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Clarkson PLC
06 March 2023

6 March 2023

Clarkson PLC ('Clarksons') is the world's leading provider of integrated shipping services. From offices in 24 countries on six continents, we play a vital intermediary role in the movement of the majority of commodities around the world.

Preliminary results

Clarkson PLC today announces preliminary results for the 12 months ended 31 December 2022.

Summary

- Record underlying profit before taxation* of £100.9m (2021: £69.4m), an increase of 45.4%
- Underlying earnings per share* increased 51.1% to 250.3p (2021: 165.6p)
- Particularly strong performance in the Broking segment
- Full year dividend of 93p, giving rise to a 20th consecutive year of dividend growth
- Forward order book for invoicing in 2023 was US$216m (2022: US$165m), an increase of 30.9%
- Strong balance sheet with free cash resources* of £130.9m (2021: £92.3m) available for future investment

	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	**£603.8m**	£443.3m
Underlying profit before taxation*	**£100.9m**	£69.4m
Reported profit before taxation	**£100.1m**	£69.1m
Underlying basic earnings per share*	**250.3p**	165.6p
Reported basic earnings per share	**247.9p**	164.6p
Dividend per share	**93p**	84p

* Classed as an Alternative Performance Measure ('APM'). See 'Other information' at the end of this announcement for further information.

Andi Case, Chief Executive Officer, commented:

"2022 was a record year for Clarksons, and I thank all my colleagues across every area of the business for their hard work, dedication and commitment. This performance, driven by our client-focused culture and consistent strategy of investing in the best teams across all global segments, data, intelligence, analytics, and the best tools for trade, has enabled us to deliver a 20th consecutive year of dividend growth for our shareholders.

"Whilst the global geo-political outlook for 2023 and beyond remains uncertain, the green transition is driving significant activity in our industry. This, coupled with a supply and demand balance that will create meaningful supply-side constraints supporting the market, and our strong forward order book, gives us confidence in the outlook for Clarksons."

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Alternative performance measures ('APMs')

Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation and underlying earnings per share. An explanation and reconciliation of the term 'underlying' and related calculations are included within the 'Other information' section at the end of this announcement. All APMs used within this announcement are denoted by an asterisk (*).

About Clarkson PLC

Clarkson PLC is the world's leading provider of integrated services and investment banking capabilities to the shipping and offshore markets, facilitating global trade.

Founded in 1852, Clarksons offers its diverse and growing client base an unrivalled range of shipbroking services, sector research, on-hand logistical support and full investment banking capabilities in all key shipping and offshore sectors. Clarksons continues to drive innovation across its business, developing digital solutions which underpin the Group's unrivalled expertise and knowledge with leading technology.

The Group employs over 1,800 people in 56 different offices across its four divisions and is number one or two in all its market segments.

The Company has delivered 20 years of consecutive dividend growth. The highly cash-generative nature of the business, supported by a strong balance sheet, has enabled Clarksons to continue to invest to position the business to capitalise on opportunities in its markets.

Clarksons is listed on the main market of the London Stock Exchange under the ticker CKN and is a member of the FTSE 250 Index.

For more information, visit www.clarksons.com

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (together, 'MAR'). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Chair's review

Overview

As I reflect at the end of my first year as Chair, various observations spring to mind as to what makes Clarksons such an exceptional business. First is the quality, energy and focus of all of our employees worldwide, without whom the record results for 2022 we have delivered would not have been possible. Second is our culture and values, which underpin the way we operate and behave and which are reflected in our many strong and enduring client relationships. Finally, and crucially, is our relentless focus on investing in the future of our Company, be that through, for example, the green transition, our continued investment in **Sea/** and the training of our people to ensure best-in-class service to our clients.

2022 was a remarkable year for the shipping industry driven by a number of significant "x" factors. As countries were at differing stages of recovery from COVID-19 and China experienced a second lockdown, congestion and disruption were already the key issues in shipping. Then Russia's invasion of Ukraine caused another wave of wide-reaching consequences, including sanctions and significant changes in both commodity flow and availability, issues not just for shipping but for the wider economy as well. The energy and cost of living crises, combined with inflation and higher interest rates, added further challenges to the global economy, and to the asset-heavy shipping industry.

Against this backdrop, the Group continued to thrive, a testament to both the strategy and the teams within Clarksons. The decarbonisation journey, which is both complex and important for shipping, is now well underway but will take time to complete. Transition will require a number of different solutions, significant investment and the provision of finance to the industry. Clarksons is focused on ensuring we can add value within this process.

We believe our long-term strategic commitment to continuing to invest in our teams, products and services will continue to reap dividends as the market evolves. In addition to extending the depth and breadth of our broking teams, we continue to invest in high-quality data within Clarksons Research, **Sea/** - our maritime technology platform, Support covering ports services and supplies, and the Financial division sourcing financing across shipping, offshore, renewables and real estate.

Results

I am delighted to report that underlying profit before taxation* was £100.9m (2021: £69.4m) with underlying basic earnings per share* of 250.3p (2021: 165.6p). Reported profit before taxation was £100.1m (2021: £69.1m) with reported basic earnings per share of 247.9p (2021: 164.6p).

Free cash resources* as at 31 December 2022 were £130.9m (2021: £92.3m).

Dividend

We are extremely proud to confirm that this will be our 20th consecutive year of dividend increases. The Board is recommending a final dividend for 2022 of 64p (2021: 57p). Combined with the interim dividend in respect of 2022 of 29p (2021: 27p), the resulting full year dividend in respect of 2022 results is 93p (2021: 84p). The dividend will be payable on 26 May 2023 to shareholders on the register on 12 May 2023, subject to shareholder approval.

People

I was delighted to take up the role of Chair on 2 March 2022 and I greatly appreciate the generosity of my colleagues, who have committed significant time and energy to immerse me in all aspects of Clarksons' business. I have been hugely impressed by the energy, agility and future-focused strategic activity across all departments.

The enthusiasm and commitment to co-ordinated support of our clients across all sectors and at all levels is what I believe makes Clarksons so highly regarded by clients looking for market-leading intelligence and insights across the industry. Our continued focus is on expanding our global footprint and service offering, and adding to what is the very best talent in the sector across all divisions. I thank all our colleagues for their exceptional efforts this year.

Giving back

It is of the utmost importance to us that Clarksons is a force for good across our global community, and we ensure that both our colleagues and the communities we are part of around the world are valued, respected and supported. To that end, this year we have extended the activities of our Green Transition team in every area of the business, helping our clients to reduce the impact of shipping on the environment, and reinforced our commitment to the activities of The Clarkson Foundation to create positive change for those in need around the world. The Clarkson Foundation has, for example, made a tangible difference by donating to charities that provided clean water facilities and hygiene education to five schools in Kenya and funded hot meals over the Christmas period to some experiencing homelessness in London.

Board

Peter Backhouse retired from the Board this year following the completion of his nine-year tenure as an independent Non-Executive Director. I would like to thank Peter for his outstanding service to Clarksons. His perspective, insights and counsel have been greatly valued as Clarksons has steered a successful course through a period of considerable volatility, and we wish him the very best for the future.

Outlook

We start 2023 confident in the outlook for Clarksons. The successful execution of our long-term strategy to be best-in-class across all segments of shipping, offshore and renewables means that we are optimally positioned for what we believe will be a sustained period of growth in the industry.

Whilst there are considerable uncertainties in the geo-political landscape, we are confident that supply-side constraints brought about by years of underinvestment and the pressure on shipowners and charterers to decarbonise, will provide significant opportunities for Clarksons long into the future.

We will continue our strategy of investing in the best people and opportunities across the globe to ensure that we remain at the very forefront of the industry, delivering growth for all stakeholders.

Finally, I would like to thank every employee in every office of the Group for their commitment and hard work during the past year. It is truly appreciated.

Laurence Hollingworth
Chair
3 March 2023

Chief Executive Officer's review

2022 was a record year for Clarksons, and I thank all my colleagues across every area of the business for their hard work, dedication and commitment. Our performance this year is the result of our consistent strategy, (i) to be best-in-class across each and every vertical within shipping and offshore, (ii) to be best-in-class in each geographic region globally, (iii) to have the best data, intelligence and analysis, (iv) to invest in our teams and the best tools for trade, (v) to have an integrated business model meeting all the needs of our extensive client base, and most importantly (vi) to add value to our clients and put their needs at the heart of all that we do. This strategy has of course been underpinned by our growing team of professionals and experts, and I am proud to work alongside the very best in the industry.

We have for some time been signalling the evolution in maritime, which we are now seeing and benefiting from. Demand and supply are in constant motion; there is uncertainty of technology for the green transition; fleet profiles are the oldest for over a decade; the order book of new ships is historically low compared to the overall fleet in most of the larger commodity verticals; financing availability is tight; and interest rate rises together with inflation are impacting on the cost of building. It is clear to see there are still significant constraints on the scale of ship building.

But without question, the green transition is the biggest change in shipping and the drivers for change in our industry are significant. Regulators, charterers, industry lobby groups and the consumers of products shipped are demanding change in the greenhouse gas emissions of shipping. The needs of participants to predict, record and analyse emissions data in order to reduce their footprint on an ongoing basis has never been higher, which means that the services offered by our broking, research and technology teams are in high demand. Importantly, our Green Transition consultancy, linked with the intelligence offered by our execution capability in newbuildings, is helping our clients drive change. This activity will significantly alter the specifications of vessels on the water and the value drivers in vessel chartering, where emissions are becoming a key metric as to which vessel to select.

The order book is increasingly comprised of alternate-fuelled ships with evolving designs. A full understanding of all elements of this transition is a key component of our service in helping clients meet the needs of the industry. Nevertheless, overall the newbuild order book is flat, with most of the activity in 2022 in containerships, car carriers and gas carriers. Elevated newbuilding prices, limited berth availability and uncertainty around fuelling technology contributed to relatively lower order volumes, increasing the likelihood of meaningful supply side constraints over the coming years in many verticals. Further constraints arise from environmental pressures, which are creating more scrutiny and control over the existing fleet, impacting and constraining speed and emissions.

Over the last few years there has been an increased need to focus on Know Your Client ('KYC') and compliance with global sanctions. We have invested in this area and we believe that this has become increasingly important to clients following the onset of the Russia-Ukraine conflict, which has created complex challenges as businesses need to protect their reputations while complying with sanctions. Our clients want to understand the implications of dealing with all parties within their entire network, and their recognition that wilful ignorance is not acceptable means that they value Clarksons' market-leading systems and commitment to transparency.

