

# Preliminary results for the year ended 31 Dec 2023

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Ocean Wilsons Holdings Ltd  
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## Ocean Wilsons Holdings Limited

### Preliminary results for the year ended 31 December 2023

## STRATEGIC REPORT

### About Ocean Wilsons Holdings Limited

Ocean Wilsons Holdings Limited ("Ocean Wilsons" or the "Company") is a Bermuda investment holding company which, through its subsidiaries, holds a portfolio of international investments and operates a maritime services company in Brazil. The Company is listed on both the London Stock Exchange and the Bermuda Stock Exchange.

### Principal Activities

The Company's principal activities are the management of a diverse global investment portfolio and the provision of maritime and logistics services in Brazil.

Ocean Wilsons has two operating subsidiaries: Ocean Wilsons (Investments) Limited ("OWIL") and Wilson Sons S.A. ("Wilson Sons") (together with the Company and their subsidiaries, the "Group").

The Company owns 100% of OWIL and 57% of Wilson Sons which is fully consolidated in the financial statements with a 43% non-controlling interest. Wilson Sons is one of the largest providers of maritime services in Brazil with activities including towage, container terminals, offshore oil and gas support services, small vessel construction, logistics and ship agency.

### Objective

The Company's objective is to focus on long-term value creation through both the investment portfolio and the investment in Wilson Sons. This longer-term view directs an OWIL investment strategy of a balanced thematic portfolio of funds leveraging our long-standing investment market relationships and through detailed insights and analysis. The Wilson Sons strategy focuses on providing best in class or innovative solutions in a rapidly growing maritime logistics market.

### Data Highlights

<b>Key Data at 31 December</b> <i>(In US\$ millions)</i>	<b>2023</b>	<b>2022</b>	<b>Change</b>
Revenue	\$486.6	\$440.1	+10.6%
Operating profit	\$125.7	\$113.8	+10.5%
Profit after tax	\$103.1	\$11.5	+796.5%
Investment portfolio net return	\$26.1	(\$51.0)	+\$77.1
Investment portfolio assets	\$310.9	\$293.8	+5.8%
Net assets	\$815.8	\$754.1	+8.2%
Net debt	\$479.1	\$440.2	+8.8%
Net cash inflow from operating activities	\$128.7	\$98.9	+30.1%

Share Data at 31 December	2023	2022	Change
Share price	GBP 12.00	GBP 9.30	29.0%
Earnings per share	USD 189.6 cents	USD (52.8) cents	+USD 242.4 cents
Actual dividend per share	USD 70 cents	USD 70 cents	-
Proposed dividend per share	USD 85 cents		

## The Chair's Statement

I am delighted to report that 2023 was an excellent year for Ocean Wilsons. Our operations at Wilson Sons delivered their best financial performance ever and our investment portfolio returned strong results after a loss in 2022. These accomplishments resulted in solid returns, allowing us to propose an annual dividend of US 85 cents per share for our shareholders to be paid 14 June 2024, an increase from the 70 cents dividend paid in recent years.

In a geopolitical sense, turmoil in the world has increased since last year with the ongoing war in Ukraine seeming to be now dug in for a longer conflict, the recent hostilities in the Middle East which continue and the tension between China and Taiwan escalating. Inflation remains a concern, albeit at a reduced level from a year ago, but the projections for 2024 remain mixed, with inflation and interest rates considered likely to remain unsettled for the short term. The fears of a global recession, whilst somewhat mitigated, have not gone away and we remain in uncertain times. With that backdrop, we are particularly pleased with the performance of both of our subsidiaries.

Wilson Sons yet again grew revenues with container volumes and maritime operations now firmly back on a pre-pandemic growth trajectory, with each division contributing to a record overall profit. It ended the year with an all-time high stock price of BRL17.46 (US\$3.61) reflecting this performance. We announced in June 2023 that we were performing a strategic review of our Brazilian operations which remains ongoing at the date of this report. I would like to take this opportunity to commend the Board and the leadership team at Wilson Sons for maintaining their focus on operations at a time when such a review can be distracting to day-to-day business.

Our investment portfolio results returned to a profit after the loss in 2022. Whilst a loss-making result is never something to celebrate, our results last year were very creditable compared to the market which saw heavy falls in equities and bonds. Similarly in 2023, the team have delivered a gross return of 10.1% on the portfolio compared to the benchmark of 6.4%, albeit the high-water mark in place for the performance fee arrangements was not reached and no performance fee is payable relating to 2023. We thank our team at Hanseatic Asset Management LBG ("Hanseatic") for their delivery this year.

### Results Overview

The key metrics to highlight here are a growth in revenues of just over 10%, an increase in net earnings to \$103 million this year and earnings per share for the year of US189.6 cents compared to a loss of US 52.8 cents a year ago. Distributions from Wilson Sons increased significantly, enabling us to propose the higher dividend referred to above. The share price of Wilson Sons increased by 62% during the year and that of Ocean Wilsons by 29%. Some of this is no doubt due to the market's view of the ongoing strategic review, however the undisturbed prices have also increased, reflecting the quality of the underlying performance.

The Financial Report provides further details in relation to the performance of the Group.

### Our Commitment to Responsible Investing and Corporate Sustainability

Over the past year, your Board has remained committed to driving and implementing responsible investing policies and operating practices across the Group and on our Environmental, Social, and Governance ("ESG") strategies. These commitments are integral to our operations in Brazil and they represent one of several factors that guide our investment decisions for our investment portfolio.

Hanseatic is a signatory to the United Nations' Principles for Responsible Investment ("UNPRI"). Whilst our approach to investing is ESG-informed rather than ESG-led and does not exclude specific sectors or companies, we do prioritise new investments that are aligned with our long-term ESG objectives as well as our broader growth strategy. We are delighted that, subsequent to the year end, Hanseatic was reviewed by the UNPRI for the first time and exceeded the median in 7 out of 9 of the UNPRI categories.

In a significant development this year, Wilson Sons has been admitted to the Corporate Sustainability Index ("ISE") of the Brazilian stock exchange. The ISE, a pioneer in Latin America and the fourth sustainability index globally, is recognised as a benchmark for companies exemplifying a strong commitment to corporate sustainability. Wilson Sons' inclusion in the ISE is not only a testament to our commitment to ESG principles but also positions us among a select group of companies in Brazil leading the way in sustainable business practices. This recognition underscores our proactive approach in contributing to a more sustainable and responsible business landscape.

Further details of the Company's ESG practices and our Task Force for Climate Related Financial Disclosures are presented in the annual report.

### The Board

Your Board membership was unchanged in 2023 after the changes made over the three previous years. We have been fortunate to retain the services of Mr Andrey Berzins, particularly as we go through our strategic review of Wilson Sons. His expertise and longevity bring great value to the Board deliberations and balances the relatively new tenure of the other independent Directors. As our strategic review completes in 2024, we will review the Board composition in that context.

### Outlook

As we look forward to 2024, whilst we are starting from a position of strength with a solid platform of performance in 2023, the outlook remains uncertain with continuing armed conflicts in several regions and key elections this year in both the US and the UK. The geopolitical outlook feels as though it has never been more uncertain. The global issues faced a year ago such as supply chains and banking failures are not currently top of mind, but as 2023 has amply demonstrated, the world is no longer as stable as it was and there will continue to be surprises.

The Wilson Sons' management team have demonstrated their ability to navigate challenges and to innovate and embrace technology which they will continue to do. As such, we expect Wilson Sons to continue to capitalise on its strong market position in Brazil and to take advantage of the more stable global shipping industry compared to a year ago.

We believe our investment portfolio is well positioned for the uncertain times ahead and proved the benefit of its long-term strategy and perspective in 2023. We continue to overweight investments in private assets as the best way to achieve real returns through long term capital growth, whilst making smaller moves into fixed income, value strategies and climate related holdings.

As I said to you last year, there are choppy waters ahead, albeit the reasons for that choppiness differ somewhat from those a year ago. The results of 2023 demonstrate that there are always opportunities to be found in times of turmoil and the Board believes that both of our subsidiaries are well placed to steer a good path through the turbulent waters.

**Caroline Foulger**

Chair

21 March 2024

## Business Review

### Investment Manager Report

#### Market Backdrop

This past year was marked by the multitude of global economic uncertainties in terms of inflation, economic growth, interest rates and a particularly unstable geopolitical backdrop, the most important factor in 2023 for markets being inflation. In the US and Europe inflation had already started to fall back by the start of 2023 but the big questions were how quickly it would continue to fall and where it would eventually settle. However, the challenge arises when inflation begins to decline, as was the case in 2023. While central bankers remained hawkish, continuing to signal higher interest rates, the actual need for such measures may diminish as inflation falls. This creates a contradiction between the backward-looking nature of inflation and the forward-looking impact of interest rate policy.

Against this backdrop, the investment portfolio had a gross return of 10.1% and a net return of 8.9%, while the portfolio's absolute benchmark (US CPI Urban Consumers NSA + 3%), which is inflation based, returned 6.4%.

#### Cumulative Portfolio Returns

	2023	2022	3 years p.a.	5 years p.a.
<b>OWIL</b>	<b>10.1%</b>	<b>-13.8%</b>	<b>3.2%</b>	<b>6.9%</b>
OWIL (Net)*	8.9%	-14.7%	2.0%	5.7%
Performance Benchmark**	6.4%	9.5%	8.6%	7.1%
MSCI ACWI + FM NR US\$	22.2%	-18.4%	5.7%	11.7%
Bloomberg Global Treasury TR US\$ (Unhedged)	4.2%	-17.5%	-7.1%	-1.5%
MSCI Emerging Markets NR US\$	9.8%	-20.1%	-5.1%	3.7%

\*Net of management and performance fees. No performance fees were earned in 2023 and 2022 as the high-water mark was not exceeded.

\*\* The OWIL Performance Benchmark is an absolute benchmark of US CPI Urban Consumers NSA +3% p.a.

#### Portfolio Commentary

The investment portfolio's strategy is designed to offer investors a balanced portfolio of assets that combines exposure to both public and private equities with a more defensive portion of the portfolio that is invested in assets that provide diversified returns. Given the market uncertainties, during the year the investment portfolio was broadened by adding in more value-oriented funds and by slightly increasing the weight of the defensive assets, neutrally positioning the portfolio.

Ultimately, the year was unusual in that market performance was largely propelled by the seven largest US mega-cap technology companies - Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta, and Tesla - which collectively surged by 107% over the year. However, as these same seven companies experienced a collective decline of 45.3% in 2022, underscoring the risks associated with adopting such a narrow portfolio construction strategy, we emphasise the importance of a more diversified approach for long-term returns. It is worth mentioning that a more balanced portfolio, represented by a 60:40 composite using an equally weighted equity benchmark, would have returned a more modest 8.9% during the same period in 2023.

#### Public Equity and Directional Hedge Funds

The investment portfolio's public equity and directional hedge funds segment include long-only funds and directional funds. In 2023, the US market and the technology sector were the primary contributors to the portfolio's performance. Public equity funds contributed 5.4% to the portfolio gross return, while directional hedge funds contributed 2.6%, for a combined contribution to the portfolio gross return of 8.0%.

The portfolio's largest holding, **Findlay Park American Fund**, was one of the best performers for the year, gaining 27.0% and contributing 2.3% to the portfolio gross return, largely attributable to its substantial investment in Microsoft. Microsoft's robust performance was fuelled by growing investor interest in artificial intelligence (AI). The fund's investment manager has also been transitioning to holding more mid-cap names and having a slightly more diversified portfolio which they hope will grow long term returns.

Another noteworthy performer was **Pershing Square Holdings Ltd**, with a return of 33.8%, contributing 0.7% to the portfolio gross return. The fund capitalised on opportunities, particularly by initiating a new position in Alphabet during a period of perceived undervaluation in Q1 2023. As anticipated, Alphabet's strong presence in several core markets including cloud computing, digital advertising, and AI technology, notably the development of proprietary chips designed specifically for AI applications, supported a strong performance in the following quarters.

As part of the investment strategy to increase value exposure, positions in **BA Beutel Goodman US Value Fund** and **Schroder ISF Global Recovery Fund** were taken in the last quarter of 2022. Despite challenging market conditions in 2023 for value investing, both funds delivered solid gains of 11.2% and 20.2%, respectively, contributing a combined 0.6% to the portfolio gross return. Both funds had large positions in financial services which performed strongly as interest rates rose throughout the year. The Schroder fund had a position in Micron Technology, a US-based semiconductor manufacturer, that significantly benefited from the increased interest in AI.

To further diversify the portfolio, a new position was taken in **Armistice Capital Offshore Fund**, a New York-based directional, event-driven hedge fund. The fund's manager has extensive experience in the healthcare sector and is looking for companies which the market has mispriced. This is often after clinical trial results are announced and the market overreacts, both positively and negatively. The largest positions will be in those companies that the manager thinks are significantly undervalued, have a clear catalyst that will drive a re-rating and have some sort of clinically proven advantage.

### Private Markets

In 2023, the portfolio's private market investments showed a lower performance compared to their public market counterparts, contributing 1.6% to the portfolio gross return. However, it is important to highlight that this came after a robust relative performance in 2022, as private assets yielded a return of -1.6% against a significant downturn in public markets, which experienced a decline of 18.4%.

Several new private market commitments were made in 2023 to ensure a steady pipeline of assets within the portfolio, poised for value appreciation over the next decade. The focus during the early part of the year was primarily on venture capital, with commitments made to **Khosla Ventures VIII Seed F**, **GGV Discovery IV-Asia**, **GGV Discovery IV-US**, and a new fund-of-funds manager, **TrueBridge Capital Partners VIII** and **Direct Fund III**. The portfolio strategy is based on the premise that the US, and Silicon Valley in particular, has a unique ecosystem that supports innovative founders to launch the next generation of companies. Khosla Ventures and GGV are amongst the top tier of venture capital funds who are very difficult to access for the average investor. The Company's Investment Manager's strategy of establishing relationships with such top-tier funds over the years has been pivotal, given the high degree of persistency of returns associated with the best managers in venture capital that the average investor would not typically have access to.

For the more mature private funds, 2023 has been a difficult environment to exit investments. This is due to a combination of volatile public markets, making initial public offerings less attractive, and higher interest rates pushing up borrowing costs for private market groups.

### Defensive Positioning

The defensive silo of the portfolio comprises non-directional hedge funds and bond funds, engineered to exhibit lower correlation to equity markets and deliver less volatile performance, contributing 0.5% to the portfolio gross return. In recent years, this segment has primarily consisted of non-directional hedge funds, as bonds appeared less appealing amid the prolonged period of extremely low yields over the past decade. However, the bond landscape is shifting, and the portfolio's bond exposure is being increased on the back of the higher yields now available.

One modest new position was taken in the defensive segment, **Nephila Iron Catastrophe Fund Ltd**, which specialises in catastrophe risk insurance, primarily focusing on US property risk. Catastrophe risk is a highly volatile line of business within the insurance sector, presenting the potential for significantly higher losses compared to other insurance lines and therefore commanding strong premiums. Nephila distinguishes itself in the sector through its high-quality data, essential for accurate risk pricing. The catastrophe insurance industry became more compelling in 2023 as pricing increased due to a capital shortfall in the sector. Since investing in May 2023, the fund has gained 20.7%, albeit due to the modest position we have taken, contributing 0.1% to the portfolio gross return.

