with the requirements of IAS 19. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The Merchant Navy Ratings Pension Fund (MNRPF)

The Group holds a liability to the MNRPF in relation to seafarers employed by a group entity in the period 1978 – 1984. There is one group entity which participates in the MNRPF. The MNRPF is a funded defined benefits scheme and its assets are held separately from the Group.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements (Continued)

The scheme is subject to regular actuarial valuations, which are carried out every three years. A former actuarial valuation of the plan assets and the present value of the defined benefit obligations of the sections of the MNRPF were carried out as at 31 March 2020. This valuation has been updated to 31 December 2022 by a qualified independent actuary using the assumptions that are consistent with the requirements of IAS 19. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Manila retirement obligation

Group entities based in the Philippines entities participate in the Minimum Retirement Benefit ("Manila Retirement Obligation") mandated under Republic Act of 7641 ("R.A. 7641") of the labour law in the Philippines. R.A. 7641 requires a minimum retirement benefit equivalent to one-half month salary per year of service, a fraction of at least six months being considered as one whole year. The benefit is payable to the employees who retire from service who are at least 60 years old and with at least five years of continuous service.

Manila Retirement Obligation is an unfunded scheme and does not hold plan assets. There are 4 entities (2021: 4) with 469 (2021: 446) employees which comply with R.A. 7641 as at 31 December 2022.

The actuarial valuation of the Manila Retirement Obligation was prepared at 31 December 2022 using the projected unit credit method by a qualified independent actuary using revised assumptions that are consistent with the requirements of IAS 19.

Norddeutsche Reederei Plan (NRG)

The latest actuarial valuation of the present value of the defined benefit obligations NRG were carried out as at 31 December 2022. The scheme is funded and the valuation has been updated to 31 December 2022 by a qualified independent actuary using the assumptions that are consistent with the requirements of IAS 19.

Inter Argo Ph. Plan

In 2019 the Group acquired ISS GMT BV which owns and controls Inter Argo Ph Inc. Inter Argo Ph Inc participates in the Minimum Retirement Benefit ("Inter Argo Retirement Obligation") mandated under Republic Act of 7641 ("R.A. 7641") of the labour law in the Philippines. R.A. 7641 requires a minimum retirement benefit equivalent to one-half month salary per year of service, a fraction of at least six months being considered as one whole year. The benefit is payable to the employees who retire from service who are at least 60 years old and with at least five years of continuous service.

Inter Argo Retirement Obligation is an unfunded scheme and does not hold plan assets. The scheme provides for 100 (2021: 94) employees and complies with R.A. 7641 as at 31 December 2022.

The actuarial valuation of the Inter Argo Retirement Obligation was prepared at 31 December 2022 using the projected unit credit method by a qualified independent actuary using revised assumptions that are consistent with the requirements of IAS 19.

Income Statement and Statement of Comprehensive income

Amounts recognised in the income statement in respect of this defined benefit plans are as follows:

	SLPF USD m	MNOPF USD m	MNRPF USD m	Manila USD m	NRG USD m	IAPH USD m	Total USD m
Net interest expense	—	—	—	(0.1)	—	—	(0.1)
Current Year Service Costs	—	—	(0.1)	(0.1)	—	(0.1)	(0.3)
Year Ended 31 December 2022	—	—	(0.1)	(0.2)	—	(0.1)	(0.4)
Net interest expense	—	(0.1)	—	—	—	—	(0.1)
Current Year Service Costs	—	—	—	(0.1)	—	(0.1)	(0.2)
Year Ended 31 December 2021	—	(0.1)	—	(0.1)	—	(0.1)	(0.3)

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements (Continued)

The charge for the year for current service cost has been included in staff costs (note 8) and within administrative expense (note 5), and the net interest expense is included in finance costs (note 10).

Amounts recognised in the statement of comprehensive income are as follows:

	SLPF USD m	MNOPF USD m	MNRPF USD m	Manila USD m	NRG USD m	IAPH USD m	Total USD m
Year Ended 31 December 2022							
Return on plan assets (excluding amounts included in interest expense)	(10.5)	(11.5)	(1.3)	—	—	—	(23.3)
Experience (loss)/gain arising on the adjusted value of section liabilities	(0.7)	3.5	0.1	0.2	—	—	3.1
Actuarial (loss) arising from changes in demographic assumptions	—	(0.5)	—	—	—	—	(0.5)
Actuarial gain/(loss) arising from changes in financial assumptions	13.6	8.7	1.1	(0.1)	—	0.3	23.6
Adjustment for restriction on the asset recognised	(2.8)	(0.2)	—	—	—	—	(3.0)
Adjustment due to IFRIC14	0.5	—	—	—	—	—	0.5
Actuarial gain recognised in the statement of comprehensive income	0.1	—	(0.1)	0.1	—	0.3	0.4

Year Ended 31 December 2021

Return on plan assets (excluding amounts included in interest expense)	5.5	2.4	(0.2)	—	—	—	7.7
Experience (loss)/gain arising on the adjusted value of section liabilities	(0.5)	—	0.2	—	—	(0.1)	(0.4)
Actuarial (loss) arising from changes in demographic assumptions	(2.3)	—	—	—	—	—	(2.3)
Actuarial loss arising from changes in financial assumptions	0.7	1.5	—	0.1	—	0.1	2.4
Adjustment for restriction on the asset recognised	(1.1)	(0.5)	—	—	—	—	(1.6)
Adjustment due to IFRIC14	(2.3)	—	—	—	—	—	(2.3)
Actuarial gain recognised in the statement of comprehensive income	—	3.4	—	0.1	—	—	3.5

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements (Continued)

Movement in the present value of the defined benefit obligation to 31 December 2022 were as follows:

	SLPF 2022 USD m	MNOPF 2022 USD m	MNRPF 2022 USD m	Manila 2022 USD m	NRG 2022 USD m	IAPH 2022 USD m	Total 2022 USD m
At 1 January 2022	50.5	39.1	3.8	1.1	0.3	0.6	95.4
Interest on defined benefit obligation	0.8	0.6	0.1	0.1	—	—	1.6
Current Service Costs	—	—	—	0.1	—	0.1	0.2
Actuarial gain	(12.9)	(11.7)	(1.2)	(0.1)	—	(0.3)	(26.2)
Exchange differences	(5.5)	(4.8)	(0.4)	(0.1)	(0.1)	(0.1)	(11.0)
Benefits paid	(1.8)	(1.7)	(0.2)	—	—	—	(3.7)
Adjustment due to IFRIC14	(0.5)	—	—	—	—	—	(0.5)
Changes in the effect of the asset ceiling	2.8	0.2	—	—	—	—	3.0
Fair value of plan obligation at 31 December 2022	33.4	21.7	2.1	1.1	0.2	0.3	58.8