Broking

The maritime industry experienced a diversity of trends across its major segments during the year. Major global disruption, including the dislocation of trade brought about by the onset of the Russia-Ukraine conflict and the continued impact from the COVID-19 pandemic, tightened markets and impacted, not only seaborne cargos, but also pipelines. This led the ClarkSea index to increase 30% to an all-time high, before coming off in Q4 on the back of a slowing world economy, inflation and an easing of COVID-19-related port congestion. Indeed, these global economic and geo-political stresses have put immense pressure on the shipping industry to rapidly change, to ensure food and energy reach people in need, irrespective of the changes in supply chains and sanctions which have massively changed shipping routes and participants able to transact with each other. Our ability to understand the changing situation and react quickly has stood us in very good stead during the period.

Against this backdrop, the Broking division, which has a market-leading position in all key shipping sectors, had a particularly strong year as volume and market share gains aligned with high utilisation rates, driving higher freight rates. Despite the rate environment not reaching record levels, the broking teams broke all previous highs, giving us significant confidence for the sector as supply-side constraints and inflationary pressures support higher prices going forward.

The offshore oil, gas and renewables market also had a year of change resulting in a notably stronger year, driven by increased demand for energy in the short term and the drive towards energy security. The team is seeing significant opportunities for assets as nations and businesses seek to reduce their dependence on Russian natural resources. Moreover, the long-term trend towards renewable energy and its importance in the energy basket is driving our continued investment in renewables across all areas of the business.

Tankers, specialised products and gas markets, covering LNG, LPG and other petrochemical gases, have had a strong year and continue to perform well with good market fundamentals for the future. The dry bulk market was also strong for much of the year, but freight rates have come off more recently due to short-term factors which we believe will reverse as the year progresses. The container sector started off the year at record levels, but faced a sharp decline in the second half due to a decrease in trade volumes and congestion unravelling.

The S&P team had a very successful year as demand for vessels was high, despite there being a significant volume of transactions with respect to the much talked about shadow fleet which was off limits to our teams.

Overall, segmental profit before taxation from Broking was £117.6m, up £44.0m over the year, with a margin of 23.7%.

Financial

The Financial division faced tougher conditions in 2022 with an adverse macro-economic and geo-political environment leading to a pause in capital raising. Several transactions which were due to be completed in the second half of 2022 are now expected to close in the first half of 2023, and indeed many have already been completed, or are close to being completed, at the time of writing.

Our areas of focus in shipping, metals and mining, offshore oil services and renewables means that our pipeline remains strong. Whilst the macro-economic outlook for 2023 remains uncertain, we expect to benefit as a number of large banks and other competitors have left these markets and there remains pent-up demand for capital.

Our project finance teams across shipping, offshore and real estate have also continued to perform well.

Overall, our Financial division produced a segmental profit before taxation of £7.8m in 2022 compared with £13.3m in 2021.

Support

The Support division had a very strong 2022 as our agency, supplies, customs clearance and freight forwarding businesses all benefited from the increasing focus on offshore renewables, as well as increased activity through ports as COVID-19 congestion has eased. We have, since the year-end, continued our investment in this growth segment and I was delighted to recently announce investment in DHSS, a renewables-focused port services business based in mainland Europe.

The Support division produced a segmental profit before taxation of £5.0m and a 12.8% margin in 2022 (2021: £3.3m and 11.1%).

Research

The performance of the Research division is testament to the depth and quality of Clarksons' research and the high regard in which it is held by clients. Its products have seen significant growth from increased breadth and depth, particularly extensive evolution in data and intelligence relating to the green transition in shipping and the overall energy transition.

The division increased segmental profit before taxation by 14.8% to £7.0m (2021: £6.1m).

Sea/

We welcomed Peter Schrøder as CEO of Maritech in April 2022 and are delighted with client interest in, and adoption of, **Sea/**, the intelligent platform for fixing freight. During the last year we have evolved the management team, increased sales and client adoption and acquired two businesses - Setapp, a business expert in maritime software product development, and Chinsay, a contract management platform particularly focused on the dry bulk sector which integrates well into **Sea/** and creates scale alongside **Sea/contracts**. This business remains a key area of strategic focus with 2023 being a pivotal year in rolling out **Sea/** across all areas of the dry bulk market and into other sectors as well.

Outlook

Whilst the global geo-political outlook for 2023 and beyond remains uncertain, the strength of business and balance between supply and demand, supported by our record level of forward order book, gives us confidence in the outlook for Clarksons.

The green transition is an area of key importance for Clarksons as clients recognise the significant steps they need to take towards decarbonisation. Increased environmental regulation and societal pressures will create opportunities across all our divisions for many years to come.

We will continue to invest in our people, technology and businesses across all segments, to ensure we have the expertise and insights to provide the best advice, execution, data and technology in the industry.

Regardless of the challenges of the global markets in recent years, we have not deviated from our strategy of investing for growth, ensuring that the breadth, depth and quality of our ever-expanding offering maintains us at the forefront as we enter this new phase of shipping.

Andi Case
Chief Executive Officer
3 March 2023

Financial review

Revenue: £603.8m (2021: £443.3m)
Underlying profit before taxation*: £100.9m (2021: £69.4m)
Reported profit before taxation: £100.1m (2021: £69.1m)
Dividend per share: 93p (2021: 84p)

Financial performance

2022 was another record year for the Group. Revenue increased 36.2% to £603.8m (2021: £443.3m) and underlying profit before taxation* increased by 45.4% to £100.9m (2021: £69.4m).

The Broking division has been the main driver for this growth, continuing to benefit from the long-term strategy to increase our global footprint and be best-in-class across every segment of shipping and offshore. As we went into 2022, the low level of order book as a percentage of the world fleet combined with the high utilisation highlighted last year, created the backdrop for stronger freight rates and asset prices in many verticals. Overall, Broking generated a segmental profit before taxation of £117.6m in the year (2021: £73.6m), with an increased margin of 23.7% (2021: 21.6%) driven by strong performances in dry bulk, specialised and offshore, together with a much-improved performance in tanker markets.

The Financial division experienced tougher markets compared to 2021, generating a segmental profit before taxation of £7.8m and margin of 15.7% (2021: £13.3m and 23.8%), reflecting more muted activity in capital markets across shipping, metals and minerals and renewables, and more sporadic deal flow in shipping, offshore and real estate project finance, particularly in the second half of the year. The Support and Research divisions experienced good revenue and profit growth, with our port services business continuing its steady improvement following the COVID-19 pandemic, and Clarksons Research benefiting from the investment in enhancing its digital products.

The Group incurred underlying administrative expenses* of £481.2m (2021: £355.7m) in the year, an increase of 35.3%, largely due to an increase in variable remuneration as a result of the improved business performance. Within these expenses, central costs unallocated to business segments increased to £36.6m (2021: £25.2m), reflecting an increase in variable remuneration from higher profits, further investment into central IT systems, website, branding and people, and increased **Sea/** technology amortisation costs as the platform increases maturity of use. **Sea/** costs on a cash basis have also increased slightly from 2021 with additional investment in management and sales capabilities to support the growing business and fewer costs being capitalised in 2022 than in previous years.

Acquisitions

During the first half of the year, the Gibb Group acquired PPE Suppliers Limited for £0.2m, broadening the reach of our tools and supplies offering within the Support segment. The Group completed two acquisitions under the Maritech brand during the second half of the year: Chinsay, a business which enhances our capabilities and client base within the dry cargo contract management space, and Setapp, a business expert in maritime software development, with a view to further growing and developing **Sea/**. Chinsay was acquired for a total consideration of US$3.2m and Setapp for €3.0m.

Acquisition-related costs include £0.2m (2021: £0.2m) relating to amortisation of intangibles and £0.3m (2021: £0.1m) of cash and share-based payments spread over employee service periods. A further £0.3m (2021: nil) is included relating to the Chinsay and Setapp acquisitions. We estimate acquisition-related costs for 2023 to be £0.5m assuming no further acquisitions are made.

Taxation

The Group's underlying effective tax rate* was 20.4% (2021: 21.2%), slightly lower than the prior year as a result of a one-off tax credit in the US, though still reflecting the broad international operations of the Group. The Group's reported effective tax rate was 20.5% (2021: 21.2%).

Earnings per share

Underlying basic earnings per share* increased by 51.1% to 250.3p (2021: 165.6p) and is calculated as underlying profit after taxation* attributable to equity holders of the Parent Company divided by the weighted average number of ordinary shares in issue during the year. The reported basic earnings per share was 247.9p (2021: 164.6p).

Forward order book ('FOB')

The Group earns some of its commissions on contracts where the duration extends beyond the current year. Where this is the case, amounts that are able to be invoiced during the current financial year are recognised as revenue accordingly. Those amounts which are not yet invoiced, and therefore not recognised as revenue, are held in the FOB. In challenging markets, such amounts may be cancelled or deferred into later periods.

The Directors review the FOB at the year-end and only publish the FOB items which will, in their view, be invoiced in the following 12 months. At 31 December 2022, this estimate was 30.9% higher than the prior year at US$216m (31 December 2021: US$165m).

Dividend

The Board is recommending a final dividend in respect of 2022 of 64p (2021: 57p) which, subject to shareholder approval, will be paid on 26 May 2023 to shareholders on the register at the close of business on 12 May 2023.

Together with the interim dividend in respect of 2022 of 29p (2021: 27p), this would give a total dividend of 93p for 2022, an increase of 10.7% on 2021 (2021: 84p). In taking its decision, the Board took into consideration the Group's 2022 performance, balance sheet strength, ability to generate cash and FOB.

This increased dividend represents the 20th consecutive year that the Board has raised the dividend.

Foreign exchange

The average sterling exchange rate during 2022 was US$1.23 (2021: US$1.38). At 31 December 2022, the spot rate was US$1.21 (2021: US$1.35).

Cash and borrowings

The Group ended the year with cash balances of £384.4m (2021: £261.6m) and a further £3.1m (2021: £9.6m) held in short-term deposit accounts and government bonds, classified as current investments on the balance sheet.

Following correspondence this year with the Corporate Reporting Review Team of the Financial Reporting Council, we agreed to restate certain cash flows relating to equity-settled liabilities within the Consolidated Cash Flow Statement both within 'net cash flow from operating activities' and 'financing activities'. We have restated the Consolidated Cash Flow Statement for the year ended 31 December 2021 to add back £11.3m of equity-settled liabilities as 'operating activities' and deduct £11.3m of shares acquired by our Employee Benefit Trust ('EBT') as 'financing activities'. This presentation has also been adopted for the year ended 31 December 2022.