### Looking Forward

The past year was all about inflation with few market participants predicting the extent to which it would pull back which set-off a domino effect of missed growth targets, interest rates remaining high and surprisingly strong equity markets going into 2024.

Inflation is still likely to play an important role in the year ahead with the focus now on whether inflation can be brought back to central bank targets, freeing up central bankers to start cutting rates and avoiding a hard landing. Previously, we were of the view that this last slice of inflation was likely to prove more challenging to remove and creating scope for disappointment as rates stayed higher for longer. More recently, however, we have become more sympathetic to this rump inflation also dropping out as important inflationary components such as shelter inflation and wages become less problematic. Wage inflation is perhaps the biggest factor, especially with unemployment remaining low, but even here there are signs of movement.

This backdrop should create a reasonable environment for global markets with falling inflation, peak rates and a soft landing good for both equities and bonds. Volatility is, however, likely to remain a feature. The inflationary journey will in all probability be a mixed one, and certainly not linear. As alluded to above, there is the real risk of policy missteps by central banks. Similarly, we do not think that we are returning to the backdrop we saw in the 2010's. As we have discussed in the past, we view this period as being something of an anomaly and think it unlikely that we will return to an environment dominated by low volatility, deflation and zero rates any time soon. Hence, whilst remaining broadly pro-risk as we enter 2024, we have introduced more balance into portfolios both at the country level, including a meaningful overweight to Japan, but also across asset classes with bonds becoming a genuine alternative to equities. We have also blended styles through owning value and growth instead of the rather unidirectional portfolios we ran over the last cycle. We remain vigilant and think that active management will be even more important for the period ahead.

Hanseatic Asset Management LBG

March 2024

### Investment Portfolio Allocations

<b>Asset Class Allocation</b>	<b>% of NAV</b>	<b>Sector Exposure</b>	<b>% of NAV</b>	<b>Geographic Exposure</b>	<b>% of NAV</b>
Private Markets	38.0%	Information Technology	23.4%	North America	50.5%
Equities	31.6%	Health Care	13.6%	Asia Pacific ex Japan	13.0%

Hedge Funds (directional)	17.9%	Financials	12.7%	Diversified	11.5%
Hedge Funds (non-directional)	8.0%	Consumer Discretionary	12.3%	Developed Europe ex UK	10.3%
Bonds	3.5%	Diversified	11.5%	Latin America	4.6%
Cash/Liquidity Funds	1.0%	Industrials	10.3%	Japan	3.5%
<b>Total</b>	<b>100%</b>	Materials	3.6%	UK	3.0%
		Communications Services	3.6%	Middle East & Africa	2.1%
		Consumer Staples	3.3%	Cash/Liquidity Funds	1.1%
		Energy	2.5%	Emerging Europe	0.4%
		Real Estate	1.4%	<b>Total</b>	<b>100%</b>
		Cash/Liquidity Funds	1.1%		
		Utilities	0.7%		
		<b>Total</b>	<b>100%</b>		

#### Investment Portfolio Component Contributions

<b>Public Equity and Directional Hedge Funds</b>	<b>Market Value (US\$000)</b>	<b>% of Component</b>	<b>% of NAV</b>
Findlay Park American Fund	30,677	19.9%	9.9%
BlackRock Strategic Equity Hedge Fund	15,026	9.8%	4.8%
Select Equity Offshore, Ltd	12,386	8.0%	4.0%
BA Beutel Goodman US Value Fund	9,551	6.2%	3.1%
Pershing Square Holdings Ltd	7,809	5.1%	2.5%
Remaining holdings	78,381	51.0%	25.2%
<b>Total Public Equity and Directional Hedge Funds</b>	<b>153,830</b>	<b>100.0%</b>	<b>49.5%</b>

<b>Private Markets</b>	<b>Market Value (US\$000)</b>	<b>% of Component</b>	<b>% of NAV</b>
NG Capital Partners II, LP	6,823	5.8%	2.2%
Navegar I, LP	6,723	5.7%	2.1%
Stepstone Global Partners VI, LP	5,269	4.4%	1.7%
KKR Americas XII, LP	5,004	4.2%	1.6%
Silver Lake Partners IV, LP	4,820	4.1%	1.6%
Remaining holdings	89,632	75.8%	28.8%
<b>Total Private Markets</b>	<b>118,271</b>	<b>100.0%</b>	<b>38.0%</b>

<b>Defensive Positioning</b>	<b>Market Value (US\$000)</b>	<b>% of Component</b>	<b>% of NAV</b>
Hudson Bay International Fund Ltd	5,515	14.2%	1.8%
Global Event Partners Ltd	3,988	10.3%	1.3%
GAM Systematic Core Macro (Cayman) Fund	3,461	8.9%	1.1%
Schroder GAIA BlueTrend	3,427	8.8%	1.1%
Selwood AM - Liquid Credit Strategy	2,918	7.5%	0.9%
Remaining holdings	19,535	50.3%	6.3%
<b>Total Defensive Positioning</b>	<b>38,844</b>	<b>100.0%</b>	<b>12.5%</b>

#### Investment Portfolio at 31 December 2023

<b>Holding</b>	<b>Market Value US\$000</b>	<b>% of NAV</b>	<b>Primary Focus</b>
Findlay Park American Fund	30,677	9.9	US Equities - Long Only
BlackRock Strategic Equity Hedge Fund	15,026	4.8	Europe Equities - Hedge
Select Equity Offshore, Ltd	12,386	4.0	US Equities - Long Only
BA Beutel Goodman US Value Fund	9,551	3.1	US Equities - Long Only
Pershing Square Holdings Ltd	7,809	2.5	US Equities - Long Only
iShares Core MSCI Europe UCITS ETF	6,894	2.2	Europe Equities - Long Only
NG Capital Partners II, LP	6,823	2.2	Private Assets - Latin America
Navegar I, LP	6,723	2.1	Private Assets - Asia
Schroder ISF Global Recovery	6,569	2.1	Global Equities - Long Only
Schroder ISF Asian Total Return Fund	6,455	2.1	Asia ex-Japan Equities - Long Only
<b>Top 10 Holdings</b>	<b>108,913</b>	<b>35.0</b>	
Polar Capital Global Insurance Fund	5,697	1.8	Financials Equities - Long Only
Hudson Bay International Fund Ltd	5,515	1.8	Market Neutral - Multi-Strategy
NTAsian Discovery Fund	5,480	1.8	Asia ex-Japan Equities - Long Only
iShares Core S&P 500 UCITS ETF	5,278	1.7	US Equities - Long Only
Stepstone Global Partners VI, LP	5,269	1.7	Private Assets - US Venture Capital
Armistice Capital Offshore Fund Ltd	5,087	1.6	US Equities - Hedge
KKR Americas XII, LP	5,004	1.6	Private Assets - North America
Indus Japan Long Only Fund	4,948	1.6	Japan Equities - Long Only
Silver Lake Partners IV, LP	4,820	1.6	Private Assets - Global Technology
Pangaea II, LP	4,471	1.4	Private Assets - GEM
<b>Top 20 Holdings</b>	<b>160,482</b>	<b>51.6</b>	

TA Associates XIII-A, LP	4,328	1.4	Private Assets - Global Growth
Global Event Partners Ltd	3,988	1.3	Market Neutral - Event-Driven
Simplex Value Up Company	3,835	1.2	Japan Equities - Long Only
Dynamo Brasil VIII	3,674	1.2	Brazil Equities - Long Only
BPEA Private Equity Fund VII, L.P.	3,618	1.2	Private Assets - Asia
Silver Lake Partners VI, LP	3,493	1.1	Private Assets - Global Technology
GAM Systematic Core Macro (Cayman) Fund	3,461	1.1	Market Neutral - Multi-Strategy
Schroder GAIA BlueTrend	3,427	1.1	Market Neutral - Multi-Strategy
Reverence Capital Partners Opportunities Fund II	3,414	1.1	Private Assets - Financials
Worldwide Healthcare Trust PLC	3,374	1.1	Healthcare Equities - Long Only
<b>Top 30 Holdings</b>	<b>197,094</b>	<b>63.4</b>	
<b>Remaining Holdings</b>	<b>112,064</b>	<b>36.0</b>	
<b>Cash and Cash Equivalents</b>	<b>1,787</b>	<b>0.6</b>	
<b>TOTAL</b>	<b>310,945</b>	<b>100.0</b>	

## Wilson Sons Management Report

The Wilson Sons 2023 Earnings Report was released on 21 March 2024 and is posted on [www.wilsonsons.com.br](http://www.wilsonsons.com.br).

In the report, Mr Fernando Salek, CEO of Wilson Sons, said:

"Wilson Sons' 2023 net revenues increased 10.6% at US\$486.6 million (2022: US\$440.1 million) mainly due to excellent results in towage and container terminals and a strong performance in offshore energy-related services.

Towage revenues rose 11.8% due to higher volumes and an increase in average revenue per manoeuvre, and special operations. In 2023, our shipyard delivered two 90-tonne bollard pull tugboats, with two more elite newbuilds due to join our fleet in 2024. In February 2024, our tugs welcomed the largest containerhips ever to dock in Brazilian ports, measuring 366 metres in length and with a capacity of over 14,000 TEU.

Container terminal revenues rose 15.9%, with a 16.2% volume increase driven by gains in all trade flows. The Rio Grande terminal experienced a significant 21.9% surge in volume, while the Salvador terminal saw a 7.9% growth in TEUs handled. The quay reinforcement completed in August 2023 has greatly improved our service offering in Salvador, a development highlighted by Maersk's recent decision to reinstate its United States Gulf Coast - South America East Coast ("UCLA") line to the terminal.

Demand for our offshore energy-related services has improved markedly, as evidenced by a 37.6% increase in vessel turnarounds at our offshore support bases and a 13.6% rise in operating days for our offshore support vessel joint venture.

In 2023, Wilson Sons was again honoured with the Gold Seal in the Brazilian GHG Protocol programme and the Great Place to Work certifications, and our offshore support vessel joint venture won first place in the Petrobras operational excellence programme. In January 2024, our stock joined the B3 Corporate Sustainability Index, a select portfolio of companies recognised for their exceptional dedication to ESG principles. These distinguished awards reinforce one of our core values and demonstrate our unwavering commitment to sustainability.

In conclusion, our outstanding performance in 2023 highlights the significant organic growth across our portfolio. We hold a very optimistic view of the core strengths of our operations, spanning towage and container terminals, as well as the invigorated demand for our offshore energy-related services. As we navigate forward, charting a course for trade prosperity, we are confident that our firm commitment to safety, asset utilisation, prudent cost management, and disciplined capital allocation will yield even more remarkable outcomes for our customers, shareholders, employees and the wider community, steering us all towards a brighter future."

KPIs	2023	2022	Change
<b>Towage</b>			
Number of harbour manoeuvres	57,107	54,865	4.1%
<b>Offshore support bases</b>			
Number of vessel turnarounds	1,080	785	37.6%
Number of operating days	7,371	6,489	13.6%
<b>Container terminal - aggregated Volumes</b>			
Exports - full containers	306.0	254.5	20.2%
Imports - full containers	131.2	129.3	1.5%
Cabotage - full containers	128.3	122.7	4.6%
Inland Navigation - full containers	26.3	21.4	22.9%
Transshipment - full containers	168.6	142.2	18.5%
Empty containers	303.8	245.8	23.6%
<b>Total Volume</b>	<b>1,064.2</b>	<b>915.9</b>	<b>16.2%</b>



# Financial Report

## Operating Profit

Operating profit of US\$125.7 million (2022: US\$113.8 million) was US\$11.9 million higher than the prior year, principally due to a 10.6% increase in revenue. Operating margin was stable year over year at 25.8% (2022: 25.9%).

Operating expenses increased US\$34.6 million to US\$360.9 million (2022: US\$326.3 million). Increased expenses across operating categories are correlated with the increase in operating activities from revenue growth in maritime services. Raw materials and consumables used were US\$2.5 million higher at US\$35.5 million (2022: US\$33.0 million). Employee charges and benefits expenses were US\$16.1 million higher at US\$142.4 million (2022: US\$126.3 million) although remained relatively unchanged as a percentage of revenue at 29.3% (2022: 28.7%). Other operating expenses, which include US\$1.5 million in expenses related to the Company's strategic review, increased US\$8.9 million to US\$113.2 million (2022: US\$104.3 million). Depreciation increased to US\$69.8 million (2022: US\$62.0 million).

## Revenue from Maritime Services

Revenue for the year increased to US\$486.6 million (2022: US\$440.1 million) which is attributed to higher towage manoeuvres, container terminal volumes and increased offshore support bases contracts. Harbour manoeuvre revenues increased 10.0% to US\$221.3 million (2022: US\$201.1 million), container handling revenues increased 19.3% to US\$87.3 million (2022: US\$73.2 million) and the offshore support bases revenue increased 64.2% to US\$17.4 million (2022: US\$10.6 million) with the start of new contracts during the year.

## Returns on the Investment Portfolio

Returns on the investment portfolio were a gain of US\$29.1 million (2022: loss of US\$47.9 million) and comprised profit on the disposal of portfolio assets of US\$9.1 million (2022: US\$24.3 million), net income from portfolio assets of US\$2.0 million (2022: US\$11.8 million) and unrealised gains on portfolio assets of US\$18.0 million (2022: unrealised losses and write down of US\$84.0 million).

## Finance Costs

Finance costs for the year at US\$35.4 million were US\$0.9 million higher than the prior year (2022: US\$34.5 million) due to interest on lease liabilities increasing.

## Exchange Rates

The Group reports in USD and has revenues, costs, assets and liabilities in both BRL and USD. Therefore, movements in the USD/BRL exchange rate influence the Group's results either positively or negatively from year to year. During 2023 the BRL appreciated 7.3% against the USD from R\$5.22 at 1 January 2023 to R\$4.84 at the year end. In 2022 the BRL appreciated 6.5% against the USD from R\$5.58 at 1 January 2022 to R\$5.22 at the year end. The foreign exchange gains on monetary items were US\$0.2 million in 2023, compared to a gain of US\$1.6 million in 2022.

## Profit Before Tax

Profit before tax for the year increased US\$92.6 million to US\$130.7 million compared to US\$38.1 million in 2022, driven by the increase in operating profit of US\$11.9 million and an increase in the investment portfolio returns of US\$77.0 million year over year.

The tax charge for the year at US\$27.6 million was US\$0.9 million higher than prior year (2022: US\$26.7 million). The Company is taxed on its maritime services operations. This represents an effective tax rate for the year of 25% (2022: 29%) for maritime services. A more detailed breakdown of taxation reconciling the effective tax rate is provided in note 9 to the consolidated financial statements.

## Profit for the year

The profit for the year attributable to the equity holders of the Company was US\$67.0 million (2022: loss of US\$18.7 million) and the profit attributable to the non-controlling interests was US\$36.0 million (2022: US\$30.2 million). While the US\$14.9 million increase in Wilson Sons' profit after tax is attributed to both the equity holders of the Company and the non-controlling interests based on ownership, the US\$77.0 million increase in returns on the investment portfolio (2022: decrease of US\$95.7 million) is only attributed to the equity holders of the Company.