Movements in the fair value of plan assets were as follows

At 1 January 2022	48.1	39.1	3.7	0.1	—	—	91.0
Expected return on plan assets	(10.5)	(11.5)	(1.3)	—	—	—	(23.3)
Interest income on plan assets	0.8	0.6	0.1	—	—	—	1.5
Exchange differences	(5.2)	(4.8)	(0.4)	—	—	—	(10.4)
Employer contributions	0.4	—	—	—	—	—	0.4
Current Service Costs	—	—	(0.1)	—	—	—	(0.1)
Benefits paid	(1.8)	(1.7)	(0.2)	—	—	—	(3.7)
Fair value of plan assets at 31 December 2022	31.8	21.7	1.8	0.1	—	—	55.4

Movements in the net liability in the current year were as follows:

At 1 January 2022	(2.3)	—	(0.1)	(1.0)	(0.3)	(0.6)	(4.3)
Actuarial gain/(loss)	2.4	0.2	(0.1)	0.1	—	0.3	2.9
Changes in the effect of the asset ceiling	(2.8)	(0.2)	—	—	—	—	(3.0)
Exchange differences	0.2	—	—	0.1	0.1	0.1	0.5
Amounts charged to income	—	—	(0.1)	(0.2)	—	(0.1)	(0.4)
Contributions	0.4	—	—	—	—	—	0.4
Adjustment due to IFRIC14	0.5	—	—	—	—	—	0.5
At 31 December 2022	(1.6)	—	(0.3)	(1.0)	(0.2)	(0.3)	(3.4)

Average Durations of Schemes Liability (Years)

11.0	10.0	11.0	14.8	7.0	19.0
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Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements (Continued)

Movement in the present value of the defined benefit obligation to 31 December 2021 were as follows:

	SLPF 2021 USD m	MNOFF 2021 USD m	MNRPF 2021 USD m	Manila 2021 USD m	NRG 2021 USD m	IAPH 2021 USD m	Total 2021 USD m
At 1 January 2021	46.3	41.8	4.1	1.1	0.4	0.5	94.2
Interest on defined benefit obligation	0.7	0.6	0.1	—	—	0.1	1.5
Current service costs	—	—	—	0.1	—	—	0.1
Actuarial loss	2.1	(1.5)	(0.2)	(0.1)	—	—	0.3
Exchange differences	(0.2)	(0.3)	—	(0.1)	(0.1)	—	(0.7)
Benefits paid	(1.8)	(2.0)	(0.2)	—	—	—	(4.0)
Adjustment due to IFRIC14	2.3	—	—	—	—	—	2.3
Changes in the effect of the asset ceiling	1.1	0.5	—	—	—	—	1.6
Fair value of plan obligation at 31 December 2021	50.5	39.1	3.8	1.0	0.3	0.6	95.3

Movements in the fair value of plan assets were as follows

At 1 January 2021	43.7	38.3	4.0	0.2	—	—	86.2
Expected return on plan assets	5.5	2.4	(0.2)	—	—	—	7.7
Interest income on plan assets	0.6	0.5	0.1	—	—	—	1.2
Exchange differences	(0.2)	(0.2)	—	(0.1)	—	—	(0.5)
Employer contributions	0.3	—	—	—	—	—	0.3
Benefits paid	(1.8)	(2.0)	(0.2)	—	—	—	(4.0)
Fair value of plan assets at 31 December 2021	48.1	39.0	3.7	0.1	—	—	90.9

Movements in the net liability in the prior year were as follows:

At 1 January 2021	(2.6)	(3.5)	(0.1)	(0.9)	(0.4)	(0.5)	(8.0)
Actuarial gain	3.4	3.9	—	0.1	—	—	7.4
Changes in the effect of the asset ceiling	(1.1)	(0.5)	—	—	—	—	(1.6)
Exchange differences	—	0.1	—	—	0.1	—	0.2
Amounts charged to income	—	(0.1)	—	(0.2)	—	(0.1)	(0.4)
Contributions	0.3	—	—	—	—	—	0.3
Adjustment due to IFRIC14	(2.3)	—	—	—	—	—	(2.3)
At 31 December 2021	(2.3)	(0.1)	(0.1)	(1.0)	(0.3)	(0.6)	(4.4)

Average Durations of Schemes Liability (Years)

15.0	13.0	14.0	11.0	8.5	22.4
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Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements (Continued)

The Group expects to pay only a contribution towards expenses to the Scheme during 2022 and 2021.

The analysis of the scheme assets at the statement of financial position date are as follows:

	SLPF USD m	MNOPF USD m	MNRPF USD m	Manila USD m	NRG USD m	IAPH USD m	Total USD m
31 December 2022							
Equity	5.7	—	—	—	—	—	5.7
Bonds	11.7	4.1	1.2	—	—	—	17.0
Multi assets	5.4	—	—	—	—	—	5.4
Alternative assets	3.7	1.7	0.6	—	—	—	6.0
Insurance annuity contracts	4.0	15.9	—	—	—	—	19.9
Derivatives	—	0.6	—	—	—	—	0.6
Cash and cash equivalents	1.3	—	—	—	—	—	1.3
Fair value of scheme assets at 31 December 2022	31.8	22.3	1.8	—	—	—	55.9
31 December 2021							
Equity	8.7	—	—	—	—	—	8.7
Bonds	13.2	9.4	2.3	—	—	—	24.9
Alternative assets	12.9	5.0	—	—	—	—	17.9
Insurance annuity contracts	6.3	23.3	1.3	—	—	—	30.9
Derivatives	—	1.3	0.1	—	—	—	1.4
Cash and cash equivalents	7.0	—	—	—	—	—	7.0
Fair value of scheme assets at 31 December 2021	48.1	39.0	3.7	—	—	—	90.8