Net cash and available funds*, being cash balances after the deduction of accrued bonuses, at 31 December 2022 were £161.7m (2021: £122.3m). The Board uses this figure as a better representation of the net cash available to the business since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

A further measure used by the Board in taking decisions over capital allocation is free cash resources*, which deducts monies held by regulated entities from the net cash and available funds* figure. Free cash resources at 31 December 2022 were £130.9m (2021: £92.3m).

In addition to these free cash resources*, the Group has a strong balance sheet and has consistently generated an underlying operating profit and good cash inflow. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources and, as a result, continues to adopt the going concern basis in preparing the financial statements.

Balance sheet

Net assets at 31 December 2022 were £413.2m (2021: £361.6m). The balance sheet remains strong, with net current assets and investments exceeding non-current liabilities (excluding pension provisions and lease liabilities as accounted for under IFRS 16) by £163.6m (2021: £120.2m).

The overall loss allowance for trade receivables was £19.6m (2021: £12.9m).

The Group's pension schemes had a combined surplus before deferred tax of £15.4m (2021: £22.0m).

Jeff Woyda
Chief Financial Officer & Chief Operating Officer
3 March 2023

Business review

Broking

Revenue: £495.5m (2021: £340.0m)
Segmental split of underlying profit before taxation: £117.6m (2021: £73.6m)
Forward order book for 2023: US$216m^ (At 31 December 2021 for 2022: US$165m^)

^ Directors' best estimate of deliverable forward order book ('FOB')

Dry cargo
Supporting a range of important global industries including construction, energy and agriculture, the dry cargo sector moved more than five billion tonnes of cargo in 2022 across a range of dry bulk commodities, including metals and minerals, agricultural products and some semi-processed goods. The bulkcarrier shipping market experienced a mixed 2022. Earnings remained strong in the first half of the year, before easing back in the balance of the year as trade volumes began to soften with weaker economic trends globally and in China (where dry bulk imports fell 4% in 2022). The overall Clarksons bulkcarrier earnings index averaged US$20,478 per day across the year, 23% down year on year but remaining double the 10-year average. The market experienced a range of complexities and impacts from global events, including post-COVID-19 demand rebound, impacts from the Russia-Ukraine conflict, US monetary tightening and a weaker Chinese economy. The sub-Capesize sectors generally performed more strongly, with broadly supportive demand trends in the first half of the year and logistical disruption related to the Russia-Ukraine conflict and sanctions on Russia. Capesize earnings of owners (down 58% year on year to US$11,877 per day, below the long-term trend) were impacted by disruption from heavy rainfall in key iron ore and coal exporting countries while pressures from weaker Chinese steel demand due to the structural problems in the property sector also impacted. The easing of port congestion improved fleet availability and the easing of COVID-19 quarantine protocols in China also reduced disruption on the key West Australia-China route. The UN-led grain corridor facilitated the restart of Ukraine Black Sea grain exports, although at lower-than-normal levels.

Bulkcarrier markets are expected to experience some periods of lower rates in 2023, with impacts from slower world economic growth continuing. However, improvements are also expected through the year supported by a range of factors including increases in grain trade volumes and an anticipated post-COVID-19 rebound in China, including impacts from stimulus on steel demand. Easing inflation may also support improved dry bulk demand in Europe as the year progresses, on top of ongoing longer-haul coal imports into the region following embargos on Russian cargoes. Port congestion may increase again as demand improves. On the supply side, deliveries appear moderate; newbuild orderbooks are close to record lows at 7% of the fleet; and new emissions regulations could lead to both limits to vessel speeds and early retirements. Tiering of freight and charter markets is expected with more efficient ships commanding a premium. Our market-leading dry cargo team invested in further headcount across its global team in 2022, supporting our client base and achieving good growth in transactions.

Tankers

The tanker sector plays a crucial role in global energy supply chains, moving crude oil and refined oil products to facilitate their eventual use as transportation fuels, for heating and electricity generation, and as industrial feedstocks. Overall, the tanker shipping market saw a significant improvement in 2022 to historically strong conditions, supported by post-COVID-19 improvements in global oil demand and supply and the impacts from the Russia-Ukraine conflict, which included disruption of vessel availability and trading patterns. The Clarksons average tanker earnings index rose five-fold in 2022 to US$40,766 per day, the highest level since 2008. The VLCC segment took longer to recover than other sectors amid COVID-19-related disruption in China in the first half. However, improved Chinese demand later in the year, higher OPEC+ oil supply and increased long-haul US exports all supported gains in the second half. The Suezmax and Aframax segments were heavily impacted by the Russia-Ukraine conflict due to shifts in trade patterns, including the supportive impact of longer transport distances for European crude imports and Russian exports, with Suezmax earnings rising significantly above long-run averages and Aframax earnings reaching the highest levels on record. Product tanker earnings also strengthened considerably after the start of the conflict due to higher refinery margins and output, as well as shifts in trade patterns, which exacerbated longer-term structural changes in the global refining industry. These changes were already expected to support products' tonne-mile trade in 2022 (closures of older refineries in established demand centres, while newer capacity has opened up elsewhere, predominantly in the Middle East and Asia). LR2 and LR1 earnings rose to well above long-run averages, while MR earnings increased to record highs.

The tanker sector is expected to see generally strong market conditions in 2023 with continued volatility this year, although the VLCC sector may see some short-term headwinds from OPEC+ production cuts implemented in late 2022 and the ending of large-scale releases from the US Strategic Petroleum Reserve. There remain uncertainties around the exact impact of EU and G7 measures affecting Russian trade. A lengthening of average oil trade distances appears likely although a decline in Russian export volumes is also possible. Improved Chinese oil demand seems likely to support tanker demand in 2023. Meanwhile, the rapidly thinning tanker orderbook (now only 5% of fleet capacity) points to limited fleet growth ahead. Active fleet supply is expected to be further constrained by new emissions regulations which appear likely to restrain the ability of the fleet to speed up significantly, whilst the early retirement of some tonnage is possible as the decade progresses. Considerations around lower emission vessel designs may also lead to continued restraint in newbuild orders.

Our shipbroking team play a vital role in the freight supply chain and has deep long-term relationships with all major oil companies, traders and shipowners. Supported by our scale, regional breadth, expert analysis and technology tools, our tanker team performed exceptionally in 2022 as we supported our clients through disrupted and volatile markets.

Containers

The container shipping sector facilitates transportation of a wide spectrum of manufactured goods, often high-value, and includes consumer and industrial goods, foodstuffs and chemicals. 2022 was a year with two distinctly different phases for the container shipping markets. The first half saw continued extraordinary market conditions amid severe port congestion following a robust trade rebound in 2021. However, a major market softening occurred throughout the second half as box trade came under increased pressure alongside easing of congestion, leaving spot box freight rates and containership time charter earnings back in 'normalised' territory by the end of 2022 after a sharp correction. Indices of spot box freight rates closed 2022 down approximately 80% from the start-year record and close to the start-2020 level, whilst average containership charter earnings reached around US$27,000 per day by the end of 2022, down 70% from the April 2022 peak but still almost double the start of the 2020 level.

Container trade fell by 3% in TEU terms in 2022, amid broad macro-economic headwinds and impacts on consumer activity from inflation and a cost of living crisis, as well as pressure from excess retail inventories. Port congestion remained severe in the first half, reflecting impacts from labour strikes, COVID-19 lockdowns in China, the Russia-Ukraine conflict and liner network recalibration to avoid prior disruption hotspots. The level of containership capacity at port rose to a peak of 38% of the fleet in July 2022 (2016-19 average: 32%), before falling to approximately 33% by the end of 2022 as faltering demand allowed logistical bottlenecks to ease. On the supply side, fleet capacity growth stood at 4% in 2022, whilst containership speeds began to trend lower in the second half. Newbuild contracting fell from the 2021 record but remained firm at 2.7m TEU, with a record 69% of capacity ordered accounted for by alternative fuel capable vessels. In 2023, container shipping markets look set to see continued softening from strong supply expansion, continuing pressure on box trade and reduced port congestion. New emissions regulations may have some supply side impacts (eg speed adjustments, retrofit time and support to demolition), although appear unlikely to transform soft markets alone.

In 2022, our containership broking teams executed major transactions with a wide range of operators and owners across chartering, newbuilding and secondhand. Our multi-national global broking resources have been in strong demand, backed by unprecedented requirements for analysis and research. We continue to support our clients in navigating the decarbonisation of our industry, with these efforts likely to become an increasingly important feature of our offering.

Gas

The LPG carrier fleet ships liquified petroleum and petrochemical gases, supporting a wide range of industries, from plastics and rubber production to industrial and domestic energy markets. The LPG carrier fleet transported circa 120m tonnes of LPG in 2022, as well as smaller quantities of ethane, ammonia and petrochemical gases. 2022 was generally a strong year for the larger-sized LPG carriers, with spot VLGC earnings on the benchmark AG-Japan route averaging US$1,649,000 per month across the year, the highest annual average since 2015. Market strength was due partly to growth in seaborne trade, which rose by an estimated 5% year on year globally. Increased market inefficiencies, notably Panama Canal delays, also supported rates, while a slight reduction in speed was also noted. Divergent trends emerged in other vessel sizes. In the Midsizes (25-45,000 cbm), TC earnings started 2023 at US$890,000 per month, up from US$830,000 per month at the start of 2022. Support was received from an influx of tonnage into ammonia trades as the market adjusted to the absence of volumes from the Baltic and Black Sea (amid the Russia-Ukraine conflict). Additionally, the Handysize (15-25,000 cbm) market continued to receive support from growth in Ethylene exports out of the US, which breached the one million tonne mark in 2022. Consequently, 12-month timecharter rates rose from just over US$590,000 per month over 2021 to US$730,000 per month at the start of 2023. In the smaller segments, a limited orderbook and ageing fleet continue to support freight rates, which also rose across 2022.

Looking ahead, 46 VLGCs newbuilds are expected to be delivered this year, alongside 20 MGCs, which may generate some market pressure in the larger sizes, although continued trade growth and an expected slowdown in vessel speeds (following the introduction of IMO carbon regulations in January 2023) should provide support. The outlook for the smaller segments appears more positive, with continued growth in US ethylene exports expected in conjunction with limited fleet growth.

With the continued drive towards decarbonisation, both on the shipping and production side, the gas team has been active in supporting initiatives towards the production and transportation of green ammonia and CO_2. This is expected to shape developments in the market over the next decade.