## Cash Flows

Net cash inflow from operating activities for the period at US\$128.7 million was US\$29.8 million higher than prior year (2022: US\$98.9 million). Capital expenditure for the year at US\$65.1 million was US\$1.8 million higher than the prior year (2022: US\$63.3 million).

The Group drew down new bank loans of US\$53.3 million (2022: US\$59.8 million) to finance capital expenditure, while making principal repayments of US\$61.1 million (2022: US\$49.3 million). Dividends of US\$24.8 million were paid to shareholders of Ocean Wilsons (2022: US\$24.8 million).

## Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period to 31 December 2026, taking into account the current position and the potential impact of the principal risks and uncertainties. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2026.

Whilst the Directors have no reason to believe the Company will not be viable over a longer period, given the uncertainties involved in longer term forecasting and the current global dislocation, the Directors have determined that a three-year period to 31 December 2026 is an appropriate period over which to provide its viability statement. The

three-year period also aligns with the rolling three-year investment portfolio performance benchmark.

In making the assessment, the Directors have considered a number of factors that affect the Group, including the principal risks and mitigating factors. The Directors also took into account that the Group has two distinctly separate operating segments and that there is no recourse between them.

#### *Wilson Sons Limited*

The assessment considered that the Wilson Sons business model has proven to be strong in the long term with a range of businesses that have consistently demonstrated their ability to trade positively. Operational activities are funded by cash generated from operations while borrowings are used to finance capital expenditure. The Wilson Sons borrowings are generally long-term with defined repayment schedules over different periods of up to 22 years. There is no recourse from Wilson Sons to the rest of the Group in respect of these borrowings. Wilson Sons is not reliant on one customer: no single customer constituted 10% or more of its revenue or accounts receivable in 2023 or 2022.

#### *Ocean Wilsons (Investments) Limited*

In making the assessment for the investment portfolio, the Board has considered matters such as the potential for significant stock market volatility and significant reduction in the liquidity of the portfolio. The investment portfolio and cash under management at 31 December 2023 was US\$310.9 million with outstanding capital commitments of US\$53.8 million and no debt. At 31 December 2023 the investment portfolio had US\$1.8 million in cash and cash equivalents and daily liquidity of \$114.1 million. This available liquidity covers 212% of the capital commitments on the remote chance that there was a need to fund all of the commitments at one time.

The Directors' assessment is that if severe but plausible downside scenarios were to crystallise, many of the individual risks disclosed would be likely to be confined to one of either Wilson Sons or Ocean Wilsons (Investments) Limited. The risk is to the Group's net asset valuation rather than to the viability of the Group.

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

(Expressed in thousands of US Dollars)

	Note	2023	2022
Sales of services	5	486,646	440,107
Raw materials and consumables used		(35,467)	(32,956)
Employee charges and benefits expenses	6	(142,391)	(126,330)
Other operating expenses	7	(113,242)	(104,265)
Depreciation of owned assets	16	(55,466)	(48,473)
Depreciation of right-of-use assets	17	(14,305)	(13,573)
Amortisation of intangible assets	18	(1,997)	(2,389)
Gain on disposal of property, plant and equipment		1,713	100
Foreign exchange gains on monetary items		246	1,620
<b>Operating profit</b>		<b>125,737</b>	<b>113,841</b>
Share of results of joint ventures and associates	15	6,447	3,165
Returns on investment portfolio	5	29,120	(47,947)
Investment portfolio management fees		(2,996)	(3,047)
Other income	5	7,798	6,631
Finance costs	8	(35,425)	(34,509)
<b>Profit before tax</b>		<b>130,681</b>	<b>38,134</b>
Tax expense	9	(27,609)	(26,656)
<b>Profit for the year</b>		<b>103,072</b>	<b>11,478</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Post-employment benefits remeasurement	23	32	93
Purchase price adjustment of associate	15	-	159
<b>Items that will be or may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translation of foreign operations		8,831	7,137
<b>Other comprehensive income for the year</b>		<b>8,863</b>	<b>7,389</b>
<b>Total comprehensive income for the year</b>		<b>111,935</b>	<b>18,867</b>
Profit/(loss) for the year attributable to:			
Equity holders of the Company		67,048	(18,675)
Non-controlling interests	28	36,024	30,153
		<b>103,072</b>	<b>11,478</b>
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		72,059	(14,484)
Non-controlling interests	28	39,876	33,351
		<b>111,935</b>	<b>18,867</b>
Earnings per share:			
Basic and diluted	30	189.6c	(52.8)c

The accompanying notes are an integral part of these consolidated financial statements.



## Consolidated Statement of Financial Position

At 31 December 2023

(Expressed in thousands of US Dollars)

	Note	2023	2022
<b>Current assets</b>			
Cash and cash equivalents	10	69,367	77,873
Investment portfolio	11	309,158	272,931
Recoverable taxes	9	47,708	34,515
Trade receivables	12	65,694	54,537
Other current assets	13	13,281	9,908
Inventories	14	18,171	17,579
		523,379	467,343
<b>Non-current assets</b>			
Other receivables	12	13,041	12,632
Other non-current assets	13	5,792	6,197
Recoverable taxes	9	20,680	15,143
Investment in joint ventures and associates	15	96,084	81,863
Deferred tax assets	9	22,827	21,969
Property, plant and equipment	16	614,099	589,629
Right-of-use assets	17	198,508	178,699
Other intangible assets	18	13,858	14,392
Goodwill	19	13,597	13,420
		998,486	933,944
<b>Total assets</b>		<b>1,521,865</b>	<b>1,401,287</b>
<b>Current liabilities</b>			
Trade and other payables	21	(71,768)	(58,337)
Bank loans	22	(70,856)	(59,881)
Tax liabilities	9	(10,831)	(10,290)
Lease liabilities	17	(28,783)	(24,728)
		(182,238)	(153,236)
<b>Net current assets</b>		<b>341,141</b>	<b>314,107</b>
<b>Non-current liabilities</b>			
Bank loans	22	(253,345)	(262,010)
Deferred tax liabilities	9	(65,596)	(49,733)
Lease liabilities	17	(195,503)	(171,448)
Provisions for legal claims	24	(7,322)	(8,997)
Post-employment benefits	23	(2,047)	(1,737)
		(523,813)	(493,925)
<b>Total liabilities</b>		<b>(706,051)</b>	<b>(647,161)</b>
<b>Capital and reserves</b>			
Share capital	26	11,390	11,390
Retained earnings		676,817	634,910
Translation reserve		(86,703)	(91,692)
<b>Equity attributable to equity holders of the Company</b>		<b>601,504</b>	<b>554,608</b>
Non-controlling interests	28	214,310	199,518
<b>Total equity</b>		<b>815,814</b>	<b>754,126</b>

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Board

F. Beck                      A. Berzins  
Director                      Director

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(Expressed in thousands of US Dollars)

	Share capital	Retained earnings	Translation reserve	Attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2022	11,390	678,006	(95,739)	593,657	190,015	783,672
Currency translation adjustment	-	-	4,047	4,047	3,090	7,137
Post-employment benefits (note 23)	-	54	-	54	39	93
Purchase price adjustment of associate (note 15)	-	90	-	90	69	159

(Loss)/profit for the year	-	(18,675)	-	(18,675)	30,153	11,478
Total comprehensive (loss)/income for the year	-	(18,531)	4,047	(14,484)	33,351	18,867
Dividends (notes 28, 29)	-	(24,754)		(24,754)	(25,173)	(49,927)
Equity transactions in subsidiaries (note 27)	-	189	-	189	1,325	1,514
<b>Balance at 31 December 2022</b>	<b>11,390</b>	<b>634,910</b>	<b>(91,692)</b>	<b>554,608</b>	<b>199,518</b>	<b>754,126</b>
<b>Balance at 1 January 2023</b>	<b>11,390</b>	<b>634,910</b>	<b>(91,692)</b>	<b>554,608</b>	<b>199,518</b>	<b>754,126</b>
Currency translation adjustment	-	-	4,989	4,989	3,842	8,831
Post-employment benefits (note 23)	-	22	-	22	10	32
Profit for the year	-	67,048	-	67,048	36,024	103,072
Total comprehensive income for the year	-	67,070	4,989	72,059	39,876	111,935
Dividends (notes 28, 29)	-	(24,754)	-	(24,754)	(25,248)	(50,002)
Equity transactions in subsidiaries (note 27)	-	(409)	-	(409)	164	(245)
<b>Balance at 31 December 2023</b>	<b>11,390</b>	<b>676,817</b>	<b>(86,703)</b>	<b>601,504</b>	<b>214,310</b>	<b>815,814</b>

The accompanying notes are an integral part of these consolidated financial statements.

#### Translation reserve

The translation reserve arises from exchange differences on the translation of operations with a functional currency other than US Dollars.

Amounts in the statement of changes in equity are stated net of tax where applicable.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(Expressed in thousands of US Dollars)

	Notes	2023	2022
<b>Operating activities</b>			
Profit for the year		103,072	11,478
Adjustment for:			
Depreciation and amortisation	16,17,18	71,768	64,435
Gain on disposal of property, plant and equipment	16	(1,713)	(100)
Provisions for legal claims	24	(2,326)	90
Share of results of joint ventures and associates	15	(6,447)	(3,165)
Returns on investment portfolio	5	(29,120)	47,947
Other income	5	(7,798)	(6,631)
Finance costs	8	35,425	34,509
Foreign exchange gains on monetary items		(246)	(1,620)
Share based payment expense in subsidiary	27	306	334
Post-employment benefits	23	185	(170)
Tax expense	9	27,609	26,656
Changes in:			
Inventories	14	(592)	(5,282)
Trade and other receivables	12,25	(11,561)	(5,687)
Other current and non-current assets	9,24	(2,968)	(13,753)
Trade and other payables	9,21	13,426	2,057
Interest paid	8,17	(32,385)	(30,143)
Taxes paid	9	(27,900)	(22,070)
<b>Net cash inflow from operating activities</b>		<b>128,735</b>	<b>98,885</b>
<b>Investing activities</b>			
Income received from financial assets	5	9,820	14,558
Purchase of investment portfolio assets	11	(42,674)	(68,715)
Proceeds on disposal of investment portfolio assets	11	33,545	85,641
Purchase of property, plant and equipment	16	(65,136)	(63,268)
Proceeds on disposal of property, plant and equipment	16	1,958	726
Purchase of intangible assets	18	(1,132)	(1,386)
Investment in joint ventures and associates	15	(7,520)	(17,016)
<b>Net cash used in investing activities</b>		<b>(71,139)</b>	<b>(49,460)</b>
<b>Financing activities</b>			
Dividends paid to equity holders of the Company	29	(24,754)	(24,754)
Dividends paid to non-controlling interests in subsidiary	28	(25,248)	(25,173)

Repayments of bank loans principal	22	(61,148)	(49,349)
Payments of lease liabilities	17	(10,087)	(8,591)
New bank loans drawn down	22	53,259	59,793
Shares repurchased in subsidiary	27	(2,338)	(2,549)
Issue of new shares in subsidiary under employee share option plan	27	1,787	3,729
<b>Net cash used in financing activities</b>		<b>(68,529)</b>	<b>(46,894)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10,933)</b>	<b>2,531</b>
Cash and cash equivalents at beginning of year		77,873	71,883
Effect of foreign exchange rate changes		2,427	3,459
<b>Cash and cash equivalents at end of year</b>		<b>69,367</b>	<b>77,873</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2023  
(Expressed in thousands of US Dollars)

### 1 General Information

Ocean Wilsons Holdings Limited ("Ocean Wilsons" or the "Company") is a Bermuda investment holding company which, through its subsidiaries, operates a maritime services company in Brazil and holds a portfolio of international investments. The Company is incorporated in Bermuda under the Companies Act 1981 and the Ocean Wilsons Holdings Limited Act, 1991. The Company's registered office is Clarendon House, 2 Church Street, Hamilton, Bermuda. These consolidated financial statements comprise the Company and its subsidiaries (the "Group").

These consolidated financial statements were approved by the Board on 21 March 2024.

### 2 Material accounting policies and critical accounting judgements

#### **Basis of accounting**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and are presented in US Dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and defined health benefit plan liabilities that are measured at fair value.

#### **Basis of consolidation**

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of subsidiaries are prepared in accordance with the accounting policies set out in note 2. All intra-group transactions and balances are eliminated on consolidation.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Where a change in percentage of interests in a controlled entity does not result in a change of control, the difference between the consideration paid for the additional interest and the book value of the net assets in the subsidiary at the time of the transaction is taken directly to equity. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### **Joint ventures and associates**

A joint venture is a contractual agreement where the Group has joint control and has rights to the net assets of the contractual arrangement, rather than being entitled to specific assets and liabilities arising from the agreement. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in joint ventures and associates are accounted for using the equity method and are initially recognised at cost. The Group's share in the profit or loss and other comprehensive income of the joint ventures and associates is included in these consolidated financial statements, until the date that significant influence or joint control ceases.

### **Foreign currency**

The functional currency of each entity of the Group is established as the currency of the primary economic environment in which it operates. Transactions other than those in the functional currency of the entity are translated at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on the settlement and on the translation of monetary items are included in profit or loss for the period.

On consolidation, the statement of profit or loss and comprehensive income of entities with a functional currency other than US Dollars are translated into US Dollars, at the average exchange rates for the period. Statement of financial position items are translated into US Dollars at the exchange rate at the reporting date. Exchange differences arising on consolidation of entities with functional currencies other than US Dollars are recognised in other comprehensive income and accumulated in the translation reserve, less the translation difference allocated to non-controlling interest.

### **Sales of services**

Revenue derived from sales of services is measured based on the consideration specified in a contract with a customer for goods and services provided in the normal course of business, net of trade discounts and sales related taxes, and is recognised when the performance obligation towards the customer is satisfied.

Typically, revenue from providing agency and logistics services is recognised when the agreed services have been performed and revenue from providing towage services, vessel turnarounds, container movement and associated services is recognised on the date that the services have been performed. Revenue related to services and construction contracts is recognised throughout the period of the project when the work in proportion to the stage of completion of the transaction contracted has been performed.

The timing of when performance obligations are satisfied by type of revenue derived from sales of service is as follows:

<u>Performance obligation</u>	<u>Timing of revenue recognition</u>
Towage and ship agency services	At a point in time
Port Terminals	At a point in time
Logistics	At a point in time
Shipyard	Over time

There are no significant judgements in the determination of when performance obligations are satisfied.

### **Employee charges and benefits**

#### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Defined contribution plan**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### **Defined health benefit plans**

The Group's net obligation regarding defined health benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees receive in return for their service in the current period and prior periods. That health benefit is discounted to determine its present value. The calculation of the liability of the defined health benefit plan is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined health benefit obligation, which include actuarial gains and losses, are immediately recognised in other comprehensive income.

The Group determines the net interest expense on the net defined benefit liabilities for the period by multiplying them by the discount rate used to measure the defined health benefit obligations. Defined health benefit liabilities for the period take into account any changes during the period due to the payment of contributions and benefits. Net interest and other expenses related to defined health benefit plans are recognised in profit or loss. When the benefits of a

health plan are changed, the portion of the change in benefits relating to past services rendered by employees is recognised immediately in profit or loss. The Group recognised gains and losses on the settlement of a defined health benefit plan when settlement occurs.