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements (Continued)

The following assumptions were used to determine the Group's deficit/surplus in its defined benefit schemes at 31 December 2022:

	SLPF	MNOPF	MNRPF	Manila	NRG	IAPH
2022						
Rate of increase in pension payments	3.38%	3.10%	3.10%	—%	2.00%	—%
Rate of increase in deferred pensions	2.65%	2.65%	2.90%	—%	—%	—%
Inflation – RPI	3.20%	3.20%	3.20%	5.60%	—%	5.00%
Inflation – CPI	2.65%	2.65%	2.65%	—%	—%	—%
Discount rate for plan liabilities	4.90%	4.90%	4.90%	7.08%	3.60%	7.80%
Mortality pre-retirement	100% (Female) and 92% (Male) of SAPS S3PMA with CMI 2021 improvements with 1.25% long term trend, 0.3% initial addition and 7.5% weight to 2021 & 2020 experience	108.5% of SAPS S3NMA CMI 2021 improvements 1.6% long term trend, 0.25% initial addition and 0% weight to 2021 & 2020 experience, 1.6% long term trend	Expected age of death of future pensioner at age 62 (years): Female aged 42 at year end: 90 Male aged 42 at year end: 87	PUC 1994 GAMT 1952 DT	Klaus Heubeck Richttafeln 2018 G	2017 PIC
Mortality post-retirement	108.5% (Female) and 89% (Male) of SAPS S3PMA with CMI 2021 improvements with 1.25% long term trend, 0.3% initial addition and 7.5% weight to 2021 & 2020 experience	100% (Female) and 92% (Male) of SAPS S3NFA with CMI 2021 improvements with 0.25% long term trend, 0.3% initial addition and 7.5% weight to 2021 & 2020 experience, 1.6% long term trend	Expected age of death of future pensioner at age 62 (years): Female aged 42 at year end: 89 Male aged 42 at year end: 87	PUC 1994 GAMT 1952 DT	Klaus Heubeck Richttafeln 2018 G	2017 PIC
2021						
Rate of increase in pension payments	3.45%	3.25%	3.30%	—%	1.75%	—%
Rate of increase in deferred pensions	2.80%	2.80%	2.90%	—%	—%	—%
Inflation – RPI	3.35%	3.35%	3.45%	5.00%	—%	7.00%
Inflation – CPI	2.80%	2.80%	2.90%	—%	—%	—%
Discount rate for plan liabilities	1.85%	1.85%	1.60%	4.84%	0.75%	5.10%
Mortality pre-retirement	100% (Female) and 92% (Male) of SAPPS S3PMA with CMI 2020 improvements with 1.25% long term trend, 0.3% initial addition and 20% weight to 2020 experience	112.5% of SAPS S2NMA CMI 2017 improvements 1.8% long term trend	Expected age of death of future pensioner at age 62 (years): Female aged 42 at year end: 94 Male aged 42 at year end: 88	PUC 1994 GAMT 1952 DT	Klaus Heubeck Richttafeln 2018 G	2017 PIC
Mortality post-retirement	100% (Female) and 92% (Male) of SAPPS S3PMA with CMI 2020 improvements with 1.25% long term trend, 0.3% initial addition and 20% weight to 2020 experience	112.5% of SAPS S2NMA CMI 2017 improvements 1.8% long term trend	Expected age of death of future pensioner at age 62 (years): Female aged 42 at year end: 89 Male aged 42 at year end: 87	PUC 1994 GAMT 1952 DT	Klaus Heubeck Richttafeln 2018 G	2017 PIC

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

27 Group Pension Arrangements (Continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation, expected rate of increase in pension payments and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year assuming that all other assumptions are held constant:

		Discount Rate USD 000's	Inflation USD 000's	Expected Rate of Life expectancies USD 000's
SLPF	CIA	Inc/Dcr by 300 bps	Inc/Dcr by 10 bps	Inc/Dcr by 1 year
	ISL	(Dcr)/Inc by USD (9,142) / 9,323	Inc/(Dcr) by USD 229 / (225)	Inc/(Dcr) by USD 1,248 / (1,247)
MNOFF	CIA	Dcr by 300 bps	Inc by 10 bps	Inc by 10 bps
	ISL	Inc by USD 5,420	Inc by USD 72	Inc by USD 976
MNRPF	CIA	Dcr by 300 bps	Inc by 10 bps	Inc by 10 bps
	ISL	Inc by USD 723	Inc by USD 12	Inc by USD 108
Manila	CIA	Inc/Dcr by 300 bps	Inc/Dcr by 100 bps	—
	ISL	(Dcr)/Inc by USD (263) / 307	Inc/(Dcr) by USD 103 / (90)	—
NRG	CIA	Inc/Dcr by 300 bps	—	—
	ISL	(Dcr)/Inc by USD (39) / 40	—	—
IAPH	CIA	Inc/Dcr by 300 bps	Inc/Dcr by 100 bps	Inc/Dcr by 1 year
	ISL	(Dcr)/Inc by USD (109) / 133	Inc/(Dcr) by USD 45 / (38)	—

(CIA: Change in Assumptions, ISL: Impact on Scheme Liabilities, Inc: Increase, Dcr: Decrease)

Using an alternative mortality assumption, which makes a greater allowance for the future improvements in life expectancies or an alternative table which implies longer life expectancies, would result in an increase in liabilities and a corresponding increase in deficit.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increase that both depend to a certain extent on expected inflation rates. The above analysis does not take the effect of these interrelationships into account.

28 Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below as well as disclosures between the Company and its subsidiaries.

Group

Remuneration of Key Management Personnel

The remuneration of the Directors and the key management personnel of the Group is set out in aggregate for each of the categories specified in IAS 24 Related Party Disclosures and shown in note 9 of these financial statements.

Loans to Related Parties

	2022 USD m	2021 USD m
<i>Loans to other related parties:</i>		
AI Mistral & CY SCA	13.0	13.0
Total Related Party Loans	13.0	13.0

On 3 May 2019, the Group provided a non-interest bearing loan of USD 1,092,876 to the Trustee, to fund the acquisition of securities in AI Mistral & CY SCA from former employees of its subsidiaries. The loan has no fixed maturity date, and may be repaid at any time or on demand upon providing 14 days' notice. In the year ended 31 December 2020, this loan was provided against in full due to risk of non-payment.