LNG

The LNG carrier sector shipped over 400m tonnes of liquified natural gas in 2022, a record high, on a fleet of highly specialised vessels. This sector is critical to both energy transition and energy security, particularly in the wake of the Russia-Ukraine conflict and subsequent diminishing Russia-Europe gas pipeline trade.

The LNG shipping market saw very strong rates in 2022 with our index of spot rates for a 160,000 cbm TFDE unit averaging a record US$131,500 per day, up 47% year on year. The market became exceptional as the year developed with spot rates surging through the third and fourth quarters, supported by tight spot tonnage availability as European demand for transportation, storage and regasification escalated. In the fourth quarter, short-term day rates averaged all-time highs of US$330,300 per day. Global LNG trade volumes rose by 4.8% to 407.7m tonnes in 2022, largely on the back of an increase in export volumes from the US. On the importer side, elevated European demand shaped the market, as the continent looked to rapidly substitute away from Russian pipeline gas. Imports into Europe surged by 62% to 130m tonnes in 2022, a record high. Meanwhile, imports into Asia dropped by 7% to 257m tonnes, on the back of elevated competition from Europe and a shift in trade flows. LNG carrier newbuild orders reached a record 182 vessels and overall fleet capacity grew at 4.3%.

Another generally strong rate environment is expected in 2023, with support from tight relet tonnage availability, robust trade growth and reduced average vessel speeds following the implementation of IMO carbon regulations from January 2023. Relatively strong newbuild investment is also expected, supported by project requirements and fleet renewal.

Clarksons has remained central to a number of newbuilding contracts whilst the chartering team has restructured to provide solutions on both short and medium-term charters to their expanding client base.

Specialised products

The chemical tanker fleet consists of vessels able to transport a wide range of specialised liquid chemicals, contributing to a diverse range of sectors, including manufacturing and agriculture. 2022 marked an extraordinary year for the chemical tanker sector, with the freight market breaking through previous records and posting consistently strong month-on-month highs. A combination of factors including an exceptional deep sea CPP market, elevated levels of port congestion in China and increased biofuels trade were key in supporting the freight environment.

Such was the strength of these drivers, the Clarksons Bulk Chemical Spot Rate Index recorded an average increase of 67% compared to 2021, whilst the Clarksons Edible Oils Spot Rate Index saw an equally impressive 81% average increase over the same period. Depending on trade lane and tonnage requirements, we have seen upward revisions to contract of affreightment rates of anything from 10% to 15% to in excess of 100%.

Looking ahead, limited growth in the chemical tanker fleet is expected to provide significant support to the freight market. Across 2022, annual fleet growth stood at around 2%, and there is potential for the fleet to contract in coming years. A lack of yard space, high newbuilding prices and softer earnings historically means that securing financing and support for new projects is scarce. That said, we do expect volume requirement growth to remain very modest considering macro-economic pressures in 2023, with overall seaborne trade expected to grow by 1.8% and by a further 3.3% in 2024.

The extensive capability of our specialised products broking business has helped our clients navigate through today's complex and volatile marketplace, supported by a global network of offices. With the rapidly accelerating decarbonisation agenda, our unique depth and breadth of knowledge, supported by our carbon broking desk, Green Transition team and Research division, has allowed us to partner stakeholders in developing their decarbonisation pathways.

Sale and purchase

Secondhand

The global secondhand vessel sale and purchase ('S&P') markets remained very active in 2022, with sales volumes standing at the second highest level on record after 2021 (over 134m dwt and US$57bn in 2022). Strong levels of activity were supported by positive underlying shipping and charter markets, whilst firm asset prices supported overall sales figures in value terms.

Transaction volumes notably increased in the tanker sector amid strong underlying markets and firming asset values, with a record US$18bn of sales (more than 700 ships) reported and over 10% of fleet capacity changing hands. Activity in the containership S&P market remained firm in the first half of 2022 following a very strong 2021. Although activity slowed through the second half of the year in line with a softening rate environment, total transaction volumes still reached more than 220 ships selling for an aggregate of US$8bn. The bulkcarrier S&P market generally saw continued strong activity, especially in the first half, though total volumes were down on the 2021 record at more than 740 ships (US$15bn).

Asset values remained generally firm in 2022, with the cross-sector Clarksons Secondhand Price Index reaching 213 points in July, the highest level since 2008, although this has since eased back with containership and bulkcarrier pricing softening in the second half. Tanker values rose sharply through 2022 (our 10-year-old Aframax index increased from US$27m to US$50m) as tanker earnings rose, with ice class tonnage especially in demand. Recent S&P trends amongst the major shipowning countries continued, with Greek owners still the biggest buyers and sellers of tonnage in 2022, although Chinese entities were also active in acquiring vessels.

Across all offices we were able to benefit from the high volumes of secondhand vessel transactions with our teams experiencing another successful year overall.

Newbuilding

The newbuilding market remained active in 2022, with ordering volumes easing (down 20% from 2021 to 45m CGT) but remaining above 2015-20 levels. Total newbuild investment reached US$128bn, the highest level since 2013.

Contracting in 2022 was led by the LNG carrier sector amid record earnings and an increased focus on energy security, with 182 units (US$39.1bn) ordered during the year, more than any other shipping sector in terms of CGT and newbuild value. There was also strong activity in the containership sector, especially in the first half of the year, with 367 orders (US$35bn) placed. We also saw strong ordering in the car carrier sector amid an exceptional earnings environment and a focus on fleet renewal. Contracting in other sectors was limited by high newbuild prices, reduced slot availability at yards, and continued uncertainty over fuelling technologies. However, our continued breadth of service to our industrial client base enabled our participation in a healthy level of contracting activity and validation across the markets, in spite of such challenges.

Newbuild prices stood at firm levels in 2022, supported by global inflationary pressures, rising commodity prices and increasing forward cover at yards. Our Newbuilding Price Index ended 2022 at 162 points, up from 154 points at the start of the year and the highest level since 2008. Despite healthy ordering volumes, the global orderbook remains relatively low in historic terms at 10% of fleet capacity in dwt terms. Shipyard output remained relatively steady year on year, totalling 31m CGT, with Chinese yards (47% market share) and South Korean yards (25% market share) delivering the majority of tonnage.

Our global newbuilding team delivered market-leading performances across multiple asset sectors in 2022 and we remain well positioned as a service provider and partner to our client base in a continually evolving macro newbuilding environment. There were significant market-leading transactions, particularly for the car carriers team, arranged by our Oslo desk, as well as major industrial-backed projects in tankers and gas vessels. Our scale and depth of transactional activity continues to give us real-time information and insights as the industry evolves against regulatory pressure and environmental compliance. We remain well positioned going into 2023 to continue to leverage this knowledge.

Offshore

The offshore sector supports the development, production and support of offshore oil and gas fields and renewables, with over 13,000 mobile assets playing a vital role in supporting operations across the lifecycle of offshore energy projects. Overall, 2022 was a year of positive progress for the offshore markets, with the offshore oil and gas business recovering strongly amid a backdrop of generally high oil and gas prices, whilst the offshore renewables (wind) sector continued to expand rapidly. Although the increase in underlying E&P spending was relatively moderate, activity levels increased across all offshore sub-sectors and most geographical regions, and further improvements in activity, fleet utilisation and day rates are expected in 2023. Our offshore broking teams have continued to utilise their extensive industry relationships and technical expertise to support our client base through evolving markets.

Drilling market

Mobile drilling units (comprising jack-ups, semisubmersible units and drillships) drill wells in the sea floor to locate and facilitate extraction of oil and gas. Rig markets tightened materially in 2022, with an increasing number of rigs on contract, higher utilisation and rising day rates. The floater segment, particularly for ultradeepwater/deepwater high-end units, is now generally tight, whilst the jack-up segment has continued to strengthen, particularly in the Middle East, resulting in global active utilisation closing in on 90%. Prospects for 2023 and beyond for the drilling market appear positive amid increasing offshore activity.

Subsea field development market

The subsea sector involves the usage of a range of assets, with capabilities in lifting, pipelay, cable lay, diving and ROV support, to install and maintain subsea production infrastructure. The subsea field development market continued to improve through 2022, with an increasing backlog for the major EPC contractors. The subsea vessel market also saw significant improvement with rates and contract durations generally increasing. This has been driven by both improved subsea oil and gas demand, as well as requirements for many of the same vessels from the offshore wind sector. Prospects for 2023 appear positive, with increased activity generating project opportunities, including for smaller contractors, and supporting vessel demand.

Offshore support vessels

The OSV sector provides towage and support duties to drilling rigs, mobile production units and fixed production platforms. The OSV market strengthened significantly in 2022 amid increasing drilling and field development activity. Demand increased across most regions, and with limited availability, vessels are increasingly likely to start migrating between regions. There has been virtually no ordering activity since 2014, and rates are expected to continue to increase with capacity availability limited and continued firm demand.

Offshore renewables

The offshore renewables industry is continuing its rapid growth phase, and going forward is expected to account for a growing share of the global energy mix supported by the increased focus on decarbonisation and energy security. The offshore wind market continued to grow in 2022. More projects reached the FID stage and investment flowed into the sector. Construction activity in key European markets is firm, and globalisation of the industry continues to develop, with new markets such as Poland, the US and South Korea emerging. Several countries strengthened renewables targets after the onset of the Russia-Ukraine conflict enhanced focus on energy security, whilst investor focus on ESG and infrastructure investments continues to increase. The outlook remains positive with significant growth expected in the coming years. Although uncertainty remains around cost inflation, supply chain issues and delays, and FID activity was slower in 2022, projects will continue to develop through the phases in the coming years. Offshore wind remains competitive, secured offtake development is still strong and 2022 was a record year for European project awards. The pipeline of projects until 2025-26 is starting to firm up, providing good visibility on future offshore demand.

Our offshore and renewables team has been at the forefront of market developments, completing several initiatives during the year to help the sector support decarbonisation targets. We have been instrumental in adding wind support vessels to the market and have been involved in several large-scale wind projects. We continue to look for ways to improve and innovate, with clients choosing to work with us for our reputation as a leading player, our commitment to decarbonisation and our ability to deliver high-quality solutions. 2022 was a busy year for our specialised renewables consultancy, AIR, led by experienced industry professionals, and delivering several projects across a range of clients. It is well positioned for further growth in 2023.