#### ***Termination benefits***

Termination benefits are recognised as an expense when the Group can no longer withdraw the offer of such benefits. If payments are settled after 12 months from the reporting date, then they are discounted to their present values.

#### ***Finance income and finance costs***

Interest income or expense is recognised in profit or loss using the effective interest method.

#### ***Taxation***

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the tax is also recognised directly in equity or in other comprehensive income.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is generally recognised for all taxable temporary differences except for when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Prior reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is recognised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets current tax assets against current tax liabilities when these items are in the same entity and relate to taxes levied by the same taxation authority and the taxation authority permits the Group to make or receive a single net payment.

#### ***Financial instruments***

##### ***Recognition and initial measurement***

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments. Trade and other receivables are initially measured at the transaction price which reflects fair value. All other financial assets and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to their acquisition or issue.

##### ***Classification and subsequent measurement***

Management determines the classification of its financial instruments at the time of initial recognition. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Group's designation of such instruments.

Financial assets are classified as measured at amortised cost if they are not designated as at fair value through profit and loss and if they are held within a business model whose objective is to hold assets to collect contractual cash flows and if the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using the effective interest method, reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets are classified as measured at fair value through profit and loss if they are not classified as measured at amortised cost, or if they are designated as such by management on initial recognition. Financial assets held for trading are classified as measured at fair value through profit and loss. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio, how the performance of the portfolio is evaluated and reported to the Group's management, and the risks that affect the performance of the business model and how those risks are managed. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument, including assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities are classified as at fair value through profit and loss when the financial liability is either held for trading or it is designated as such by management on initial recognition. Financial liabilities that are not classified as at fair value through profit and loss are classified as other financial liabilities and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The classification the Group applies to each of its significant categories of financial instruments is as follows:

<u>Financial instruments</u>	<u>Classification</u>
Cash and cash equivalents	At fair value through profit and loss
Investment portfolio assets	At fair value through profit and loss
Trade and other receivables	Amortised cost
Trade and other payables	Other financial liabilities
Bank loans	Other financial liabilities

Cash and cash equivalents comprise cash on hand and short-term investments that are highly liquid, readily convertible to known amounts of cash without being subject to material risk of changes in value, and not kept within a managed investment portfolio as part of a broader investment strategy.

#### *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows in a transaction in which the Group either substantially transfers all of the risks and rewards of ownership of the financial asset or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

#### ***Impairment of financial assets***

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and impairment losses are recognised in profit and loss. If, in a subsequent period, an event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

#### ***Inventories***

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### ***Property, plant and equipment***

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is recognised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost less the estimated residual value of items of property, plant and equipment, other than land or assets under construction, over their estimated useful lives, using the straight-line method. Land is not depreciated, and assets under construction are not depreciated until they are transferred to the appropriate category of property, plant and equipment when the assets are ready for intended use. Depreciation is recognised in profit or loss.



The estimated useful life of the different categories of property, plant and equipment are as follows:

<u>Category</u>	<u>Useful life</u>
Buildings	25 to 35 years
Leasehold Improvements	5 to 52 years <sup>1</sup>
Floating Craft	25 years
Vehicles	5 to 10 years
Plant and Equipment	10 to 20 years

<sup>1</sup> shorter of the rental period or the useful life of the underlying asset

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### ***Lease arrangements***

At inception of a contract, the Group assesses whether it is a lease or contains a lease component, which it is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any incentives received.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group applies the incremental borrowing rate. For a portfolio of leases with similar characteristics, lease liabilities are discounted using a single discount rate.

Lease payments included in the measurement of the lease liability comprises fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options reasonably certain to be exercised. Variable lease payments not related to an index or rate are recognised in profit or loss as incurred.

Right-of-use assets are depreciated using the straight-line method, from the lease commencement date to the earlier of the end of their useful life or the end of the lease term, over their expected useful lives, on the same basis as owned assets except when there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the right-of-use asset will be fully depreciated over the shorter of the lease term and its useful life. Right-of-use assets are reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability.

The term of contracts and average discount rate of the different category of lease arrangements are as follows:

<u>Category</u>	<u>Term of contracts</u>	<u>Average discount rate</u>
Operational facilities	5 to 50 years	9.05%
Floating craft	2 to 5 years	10.16%
Buildings	1 to 10 years	10.77%
Vehicles, plant and equipment	1 to 15 years	17.25%

Subsequent to the initial measurement, the carrying amount of the liability is reduced to reflect the lease payments made and increased to reflect the interest payable. If there is a change in the expected cash flows arising from and index or rate, the lease liability is recalculated. If the modification is related to a change in the amounts to be paid, the discount rate is not revised. Otherwise, if a modification is made to a lease, the Group revises the discount rate as if a new lease arrangement had been made.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### ***Intangible assets***

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is recognised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortisation is calculated to write off the cost less the estimated residual values of intangible assets, using the straight-line method. Amortisation is recognised in profit or loss.

The estimated useful life of the different category of intangible assets are as follows:

<u>Category</u>	<u>Useful life</u>
Computer software	5 years
Concession rights	30 to 33 years

The estimated useful life, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### ***Goodwill***

Goodwill arising on an acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment losses. Goodwill is not amortised.

#### ***Impairment of non-financial assets***

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### ***Provisions***

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation.

#### ***Use of judgements, estimates and assumptions***

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets,

liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, the following judgements, estimates, and assumptions made by management have the most significant effect on the amounts recognised in these consolidated financial statements:

**a. Provisions for tax, labour, and civil risks - Judgement**

Provisions for legal cases are made when the Group's management, together with their legal advisors, consider the probable outcome is a financial settlement against the Group. Provisions are measured at management's best estimate of the expenditure required to settle the obligation based upon legal advice received, prior experience and management's best knowledge of the relevant facts and circumstances.

**b. Impairment loss on non-financial assets - Judgement, estimates and assumptions**

Impairment losses occur when book value of an asset or cash generating unit exceeds its recoverable value, which is the higher of fair value less selling costs and value in use. Calculation of fair value less selling costs is based on information available on similar assets' selling transactions or market prices less additional costs to dispose of the asset. The value-in-use calculation is based on the discounted cash flow model. The recoverable value of the cash-generating unit is defined as the higher of the fair value less sales costs and value in use.

**c. Valuation of unquoted investments - Judgements, estimates and assumptions**

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

**Changes in material accounting policies**

A number of new or amended standards are effective for annual periods beginning on or after 1 January 2023, but none have a significant impact on the preparation of the consolidated financial statements of the Group.

**Standards issued but not yet effective**

Several new or amended standards are effective for annual periods beginning after 1 January 2023 with early adoption permitted. The Group has elected to not adopt early the following new or amended standards and is assessing their impact on the preparation of its consolidated financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, effective for periods beginning on or after 1 January 2024
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback, effective for periods beginning on or after 1 January 2024
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements, effective for periods beginning on or after 1 January 2024
- Amendments to IAS 21: Lack of Exchangeability, effective for periods beginning on or after 1 January 2025

**3 Group composition**

Ocean Wilsons has direct ownership in the following subsidiaries:

Subsidiaries	Place of incorporation and operation	Segment	Ownership interest		
			2023	2022	
<b>Investments</b>					
Ocean Wilsons (Investments) Limited	Bermuda	Investment	100%	100%	
<b>Holdings</b>					
Ocean Wilsons Overseas Limited	Bermuda	Corporate	100%	100%	

Ocean Wilsons Overseas Limited has direct ownership in the following subsidiary:

Subsidiaries	Place of incorporation and operation	Segment	Ownership interest	
			2023	2022
<b>Holdings</b>				
OW Overseas (Investments) Limited	United Kingdom	Corporate	100%	100%

OW Overseas (Investments) Limited has direct ownership in the following subsidiary:

Subsidiaries	Place of incorporation and operation	Segment	Ownership interest	
			2023	2022
<b>Holdings</b>				
Wilson Sons S.A.	Brazil	Maritime services	56.52%	56.58%

The change in ownership interest in Wilson Sons S.A. from the year ended 31 December 2022 to 31 December 2023 is due to the exercise of share options and the repurchase of shares in subsidiaries, for which the details are presented in note 27. The information on non-controlling interests is presented in note 28.

Wilson Sons S.A. has direct ownership in the following subsidiaries:

Subsidiaries	Place of incorporation and operation	Segment	Ownership interest	
			2023	2022
<b>Shipyard</b>				
Wilson Sons Estaleiros Ltda.	Brazil	Maritime services	100%	100%
<b>Ship agency</b>				
Dock Market Soluções Ltda. <sup>1</sup>	Brazil	Maritime services	0%	90%
Wilson Sons Shipping Services Ltda.	Brazil	Maritime services	100%	100%
<b>Logistics</b>				
Wilson Sons Terminais e Logística Ltda.	Brazil	Maritime services	100%	100%
Allink Transportes Internacionais Ltda.	Brazil	Maritime services	50%	50%
<b>Container terminal</b>				
Tecon Rio Grande S.A.	Brazil	Maritime services	100%	100%
Tecon Salvador S.A.	Brazil	Maritime services	100%	100%
<b>Offshore support bases and towage</b>				
Wilson Sons Serviços Marítimos Ltda.	Brazil	Maritime services	100%	100%

<sup>1</sup> The subsidiary Dock Market Soluções Ltda. was dissolved in June 2023.

#### 4 Business and geographical segments

The Group has two reportable segments: maritime services and investments. These segments report their financial and operational data separately to the Board. The Board considers these segments separately when making business and investment decisions. The maritime services segment provides towage and ship agency, port terminals, offshore, logistics and shipyard services in Brazil. The investments segment holds a portfolio of international investments and is a Bermuda based company. The corporate segment includes the holding subsidiaries and their related corporate costs.

The financial information by segment is as follows:

For the year ended 31 December 2023	Brazil - maritime services	Bermuda - investments	Corporate	Consolidated
<b>Result</b>				
Sale of services	486,646	-	-	486,646
Net returns on investment portfolio	-	26,124	-	26,124
Operating expenses	(284,828)	(282)	(4,277)	(289,387)
Depreciation and amortisation	(71,768)	-	-	(71,768)
Share of results of joint ventures and associates	6,447	-	-	6,447
Other income	7,593	-	205	7,798
Finance costs	(35,425)	-	-	(35,425)
Foreign exchange gains/(losses) on monetary items	326	(19)	(61)	246

Profit/(loss) before tax	108,991	25,823	(4,133)	130,681
Tax expense	(27,609)	-	-	(27,609)
<b>Profit/(loss) after tax</b>	<b>81,382</b>	<b>25,823</b>	<b>(4,133)</b>	<b>103,072</b>
<b>Financial position</b>				
Current assets	192,693	310,944	19,742	523,379
Investment in joint ventures and associates	96,084	-	-	96,084
Property, plant and equipment	614,099	-	-	614,099
Right-of-use assets	198,508	-	-	198,508
Other intangible assets	13,858	-	-	13,858
Goodwill	13,597	-	-	13,597
Other non-current assets	62,340	-	-	62,340
Segment assets	1,191,179	310,944	19,742	1,521,865
Segment liabilities	(704,976)	(779)	(296)	(706,051)
<b>Other information</b>				
Capital additions	66,268	-	-	66,268
Right-of-use assets additions	3,534	-	-	3,534

For the year ended 31 December 2022	Brazil - maritime services	Bermuda - investments	Corporate	Consolidated
<b>Result</b>				
Sale of services	440,107	-	-	440,107
Net returns on investment portfolio	-	(50,994)	-	(50,994)
Operating expenses	(259,671)	(202)	(3,578)	(263,451)
Depreciation and amortisation	(64,435)	-	-	(64,435)
Share of results of joint ventures and associates	3,165	-	-	3,165
Other income	6,631	-	-	6,631
Finance costs	(34,509)	-	-	(34,509)
Foreign exchange gains/(losses) on monetary items	1,837	(159)	(58)	1,620
Profit/(loss) before tax	93,125	(51,355)	(3,636)	38,134
Tax expense	(26,656)	-	-	(26,656)
<b>Profit/(loss) after tax</b>	<b>66,469</b>	<b>(51,355)</b>	<b>(3,636)</b>	<b>11,478</b>
<b>Financial position</b>				
Current assets	164,449	293,717	9,177	467,343
Investment in joint ventures and associates	81,863	-	-	81,863
Property, plant and equipment	589,629	-	-	589,629
Right-of-use assets	178,699	-	-	178,699
Other intangible assets	14,392	-	-	14,392
Goodwill	13,420	-	-	13,420
Other non-current assets	55,941	-	-	55,941
Segment assets	1,098,393	293,717	9,177	1,401,287
Segment liabilities	(646,339)	(509)	(313)	(647,161)
<b>Other information</b>				
Capital additions	64,654	-	-	64,654
Right-of-use assets additions	5,222	-	-	5,222

## 5 Revenue

An analysis of the Group's revenue is as follows:

	2023	2022
<b>Sale of services</b>	<b>486,646</b>	<b>440,107</b>
Net income from investment portfolio	2,022	11,809
Profit on disposal of investment portfolio assets	9,080	24,316
Unrealised gains/(losses) on investment portfolio assets	18,018	(79,995)
Write down of Russia-focused investments (note 11)	-	(4,077)
<b>Returns on investment portfolio</b>	<b>29,120</b>	<b>(47,947)</b>
Income generated by cash and cash equivalents	4,157	4,146
Tax credits and legal deposits monetary adjustments	2,699	1,963
Other income	942	522
<b>Other income</b>	<b>7,798</b>	<b>6,631</b>
<b>Total Revenue</b>	<b>523,564</b>	<b>398,791</b>

All revenue for the year ended 31 December 2023 and 2022 was derived from continuing operations.

The Group derives its revenue from contracts with customers from the sale of services in its Brazil - maritime services segment.

The revenue from contracts with customers can be disaggregated as follows:

	2023	2022
Harbour manoeuvres	221,257	201,106
Special operations	23,403	17,633
Ship agency	10,980	9,910
<b>Towage and ship agency services</b>	<b>255,640</b>	<b>228,649</b>
Container handling	87,327	73,166
Warehousing	41,189	40,946
Ancillary services	24,339	20,932
Offshore support bases	17,378	10,605
Other services	19,633	13,743
<b>Port terminals</b>	<b>189,866</b>	<b>159,392</b>
<b>Logistics</b>	<b>35,415</b>	<b>47,555</b>
<b>Shipyard</b>	<b>5,725</b>	<b>4,511</b>
<b>Total Revenue from contracts with customers</b>	<b>486,646</b>	<b>440,107</b>

At 31 December 2023 and 2022, there were no warranties or refund obligations associated with shipyard contracts, for which performance obligation are satisfied over time.

The revenue from contracts with customers based on the timing of performance obligations can be disaggregated as follows:

	2023	2022
At a point of time	480,921	435,596
Over time	5,725	4,511
<b>Total Revenue from contracts with customers</b>	<b>486,646</b>	<b>440,107</b>

At 31 December 2023 and 2022, no single customer represented 10% or more of the Group's revenue from contracts with customers or related trade receivables.