On 31 May 2019, the Group provided a EUR 10,000,000 unsecured loan to its immediate holding company at the time, AI Mistral & CY SCA. Effective from 18 November 2022, the loan agreement was amended to extend the maturity date to 30 June 2025. Interest is charged at 10.12% p.a. If unpaid, accrued interest is added to the outstanding principal at the end of each interest period. The loan is repayable in full on maturity on 30 June 2025.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

29 Subsidiaries

A complete list of the subsidiaries held by the Group as at 31 December 2022 is included in Appendix 1 of this report.

UK registered subsidiaries exempt from Audit

For the year ended 31 December 2022, the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

On the date of approval and signing of the consolidated financial statements, as set out on page 31, the outstanding liabilities at the Statement of Financial Position date, 31 December 2022, of the named subsidiaries were guaranteed by the parent undertaking, AI Mistral TopCo Limited (registered number: 10502763), pursuant to s479A to s479C of the Companies Act.

Company name	Company number	Registered Office Address	% held by the Group companies
AI Mistral Limited	10502986	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
AI Mistral Parentco Limited	10502884	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
AI Mistral Holdco Limited	10502918	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Vouvray Finance Limited	7376959	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Vouvray Midco Limited	7705164	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Vouvray Acquisition Limited	7705030	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
V Ships UK Group Ltd	7797062	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Bellatrix Ship Management Group Limited	3902499	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
V Ships Offshore Limited	9886138	1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%

30 Cash Flow From Operating Activities

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	USD m	USD m
(Loss)/profit for the year		(30.7)	71.4
Adjustments for:			
Separately disclosed items	3	7.1	4.2
Depreciation on property, plant and equipment	5,13	2.8	2.5
Depreciation on right-of-use assets	5,14	7.1	8.8
Amortisation and impairment to intangibles	5,12	36.5	37.2
Impairment of plant, property and equipment		0.7	—
Net finance expense	10	26.6	33.8
Gain on disposal of assets		—	(0.7)
Taxation	11	2.2	16.3
Share of results of associates	15	—	0.1
Defined benefit current service costs	27	0.3	0.2
Debt extinguishment	10	—	(101.9)
Loss on debt modification	10	42.0	—
Gain on mark-to-market movement on foreign exchange derivatives	5,25	(4.8)	(1.6)
Bad Debts written off	5	—	—
Provision for bad debts	17	3.4	2.2
Contingent consideration fair value movement		1.1	(4.8)
		125.0	(3.7)
		94.3	67.7
Movement in working capital			
Increase in inventories		(1.4)	(0.5)
Increase in trade and other receivables		(28.2)	(11.3)
Increase in trade and other payables		21.2	6.5
		(8.4)	(5.3)
Cash inflow from operations before separately disclosed items		85.9	62.4
Cash outflow arising on separately disclosed items	3	(6.4)	(6.7)
Cash inflow from operations		79.5	55.7
Interest paid		(34.3)	(34.7)
Tax paid on continuing operations		(7.5)	(4.4)
		(41.8)	(39.1)
Net cash inflow from operating activities		37.7	16.6

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

31 Changes in liabilities arising from financing activities

	2021	Net cash outflows	Unwind of discount	Transaction costs capitalised	Non-cash changes	2022
	USD m	USD m	USD m	USD m	USD m	USD m
Term Loan B	485.5	(5.1)	—	(12.3)	37.3	505.4
Term Loan C-1	46.8	—	—	(1.4)	7.7	53.1
Term Loan C-2	23.1	—	—	(0.7)	4.0	26.4
Acquisition credit facility	24.7	—	—	(0.6)	1.1	25.2
Revolving credit facility	—	—	—	(0.3)	0.3	—
Lease liabilities	17.8	(8.7)	2.4	—	1.0	12.5
	597.9	(13.8)	2.4	(15.3)	51.4	622.6

32 Insurance Contracts

The Group provides hull and machinery, increased value and war risk insurance products to a number of third party ship-owners through one of its subsidiaries, Alvada Insurance Inc. The Group offsets the insurance risk by reinsuring 100% of the risks it is insuring on exactly the same terms and conditions, including the deductible, as the direct insurance policy offered to the ship owners. The reinsurance programme is arranged, administered and placed by Seascope Insurance Services, a well-established independent Lloyd's broker specialising in providing Captive Reinsurance.

As stated in accounting policy 1(q) the Group recognises gains from issuing insurance contracts less costs of buying reinsurance, gross, in the consolidated income statement, in equal amounts over the period of the contracts. Revenue represents income from issuing insurance contracts amortised during the year and cost of sales represents the cost of purchasing reinsurance contracts amortised during the year.

The recognised assets, liabilities, income and expense arising from insurance contracts were as follows:

	2022 USD m	2021 USD m
Assets	11.5	7.0
Liabilities	(12.6)	(7.5)
Net assets	(1.1)	(0.5)

	2022 USD m	2021 USD m
Revenues	7.3	4.3
Cost of sales	(5.8)	(3.2)
Gross profit	1.5	1.1
Expenses	(0.6)	(0.6)
Net profit	0.9	0.5

The gross profit for the period represents gains amortised in the consolidated income statement from issuing insurance contracts less amortised costs of buying reinsurance. The net profit for the period represents recognised gross profit less the operating expenses of Alvada Insurance Inc.

The net cash outflow arising from issuing insurance contracts, purchasing reinsurance contracts less the operating expenses of Alvada Insurance Inc. during 2022 was \$1.4m (2021: \$1.0m).

At 31 December 2022 gains deferred in respect of insurance contracts issued amounted to \$5.1m (2021: \$3.5m) and expenses deferred in respect of reinsurance contracts purchased amounted to \$4.2m (2021: \$2.7m).

There have been no changes in the assumptions made to measure insurance assets and liabilities during the year.

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

33 Provisions and contingent liabilities

Provisions

	2022 USD m	2021 USD m
Restoration provision	(1.0)	—
Legal provision	(0.3)	—
	(1.3)	—
Current	(0.3)	—
Non-Current	(1.0)	—
	Restoration provision USD m	Legal provision USD m
At 1 January 2022	—	—
Additional provision in the year	(1.0)	(0.3)
Utilisation of provision	—	—
At 31 December 2022	(1.0)	(0.3)

The restoration provision represents dilapidation and reinstatement costs that we expect to incur at the end of our leases, in line with the relevant obligations in our lease agreements.