Futures

Our Futures business is the leading provider of freight derivative products, helping shipping companies, banks, investment houses and other institutions seeking to manage freight exposure by increasing or reducing risk. It leverages the expertise and market understanding of the wider Group to offer best-in-class execution services to derivatives markets across freight, iron ore and carbon. Against the backdrop of increased regulatory requirements, Futures has, with support from the wider Group, positioned itself at the forefront of the sector. 2022 was a positive year for the Futures business. Tanker FFA revenue rose strongly. Efforts continue to bring new participants to the market as well as service existing clients to the highest standard. In the dry futures business, it was another busy year with new offices established in Dubai, focusing on Far East activity, and in Oslo, providing access to EU business. The swaps business, in a highly competitive space, saw revenue down from a particularly strong 2021 but still well above 2019/20 levels. The options business maintained its market-leading position and had another excellent year overall, remaining the lead broker for most of the major accounts. Work continues in developing wet FFA options.

Financial

Revenue: £49.8m (2021: £56.0m)
Segmental split of underlying profit before taxation: £7.8m (2021: £13.3m)

Securities

Clarksons Securities is a sector-focused investment bank for the shipping, offshore energy, renewables and minerals industries, with deep sector knowledge and global reach driven by research and relationships. In 2022, against a backdrop of a difficult year for capital markets with volatility resulting from global events and macro-economic headwinds and deal volume slowing, activity in Clarksons Securities' core sectors was positive in relative terms, with risk sentiment and capital markets activity appearing to improve moving into 2023. Despite volatile and uncertain markets, secondary trading activity was strong with equities especially active, private equity realising positions and creditors selling equity in restructured oil services companies.

Shipping

In 2022, strong cashflow and upward pressure on asset pricing drove shipping stock performance and trading liquidity in several equities increased significantly throughout the year. Capital markets activity remained in line with historical trends in the first half of 2022, but issuance activity in the second half of 2022 was muted due to equity market volatility. Clarksons Securities participated in several capital markets transactions, including initial public offerings of Cool Company and Gram Car Carriers and follow-on offerings in Hafnia, Cool Company and American Shipping Company. Although shipping bond issuance activity remained muted, Clarksons Securities acted as financial advisor in several bilateral loan and leasing transactions.

Energy

Oil services stocks saw positive trends in 2022 on the back of increased offshore E&P investments, and improved utilisation and day rates across most offshore segments. Capital markets activity within the energy services space picked up during the year as investors sought exposure to the sector. Clarksons Securities placed several equity raises, including a private placement for Borr Drilling.

Metals and minerals

2022 started strongly for metals and mining stocks but the challenging macro-economic backdrop led to significant pressure by the end of the year. Clarksons Securities participated in multiple transactions within the metals and minerals space in 2022, among them equity raisings in Nordic Mining, Canada Nickel Company and Piedmont Lithium and a bond issuance for Nordic Mining. Continued firm activity is anticipated and Clarksons Securities remains well positioned to assist clients in meeting demand for commodities driven by the green transition.

Renewables

The renewable energy sector continues to see impressive expansion across the board with traditional technologies such as wind and solar continuing to grow while emerging technologies such as hydrogen and carbon capture and storage have developed significantly. Market sentiment in the offshore wind sector remains strong, driven by continued strong growth in installed capacity, despite some supply chain bottlenecks. The expansion of the dedicated offshore wind fleet requires substantial capital funding. Nonetheless, 2022 was a challenging year for stocks related to renewable energies, against a backdrop of inflationary pressures, increasing interest rates and geo-political instability. Capital markets activity slowed, with some companies turning towards private markets which have shown willingness to support energy transition-related companies. Clarksons Securities has been particularly active around hydrogen, carbon capture and various e-fuels, offering synergies across the Group, including acting as advisor in the raising of equity by Ocean Geoloop and Liquid Wind.

Debt capital markets

With markets broadly closed for significant periods of 2022, and investors demanding considerably higher returns to take on risk, primary issuance across the Nordics, Europe and the US fell by 70-80% compared to 2021. Despite this, Clarksons saw pockets of funds available for select public and private debt activity and completed several transactions.

Project finance

Our project finance business is a leading Nordic player within shipping and real estate project finance, which has in recent years offered investment opportunities in modern fuel (and carbon) efficient shipping and offshore assets, with an overall focus on assisting the shipping and offshore industry in transitioning to more sustainable and less carbon-intensive transportation. 2022 was an active year in the Norwegian project finance market with our team concluding new projects in the dry bulk, tanker and offshore sectors, and establishing a good pipeline of projects including zero emission shipping investments.

The first half of 2022 saw positive trends in the real estate market in Norway, but with increasing interest rates and general macro-economic headwinds the second half of 2022 proved turbulent. Although the decline in commercial property values has so far been limited, as interest rates increased banks became stricter on financing terms, contributing to fewer transactions. That said, the first half of 2022 was one of the busiest ever periods for our real estate team. Activity included the establishment of a new industrial real estate company focussing on properties near the centres of the largest cities in Norway and several exciting development projects in co-operation with reputable partners. Our business continues to expand its operational platform by strengthening the property management and project development teams.

Our real estate funds continued to expand with the launch of a new fund with a special focus on environmental improvements to existing buildings.

Structured asset finance

Our structured asset finance business maintains relationships with asset financiers globally including around their activities and headline terms, with a view to helping our broking clients understand the sources of finance available to them and providing introductions where relevant. It acts as an exclusive mandated financial advisor, structurer and arranger working closely with the newbuilding, strategy and structuring teams on large long-term strategic procurement projects for end-users and cargo interests.

The shipping asset finance landscape continues to evolve and by the close of 2022, there were few signs of any additional stress amongst lending portfolios, although many lenders exposed to the container shipping sector are seeing an increased risk profile. The 'Poseidon Principles' group of banks, aligning their portfolios to key emissions targets, has seen additional signatories, and appetite from these banks remains almost exclusively focused on new 'green' vessels and/or sustainability-focussed projects. Outside of this group, other large banks together with the smaller regional shipping banks, especially those in Cyprus, Greece and Scandinavia, continue to grow in terms of capital deployed and to see opportunities to finance or refinance tonnage, especially for slightly older vessels and/ or for projects with less 'green' credentials. Chinese leasing remains an additional source of capital to the industry, though there appears to be a two-tier market developing. The leading providers are able to reduce margins for the right projects closer to those being offered by the shipping banks. The remainder is mostly either inactive internationally or trying to compete with the smaller shipping banks and alternative lenders with only limited degrees of success. Japanese leasing continued to offer an attractive alternative for those able to access this market, albeit with limited flexibility. The alternative lender landscape remains largely unchanged. There is plenty of capital available to be deployed, although there remains no real emergence of insurance companies and pension funds at an asset level, with participation generally limited to investments in alternative funds platforms.

The business concluded further mandates in 2022 and continues to fulfil a specific highly value-adding role, particularly post-IFRS 16, with an excellent reputation and track record. A strong commitment to decarbonisation is a central part of our clients' strategies and their long-term investment in newbuilding projects is at the forefront of their efforts and respective commitments in this regard.

Support

Revenue: £39.0m (2021: £29.6m)
Segmental split of underlying profit before taxation: £5.0m (2021: £3.3m)

Stevedoring

In 2022, our stevedoring business, highly experienced in loading and discharging bulk cargoes, performed strongly. Export volumes increased by 148,000 tonnes to 284,000 tonnes, and although total imports were down by 39,000 tonnes, half of this decrease was made up by low margin biomass imports. This increase in tonnage handled directly bolstered performance with higher ancillary income as rental income, handling charges and other revenues expanded in line with additional volumes. Our grain elevators in Portsmouth also made a notable contribution. The cost base remained controlled although fuel costs for machinery increased, caused by a change in government taxation policy; and property costs were lower than normal due to the timing of local government COVID-19 relief.

Short sea broking

2022 was a strong year for the short sea broking business which, with specialist skills, in-depth knowledge and strong relationships, is market-leading in brokerage services for short sea dry cargo shipping. The business continued to grow its chartering base and handle larger parcel sizes than previously. This performance was supported by exceptional freight rates for much of the year, in addition to exchange rate trends, although freight rates are generally expected to ease down going forward. The business plans to expand further, including leveraging agency activity to broaden the charterer client base.

Gibb Group

Gibb Group is the industry's leading provider of PPE, MRO products and services as well as one of the offshore renewable energy sector's most experienced, qualified suppliers. In 2022, the business achieved growth in the face of significant headwinds, including the cost of container freight, exchange rate trends and supply chain issues hampering the ability to get product in a timely manner. In recent years the business has been reshaped with the addition of the Safety and Survival business, first in Great Yarmouth and subsequently in Aberdeen and Middlesbrough. The growing hire and service centre business is continuing to meet evolving client demand patterns. The traditional core oil and gas business saw a boost in volumes following the onset of the Russia-Ukraine conflict, which saw countries increase their focus on security of energy supply and ramp up local oil and gas production. Supply chain issues have impacted Gibb Netherlands but a local service centre and new premises should provide the opportunity for growth from early 2023. Offshore wind activity through Ijmuiden grew as the port began to support new offshore wind farms. Further overall expansion is planned for 2023.

Agency

Through exceptional port agency and first-class logistics services, our business provides a range of solutions for clients in the marine and energy sectors. Although the UK saw limited construction traffic in 2022 (expected to return in 2023), the building of large offshore wind farms is providing growing opportunities. Our customs clearance business supports clients globally with our comprehensive compliance capabilities, and performed strongly in 2022. The year also saw gains from bunker supply activity. Following a weaker 2021, our bulks business experienced improvement in 2022, with our Ipswich and Southampton locations in particular seeing a firm increase in activity, the latter also expanding its profile across offshore energy, coastline protection and scrap. Our North East England presence grew markedly with a new office in Middlesbrough servicing a rapidly expanding client base in bulk and offshore renewal energy.

In early February 2023, we were delighted to announce the acquisition of DHSS. DHSS has built an enviable reputation for world-leading service levels in the Netherlands and further afield with a particular focus on offshore wind energy. Combined with our port services business' existing 20-year history in this sector, we offer best-in-class service to our growing customer base in the UK, mainland Europe and further afield. 2023 will see strong growth in this area as there will be considerable investment in offshore wind in the UK, Dutch and German sectors. We expect to see this capability expand beyond the current geography.

Egypt agency

The Suez Canal provides a vital trade route between Europe and Asia, and our regional experts in Egypt deliver on-the-ground expertise around transit. Our Egypt agency business proved successful in 2022 in the face of challenges impacting local port activity from general macro-economic headwinds, disruption to regional imports from the Russia-Ukraine conflict (grain, fertilizer volumes), increased commodity prices and exchange rate trends. Transit agency business saw increased volumes in 2022 and continues to progress whilst liner business remained positive. The Egypt agency business continues to explore increasing opportunities in Egypt and around the Suez Canal region related to green energy and shipping's green transition.