#### **Contract balance**

Operational trade receivables are generally due and received within 30 days. The carrying amount of operational trade receivables at the end of the reporting period was US\$65.7 million (2022: US\$54.5 million). These amounts include US\$20.9 million (2022: US\$12.0 million) of contract assets (unbilled accounts receivables). There were no contract liabilities as of 31 December 2023 (2022: none).

## **6 Employee charges and benefits expenses**

Employee charges and benefits expenses are classified as follows:

	2023	2022
Wages, salaries, and benefits	(116,172)	(102,397)
Social security costs	(25,434)	(22,701)
Other pension costs	(466)	(904)
Share based payments	(319)	(328)
<b>Total employee charges and benefits expenses</b>	<b>(142,391)</b>	<b>(126,330)</b>

#### **Defined contribution retirement benefit schemes**

The Group operates defined contribution retirement benefit schemes for all qualifying employees in its Brazilian operations. The assets of the scheme are held separately from those of the Group in funds under the control of independent managers.

An expense of US\$1.0 million (2022: US\$0.9 million) recognised under employee charges and benefits expenses represents contributions payable to the scheme by the Group at rates specified in the rules of the plan.



Information regarding the defined health benefit plans is detailed in note 23.

## 7 Other operating expenses

Other operating expenses are classified as follows:

	2023	2022
Utilities and communications	(17,147)	(13,616)
Insurance	(3,940)	(3,483)
Corporate, governance and compliance costs	(4,193)	(3,292)
Short-term or low-value asset leases	(37,134)	(33,432)
Service costs	(26,184)	(24,925)
Freight	(10,470)	(17,320)
Port expenses	(8,202)	(7,168)
Other operating expenses	(8,224)	(2,819)
Discounts obtained	2,252	1,790
<b>Total other operating expenses</b>	<b>(113,242)</b>	<b>(104,265)</b>

## 8 Finance costs

Finance costs are classified as follows:

	2023	2022
Interest on lease liabilities	(17,098)	(15,798)
Interest on bank loans	(16,875)	(17,160)
Exchange loss on foreign currency borrowings	-	(248)
Other interest costs	(1,452)	(1,303)
<b>Total finance costs</b>	<b>(35,425)</b>	<b>(34,509)</b>

## 9 Taxation

At the present time, no income, profit, capital or capital gains taxes are applicable to the Group's operations in Bermuda and accordingly, no expenses or provisions for such taxes have been recorded by the Group for its Bermuda operations. The Company has received an undertaking from the Bermuda government exempting it from all such taxes until 31 March 2035. During the year ended 31 December 2023, the Bermuda Corporate Income Tax Act of 2023 was enacted by the Bermuda government, which may supersede such exemptions. As the Company is currently not in scope for this new legislation, the exemptions provided by the Bermuda government undertaking still apply.

### Tax expense

The reconciliation of the amounts recognised in profit or loss is as follows:

	2023	2022
<b>Current tax expense</b>		
Brazilian corporation tax	(8,771)	(17,018)
Brazilian social contribution	(3,571)	(8,340)
Total current tax expense	(12,342)	(25,358)
<b>Deferred tax - origination and reversal of timing differences</b>		
Charge for the year in respect of deferred tax liabilities	(31,542)	(14,123)
Credit for the year in respect of deferred tax assets	16,275	12,825
Total deferred tax expense	(15,267)	(1,298)
<b>Total tax expense</b>	<b>(27,609)</b>	<b>(26,656)</b>

Brazilian corporation tax is calculated at 25% (2022: 25%) of the taxable profit for the year. Brazilian social contribution tax is calculated at 9% (2022: 9%) of the taxable profit for the year.

The reconciliation of the effective tax rate is as follows:

	2023	2022
Profit before tax	130,681	38,134
Less: (Profit)/loss before tax of Bermuda - investment and corporate segments	(21,690)	54,991
Profit before tax of Brazil - maritime services segment	108,991	93,125
Aggregate Brazilian tax rate	34%	34%
<b>Tax at the aggregate Brazilian tax rate</b>	<b>(37,057)</b>	<b>(31,663)</b>
Tax adjustments for:		
Net operating losses in the period	(165)	(788)
Non-deductible expenses	861	(863)
Foreign exchange variance on loans	(5,035)	(3,008)
Tax effect of share of results of joint ventures and associates	2,192	1,076
Tax effect of foreign exchange gains or losses on monetary items	111	625
Retranslation of non-monetary items	13,149	11,592
Leasing	31	64
Other adjustments	(1,696)	(3,691)
<b>Tax expense</b>	<b>(27,609)</b>	<b>(26,656)</b>
Effective tax rate for the Brazil - maritime services segment	25%	29%
Effective tax rate for the Group	21%	70%

The tax expense related to amounts recognised in other comprehensive income is as follows:

	Before tax	Tax expense	Net of tax
<b>For the year ended 31 December 2023</b>			
Items that will not be reclassified subsequently to profit or loss:			
Post-employment benefits	43	(11)	32
Items that will be or may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	11,834	(3,003)	8,831
<b>Total amounts recognised in other comprehensive income</b>	<b>11,877</b>	<b>(3,014)</b>	<b>8,863</b>
<b>For the year ended 31 December 2022</b>			
Items that will not be reclassified subsequently to profit or loss:			
Post-employment benefits	124	(31)	93
Purchase price adjustment of associate	213	(54)	159
Items that will be or may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	9,563	(2,426)	7,137
<b>Total amounts recognised in other comprehensive income</b>	<b>9,900</b>	<b>(2,511)</b>	<b>7,389</b>

#### Deferred tax

The major categories of deferred tax assets and liabilities recognised by the Group and their movements during the current and prior reporting period are as follows:

	Tax depreciation	Foreign exchange variance on loans	Tax losses	Profit on construction contracts	Other timing differences	Retranslation of non-monetary items	Total
At 1 January 2022	(29,850)	35,272	9,678	14,808	6,536	(64,306)	(27,862)
(Charge)/credit to income	(1,711)	(8,433)	(4,112)	(534)	1,900	11,592	(1,298)
Other adjustments	(1,510)	(68)	151	82	1,438	1	94
Exchange differences	(2,168)	2,200	703	-	678	(111)	1,302
<b>At 31 December 2022</b>	<b>(35,239)</b>	<b>28,971</b>	<b>6,420</b>	<b>14,356</b>	<b>10,552</b>	<b>(52,824)</b>	<b>(27,764)</b>
(Charge)/credit to income	(1,896)	(29,646)	1,578	70	1,478	13,149	(15,267)
Other adjustments	-	-	22	-	5	-	27
Exchange differences	(2,798)	1,780	561	-	806	(114)	235
<b>At 31 December 2023</b>	<b>(39,933)</b>	<b>1,105</b>	<b>8,581</b>	<b>14,426</b>	<b>12,841</b>	<b>(39,789)</b>	<b>(42,769)</b>

Certain tax assets and liabilities have been offset on an entity-by-entity basis. After offset, deferred tax balances are disclosed in the statement of financial position as follows:

	2023	2022
Deferred tax assets	22,827	21,969
Deferred tax liabilities	(65,596)	(49,733)
<b>Net deferred tax balance</b>	<b>(42,769)</b>	<b>(27,764)</b>

At 31 December 2023, the Group had unused tax losses of US\$33.7 million (2022: US\$31.2 million) available for offset against future profits in the entity in which they arose.

No deferred tax asset has been recognised in respect of US\$4.4 million (2022: US\$4.0 million) due to the unpredictability of future profit streams, as a tax asset of one entity of the Group cannot be offset against a tax liability of another entity of the Group as there is no legally enforceable right to do so. The Group expects to recover the deferred tax assets between three and five years.

#### **Recoverable and payable taxes**

The recoverable taxes relate to Brazilian federal taxes, Brazilian sales and rendering of services taxes, Brazilian payroll taxes, Brazilian income tax, Brazilian social contributions, and judicial bonds related to these items. The recoverable taxes are classified as current if they are expected to be used or reimbursed within 12 months of the end of the period, otherwise they are classified as non-current, and are as follows:

	<b>2023</b>	2022
Recoverable taxes - current	47,708	34,515
Recoverable taxes - non-current	20,680	15,143
<b>Total recoverable taxes</b>	<b>68,388</b>	<b>49,658</b>

The payable taxes relate to Brazilian federal taxes, Brazilian rendering of services taxes, Brazilian payroll taxes and Brazilian income tax. The payable taxes are classified as current if they are payable within 12 months of the end of the period, otherwise they are classified as non-current, and are as follows:

	<b>2023</b>	2022
Taxes payable - current	(10,831)	(10,290)
<b>Total taxes payable</b>	<b>(10,831)</b>	<b>(10,290)</b>

## **10 Cash and cash equivalents**

The composition of cash and cash equivalents is as follows:

	<b>2023</b>	2022
Cash and bank deposits	19,799	53,710
Time deposits	19,920	-
Exchange funds	-	2,149
Fixed income investments	29,648	22,014
<b>Total cash and cash equivalents</b>	<b>69,367</b>	<b>77,873</b>

Following a change in classification, exchange funds with a value of US\$2.1 million at 31 December 2022 that were previously included in the investment portfolio assets have been reclassified to cash and cash equivalents.

Fixed income investments include an investment fund and an exchange traded fund both privately managed within the Brazil - maritime service segment. Those funds' financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses. The funds' underlying investments are highly liquid and readily convertible.

## **11 Investment portfolio**

The movement in the investment portfolio is as follows:

	<b>2023</b>	2022
<b>Opening balance - 1 January</b>	<b>272,931</b>	<b>349,613</b>
Additions, at cost	42,674	68,715
Disposals, at market value	(33,545)	(85,641)
Profit on disposal of investment portfolio assets	9,080	24,316
Unrealised gain/(loss) on investment portfolio assets	18,018	(79,995)
Write down of Russia-focused investments <sup>1</sup>	-	(4,077)
<b>Closing balance - 31 December</b>	<b>309,158</b>	<b>272,931</b>

<sup>1</sup> During the year ended 31 December 2022, the Group wrote down the full value of a Russia-focused equity fund held within the investment portfolio, following the issue of an investor notice announcing the suspension of its net asset valuation, subscriptions and redemptions.

The investment portfolio is held in the Bermuda - investments segment and presents the Group with opportunity for return through generated income and capital appreciation. It includes investments in listed equity securities, open ended funds, limited partnerships and other private equity funds.

The Investment Manager of the investment portfolio receives an investment management fee of 1% of the valuation of funds under management and an annual performance fee of 10% of the net investment return which exceeds the benchmark, provided that the high-water mark has been exceeded, and is capped at a maximum of 2% of the investment portfolio net asset value.

The investment portfolio performance is measured against a benchmark calculated by reference to the US CPI Urban Consumers index not seasonally adjusted plus 3% per annum over a rolling three-year period. The Board considers a three-year measurement period appropriate due to the investment mandate's long-term horizon, and an absolute return inflation-linked benchmark appropriately reflects the Group's investment objectives while having a linkage to economic factors. The performance benchmark was 6.4% for the year ended 31 December 2023 (2022: 9.5%).

At the end of the reporting period, the Group had entered into commitment agreements with respect to the investment portfolio for capital subscriptions. The classification of those commitments based on their expiry date is as follows:

	2023	2022
Within one year	4,557	5,951
In the second to fifth year inclusive	4,621	2,346
After five years	44,585	42,129
<b>Total commitment for capital subscriptions</b>	<b>53,763</b>	<b>50,426</b>

The exact timing of capital calls made in respect of the above commitments are at the discretion of the manager of the underlying structure. If required, amounts expected to be settled within one year will be met from the realisation of liquid investment holdings. There may be situations when commitments may be extended by the manager of the underlying structure beyond the initial expiry date dependent upon the terms and condition of each individual structure.

Information about the Group's financial instruments valuation and exposure to financial risks is included in note 32.

## 12 Trade and other receivables

Trade and other receivables are classified as follows:

	2023	2022
<b>Current</b>		
Trade receivable for the sale of services	46,381	43,293
Unbilled trade receivables	20,936	12,036
Total gross current trade receivables	67,317	55,329
Allowance for expected credit loss	(1,623)	(792)
<b>Trade receivables</b>	<b>65,694</b>	<b>54,537</b>
<b>Non-current</b>		
Receivables from related parties (note 25)	11,494	11,176
Other receivables	1,547	1,456
<b>Total other receivables</b>	<b>13,041</b>	<b>12,632</b>
<b>Total trade and other receivables</b>	<b>78,735</b>	<b>67,169</b>

The aging of the trade receivables is as follows:

	2023	2022
Current	48,593	44,699
From 0 - 30 days	9,313	5,997
From 31 - 90 days	6,561	2,461
From 91 - 180 days	954	1,236
More than 180 days	1,896	936
<b>Total gross trade receivables</b>	<b>67,317</b>	<b>55,329</b>

The movement in allowance for expected credit loss is as follows:

	2023	2022
<b>Opening balance - 1 January</b>	<b>(792)</b>	<b>(338)</b>
Increase in allowance recognised in profit or loss	(733)	(419)
Exchange differences	(98)	(35)
<b>Closing balance - 31 December</b>	<b>(1,623)</b>	<b>(792)</b>

Information about the Group's exposure to credit risks related to trade receivables is included in note 32.

### 13 Other assets

Other current assets are classified as follows:

	2023	2022
Prepayments	4,560	4,887
Insurance claim receivable	5,385	981
Employee advances	2,636	1,449
Accrued income and investment portfolio receivables	361	2,188
Other current assets	339	403
<b>Total other current assets</b>	<b>13,281</b>	<b>9,908</b>

Other non-current assets are classified as follows:

	2023	2022
Escrow deposits	3,101	3,506
Investments in maritime start-ups	2,691	2,691
<b>Total other non-current assets</b>	<b>5,792</b>	<b>6,197</b>

### 14 Inventories

Inventories are classified as follows:

	2023	2022
Operating materials	15,648	13,727
Raw materials for third party vessel construction	2,523	3,852
<b>Total inventories</b>	<b>18,171</b>	<b>17,579</b>

Inventories are presented net of provision for obsolescence, amounting to US\$0.5 million (2022: US\$0.3 million).