The legal provision represents amounts agreed to be settled for legal claims.

Contingent liabilities

The Group signed a Security Agreement and a Collateral Document with the institutional lenders in order to secure the Term Loans. According to the terms of the Collateral Document, the security will not be enforceable unless the Group defaults on its obligations. Certain selected subsidiaries of the Group which are deemed material by the institutional lenders are identified as Subsidiary Guarantors. Subsidiary Guarantors' assets and/or shares have been pledged as security against the Term Loans.

At 31 December 2022 trade guarantees and indemnities of \$5.3m (2021: \$4.9m) had been given by members of the Group in the normal course of trading, none of which is currently expected to crystallise.

The Group and/or its subsidiaries have been named in several litigation claims, which we have not provided for, on the basis that we have assessed that a payment is either not probable or cannot be reliably estimated. For the identified claims, litigation is on-going and is reasonably expected to be determined in the next twelve months. For one of these claims the Group considers there may be a possibility of settlement, the Group estimates the exposure for this claim to be USD 1.6m. It is considered prejudicial to disclose any further details relating to the claim.

34 Other Income

Other income of \$0.1m (2021: \$0.3m) are payments relating to job growth government incentive schemes.

35 Events after balance sheet date

On 14 March 2023, the Group acquired a controlling 51% interest in Maritime Payment Solutions LLC ('MPS') for initial consideration of \$10.2m. MPS provides digital payment solutions to the maritime industry, providing a more secure and efficient way to pay seafarers. The acquisition of MPS is in line with V's growth strategy with a core focus on digitalisation and seafarer well being. The acquisition includes contingent consideration of up to \$10.0m based on EBITDA of MPS recorded in two separate earn out periods commencing 16 and 34 months after the acquisition date.

Other than the matters noted above, there are no material matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

36 Group information

The principal activities of the Group encompass a wide range of ship management, marine services and other outsourcing services. The core geographical locations it operates in are the United Kingdom, Europe, Asia, the Middle East and North and South America. The Company's registered no is 10502763 and its registered office is situated at 1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA.

The Directors are of the opinion that the Company ultimately is majority owned and controlled by the GPE VIII private equity funds managed by Advent International Corporation ("Advent").

These financial statements are the largest and smallest consolidated financial statements in which the results of V.Group are reported.

The immediate holding company at 31 December 2022 was AI Mistral (Luxembourg) Bottomco S.a.r.l, incorporated in Luxembourg.

Company Statement of Financial Position

At 31 December 2022

	Note	31 December 2022 USD m	31 December 2021 USD m
Assets			
Non-current assets			
Investments	2	346.4	72.1
Total assets		346.4	72.1
Equity and liabilities			
Equity			
Share capital	23	137.7	137.7
Share premium	24	559.9	559.9
Retained earnings		(351.2)	(625.5)
Total equity		346.4	72.1

As permitted under section 408 of the Companies Act 2006, the Company elected not to present its own Statement of Comprehensive Income for the current and previous years. The Company reported a profit for the year of \$274.3m and other comprehensive income of \$nil for the year ended 31 December 2022 (2021: \$nil profit for the year and other comprehensive income).

The accompanying notes on pages 90 form an integral part of these financial statements.

The financial statements of AI Mistral TopCo Limited, registered number 10502763, were approved and authorised for issue by the Board of Directors and signed on behalf of the Board on 28 April 2023.



René Kofod-Olsen
Director

Company Cash Flow Statement

For the year ended 31 December 2022

The Company did not have any cash flows in the year ended 31 December 2022 or 31 December 2021 and therefore no cash flow statement had been presented.

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share capital USD m	Share premium USD m	Retained earnings USD m	Total equity USD m
Balance at 1 January 2021		137.7	509.9	(625.5)	22.1
Result for the year		—	—	—	—
Issue of share capital	23	—	50.0	—	50.0
Balance at 31 December 2021 and 1 January 2022		137.7	559.9	(625.5)	72.1
Result for the year		—	—	274.3	274.3
Balance at 31 December 2022		137.7	559.9	(351.2)	346.4

The accompanying notes on pages 90 form an integral part of these financial statements.

Notes to the Company Financial Statements

1. Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The accounting policies adopted in the preparation of these Company financial statements are the same as those set out in Note 1 to the Group financial statements with the addition of the following:

2. Critical judgements and sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 of the Group accounts, the Directors are required to make judgements, estimates and assumptions that affect the value at which certain assets and liabilities are held at balance sheet date. The estimates and associated assumptions are based on the latest information available to management at the time each estimate is made. Actual results may differ materially from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements that management has made in applying its accounting policies and the estimates and assumptions for which there is a significant risk of a material adjustment to the Financial Statements within the next financial year are set out below.

Critical accounting judgements

The directors do not consider there to be any critical accounting judgements in preparing the financial statements

Key sources of estimation uncertainty

Investments in subsidiaries are held at historical cost less any provision for impairment. The company assesses whether there are any indicators of impairment at each reporting date. Determining whether the Company's investments in subsidiaries are impaired or previous impairment losses should be reversed, requires the estimation of future cash flows and pre-tax discount rate to calculate the investments' value-in-use. This is performed at each reporting date, and this year resulted in the reversal of impairment losses of \$274.3m (2021: \$nil).

Notes to the Company Financial Statements

3. Profit for the year

As permitted under section 408 of the Companies Act 2006, the Company elected not to present its own Statement of Comprehensive Income for the year. The Company reported a profit for the year of \$274.3m and other comprehensive income of \$nil for the year ended 31 December 2022 (2021: \$nil profit for the year and other comprehensive income).

4. Investment in subsidiary undertakings

In the Company statement of financial position, investments in subsidiary undertakings are recorded at cost less provision for impairment.

The functional currency of the Company is US Dollar and all the values are rounded to the nearest \$0.1m except where otherwise indicated.