Research

Revenue: £19.5m (2021: £17.7m)
Segmental split of underlying profit before taxation: £7.0m (2021: £6.1m)

Research provides a unique flow of powerful, highly relevant and wide-ranging research and data to clients, as well as to the Broking, Financial, Support and technology businesses in the Group. Our market-leading content was again extremely well received by clients across 2022 and achieved excellent profile for the Group. Furthermore, data provision and synergies were enhanced, including support to the end-to-end freight **Sea/** platform developed by Maritech, the Clarksons technology business. Continuing its long-term growth, our Research division performed robustly during the year.

Clarksons Research, the Group's data and analytics arm, remains market leader in the provision of independent data, intelligence and analysis around shipping, trade, offshore and energy. Millions of data points are processed and analysed each day to provide trusted and insightful intelligence to a global client base, typically via recurring revenue agreements. This uniquely powerful data and intelligence underpins the workflows and decision-making of thousands of organisations across the complex and dynamic global maritime industry, including shipowners, financiers, shipyards, suppliers, charterers, class societies, insurers, universities and governments. The use of innovative technology and algorithms has continued to expand the depth and quality of our proprietary database, supporting a strong pipeline of product development and a firm flow of sales enquiries. Targeted headcount growth and internationalisation continues, with the successful start-up of a data team in New Delhi during 2022, leveraging local maritime expertise and helping take our Asian share of headcount to 30%.

Our long-term strategy to focus and invest in data, intelligence and insights around the vital maritime energy transition continues. Firstly, we are focused on the fuelling transition that will be fundamental to reducing shipping's 2.3% contribution to global CO_2 emissions. Our offering provides detailed tracking of emissions policies, alternative fuel adoption, fleet renewal, the speed of ships and the uptake of Energy Saving Technologies. Across 2022 we also released a series of market impact assessments around the IMO's new 2030 policy measures to reduce emissions, a hugely significant milestone in shipping's decarbonisation pathway (as will be the EU's Emissions Trading Scheme from 2024). New modules on green investments at ports and vessel activity analytics dashboards are under development for release in the first half of 2023. Secondly, we continue to analyse the impacts of energy transition on the cargo base for maritime, and during 2022 we released a further update of our maritime energy transition model, providing decarbonisation scenarios with specific maritime relevant segmentation. Thirdly, we have invested in research around the offshore transition, including the development of new data and analysis around the offshore wind industry through our Renewables Intelligence Network. Much of our energy transition work has also supported the Group-wide Green Transition initiatives to partner clients through their decarbonisation pathways, contributed to internal awareness initiatives and provided emissions benchmarking data and vessel intelligence used within the carbon module of the **Sea/** suite.

Digital

Our single-access integrated digital platform provides immediate access to our powerful data, analysis, forecasts and insights to over 4,000 maritime companies and over 12,000 individual users. During 2022, we released a successful rebrand and executed several major product releases aligned with individual product development investment plans for each of our systems. Our major digital products include:

Shipping Intelligence Network ('SIN')
Our market-leading commercial shipping database SIN, provides wide-ranging data and analysis tracking and projects shipping market supply and demand, freight, vessel earnings, indices, asset values and macroeconomic data around trade flows and global economic developments. During the third quarter of 2022, SIN benefited from a major upgrade in content and visualisation tools that has been very positively received by clients. Through the year, the platform tracked an all-time annual high for the cross segment ClarkSea Index (up 30% to US$37,253 per day), the disruption impacts of COVID-19 and the Russia-Ukraine conflict, positive trends in energy shipping including record LNG charter rates, the correction in the container markets and slowing growth in China, the global economy and world trade (seaborne trade was flat year on year at 12 billion tonnes). Our continued investments in near-term data, were particularly well received by our clients, as were our Russia-Ukraine conflict market impact assessment insights and reporting.

World Fleet Register ('WFR')
The WFR provides data and intelligence around the world fleet, vessel equipment and technology, companies, shipbuilding, emissions regulation, fuelling transition and alternative fuels. The focus on emissions regulation and fuelling transition has helped support encouraging sales growth of 20%. After a record share of newbuild order volumes in 2022, a total of 44% of the global newbuild orderbook backlog by tonnage is now alternative fuelled.

Renewables Intelligence Network ('RIN')
Offshore wind contributes 0.4% of global energy supply but our long-term projections profile huge growth potential, suggesting that this could reach between 7% and 9% by 2050. RIN provides comprehensive data, intelligence and analysis around every offshore wind farm in the world and

the fleet of vessels that support development and maintenance. Since its launch in 2021, RIN has grown very strongly, gained good traction with market participants and is widely used across the Group.

Offshore Intelligence Network ('OIN')
Offshore oil and gas markets improved markedly over 2022, with our index of day rates across the offshore fleet up 32% to reach its highest level since 2014. OIN provides data and analysis of utilisation, day rates and market supply and demand of the offshore fleet including rigs, OSVs, subsea and floating production. A major upgrade to OIN was released in late 2022 and good sales growth is expected in 2023.

World Offshore Register ('WOR')
The WOR system provides detailed data and intelligence on all offshore oil and gas fields, investment projects, production platforms, offshore support vessels and rigs. Offshore oil and gas accounts for 16% of total global energy supply with a renewed focus on energy security supporting investment. Clarksons Research is the market leader in data provision to the insurance industry, where our data is used as the core reference in identifying rigs and platforms.

Sea/net

Developed in conjunction with the Clarksons technology business Maritech, the vessel movement system **Sea/net** blends satellite and land-based AIS data with the Clarksons Research leading database of vessels, ports and berths. Working with Maritech, Research continues to improve the depth of our underlying movement and deployment data.

Services

Our dedicated services and consultancy activities, including the development and management of long-term and recurring revenue relationships with key corporates across maritime, has performed well with several major data API contracts concluded. Interest in tailored data, that often becomes embedded into client systems and typically includes API delivery via our platform, remained high while our provision of specialist insights, forecasting and scenario modelling to key partners also expanded. During September 2022 we hosted our industry leading Shipping and Shipbuilding Forecast Forum and Offshore Energy Forecast Forum on an in-person basis. Our dedicated business development team is performing well, arranged a successful offsite in December 2022 and has a strong sales pipeline. Clarksons Valuations is the market-leading provider of authoritative, consistent and independent valuation services to shipowners and financiers. It is investing in analysis and technology to support financial institutions, including to meet new European Banking Authority guidelines on valuations and to understand the emissions profile of their debt portfolios and the impact of technology and emissions policies on value. The valuations team is also active in supporting the Group's S&P broking teams.

Sea/

The technology arm of Clarksons, Maritech, has developed the **Sea/** platform to bring transformative digital solutions to the freight transaction process, enabling the industry to meet the demands created by growth in complexity, regulation and innovation. Building on the considerable success enjoyed by **Sea/** tools in 2021, scaling of the business through 2022 has been both dynamic and significant, with the enhancement of products, growth in clients and further development of Maritech. A new leadership team with a wealth of experience was established in 2022. During the year, important work was undertaken involving the whole business to define a clear, cogent strategy and ensure that the products being built and enhanced reflect what the market truly wants and values. Critically, the description of the business has been more clearly defined as "The Intelligent Marketplace for Fixing Freight", and this will be more clearly articulated in a new website and other materials.

Following success in 2021, particularly in the iron ore sector, the **SeaFix/** solution grew further in 2022 to the point that the client base now represents over 80% of the world's seaborne iron ore trade. **Sea/** is now looking to replicate this success in other markets and has been working to enhance the tools to be able to cope with the greater complexity of other commodities. In 2023, **Sea/** will be targeting coal, grains and other dry bulk commodities as well as initial steps into the wet market.

Sea/contracts and Recap Manager continue to attract adoption amongst some of the largest chartering groups in the world with substantial additional signings in 2022. This was further augmented by the acquisition of Chinsay in October 2022, such that the annualised volume has now risen to 37,000 fixtures and is anticipated to grow further in 2023.

The Sea/intelligence solution, which includes **Sea/net** and **Sea/analytics**, has similarly experienced strong sales growth, with new features and a significant volume of new clients resulting in over 120% year-on-year growth. The Russia-Ukraine conflict resulted in an urgent need from news reporting agencies for factual information on shipping in the region, with a range of leading publications regularly using and referencing **Sea/net** as their source. The intelligence products have been adopted by a range of companies and institutions, which has triggered further recognition of the value that **Sea/** is providing with this solution.

Clients have increasingly looked to **Sea/** to support them in their efforts to reduce GHG emissions and achieve decarbonisation targets. In the crowded digital space of voyage optimisation and vessel categorisation, the **Sea/carbon** offering plays a vital role and has grown incrementally with a number of new clients now using the carbon accounting tools. In 2022, **Sea/** captured 8.5m tonnes of carbon emissions from 470m tonnes of cargo transported. The service gathers the essential data at the end of each voyage undertaken to enable customers to record the carbon emitted, continuously monitors emissions in a dashboard and generates the necessary reports for internal and external audiences. The same data can be used to provide essential insights on optimal vessel selection at the point of fixture. This tool helps to reduce fuel consumption, improve energy efficiency and support the adoption of alternative and clean technologies.

In November 2022, Maritech acquired Setapp in Poznan, Poland - a technology provider to the maritime sector. Through the acquisition of Setapp, **Sea/** will enable technology experts with a strong foundation in maritime software to focus on the issues faced by the industry and further grow their knowledge through the experience of building high-quality, sustainable teams and solutions. **Sea/** is excited by the prospect of growing this centre of maritime technology excellence.

Risk management

Full details of our principal risks and how we manage them are included in the risk management section of the 2022 Annual Report, together with our viability and going concern statements.

Our principal risks are:

- Loss of key personnel - Board members
- Economic factors
- Cyber risk and data security
- Loss of key personnel - normal course of business
- Adverse movements in foreign exchange
- Financial loss arising from failure of a client to meet its obligations
- Breaches in rules and regulations
- Changes in the broking industry

Directors' responsibilities statement

The statement of Directors' responsibilities below has been prepared in connection with the Group's full Annual Report for the year ended 31 December 2022. Certain parts of the Annual Report have not been included in this announcement as set out in note 1 of the financial information.