### 15 Joint ventures and associates

The Group holds the following interests in joint ventures and associates at the end of the reporting period:

	Place of incorporation and operation	Proportion of ownership	
		2023	2022
<b>Joint ventures</b>			
<b>Logistics</b>			
Porto Campinas Logística e Intermodal Ltda	Brazil	50%	50%
<b>Offshore</b>			
Wilson Sons Ultratug Participações S.A.	Brazil	50%	50%

Atlantic Offshore S.A.	Panamá	50%	50%
<b>Associates</b>			
Argonáutica Engenharia e Pesquisas S.A.	Brazil	32.32%	32.32%

The financial information of the joint ventures and associates and its reconciliation to the share of result of joint ventures and associates is as follows:

	2023	2022
Sales of services	221,420	182,882
Operating expenses	(143,425)	(116,046)
Depreciation and amortisation	(55,092)	(53,212)
Foreign exchange gains on monetary items	6,040	5,057
Results from operating activities	28,943	18,681
Finance income	954	2,656
Finance costs	(11,790)	(14,756)
Profit before tax	18,107	6,581
Tax expense	(5,114)	(253)
<b>Total profit for the year generated by joint ventures and associates</b>	<b>12,993</b>	<b>6,328</b>
<b>Joint ventures reconciliation:</b>		
Total profit for the year	12,712	6,334
Participation	50%	50%
Share of profit for the year from joint ventures	6,356	3,167
<b>Associates reconciliation:</b>		
Total profit/(loss) for the year	281	(6)
Participation	32.32%	32.32%
Share of profit/(loss) for the year for associates	91	(2)
<b>Share of result of joint ventures and associates</b>	<b>6,447</b>	<b>3,165</b>

The financial information of the joint ventures and associates and its reconciliation to the investment in joint ventures and associates is as follows:

	2023	2022
Cash and cash equivalents	19,410	5,747
Other current assets	65,531	51,260
Non-current assets	528,271	551,921
Total assets	613,212	608,928
Trade and other payables	(32,019)	(46,506)
Other current liabilities	(58,779)	(56,833)
Non-current liabilities	(316,248)	(324,012)
Total liabilities	(407,046)	(427,351)
<b>Total net assets of joint ventures and associates</b>	<b>206,166</b>	<b>181,577</b>
<b>Joint ventures reconciliation:</b>		
Total net assets	204,655	180,079
Participation	50%	50%
Group's share of net assets of joint ventures	102,328	90,040
<b>Associates reconciliation:</b>		
Total net assets	1,511	1,498
Participation	32.32%	32.32%
Group's share of net assets of associates	488	484
<b>Adjustments for:</b>		
Goodwill and surplus generated on associate purchase	1,862	1,711
Cumulative elimination of profit on construction contracts	(8,594)	(10,372)
Total adjustments	(6,732)	(8,661)
<b>Investment in joint ventures and associates</b>	<b>96,084</b>	<b>81,863</b>

The movement in investment in joint ventures and associates is as follows:

	2023	2022
<b>Opening balance - 1 January</b>	<b>81,863</b>	<b>61,553</b>
Share of result of joint ventures and associates	6,447	3,165
Elimination of profit on construction contracts	(81)	(158)
Share of other comprehensive income of joint ventures and associates	335	287
Capital increase	7,520	17,016
<b>Closing balance - 31 December</b>	<b>96,084</b>	<b>81,863</b>



During the year ended 31 December 2023, the Group increased its invested capital in Wilson Sons Ultratug Participações S.A. by US\$7.5 million (2022: US\$14.9 million) and in Porto Campinas Logística e Intermodal Ltda by US\$0.04 million (2022: US\$0.1 million).

During the year ended 31 December 2022, the Group acquired a 32.32% participation in Argonáutica Engenharia e Pesquisas S.A. for US\$2.0 million.

#### Guarantees

Wilson Sons Ultratug Participações S.A. has loans with the Brazilian Development Bank guaranteed by a lien on the financed supply vessels and by a corporate guarantee from its participants, proportionate to their ownership. The Group's subsidiary Wilson Sons S.A. is guaranteeing US\$155.3 million (2022: US\$163.7 million).

Wilson Sons Ultratug Participações S.A. has a loan with Banco do Brasil guaranteed by a pledge on the financed offshore support vessels, a letter of credit issued by Banco del Estado de Chile and its long-term contracts with Petrobras. The joint venture also has to maintain a cash reserve account until full repayment of the loan agreement amounting to US\$1.8 million (2022: US\$1.7 million) presented as long-term investment.

#### Covenants and capital commitments

On 31 December 2023, Wilson Sons Ultratug Participações S.A. was in compliance with all of its covenants' ratios related to its loans with the Brazilian Development Bank and with Banco do Brasil. There were no capital commitments for the joint ventures and associates as of 31 December 2023.

On 31 December 2022, Wilson Sons Ultratug Participações S.A. was not in compliance with one of its covenants' ratios with Banco do Brasil, resulting in a required increase in capital within a year of US\$1.8 million. Management planned to and did increase to that amount within a year, and as such did not negotiate a waiver letter with Banco do Brasil. There were no capital commitments for the joint ventures and associates as of 31 December 2022.

## 16 Property, plant and equipment

Property, plant and equipment assets are classified as follows:

	Land, buildings and leasehold improvements	Floating Craft	Vehicles, plant and equipment	Assets under construction	Total
<b>Cost</b>					
At 1 January 2022	274,683	541,252	198,464	9,581	1,023,980
Additions	10,835	15,493	9,936	27,004	63,268
Transfers	(112)	24,623	(2,317)	(22,194)	-
Transfers to intangible assets	-	-	(60)	-	(60)
Disposals	(1,955)	(4,477)	(4,892)	-	(11,324)
Exchange differences	11,084	-	10,854	-	21,938
<b>At 1 January 2023</b>	<b>294,535</b>	<b>576,891</b>	<b>211,985</b>	<b>14,391</b>	<b>1,097,802</b>
Additions	12,096	12,547	16,662	23,831	65,136
Transfers	(27)	22,248	(1,284)	(20,937)	-
Transfers from intangible assets	25	-	8	-	33
Disposals	(511)	(75)	(1,985)	-	(2,571)
Exchange differences	14,238	-	13,664	-	27,902
<b>At 31 December 2023</b>	<b>320,356</b>	<b>611,611</b>	<b>239,050</b>	<b>17,285</b>	<b>1,188,302</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	82,651	264,836	113,438	-	460,925
Charge for the year	8,518	27,831	12,124	-	48,473
Elimination on construction contracts	-	87	-	-	87
Disposals	(1,645)	(4,426)	(4,609)	-	(10,680)
Exchange differences	3,644	-	5,724	-	9,368
<b>At 1 January 2023</b>	<b>93,168</b>	<b>288,328</b>	<b>126,677</b>	<b>-</b>	<b>508,173</b>
Charge for the year	9,330	33,647	12,489	-	55,466
Elimination on construction contracts	-	2	-	-	2
Disposals	(406)	(70)	(1,850)	-	(2,326)
Exchange differences	5,008	-	7,880	-	12,888
<b>At 31 December 2023</b>	<b>107,100</b>	<b>321,907</b>	<b>145,196</b>	<b>-</b>	<b>574,203</b>
<b>Carrying Amount</b>					
At 31 December 2022	201,367	288,563	85,308	14,391	589,629
<b>At 31 December 2023</b>	<b>213,256</b>	<b>289,704</b>	<b>93,854</b>	<b>17,285</b>	<b>614,099</b>

Land and buildings with a net book value of US\$0.2 million (2022: US\$0.2 million) and plant and equipment with a carrying amount of US\$0.05 million (2022: US\$0.1 million) have been given in guarantee for various legal processes.

The amount of borrowing costs capitalised in 2023 was US\$0.3 million (2022: US\$0.1 million) at an average interest rate of 5.5% (2022: 5.6%).

The Group has contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US\$7.9 million (2022: US\$19.9 million).

## 17 Lease arrangements

### **Right-of-use assets**

Right-of-use assets are classified as follows:

	Operational facilities	Floating craft	Buildings	Vehicles, plant and equipment	Total
<b>Cost</b>					
At 1 January 2022	167,118	13,077	5,388	8,846	194,429
Additions	-	3,018	1,305	899	5,222
Contractual amendments	17,901	5,793	63	117	23,874
Terminated contracts	-	(2,796)	(3,771)	(58)	(6,625)
Exchange differences	10,313	510	96	328	11,247
<b>At 1 January 2023</b>	<b>195,332</b>	<b>19,602</b>	<b>3,081</b>	<b>10,132</b>	<b>228,147</b>
Additions	83	2,136	61	1,254	3,534
Contractual amendments	9,146	10,197	70	(93)	19,320
Terminated contracts	-	-	(368)	(763)	(1,131)
Exchange differences	14,839	706	229	417	16,191
<b>At 31 December 2023</b>	<b>219,400</b>	<b>32,641</b>	<b>3,073</b>	<b>10,947</b>	<b>266,061</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	18,298	8,194	2,960	7,108	36,560
Charge for the year	8,244	4,825	912	916	14,897
Terminated contracts	-	(1,226)	(2,424)	(44)	(3,694)
Exchange differences	1,104	242	63	276	1,685
<b>At 1 January 2023</b>	<b>27,646</b>	<b>12,035</b>	<b>1,511</b>	<b>8,256</b>	<b>49,448</b>
Charge for the year	8,973	5,351	498	915	15,737
Terminated contracts	-	-	(326)	(651)	(977)
Exchange differences	2,300	492	198	355	3,345
<b>At 31 December 2023</b>	<b>38,919</b>	<b>17,878</b>	<b>1,881</b>	<b>8,875</b>	<b>67,553</b>
<b>Carrying Amount</b>					
At 31 December 2022	167,686	7,567	1,570	1,876	178,699
<b>At 31 December 2023</b>	<b>180,481</b>	<b>14,763</b>	<b>1,192</b>	<b>2,072</b>	<b>198,508</b>

### *Operational facilities*

#### Tecon Rio Grande

Lease commitments to operate the container terminal and heavy cargo terminal in the Port of Rio Grande, expiring in 2047. The commitments include a monthly payment for facilities and leased areas, a contractual payment per container moved based on minimum forecast volumes and a payment per tonne in respect of general cargo handling and unloading.

#### Tecon Salvador

Lease commitments to operate the container terminal and heavy cargo terminal in the Port of Salvador, expiring in 2050. The commitments require the Group to make a minimum specified investment to expand the leased terminal area and include a monthly payment for facilities and leased areas, a contractual payment per container moved based on minimum forecast volumes and a fee per tonne of non-containerised cargo moved based on minimum forecast volumes.

#### Shipyard

Lease commitments to operate an area used to expand and develop a Group's shipyard, expiring in 2038 and renewable for a further period of 30 years at the option of the Group. Management's intention is to exercise the renewal option.

#### Offshore support base

Lease commitments to operate a port area with convenient access to service oil producing basins, expiring in 2043.

#### *Floating craft*

Lease commitments for the chartering of vessels for maritime transport between port terminals.

#### *Buildings*

Lease commitments for the Brazilian headquarters, branches, and commercial offices in several Brazilian cities.

#### *Vehicles, plant and equipment*

Lease commitments mainly for forklifts, vehicles for operational, commercial, and administrative activities and other operating equipment.

#### **Lease liabilities**

The movement in lease liabilities is as follows:

	<b>2023</b>	2022
<b>Opening - 1 January</b>	<b>(196,176)</b>	<b>(167,843)</b>
Additions	(3,534)	(5,222)
Termination of contracts	335	2,728
Contracts remeasurement	(19,320)	(23,874)
Principal amortisation	28,384	25,401
Interest	(18,297)	(16,810)
Exchange differences	(15,678)	(10,556)
<b>Closing - 31 December</b>	<b>(224,286)</b>	<b>(196,176)</b>

Lease liabilities are classified as follows:

	<b>2023</b>	2022
Operational facilities	(204,424)	(184,591)
Floating craft	(15,625)	(7,605)
Buildings	(1,984)	(2,121)
Vehicles, plant and equipment	(2,253)	(1,859)
<b>Total</b>	<b>(224,286)</b>	<b>(196,176)</b>
Total current	(28,783)	(24,728)
Total non-current	(195,503)	(171,448)

The contractual undiscounted cash flows related to leases liabilities are as follows:

	<b>2023</b>	2022
Within one year	(30,196)	(25,958)
In the second year	(27,100)	(23,101)
In the third to fifth years inclusive	(68,652)	(56,682)
After five years	(382,424)	(355,360)
<b>Total cash flows</b>	<b>(508,372)</b>	<b>(461,101)</b>
Adjustment to present value	284,086	264,925
<b>Total lease liabilities</b>	<b>(224,286)</b>	<b>(196,176)</b>

The lease liabilities balance considering the projected future inflation rate in the discounted payment flows is as follows:

	<b>2023</b>	2022
Actual outflow	(508,372)	(461,101)
Embedded interest	284,086	264,925
<b>Lease liabilities</b>	<b>(224,286)</b>	<b>(196,176)</b>
Inflated flow	(544,640)	(488,950)
Inflated embedded interest	309,488	284,773
<b>Inflated lease liabilities</b>	<b>(235,152)</b>	<b>(204,177)</b>

#### **Lease arrangements**

The amounts recognised in profit and loss related to lease arrangements are as follows:

	2023	2022
Depreciation of right-of-use assets	(15,737)	(14,897)
PIS and COFINS taxes	1,432	1,324
Net depreciation of right-of-use assets	(14,305)	(13,573)
Interest on lease liabilities	(18,297)	(16,810)
PIS and COFINS taxes	1,199	1,012
Interest on lease liabilities	(17,098)	(15,798)
Variable lease payments not included in the measurement of lease liabilities <sup>1</sup>	(2,732)	(2,376)
Expenses relating to short-term leases	(32,447)	(29,778)
Expenses relating to low-value assets	(1,960)	(1,281)
<b>Total</b>	<b>(68,542)</b>	<b>(62,806)</b>

<sup>1</sup> The amounts refer to payments which exceeded the minimum forecast volumes of Tecon Rio Grande and Tecon Salvador and payments related to the number of vessel trips which were not included in the measurement of lease liabilities.

The amounts recognised in the cash flow statement related to lease arrangements are as follows:

	2023	2022
Payment of lease liability	(10,087)	(8,591)
Interest paid - lease liability	(18,297)	(16,810)
Short-term leases paid	(32,447)	(29,778)
Variable lease payments	(2,732)	(2,376)
Low-value leases paid	(1,960)	(1,281)
<b>Total cash outflow</b>	<b>(65,523)</b>	<b>(58,836)</b>

## 18 Other intangible assets

Other intangible assets are classified as follows:

	Computer software	Concession rights	Total
<b>Cost</b>			
At 1 January 2022	40,923	15,546	56,469
Additions	1,386	-	1,386
Transfers from right-of-use	60	-	60
Disposals	(1,105)	-	(1,105)
Exchange differences	558	279	837
<b>At 1 January 2023</b>	<b>41,822</b>	<b>15,825</b>	<b>57,647</b>
Additions	1,132	-	1,132
Transfers to property, plant and equipment	(33)	-	(33)
Disposals	(41)	-	(41)
Exchange differences	735	462	1,197
<b>At 31 December 2023</b>	<b>43,615</b>	<b>16,287</b>	<b>59,902</b>
<b>Accumulated amortisation</b>			
At 1 January 2022	35,540	5,948	41,488
Charge for the year	1,965	424	2,389
Disposals	(1,105)	-	(1,105)
Exchange differences	381	102	483
<b>At 1 January 2023</b>	<b>36,781</b>	<b>6,474</b>	<b>43,255</b>
Charge for the year	1,570	427	1,997
Disposals	(41)	-	(41)
Exchange differences	574	259	833
<b>At 31 December 2023</b>	<b>38,884</b>	<b>7,160</b>	<b>46,044</b>
<b>Carrying amount</b>			
31 December 2022	5,041	9,351	14,392
<b>31 December 2023</b>	<b>4,731</b>	<b>9,127</b>	<b>13,858</b>

## 19 Goodwill

Goodwill is classified as follows:

	Tecon Rio Grande	Tecon Salvador	Total
<b>Carrying Value</b>			
At 1 January 2022	10,792	2,480	13,272
Exchange differences	148	-	148
<b>At 1 January 2023</b>	<b>10,940</b>	<b>2,480</b>	<b>13,420</b>
Exchange differences	177	-	177
<b>At 31 December 2023</b>	<b>11,117</b>	<b>2,480</b>	<b>13,597</b>

The goodwill associated with each cash-generating unit "CGU" (Tecon Salvador and Tecon Rio Grande) is attributed to the Brazil - maritime services segment.