	31 December 2022 USD m	31 December 2021 USD m
Cost		
At 1 January	697.6	647.6
Additions	—	50.0
At 31 December	697.6	697.6
Provision for impairment		
At 1 January	(625.5)	(625.5)
Reversal of impairment	274.3	—
At 31 December	(351.2)	(625.5)
Net book value	346.4	72.1

The Company holds 100% (2021: 100%) of the ordinary USD 1 share capital in a subsidiary company AI Mistral Parentco Limited.

Due to the improved operating performance and cash flow of the Company's subsidiaries during 2022, the Company has assessed that there has been an increase in the recoverable amount of the Company's investment in AI Mistral Parentco Limited at 31 December 2022, resulting in the reversal of impairment loss of \$274.3m (2021: nil) recognised in the income statement.

The recoverable amount was based on value-in-use, which was calculated using discounted future cash flows to derive a value of the Company's investment in subsidiary undertakings.

A full list of subsidiaries of the Group is included in Appendix 1 of these consolidated financial statements.

5. Staff costs

The company did not employ any staff nor did any of the directors hold a service contract with the Company in the current or preceding financial years. The Directors are employed by wholly owned subsidiaries within the Group and do not receive any remuneration for their services to AI Mistral TopCo Limited. Refer to Group note 9.

Appendix 1 – Subsidiaries of AI Mistral TopCo Limited at 31 December 2022

All subsidiaries have Ordinary shares with the exception of V.Ships plc which also has Preference Shares.

Subsidiary	Immediate Parent Company	Country of Registration and Operation	Registered office address	Actual Holding
AI Mistral Parentco Limited	AI Mistral TopCo Limited	England & Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
AI Mistral Holdco Limited	AI Mistral Parentco Limited	England & Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
AI Mistral (Luxembourg) Subco S.à.r.l.	AI Mistral Holdco Limited	Luxembourg	2-4 Rue Beck, Luxembourg L-1222	100%
AI Mistral Finance Corp	AI Mistral Holdco Limited	USA	2711, Centreville Road, Wilmington, Delaware, United States of America, 19808	100%
AI Mistral Limited	AI Mistral Holdco Limited	England & Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Vouvray Holdings Limited	AI Mistral Limited	Jersey	44, Esplanade, St Helier, Jersey, JE4 9WG	100%
Vouvray Finance Limited	Vouvray Holdings Limited	England & Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Vouvray Midco Limited	Vouvray Finance Limited	England & Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Vouvray Acquisition Limited	Vouvray Midco Limited	England and Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Seatec Services Pte Ltd.	Vouvray Acquisition Limited	Singapore	29 Benoi Place, Singapore 629946	100%
Seatec Services SDN.BHD.	Seatec Services Pte Ltd.	Malaysia	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No.2 Leboh Ampang, Kuala Lumpur, Malaysia, 50100	100%
V.Ships Asia Group Pte. Ltd.	Vouvray Acquisition Limited	Singapore	#21-03/06, 300 Beach Road, The Concourse, Singapore, 199555	100%
V.Holdings Limited	Vouvray Acquisition Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
V.Ships Leisure Limited	Vouvray Acquisition Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
V.Ships Leisure S.A.M	V. Ships Leisure Limited	Monaco	Les Industries, 2 rue du Gabian, Monaco, MC98013	100%
V.Ships UK Limited	Vouvray Acquisition Limited	England and Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
V.Ships Germany Holding GmbH	Vouvray Acquisition Limited	Germany	Große Bleichen 5 Hamburg 20354 Germany	100%
V.Ships (Germany) GmbH	V.Ships Germany Holding GmbH	Germany	Große Bleichen 5 Hamburg 20354 Germany	100%
V.Ships Norway AS	V.Ships UK Group Limited	Norway	Karenslyst Alle 8B, Oslo, Norway, 0278	100%
Alvada Insurance Inc.	Vouvray Acquisition Limited	Liberia	80, Broad Street, Monrovia, Liberia	100%
V.Group Limited	Vouvray Acquisition Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
SEATEC UK Limited	Vouvray Acquisition Limited	Scotland	Skypark, 8 Elliot Place, Glasgow, Scotland, G3 8EP	100%
V.Ships UK Group Limited	Vouvray Acquisition Limited	England and Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
V.Ships (Isle of Man) Limited	V.Ships UK Group Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%

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Seatec China Limited	V.Ships Asia Group Pte. Ltd.	China	Room 901, Floor 9, New Bund Shun Tak Center, No. 18, Lane 666, Haiyang West Road, Pudong New District, Shanghai 200124, P.R.C.	100%
V.Ships (Papua New Guinea) Ltd	V.Ships Asia Group Pte. Ltd.	Papua New Guinea	Section 5, Allotment 16, Level 12, Deloitte Tower, Douglas Street, National Capital District, Port Moresby, Papua New Guinea	100%
V.Ships Group Limited	V.Holdings Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
V.Ships Management Limited	V.Ships Group Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
Marcas International Limited	Vouvray Acquisition Limited	Isle of Man	Baltic House, Station Road; Ballasalla, Isle of Man, IM9 2AE	100%
International Tanker Management Ltd	V.Ships UK Group Limited	Bermuda	Victoria Place, 31 Victoria Street, Hamilton, Bermuda, HM11	100%
V.Holdings Manpower PVT Ltd	V.Ships India Pvt Ltd	India	Windsor Corporate Park, 3rd & 4th Floor, Best Colony Road, Mahada Colony, Goregaon, West Oshiwara, Mumbai, India, 400102	100%
V.Hub Limited	V.Ships Management Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
E-Hub Corporate Services PVT Ltd	V.Hub Limited	India	503/504 VIP Plaza, B-7 Veera Industrial Estate, Andheri (West), Mumbai, India	100%
V.Group Manpower Services Limited	V.Ships Management Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
V.Ships India PVT Ltd	V.Group Manpower Services Limited	India	Windsor Corporate Park, 3rd & 4th Floor, Best Colony Road, Mahada Colony, Goregaon, West Oshiwara, Mumbai, India, 400102	100%
V.Ships Ship Management (India) PVT Ltd	V.Ships Management Limited	India	Unit No S005, Delta Wing, Ground Floor, Raheja Towers, #177 Anna salai Chennai, Chennai, India, 600002	100%
V.Ships Monaco S.A.M	V.Ships Management Limited	Monaco	Les Industries, 2 rue du Gabian, Monaco, MC98013	100%
V.Ships Canada Inc.	V.Holdings Limited	Canada	900-1000, De La Gauchetiere Street West, Montreal, Quebec, Canada, H3B 5H4	100%
Monaco Holdings Inc.	V.Ships UK Group Limited	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, United States of America	100%
V.Ships USA LLC	Monaco Holdings Inc.	United States	1792, Bell Tower Lane, Weston, Florida, United States of America, 33326	100%
V.Ships Leisure (USA) LLC	Monaco Holdings Inc.	United States	1792, Bell Tower Lane, Weston, Florida, United States of America, 33326	100%
International Tanker Management Texas Inc.	Monaco Holdings Inc.	United States	2909, Hillcroft Street, Suite 650, Houston, Texas, United States of America, TX 77057	100%
V.Ships Limited	V.Ships UK Group Limited	Cyprus	Zenas Gunther, 16-18, Agia Triada, 3035, Limassol, Cyprus	100%
V.Ships Cyprus Ltd	V.Ships Ltd	Cyprus	Triton Quarters - 5th Floor, Parallel Road to Newport, No 22, Limassol 3045, Cyprus	100%
OCL Oceanic Catering Ltd	V.Ships Ltd	Cyprus	Zenas Gunther, 16-18, Agia Triada, 3035, Limassol, Cyprus	100%
Angel Bay Marine Services Inc.	V.Ships UK Group Limited	Liberia	80, Broad Street, Monrovia, Liberia	100%
V.Ships Brasil S.A.	Angel Bay Marine Services Inc.	Brazil	Av. Rio Branco, 53 - 7º andar - Centro, Rio de Janeiro, Brazil, 20090-003	100%
V.Ships Brasil Offshore S.A.	V.Ships Brasil S.A.	Brazil	Av. Rio Branco, 53 - 7º andar - Centro, Rio de Janeiro, Brazil, 20090-003	100%
V.Ships (PL) Sp. z o.o.	V.Ships UK Group Limited	Poland	ul. Luzyccka 6b, Gdynia, Poland, 81-537	100%