We confirm that:

- to the best of our knowledge, the consolidated financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group; and

- to the best of our knowledge, the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and

- we consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibilities statement was approved by the Board of Directors on 3 March 2023 and is signed on its behalf by:

Laurence Hollingworth
Chair
3 March 2023

Consolidated income statement

for the year ended 31 December

	2022			2021		
	Before acquisition-related costs £m	**Acquisition-related costs £m**	**After acquisition-related costs £m**	Before acquisition-related costs £m	Acquisition-related costs £m	After acquisition-related costs £m
Revenue	**603.8**	**-**	**603.8**	443.3	-	443.3
Cost of sales	**(21.8)**	**-**	**(21.8)**	(16.5)	-	(16.5)
Trading profit	**582.0**	**-**	**582.0**	426.8	-	426.8
Administrative expenses	**(481.2)**	**(0.8)**	**(482.0)**	(355.7)	(0.3)	(356.0)
Operating profit/(loss)	**100.8**	**(0.8)**	**100.0**	71.1	(0.3)	70.8
Finance income	**1.9**	**-**	**1.9**	1.3	-	1.3
Finance costs	**(2.2)**	**-**	**(2.2)**	(3.1)	-	(3.1)
Other finance income - pensions	**0.4**	**-**	**0.4**	0.1	-	0.1
Profit/(loss) before taxation	**100.9**	**(0.8)**	**100.1**	69.4	(0.3)	69.1
Taxation	**(20.6)**	**0.1**	**(20.5)**	(14.7)	-	(14.7)
Profit/(loss) for the year	**80.3**	**(0.7)**	**79.6**	54.7	(0.3)	54.4
Attributable to:						
Equity holders of the Parent Company	**76.3**	**(0.7)**	**75.6**	50.4	(0.3)	50.1
Non-controlling interests	**4.0**	**-**	**4.0**	4.3	-	4.3
Profit/(loss) for the year	**80.3**	**(0.7)**	**79.6**	54.7	(0.3)	54.4
Earnings per share						
Basic	**250.3p**		**247.9p**	165.6p		164.6p
Diluted	**248.5p**		**246.1p**	164.2p		163.2p

Included in the Consolidated Income Statement are net impairment losses on financial assets amounting to £5.8m (2021: £2.6m)

Consolidated statement of comprehensive income

for the year ended 31 December

	2022 £m	2021 £m

Profit for the year	**79.6**	54.4
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on employee benefit schemes - net of tax	**(5.5)**	7.2
Changes in the fair value of equity instruments at fair value through other comprehensive income - net of tax	**-**	(1.7)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	**13.5**	0.5
Foreign currency hedges recycled to profit or loss - net of tax	**3.3**	(2.4)
Foreign currency hedge revaluations - net of tax	**(8.9)**	(0.8)
Other comprehensive income	**2.4**	2.8
Total comprehensive income for the year	**82.0**	57.2
Attributable to:		
Equity holders of the Parent Company	**78.0**	52.9
Non-controlling interests	**4.0**	4.3
Total comprehensive income for the year	**82.0**	57.2

Consolidated balance sheet

as at 31 December

	2022 £m	2021 £m
Non-current assets		
Property, plant and equipment	**25.5**	22.5
Investment properties	**1.0**	1.2
Right-of-use assets	**39.3**	45.1
Intangible assets	**188.9**	183.2
Trade and other receivables	**2.6**	1.0
Investments	**1.2**	1.0
Employee benefits	**15.8**	25.8
Deferred tax assets	**14.6**	10.5
	288.9	290.3
Current assets		
Inventories	**2.4**	1.5
Trade and other receivables	**150.1**	117.4
Income tax receivable	**3.0**	1.0
Investments	**3.5**	10.3
Cash and cash equivalents	**384.4**	261.6
	543.4	391.8
Current liabilities		
Trade and other payables	**(335.9)**	(235.4)
Lease liabilities	**(9.9)**	(9.7)
Income tax payable	**(19.8)**	(11.6)
Provisions	**(0.6)**	(0.6)
	(366.2)	(257.3)
Net current assets	**177.2**	134.5
Non-current liabilities		
Trade and other payables	**(5.8)**	(2.7)
Lease liabilities	**(37.7)**	(44.1)
Provisions	**(1.9)**	(1.6)
Employee benefits	**(0.4)**	(3.8)
Deferred tax liabilities	**(7.1)**	(11.0)
	(52.9)	(63.2)
Net assets	**413.2**	361.6
Capital and reserves		
Share capital	**7.7**	7.6
Other reserves	**114.8**	104.0
Retained earnings	**287.2**	245.3
Equity attributable to shareholders of the Parent Company	**409.7**	356.9
Non-controlling interests	**3.5**	4.7
Total equity	**413.2**	361.6

Consolidated statement of changes in equity
for the year ended 31 December

	Attributable to equity holders of the Parent Company					
	Share capital £m	**Other reserves £m**	**Retained earnings £m**	**Total £m**	**Non-controlling interests £m**	**Total equity £m**
Balance at 1 January 2022	**7.6**	**104.0**	**245.3**	**356.9**	**4.7**	**361.6**
Profit for the year	**-**	**-**	**75.6**	**75.6**	**4.0**	**79.6**
Other comprehensive income/(loss)	**-**	**7.9**	**(5.5)**	**2.4**	**-**	**2.4**
Total comprehensive income for the year	**-**	**7.9**	**70.1**	**78.0**	**4.0**	**82.0**
Transactions with owners:						
Share issues	**0.1**	**2.6**	**-**	**2.7**	**-**	**2.7**
Employee share schemes	**-**	**0.3**	**(1.3)**	**(1.0)**	**-**	**(1.0)**
Tax on other employee benefits	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
Tax on other items in equity	**-**	**-**	**(0.4)**	**(0.4)**	**-**	**(0.4)**
Dividend paid	**-**	**-**	**(25.9)**	**(25.9)**	**(4.3)**	**(30.2)**
Contributions to non-controlling interests	**-**	**-**	**(0.4)**	**(0.4)**	**(0.9)**	**(1.3)**
Total transactions with owners	**0.1**	**2.9**	**(28.2)**	**(25.2)**	**(5.2)**	**(30.4)**
Balance at 31 December 2022	**7.7**	**114.8**	**287.2**	**409.7**	**3.5**	**413.2**

	Attributable to equity holders of the Parent Company					
	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2021	7.6	104.6	211.9	324.1	4.3	328.4
Profit for the year	-	-	50.1	50.1	4.3	54.4
Other comprehensive (loss)/income	-	(2.7)	5.5	2.8	-	2.8
Total comprehensive (loss)/income for the year	-	(2.7)	55.6	52.9	4.3	57.2
Transactions with owners:						
Share issues	-	1.8	-	1.8	-	1.8
Employee share schemes	-	0.3	(0.1)	0.2	-	0.2
Tax on other employee benefits	-	-	2.3	2.3	-	2.3
Dividend paid	-	-	(24.4)	(24.4)	(3.9)	(28.3)
Total transactions with owners	-	2.1	(22.2)	(20.1)	(3.9)	(24.0)
Balance at 31 December 2021	7.6	104.0	245.3	356.9	4.7	361.6

Consolidated cash flow statement
for the year ended 31 December

	2022 £m	Restated* 2021 £m
Cash flows from operating activities		
Profit before taxation	**100.1**	69.1
Adjustments for:		
Foreign exchange differences	**(0.5)**	(3.2)
Depreciation	**13.7**	13.3
Share-based payment expense	**1.8**	1.8
Loss/(gain) on sale of property, plant and equipment	**1.5**	(0.6)
Amortisation of intangibles	**4.1**	1.6
Difference between pension contributions paid and amount recognised in the income statement	**0.4**	(0.1)
Finance income	**(1.9)**	(1.3)
Finance costs	**2.2**	3.1
Other finance income - pensions	**(0.4)**	(0.1)
Increase in inventories	**(0.9)**	(0.2)
Increase in trade and other receivables	**(26.1)**	(38.7)
Increase in bonus accrual	**88.8**	60.4
Increase in trade and other payables	**16.2**	29.1
Increase in provisions	**0.5**	0.1
Cash generated from operations	**199.5**	134.3
Income tax paid	**(20.6)**	(9.2)
Net cash flow from operating activities	**178.9**	125.1

Cash flows from investing activities		
Interest received	**1.3**	0.2
Purchase of property, plant and equipment	**(7.6)**	(3.7)
Purchase of intangible assets	**(2.0)**	(2.9)
Purchase of investments	**(0.6)**	(3.5)
Proceeds from sale of investments	**1.0**	9.4
Proceeds from sale of property, plant and equipment	**0.7**	1.6
Transfer from current investments (cash on deposit and government bonds)	**6.8**	20.0
Transfer to current investments (cash on deposit and government bonds)	**(0.3)**	(6.8)
Acquisition of subsidiaries, net of cash acquired	**(4.9)**	-
Dividends received from investments	**0.2**	-
Net cash flow from investing activities	**(5.4)**	14.3
Cash flows from financing activities		
Interest paid and other charges	**(2.2)**	(2.3)
Dividend paid	**(25.9)**	(24.4)
Dividend paid to non-controlling interests	**(4.3)**	(3.9)
Repayment of borrowings	**(0.6)**	(0.1)
Principal elements of lease payments	**(11.2)**	(9.1)
Proceeds from shares issued	**2.7**	1.8
Contributions to non-controlling interests	**(1.3)**	-
ESOP shares acquired	**(20.4)**	(13.2)
Net cash flow from financing activities	**(63.2)**	(51.2)
Net increase in cash and cash equivalents	**110.3**	88.2
Cash and cash equivalents at 1 January	**261.6**	173.4
Net foreign exchange differences	**12.5**	-
Cash and cash equivalents at 31 December	**384.4**	261.6

*Restatement in relation to equity-settled liabilities, see note 2.1 for further details.

Notes to the preliminary financial statements

1 Corporate information

The preliminary financial statements of Clarkson PLC for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 3 March 2023. Clarkson PLC is a public limited company, listed on the London Stock Exchange, incorporated and registered in England and Wales and domiciled in the UK.

The preliminary financial information ('financial information') set out in this announcement does not constitute the consolidated statutory financial statements for the years ended 31 December 2021 and 2022, but is derived from those financial statements. Statutory financial statements for 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered following the Company's Annual General Meeting. The External Auditor has reported on the financial statements for 2021 and 2022; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

2 Statement of accounting policies

2.1 Basis of preparation

The financial information set out in this announcement is based on the consolidated financial statements, which are prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Disclosure Guidance and Transparency Rules Sourcebook of the United Kingdom's Financial Conduct Authority.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit and good cash inflow. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop and geo-political tensions. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:

- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions: the Group remained cash generative before dividends.
- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008 and the pandemic in 2020: seaborne trade recovered in 2009 and 2021 along with the profitability of the Group. Since 1990 no two consecutive years have seen reductions in world seaborne trade.
- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overheads, the net cash and available funds* position at 31 December 2022, the collection of debts and the invoicing and collection of the forward order book. This test determined that, in the absence of any mitigating action which would be applied in these circumstances, no new business would be required to remain cash positive for at least the next 12 months.