Each CGU is assessed for impairment annually and whenever there is an indication of impairment. The carrying value of goodwill has been assessed with reference to its value in use reflecting the projected discounted cash flows of each CGU to which goodwill has been allocated.

Details of the impairment test are disclosed in note 20.

## 20 Impairment Test of Cash Generating Units

### *Tecon Rio Grande and Tecon Salvador*

The Tecon Rio Grande and Tecon Salvador CGUs, which are both part of the Brazil - maritime services segment, contain goodwill and as such are tested annually for impairment.

The cash flows of these CGUs are derived from sales and operating margins, based on past experience considering the effect of known or likely changes in market or operating conditions, and from projected volumes, based on the expected performance of the Brazilian economy until operating capacity is reached. The discount rate is based on the weighted average cost of capital ("WACC") of the CGU, while the growth rate is based on the inflation rate only after reaching operational capacity. The key assumptions used in determining the recoverable amount of each CGU are as follows:

	Tecon Rio Grande		Tecon Salvador	
	2023	2022	2023	2022
Discount rate	11.9%	8.5%	11.2%	8.5%
Growth rate	7.9%	5.8%	7.2%	3.4%
Projection period	25 years	26 years	28 years	29 years

At 31 December 2023 and 2022, the recoverable amount of these CGUs significantly exceeded their carrying value and as such no impairment loss was recognised.

### *Offshore support bases*

For the year ended 31 December 2023 and 2022, the offshore support bases CGU, which is part of the Brazil - maritime services segment, reported negative earnings before taxes, and as such was tested for impairment. The key assumptions used in determining the recoverable amount of the CGU are as follows:

(i) Revenue: Projections are based on the estimated pace of growth in offshore energy market, specifically offshore exploration and production of oil and gas. Data from the Brazilian Petroleum National Agency, the Energy Research Agency, oil companies' releases and specialised industry reports all support a significant increase in oil and gas exploration and production activities in Brazil in the next 10 years. Supported by this increase in demand, growth rate is projected at an average of 10.3% per year until 2030. For 2031 onward, the growth rate is projected at 2.1%, based on the expected growth in the Brazilian offshore energy sector and in the region in which the CGU operates. Projections for 2024 include a 14.9% increase in average contract prices in relation to current pricing and a 98.1% increase in public prices for spot berthing compared to 2023. From 2025 onwards, prices are adjusted for inflation.

(ii) Costs and expenses: Projections for 2024 are in line with the budget and include an increase in fixed costs of 7.6% over 2023. From 2025 onwards, costs are forecasted to increase in line with the increase in volumes.

(iii) Investments: No expansion investments were included within the projections.

(iv) Projection period: The projections are prepared using a 10-year period plus a perpetuity growth, as the offshore energy industry life cycle is at least 10 years, due to the life cycle of investment in hydrocarbon energy reserve from exploration to sustainable production.

(v) The discount rate is based on the WACC of the CGU, adjusted for individual risks of the CGU that have not been incorporated in the cash flow estimates, and using reputable sources to capture macroeconomic assumptions and information from comparator companies in the offshore energy and in the maritime services sector. For the year ended 31 December 2023, the discount rate was estimated at 10.0% (2022: 10.2%).

At 31 December 2023, the recoverable amount of the CGU of US\$122.9 million (2022: US\$91.9 million) exceeded its carrying value of US\$48.8 million (2022: US\$47.6 million) and as such no impairment loss was recognised. While maintaining all other assumptions constant, either an increase in the discount rate of up to 15.7% (2022: 3.6%) or a decrease in revenue over the projected period of up to 1.2% (2022: 11.1%) would not result in an impairment loss.

## 21 Trade and other payables

Trade and other payables are classified as follows:

	2023	2022
Trade payables and accruals	(44,179)	(34,133)
Other payables	(226)	(479)
Provisions for employee benefits	(25,279)	(21,365)
Deferred income	(2,084)	(2,360)
<b>Total trade and other payables</b>	<b>(71,768)</b>	<b>(58,337)</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purposes and ongoing costs. For most suppliers, interest is charged on outstanding trade payable balances at various interest rates. The Group has financial risk management policies in place to ensure that payables are paid within the credit timeframe agreed with each vendor.

## 22 Bank loans

The movement in bank loans is as follows:

	2023	2022
<b>Opening - 1 January</b>	<b>(321,891)</b>	<b>(301,599)</b>
Additions	(53,259)	(59,793)
Principal amortisation	61,148	49,349
Interest amortisation	14,088	13,333
Accrued interest	(17,140)	(17,437)
Exchange difference	(7,147)	(5,744)
<b>Closing - 31 December</b>	<b>(324,201)</b>	<b>(321,891)</b>

The terms and conditions, carrying value and fair value of outstanding bank loans are as follows:

Lender	Currency	Annual interest rate %	Year of maturity	2023		2022	
				Carrying value	Fair value	Carrying value	Fair value
BNDES	linked to US Dollar	2.30% - 4.43%	2041	(135,411)	(135,411)	(129,231)	(129,231)
BNDES	linked to US Dollar	2.07% - 4.08%	2028	(17,796)	(17,796)	(21,477)	(21,477)
BNDES	linked to US Dollar	2.38% - 4.43%	2045	(2,787)	(2,787)	-	-
BNDES	Real	9.85%	2034	(53,537)	(53,537)	(50,148)	(50,148)
BNDES	Real	8.59%	2029	(5,356)	(5,356)	(5,816)	(5,816)
BNDES	Real	10.24%	2027	(481)	(481)	(564)	(564)
Banco do Brasil	linked to US Dollar	2.00% - 4.00%	2035	(60,193)	(60,193)	(66,110)	(66,110)
Bradesco	Real	12.58% - 12.95%	2024	(10,519)	(10,515)	(19,571)	(19,718)
Bradesco	Real	15.25%	2023	-	-	(2,406)	(2,411)
Banco Santander	linked to US Dollar	4.82%	2024	(10,279)	(10,270)	(20,288)	(20,304)
Banco Santander	Real	13.59%	2025	(6,744)	(6,582)	(6,280)	(6,279)
CCB	Real	12.75% - 13.25%	2025	(21,098)	(20,976)	-	-
<b>Total bank loans</b>				<b>(324,201)</b>	<b>(323,904)</b>	<b>(321,891)</b>	<b>(322,058)</b>

The breakdown of bank loans by maturity is as follows:

	2023	2022
Within one year	(70,856)	(59,881)
In the second year	(54,121)	(56,022)
In the third to fifth years (inclusive)	(91,027)	(91,037)
After five years	(108,197)	(114,951)
<b>Total bank loans</b>	<b>(324,201)</b>	<b>(321,891)</b>

#### **Guarantees**

The Group has pledged assets with a carrying amount of US\$262.4 million (2022: US\$230.2 million) to secure loans granted to the Group.

The loan agreements with BNDES and Banco do Brasil rely on corporate guarantees from the Group's subsidiary party to the agreement. For some agreements, the corporate guarantees are in addition to the assignment of receivables, a pledge of the respective financed tugboat or a lien over the logistics and port operations equipment financed.

The loan agreements with Bradesco rely on corporate guarantees from the Group's subsidiary party to the agreement.

#### **Undrawn credit facilities**

At 31 December 2023, the Group had US\$50.1 million (2022: US\$37.1 million) of undrawn borrowing facilities available in relation to the Salvador Terminal expansion and the dry-docking, maintenance and repair of tugs.

#### **Covenants**

Some of the loan agreements include obligations related to financial indicators, including EBITDA/Net operating revenue, EBITDA/Debt service, Equity/Total assets and Net debt/EBITDA. At 31 December 2023 and 2022, the Group was in compliance with all covenants related to its loan agreements.

Information about the Group's exposure to financial risks is included in note 32.

## **23 Post-employment benefits**

The Group operates a private medical insurance scheme for its employees in its Brazilian operations, which requires the eligible employees to pay fixed monthly contributions. In accordance with Brazilian law, eligible employees with greater than ten years' service acquire the right to remain in the plan following retirement or termination of employment. Ex-employees remaining in the plan will be liable for paying the full cost of their continued scheme membership.

The future actuarial liability for the Group relates to the potential increase in plan costs resulting from additional claims due to the expanded membership of the scheme.

The movement in the present value of the actuarial liability for the year is as follows:

	2023	2022
<b>Opening balance - 1 January</b>	<b>(1,737)</b>	<b>(1,562)</b>
Current service cost	(8)	(7)
Interest expense	(168)	(146)
Contributions to the plan	(9)	(14)
Changes in economic and financial assumptions	(214)	228
Experience adjustments	231	(126)
Exchange differences	(142)	(110)
<b>Closing balance - 31 December</b>	<b>(2,047)</b>	<b>(1,737)</b>

The calculation of the liability generated by the defined health benefits plan involves actuarial assumptions that are



based on market conditions. The principal actuarial assumptions, and the impact of a change (keeping the other assumptions constant) on the defined benefit obligation valuation are as follows:

	2023	2022
Annual interest rate	8.66%	9.18%
Estimated inflation rate in the long-term	3.00%	3.00%
Impact of 0.5% increase	235	214
Impact of 0.5% decrease	(270)	(247)
Medical cost trend rate	5.58%	5.58%
Impact of 0.5% increase	(286)	(255)
Impact of 0.5% decrease	234	222

## 24 Legal claims

In the normal course of its operations in Brazil, the Group is exposed to numerous local legal claims. The Group's policy is to vigorously contest those claims, many of which appear to have little substance or merit, and manage such claims through its legal counsel.

**Labour claims** - Claims involving payment of health risks, additional overtime and other allowances.

**Tax cases** - Claims involving government tax assessments when the Group considers it has a chance of successfully defending its position.

**Civil** - Claims involving indemnification for material damage, environmental and shipping claims and other contractual disputes.

Claims deemed probable and subject to reasonable estimation by management and its legal counsel are recorded as provisions, whereas claims deemed only reasonably possible are disclosed as contingent liabilities. Both provisions and contingent liabilities are subject to uncertainties around the timing and amount of possible cash outflows as the outcome is heavily dependent on court proceedings.

The movement in the carrying amount of each class of provision for legal claims for the period is as follows:

	Labour claims	Tax cases	Civil cases	Total
<b>At 1 January 2023</b>	<b>(4,978)</b>	<b>(2,732)</b>	<b>(1,287)</b>	<b>(8,997)</b>
Additional provisions	(766)	(166)	(280)	(1,212)
Unused amounts reversed	1,156	1,546	35	2,737
Utilisation of provisions	767	34	-	801
Exchange difference	(384)	(158)	(109)	(651)
<b>At 31 December 2023</b>	<b>(4,205)</b>	<b>(1,476)</b>	<b>(1,641)</b>	<b>(7,322)</b>

The contingent liabilities at the end of each period are as follows:

	Labour claims	Tax cases	Civil cases	Total
At 31 December 2022	(6,002)	(66,071)	(11,158)	(83,231)
<b>At 31 December 2023</b>	<b>(7,312)</b>	<b>(75,982)</b>	<b>(13,536)</b>	<b>(96,830)</b>

Other non-current assets of US\$3.1 million (2022: US\$3.5 million) represent escrow deposits required by the Brazilian legal authorities as security to contest legal actions.

## 25 Related party transactions

Transactions between the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Transactions and outstanding balances between the Group and its related parties are as follows:

Revenues/(Expenses)	Receivable/(Payable)
---------------------	----------------------

	2023	2022	2023	2022
<b>Joint ventures and associates</b>				
Wilson, Sons Ultratug Participações S.A. <sup>1</sup>	964	2,778	11,437	11,176
Argonáutica Engenharia e Pesquisas S.A. <sup>2</sup>	(14)	-	(4)	-
<b>Others</b>				
Hanseatic Asset Management LBG <sup>3</sup>	(2,996)	(3,047)	(759)	(484)
Hansa Capital Partners LLP <sup>4</sup>	(30)	(32)	-	-

<sup>1</sup> Related party loans with Wilson, Sons Ultratug Participações S.A. (interest - 3.6% per year with no maturity date) and services provided by the Group.

<sup>2</sup> Contract for the implementation of a port traffic monitoring and port traffic intelligence system.

<sup>3</sup> Mr William Salomon (Board Director) is chair and Mr Christopher Townsend (Board Director) is a director of Hanseatic Asset Management LBG, to which fees were paid for acting as Investment Manager of the Group's investment portfolio.

<sup>4</sup> Mr Salomon is a senior partner of Hansa Capital Partners LLP. Office facilities charges were paid to Hansa Capital Partners LLP.

Mr Townsend is the investment director of Hansa Capital GmbH. During the year ended 31 December 2023, directors' fees of US\$0.1 million were paid to Mr. C Townsend through Hansa Capital GmbH (2022: US\$0.1 million).

#### **Remuneration of key management personnel**

The remuneration of the executive directors and other key management of the Group is as follows:

	2023	2022
Short-term employee benefits	(5,007)	(4,914)
Post-employment benefits	(70)	(70)
Share based payment expense	(306)	(306)
<b>Total remuneration of key management personnel</b>	<b>(5,383)</b>	<b>(5,290)</b>

## **26 Share capital**

The number of Company's shares and corresponding share capital amounts are as follows:

	2023	2022
<b>Authorised</b>		
50,060,000 ordinary shares of 20p each (2022: 50,060,000 ordinary shares of 20p each)	16,119	16,119
<b>Issued and fully paid</b>		
35,363,040 ordinary shares of 20p each (2022: 35,363,040 ordinary shares of 20p each)	11,390	11,390

The Company has one class of ordinary share which carries no right to fixed income.

Share capital is converted at the exchange rate prevailing at 31 December 2002, the date at which the Group's presentation currency changed from Sterling to US Dollars, being US\$1.61 to £1.

## **27 Equity transactions in subsidiaries**

#### **Share options in subsidiary**

On 8 January 2014, the shareholders of the Group's subsidiary Wilson Sons S.A. approved a share option plan which allowed for the grant of options to eligible participants, including an increase in the authorised capital of Wilson Sons S.A. through the creation of up to 26,465,562 new shares.

The options provide participants with the right to acquire shares in Wilson Sons S.A. at a predetermined fixed price, following a vesting period of 3 to 5 years, and expire 10 years from the grant date, or immediately on the resignation

of the employee, whichever is earlier. Options lapse if not exercised by the employee within 6 months following retirement.