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V.Ships Croatia Ltd	V.Ships UK Group Limited	Croatia	Riva 4, Rijeka, Croatia	100%
LAT BGI Ltd	V.Ships UK Group Limited	Latvia	Dundes Iela 17A, Riga, Latvia, 1005	100%
AS Baltic Group International	V.Ships UK Group Limited	Estonia	7, Masti Str, Tallinn, Estonia	100%
Baltic Group International St. Petersburg JSC	V.Ships UK Group Limited	Russia	23A, Vladimirovsky pr, St Petersburg, Russia	100%
V.Ships Bulgaria Ltd	V.Ships UK Group Limited	Bulgaria	6, Khan Krum Str, 4th Floor, Burgas, Bulgaria	100%
V.Ships Manpower SRL	V.Ships UK Group Limited	Romania	1st Floor, 4-B Mamaia Avenue, Constanta, Romania, 900697	100%
V.Ships (Italy) Srl	V.Ships UK Group Limited	Italy	Via Ceccardi 4/18, Genoa, Italy, 16121	100%
Baltic Group International Georgia Ltd	V.Ships UK Group Limited	Georgia	16, Vazha Pshavela Str App 8/9, Batumi, Georgia, 6000	100%
Baltic Group International Far East JSC	V.Ships UK Group Limited	Russia	12, Nakhodkinskiy Prospect, Primorskiy Kray, Nakhodka, Russia	100%
Baltic Group International Novorossiysk Ltd	V.Ships UK Group Limited	Russia	11B, Khvorostyanskogo Str., Novorossiysk, Russia, 353925	100%
V.Companies Limited	V.Ships UK Group Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
Worldwide Property Ltd	V.Ships UK Group Limited	Isle of Man	Baltic House, Station Road, Ballasalla, Isle of Man, IM9 2AE	100%
V.Ships PLC	V.Ships UK Group Limited	England and Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
Marine Legal Services Ltd	V.Ships UK Group Limited	England and Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
V.Scope Risk Management Ltd	V.Ships UK Group Limited	England and Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	80%
V.Ships France SAS	V.Ships UK Group Limited	France	34, Place Viarme, Nantes, France, 44000	100%
Inter Marine Services Management	V.Ships UK Group Limited	Liberia	80, Broad Street, Monrovia, Liberia	100%
Celtic Marine (Hong Kong) Limited	Celtic Pacific Ship Management(Hong Kong) Ltd	Hong Kong	Unit B, 12th Floor Hennessy Plaza, 164-166 Hennessy Road, Wanchai, Hong Kong	100%
V.Hong Kong Limited	V.Ships UK Group Limited	Hong Kong	Unit B, 12th Floor Hennessy Plaza, 164-166 Hennessy Road, Wanchai, Hong Kong	100%
V.Ships Bangladesh PVT Ltd	V.Ships UK Group Limited	Bangladesh	Plot-C/466, Khilgaon, Dhaka, Bangladesh, 1219	60%
V.Ships Greece Limited	V.Ships UK Group Limited	Bermuda	3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton, Bermuda	100%
V.Ships Istanbul Denizcilik Hizmetleri Limited Sirketi	V.Ships UK Group Limited	Turkey	Cevizli Mah. Tugay Yolu Cad. Pazzia Ofis No: 69/A Blok, Maltepe, Istanbul, Turkey 14D: 42 348	100%
V.Ships Services Oceana Inc.	V.Ships UK Group Limited	Philippines	Aseana Two Building, Bradco Ave, Paranaque, Metro Manila, Philippines, 1720	100%
V.Ships Ukraine Ltd	V.Ships Limited	Ukraine	37/2, Marshala Zhukove Str, Odessa, Ukraine	100%
Alships Services & Trading Ltd	V.Ships UK Group Limited	Cyprus	Ariel Secretaries Limited, 3A Panteli Modestou Street, Limassol, Cyprus	100%
V.Ships Offshore Limited	V.Ships UK Group Limited	England and Wales	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA	100%
V.Ships (Shanghai) Ltd.	V.Ships UK Group Limited	China	Room 1903, 19 Floor, Tower C, Luneng International Center, No.211 Guoyao Road, Pudong, Shanghai, China, 200126	100%
V.Group Global (Singapore) Pte. Ltd.	V.Ships Asia Group Pte. Ltd.	Singapore	#21-03/06, 300 Beach Road, The Concourse, Singapore, 199555	100%