Under the first two scenarios, the Group is able to generate profits and cash, and has positive net cash and available funds* available to it. In the third scenario, current net cash and available funds* together with the collection of debts and the forward order book would leave sufficient cash resources to cover at least the next 12 months without any new business.

Accordingly, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for at least the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the year before acquisition-related costs; this is referred to as 'underlying profit'. The column 'acquisition-related costs' includes the amortisation of acquired intangible assets, the costs of acquiring new businesses and the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions, see note 4.

The Consolidated Cash Flow Statement for the year ended 31 December 2021 has been restated to add back £11.3m of equity-settled liabilities as 'operating activities' and deduct £11.3m of shares acquired by the ESOP as 'financing activities'. This has the effect of increasing the net cash flow from operating activities in 2021 from £113.8m to £125.1m with a corresponding increase in the net cash flow from financing activities from £39.9m to £51.2m. This presentation has also been adopted for the year ended 31 December 2022. There is no net impact upon the cash flow statement overall and there is no impact on any balance sheet or income statement figures.

2.2 Accounting policies
The financial information is in accordance with the accounting policies set out in the 2022 financial statements and has been prepared on a going concern basis.

The group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework - Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Accounting judgements and estimates
The preparation of the preliminary financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2.4 Forward-looking statements
Certain statements in this announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

3 Segmental information

Business segments		**Revenue**		**Results**
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
Broking	**495.5**	340.0	**117.6**	73.6
Financial	**49.8**	56.0	**7.8**	13.3
Support	**39.0**	29.6	**5.0**	3.3
Research	**19.5**	17.7	**7.0**	6.1
Segment revenue/profit	**603.8**	443.3	**137.4**	96.3
Head office costs			**(36.6)**	(25.2)
Operating profit before acquisition-related costs			**100.8**	71.1
Acquisition-related costs			**(0.8)**	(0.3)
Operating profit after acquisition-related costs			**100.0**	70.8
Finance income			**1.9**	1.3
Finance costs			**(2.2)**	(3.1)
Other finance income - pensions			**0.4**	0.1
Profit before taxation			**100.1**	69.1
Taxation			**(20.5)**	(14.7)
Profit for the year			**79.6**	54.4

4 Acquisition-related costs
Included in acquisition-related costs is £0.2m (2021: £0.2m) relating to amortisation of intangibles acquired as part of previous acquisitions, and cash and share-based payment charges of £0.3m (2021: £0.1m). The cash and share-based payment charges are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £0.3m of transaction costs relating to acquisitions in the current year.

5 Taxation

The major components of the income tax charge in the consolidated income statement are:

	2022	2021
	£m	£m
Profit at UK average standard rate of corporation tax of 19% (2021: 19%)	**19.0**	13.1
Expenses not deductible for tax purposes	**2.3**	2.1
Other	**(0.8)**	(0.5)
Total tax charge in the income statement	**20.5**	14.7

6 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2022	2021
	£m	£m
Underlying profit for the year attributable to ordinary equity holders of the Parent Company*	**76.3**	50.4
Reported profit for the year attributable to ordinary equity holders of the Parent Company*	**75.6**	50.1
	2022	2021
	Million	Million
Weighted average number of ordinary shares - basic	**30.5**	30.4
Weighted average number of ordinary shares - diluted	**30.7**	30.7

7 Dividends

The Board is recommending a final dividend of 64p (2021: 57p), giving a total dividend of 93p (2021: 84p).

8 Intangible assets

On 3 October 2022, the Group, through Maritech Holdings Limited, the legal entity behind Sea/, acquired 100% of the share capital of Swedish-based technology company Chinsay AB and its 100% subsidiary Chinsay Pte. Ltd. located in Singapore (Chinsay). Cash consideration paid was US$3.2m (£2.9m).

On 4 November 2022, a further acquisition was completed by Maritech Holdings Limited. 100% of the share capital of Setapp Sp. z.o.o., a Polish technology company, was acquired for cash consideration of €3.0m (£2.6m).

In 2022, the Group also acquired 100% of the share capital of PPE Suppliers Limited (PPE) through Gibb Group Ltd for £0.2m.

The above acquisitions resulted in goodwill of £5.4m and other intangible assets of £2.1m.

9 Investments

Included within current investments are deposits totalling £3.1m (2021: £2.8m) with maturity periods greater than three months, in addition to £nil of government bonds (2021: £6.8m). Also included is £0.4m (2021: £0.7m) relating to the convertible bonds business within the Financial segment.

10 Cash and cash equivalents

	2022	2021
	£m	£m
Cash at bank and in hand	**320.1**	260.7
Short-term deposits	**64.3**	0.9
	384.4	261.6

11 Employee benefits

The Group operates three final salary defined benefit pension schemes, being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme.

The following tables summarise amounts recognised in the Consolidated balance sheet and the components of the net benefit charge recognised in the Consolidated income statement.

Recognised in the balance sheet

	2022	2021
	£m	£m
Fair value of schemes' assets	**134.7**	201.5
Present value of funded defined benefit obligations	**(115.2)**	(174.2)
	19.5	27.3
Effect of asset ceiling in relation to the Plowrights scheme	**(4.1)**	(5.3)
Net benefit asset recognised in the balance sheet	**15.4**	22.0

The above is recognised on the balance sheet as an asset of £15.8m (2021: £25.8m) and a liability of £0.4m (2021: £3.8m). A deferred tax asset on the benefit liability amounting to £0.1m (2021: £0.9m) and a deferred tax liability on the benefit asset of £3.9m (2021: £6.5m) is also recognised on the balance sheet.

Recognised in the income statement

	2022 £m	2021 £m
Recognised in other finance income - pensions:		
Expected return on schemes' assets	**3.6**	2.8
Interest cost on benefit obligation and asset ceiling	**(3.2)**	(2.7)
Recognised in administrative expenses:		
Schemes' administrative expenses	**(0.8)**	(0.3)
Net benefit charge recognised in the income statement	**(0.4)**	(0.2)

12 Share capital

	2022		2021	
	Million	**£m**	Million	£m
Ordinary shares of 25p each, issued and fully paid	**30.6**	**7.7**	30.5	7.6

During the year, the Company issued 141,346 shares (2021: 80,871) in relation to the ShareSave scheme.

13 Contingencies

From time to time, the Group is engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There is currently no litigation that is expected to have a material adverse financial impact on the Group's consolidated results or net assets.

14 Related party disclosures

The Group's significant related parties are disclosed in the 2022 Annual Report. There were no material differences in related parties or related party transactions in the year, from the year ended December 2021.

15 Events occurring after the reporting period

The Group acquired 100% of the share capital of DHSS Aviation B.V., DHSS Logistics B.V., DHSS Projects B.V. and DHSS Services B.V. for cash consideration of €4.0m and additional maximum deferred consideration (including earn-out) of €6.3m.

Other information

Alternative Performance Measures

The Directors believe that alternative performance measures can provide users of the financial statements with a better understanding of the Group's underlying financial performance, if used properly. Directors' judgement is required as to what items qualify for this classification.

Adjusting items

The Group excludes adjusting items from its underlying earnings metrics with the aim of removing the impact of one-offs which may distort period-on-period comparisons.

The term 'underlying' excludes the impact of acquisition-related costs, which are shown separately on the face of the income statement. Management separates these items due to their nature and size and believes this provides further useful information, in addition to statutory measures, to assist readers of the Annual Report to understand the results for the year.

Underlying profit before taxation

Reconciliation of reported profit before taxation to underlying profit before taxation for the year.

	2022 £m	2021 £m
Reported profit before taxation	**100.1**	69.1
Add back acquisition-related costs	**0.8**	0.3
Underlying profit before taxation	**100.9**	69.4

Underlying effective tax rate

Reconciliation of reported effective tax rate to underlying effective tax rate.

	2022	2021
Reported effective tax rate	**20.5%**	21.3%
Adjustment relating to acquisition-related costs	**(0.1%)**	(0.1%)
Underlying effective tax rate	**20.4%**	21.2%

Underlying profit attributable to equity holders of the Parent Company

Reconciliation of reported profit attributable to equity holders of the Parent Company to underlying profit attributable to equity holders of the Parent Company.

	2022 £m	2021 £m
Reported profit attributable to equity holders of the Parent Company	**75.6**	50.1
Add back acquisition-related costs	**0.7**	0.3
Underlying profit attributable to equity holders of the Parent Company	**76.3**	50.4

Underlying basic earnings per share

Reconciliation of reported basic earnings per share to underlying basic earnings per share.

	2022	2021
Reported basic earnings per share	**247.9p**	164.6p
Add back acquisition-related costs	**2.4p**	1.0p
Underlying basic earnings per share	**250.3p**	165.6p

Underlying administrative expenses

Reconciliation of reported administrative expenses to underlying administrative expenses for the year.

	2022 £m	2021 £m
Reported administrative expenses	**482.0**	356.0
Less acquisition-related costs	**(0.8)**	(0.3)
Underlying administrative expenses	**481.2**	355.7

Operational metrics

The Group monitors its cash and liquidity position by adjusting gross balances to reflect the payment of obligations to staff and restricted monies held by regulated entities.

Net cash and available funds

The Board uses net cash and available funds as a better representation of the net cash available to the business, since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

Reconciliation of reported cash and cash equivalents to net cash and available funds reported.

	2022 £m	2021 £m
Cash and cash equivalents as reported	**384.4**	261.6
Add cash on deposit and government bonds included within current investments	**3.1**	9.6
Less amounts reserved for bonuses included within current trade and other payables	**(225.8)**	(148.9)
Net cash and available funds	**161.7**	122.3

Free cash resources

Free cash resources is a further measure used by the Board in taking decisions over capital allocation. It deducts monies held by regulated entities from the net cash and available funds figure.

Reconciliation of reported cash and cash equivalents to reported free cash resources.

	2022 £m	2021 £m
Cash and cash equivalents as reported	**384.4**	261.6
Add cash on deposit and government bonds included within current investments	**3.1**	9.6
Less amounts reserved for bonuses included within current trade and other payables	**(225.8)**	(148.9)
Less net cash and available funds held in regulated entities	**(30.8)**	(30.0)
Free cash resources	**130.9**	92.3

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