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Bellatrix Ship Management Group Limited VGG (India) Pte Ltd	Vouvray Acquisition Limited Bellatrix Ship Management Group Limited	England & Wales India	1st Floor, 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA Windsor Corporate Park, 3rd & 4th Floor, Best Colony Road, Mahada Colony, Goregaon, West Oshiwara, Mumbai, India, 400102	100% 99%
Murray Fenton (India) Surveyors Private Limited	VGG (India) Pte Ltd	India	4th Floor Solitaire, Indira Gandhi Marg, Jamnagar, Gujarat, India, 361008	100%
V. Ships Offshore (Asia) Pte Ltd	Bellatrix Ship Management Group Limited	Singapore	#21-03/06, 300 Beach Road, The Concourse, Singapore, 199555	100%
Marlins Maritime Training Foundation	VGG (India) Pte Ltd	India	St. Xavier's Technical Institute, Mahim Causeway, Mahim, Mumbai, Maharashtra, India, 400016	100%
V. Offshore (Ukraine) LLC	Bellatrix Ship Management Group Limited	Ukraine	Office 19, 39/1 Uspenskaya Str., Odessa, Ukraine, 65014	100%
Selandia Holdings Pte. Ltd.	Vouvray Acquisition Limited	Singapore	#21-03/06, 300 Beach Road, The Concourse, Singapore, 199555	100%
Selandia Crew Management Pte. Ltd.	Selandia Holdings Pte. Ltd.	Singapore	#21-03/06, 300 Beach Road, The Concourse, Singapore, 199555	100%
Selandia Ship Management (Singapore) Pte. Ltd.	Selandia Holdings Pte. Ltd.	Singapore	#21-03/06, 300 Beach Road, The Concourse, Singapore, 199555	100%
Selandia Ship Management Pte. Ltd.	Selandia Holdings Pte. Ltd.	Singapore	#21-03/06, 300 Beach Road, The Concourse, Singapore, 199555	100%
Selandia Crew Management (India) Pvt. Ltd.	Selandia Holdings Pte. Ltd. Nominees	India	Windsor Corporate Park, 3rd & 4th Floor, Best Colony Road, Mahada Colony, Goregaon, West Oshiwara, Mumbai, India, 400102	100%
Selandia Ship Management (Latvia) Pvt. Ltd.	Selandia Holdings Pte. Ltd.	Latvia	Duntes Iela 17A, Riga, Latvia, 1005	100%
Selandia Ship Management (India) Pvt. Ltd.	Selandia Holdings Pte. Ltd. Nominees	India	301 Supreme Chambers, Off Veera Desai Road, Andheri (West), Mumbai, Maharashtra, India, 400053	100%
Dania Ship Management Holding AS	Vouvray Acquisition Limited	Denmark	Nyropsgade 37, 2nd Floor, Copenhagen 1602, Denmark	100%
Dania Ship Management A/S	Dania Ship Management Holding AS	Denmark	Nyropsgade 37, 2nd Floor, Copenhagen 1602, Denmark	100%
Dania Bulk Ship Management AS	Dania Ship Management Holding AS	Denmark	Nyropsgade 37, 2nd Floor, Copenhagen 1602, Denmark	100%
V. Ships (Hamburg) GmbH & Co. KG	V. Ships Germany Holding GmbH	Germany	Große Bleichen 5 Hamburg 20354 Germany	100%
Northern Crewing Services GmbH & Co. KG	Norddeutsche Reederei H. Schuldt GmbH & Co. KG V. Ships (Hamburg) GmbH & Co KG	Germany	Große Bleichen 5 Hamburg 20354 Germany	100%

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V.Scope (Germany) GmbH & Co KG	Norddeutsche Reederei H. Schuldt GmbH & Co. KG V.Ships (Hamburg) GmbH & Co KG	Germany	Große Bleichen 5 Hamburg 20354 Germany	100%
H.Schuldt Shipbrokers GmbH & Co. KG	Norddeutsche Reederei H. Schuldt GmbH & Co. KG V.Ships (Hamburg) GmbH & Co KG	Germany	Große Bleichen 5 Hamburg 20354 Germany	100%
Pacific Marine International Group Holdings Inc	V.Ships UK Group Limited	Philippines	Aseana Two Building, Bradco Ave, Paranaque, Metro Manila, Philippines, 1720	25%
Pacific Ocean Manning Inc	Pacific Marine International Group Holdings Inc	Philippines	Aseana Two Building, Bradco Ave, Paranaque, Metro Manila, Philippines, 1720	100%
Kestrel Shipping Inc	Pacific Marine International Group Holdings Inc	Philippines	Aseana Two Building, Bradco Ave, Paranaque, Metro Manila, Philippines, 1720	100%
North Sea Marine Services Corporation	Pacific Marine International Group Holdings Inc	Philippines	Aseana Two Building, Bradco Ave, Paranaque, Metro Manila, Philippines, 1720	100%
V Manpower Philippines Inc	Pacific Marine International Group Holdings Inc	Philippines	Aseana Two Building, Bradco Ave, Paranaque, Metro Manila, Philippines, 1720	48%
GMT Holdings Corp	Vouvray Acquisition Ltd	USA	1800 SE, 10th Av Suite 320, Fort Lauderdale, Florida, United States of America, 33316	100%
Inter Argo PH Inc	Vouvray Acquisition Ltd	Philippines	4/F Dohle Haus Manila, #30-38 Sen. Gil Puyat Avenue, Barangay San Isidro, Makati City, Manila, Philippines	100%
Global Marine Travel LLC	GMT Holdings Corp	USA	1800 SE, 10th Av Suite 320, Fort Lauderdale, Florida, United States of America, 33316	100%
V.Group Managing Services Ltd	V.Ships UK Group Limited	UAE	Unit 03, Level 21, ICD Brookfield Place, DIFC, Dubai, UAE	100%
V.Crew (Shanghai) Ltd	V.Ships UK Group Limited	China	188 Yesheng Road, Lingang New Area, Shanghai PFTZ, China	100%
V.Services Ukraine LLC	V.Ships UK Group Limited	Ukraine	39/1 Uspenskaya Str, Odessa, Ukraine 65014	100%