The movement in share options and related weighted average exercise prices ("WAEP") in Brazilian Real (R\$) is as follows:

	2023		2022	
	Number of shares	WAEP (R\$)	Number of shares	WAEP (R\$)
<b>Opening balance - 1 January</b>	<b>5,427,600</b>	<b>7.12</b>	<b>9,153,840</b>	<b>6.34</b>
Granted during the period	-	-	-	-
Exercised during the period	(1,680,600)	5.38	(3,726,240)	5.21
Expired during the period	-	-	-	-
<b>Outstanding at 31 December</b>	<b>3,747,000</b>	<b>7.90</b>	<b>5,427,600</b>	<b>7.12</b>
<b>Exercisable at 31 December</b>	<b>1,047,000</b>	<b>5.93</b>	<b>2,654,160</b>	<b>5.56</b>

The options outstanding at 31 December 2023 had an exercise price in the range of R\$5.67 to R\$8.66 (2022: R\$5.21 to R\$8.66) and a weighted-average contractual life of 6.1 years (2022: 5.4 years). The weighted average share price at the date of exercise for the year ended 31 December 2023 was R\$10.06 (2022: R\$9.11).

During the year ended 31 December 2023, 1,680,600 share options of the Group's subsidiary Wilson Sons S.A. were exercised (2022: 3,726,240), resulting in an increase in non-controlling interest of 0.22% (2022: 0.48%).

#### **Share buyback in subsidiary**

On 13 May 2022, the board of directors of the Group's subsidiary Wilson Sons S.A. approved a share buyback program which allows for the repurchase of the subsidiary's own common shares at market price for an 18-month period, which is concluded as of 31 December 2023.

The weighted average share price at the date of repurchase for the year ended 31 December 2023 was R\$10.47 (2022: R\$9.28).

During the year ended 31 December 2023, 1,150,500 shares of the Group's subsidiary Wilson Sons S.A. were repurchased (2022: 1,427,200), resulting in a decrease in non-controlling interest of 0.15% (2022: 0.19%).

## **28 Non-controlling interests**

The information on the Group's composition is presented in note 3. The non-controlling interests immaterial to the Group originate from the Brazil - maritime services segment and are presented together as Other.

The information related to non-controlling interests is as follows:

	Wilson Sons S.A.	Other	Total
<b>For the year ended 31 December 2023</b>			
Net assets attributable to non-controlling interest	214,218	92	214,310
Profit allocated to non-controlling interest	34,899	1,125	36,024
Other comprehensive income allocated to non-controlling interest	3,855	(3)	3,852
Dividends to non-controlling interest	23,704	1,544	25,248
<b>For the year ended 31 December 2022</b>			
Net assets attributable to non-controlling interest	199,004	514	199,518
Profit allocated to non-controlling interest	27,858	2,295	30,153
Other comprehensive income allocated to non-controlling interest	3,213	(15)	3,198
Dividends to non-controlling interest	22,728	2,445	25,173

## **29 Dividends**

The dividends declared and paid by the Company to its shareholders were as follows:

	2023	2022
70c per share (2022: 70c per share)	24,754	24,754

After the reporting date, the dividends proposed by the Board but not recognised as liabilities were as follows:

	2023	2022
85c per share (2022: 70c per share)	30,059	24,754

### 30 Earnings per share

The calculation of the basic and diluted earnings per share is as follows:

	2023	2022
Profit/(loss) for the year attributable to equity holders of the Company	67,048	(18,675)
Weighted average number of ordinary shares	35,363,040	35,363,040
Earnings per share - basic and diluted	189.6c	(52.8)c

The Company has no dilutive or potentially dilutive ordinary shares.

### 31 Capital risk management

The Group manages its capital to ensure that entities within the Group are viable and will be able to continue as a going concern. The capital structure of the Group consists of debt, long term in nature, which includes the borrowings disclosed in note 22 and the lease liabilities included in note 17, cash and cash equivalents, investments, and equity attributable to equity holders of the Company comprising issued capital, reserves and retained earnings disclosed in the consolidated statement of changes in equity.

The Group borrows to fund capital projects and looks to cash flow from these projects to meet repayments. Working capital is funded through cash generated by operating activities. There were no significant changes during the year relative to the Group policy relating to capital management.

### 32 Financial instruments

The carrying and fair value of financial instruments are as follows:

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	69,367	69,367	77,873	77,873
Investment portfolio	309,158	309,158	272,931	272,931
Trade and other receivables	78,735	78,735	67,136	67,136
<b>Financial liabilities</b>				
Trade and other payables	(71,768)	(71,768)	(58,337)	(58,337)
Bank loans	(324,201)	(323,904)	(321,891)	(322,058)

The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payable is a reasonable approximation of their fair value.

The fair value of bank loans was established as their present value determined by future cash flows and interest rates

applicable to instruments of similar nature, terms and risks or at market quotations of these securities.

The fair value of the investment portfolio assets are based on quoted market prices at the close of trading at the end of the period if traded in active markets and based on valuation techniques if not traded in active markets. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Fair value measurements recognised in the consolidated financial statements are grouped into levels based on the degree to which the fair value is observable.

Financial instruments whose values are based on quoted market prices in active markets are classified as Level 1. These include active listed equities.

Financial instruments that trade in markets that are not considered active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as Level 2. These include open ended funds, certain private investments that are traded over the counter, and debt instruments.

Financial instruments that have significant unobservable inputs as they trade infrequently and are not quoted in an active market are classified as Level 3. These include investments in limited partnerships and other private equity funds which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Group considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing to ensure they are reasonable and appropriate. Therefore, the net asset value ("NAV") of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, if necessary, for other relevant factors known of the fund. In measuring fair value, consideration is also paid to any clearly identifiable transactions in the shares of the fund.

Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Group classifies these funds as either Level 2 or Level 3. As observable prices are not available for these securities, the Group values these based on an estimate of their fair value. The Group obtains the fair value of their holdings from valuation statements provided by the managers of the invested funds. Where the valuation statement is not stated at the reporting date, the Group adjusts the most recently available valuation for any capital transactions made up to the reporting date. When considering whether the NAV of the underlying managed funds represent fair value, the Investment Manager considers the valuation techniques and inputs used by the managed funds in determining their NAV.

The underlying funds use a blend of methods to determine the value of their own NAV by valuing underlying investments using methodology consistent with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"). IPEV guidelines generally provides five ways to determine the fair market value of an investment: (i) binding offer on the company, (ii) transaction multiples, (iii) market multiples, (iv) net assets and (v) discounted cash flows. Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. In the absence of contrary information, these values are relied upon.

The financial instruments recognised in the statement of financial position, by level of hierarchy, excluding financial instruments for which the carrying amount is a reasonable approximation of fair value, are as follows:

	Level 1	Level 2	Level 3	Total
<b>31 December 2023</b>				
Investment portfolio	34,058	156,829	118,271	<b>309,158</b>
Bank loans	-	(324,201)	-	<b>(324,201)</b>
<b>31 December 2022</b>				
Investment portfolio	29,776	122,789	120,366	<b>272,931</b>
Bank loans	-	(321,891)	-	<b>(321,891)</b>

During the year ended 31 December 2023, no financial instruments were transferred between Level 1 and Level 2 (2022: none).

During the year ended 31 December 2023, one open ended fund with a carrying value of US\$5.3 million was transferred from Level 3 to Level 2 because alternative pricing sources supported by observable inputs became available (2022: no transfers between Level 2 and Level 3).

The movement in Level 3 financial instruments for the year is as follows:

	2023	2022
<b>Balance at 1 January</b>	<b>120,366</b>	<b>129,685</b>
Transfers from Level 3 to Level 2	(5,266)	-
Purchases of investments and drawdowns of financial commitments	8,153	12,830
Sales of investments and repayments of capital	(8,314)	(9,231)
Realised gains	3,943	4,526
Unrealised losses	(611)	(17,444)
<b>Balance at 31 December</b>	<b>118,271</b>	<b>120,366</b>
Cost	130,927	130,183
Cumulative unrealised losses	(12,656)	(9,817)

Investment in limited partnerships and private equity funds require a long-term commitment with no certainty of return. The Group's intention is to hold Level 3 investments to maturity. In the unlikely event that the Group is required to liquidate these investments, the proceeds received may be less than the carrying value due to their illiquid nature.

The sensitivity of the Level 3 investments to changes in fair value due to illiquidity and its impact on proceeds received, while all other variables are held constant, is as follows:

	2023	2022
Decrease of 5%	(5,914)	(6,018)
Decrease of 10%	(11,827)	(12,037)
Decrease of 20%	(23,654)	(24,073)

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to its cash and cash equivalents, investments, and trade and other receivables. The amounts presented as trade and other receivables in the consolidated statement of financial position are shown net of allowances for credit loss.

Temporary cash surpluses are invested in time deposits, exchange funds, and fixed income investments, according to regulations approved by management. Credit risk is limited because the counterparties to those investments are regulated institutions or leading financial institutions with high credit ratings.

The level of credit risk associated with the investment portfolio is dependent upon the terms and conditions and the management of each of the investment vehicles. The Investment Manager evaluates the credit risk on trading investments prior to and during the investment period, and the Board reviews all investments at its regular meetings from reports prepared by the Investment Manager.

The Group has no significant concentration of credit risk for trade receivables as they consist of a large number of customers with no single customer representing more than 10% of the total trade receivables.

#### **Allowance for expected credit losses for trade receivables**

The Group recognises an allowance for expected credit losses based on an expected credit losses ("ECLs") model and a provision matrix, based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates, and will be adjusted, when appropriate, to adjust the historical credit losses experience with forward-looking information.

The allowance for expected credit losses is as follows:

	Current	1-30 days	31-90 days	91-180 days	More than 180 days	<b>Total</b>
<b>31 December 2023</b>						
Expected credit loss rate	0.04%	0.04%	2.56%	19.63%	64.73%	
Receivables for services	48,593	9,313	6,561	954	1,896	<b>67,317</b>
Allowance for expected credit losses	(17)	(3)	(168)	(187)	(1,248)	<b>(1,623)</b>
<b>31 December 2022</b>						
Expected credit loss rate	0.05%	0.05%	2.56%	7.48%	63.70%	
Receivables for services	44,699	5,997	2,461	1,236	936	<b>55,329</b>
Allowance for expected credit losses	(24)	(3)	(63)	(92)	(610)	<b>(792)</b>

### Foreign currency risk

The Brazil - maritime services segment operates principally in Brazil with a substantial proportion of its revenue, expenses, assets and liabilities denominated in Real, exposing the Group to exchange rate fluctuations. Due to the high cost of hedging transactions denominated in Real, the Group does not normally hedge its net exposure to the Real, as the Board does not consider it economically viable.

Purchases and sales of goods and services are denominated in Real and US Dollars. These transactions are subject to currency fluctuations between the time that the price of goods or services are settled and the actual payment date. For investing and financing cash flows, the resources and their application are monitored with the objective of matching the currency cash flows and due dates. For operating cash flows, the Group seeks to neutralise the currency risk by matching assets (receivables) and liabilities (payments).

Furthermore, the Group has contracted US Dollar denominated and Real denominated debt, and the cash and cash equivalents balances are also US Dollar denominated and Real denominated. The Group seeks to generate an operating cash surplus in the same currency in which the debt service of each business is denominated.

The Bermuda - investments segment operates internationally and holds monetary assets denominated in currencies other than the US Dollar, the functional currency. Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Group's policy is not to manage its exposure to foreign exchange movements in the investment portfolio by entering into any foreign exchange hedging transactions. Instead, when the Investment Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the investment portfolio, the Investment Manager factors that into its portfolio allocation decisions.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows (presented in US Dollar):

	Assets		Liabilities	
	2023	2022	2023	2022
Real	205,428	157,063	(461,336)	(395,616)
Sterling	13,575	12,241	(20)	(19)
Swiss Franc	1,983	2,341	-	-
Euro	15,747	15,083	-	-
Yen	4,948	4,226	-	-
<b>Total foreign currency denominated monetary items</b>	<b>241,681</b>	<b>190,954</b>	<b>(461,356)</b>	<b>(395,635)</b>

The Group is primarily exposed to unfavourable movements in the Real on its Brazilian monetary assets and liabilities held by US Dollar functional currency entities. The sensitivity analysis below refers to the position at the end of the reporting period and estimates the impacts of a Real devaluation against the US Dollar, considering three scenarios: a likely scenario (probable), a 25% devaluation scenario (possible) and a 50% devaluation scenario (remote). The Group uses the Brazilian Central Bank's "Focus" report to determine the probable scenario.

	Currency	Amount (US\$)	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
<b>31 December 2023</b>					
Projected exchange rate			4.95	6.19	7.43
Total assets	BRL	205,428	(4,511)	(44,694)	(71,483)
Total liabilities	BRL	(461,336)	10,131	100,372	160,532
<b>Net impact</b>			<b>5,620</b>	<b>55,678</b>	<b>89,049</b>
<b>31 December 2022</b>					
Projected exchange rate			5.25	6.56	7.88
Total assets	BRL	157,063	(934)	(32,160)	(52,977)
Total liabilities	BRL	(395,616)	2,434	81,070	133,495
<b>Net impact</b>			<b>1,500</b>	<b>48,910</b>	<b>80,518</b>

The US Dollar/Brazilian Real exchange rate was 4.84 at 31 December 2023 (2022: 5.22).



### Market price risk

By the nature of its activities, the Bermuda - investments segment's investments are exposed to market price fluctuations. However, the portfolio as a whole does not correlate directly to any Stock Exchange Index as it is invested in a diversified range of markets. The Investment Manager and the Board monitor the portfolio valuation on a regular basis and consideration is given to hedging the portfolio against large market movements.

The sensitivity of the investment portfolio to changes in market prices and the impact on its fair value and returns at the end of the financial year, while all other variables are held constant, is as follows:

	2023	2022
Decrease of 5%	(15,458)	(13,647)
Decrease of 10%	(30,916)	(27,293)
Decrease of 20%	(61,832)	(54,586)

### Interest rate risk

Entities within the Group borrow funds at both fixed and floating interest rates. The Group is primarily exposed to unfavourable movements in the interest rate impacting its floating interest rate borrowings, which are partially being offset by the impact on its floating interest rates investments.

The sensitivity analysis below refers to the position at the end of the reporting period and estimates the impacts of unfavourable movement in the interest rates, considering three scenarios: a likely scenario (probable), a 25% increase in interest rates over the likely scenario (possible) and a 50% increase in interest rates over the likely scenario (remote). The net impact was obtained by assuming a 12-month period starting at the beginning of the period in which interest rates vary and all other variables are held constant. The Group uses the Brazilian Central Bank's "Focus" report to determine the probable scenario.

	Risk	Amount (US\$)	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
<b>31 December 2023</b>					
Borrowing	Brazilian Interbank Interest Rate	(38,361)	452	(265)	(967)
Borrowing	Brazilian Long-Term Interest Rate	(481)	-	(5)	(9)
Borrowing	Brazilian National Consumer Prices	(58,893)	-	(663)	(1,319)
Borrowing	N/A (fixed interest rates)	(226,466)	-	-	-
Investments	Brazilian Interbank Interest Rate	29,649	(765)	(183)	398
<b>Net impact</b>			<b>(313)</b>	<b>(1,116)</b>	<b>(1,897)</b>
<b>31 December 2022</b>					
Borrowing	Brazilian Interbank Interest Rate	(28,257)	(10)	(719)	(1,408)
Borrowing	Brazilian Long-Term Interest Rate	(564)	-	(6)	(12)
Borrowing	Brazilian National Consumer Prices	(55,964)	-	(788)	(1,566)
Borrowing	N/A (fixed interest rates)	(237,106)	-	-	-
Investments	Brazilian Interbank Interest Rate	22,014	177	1,156	2,136
<b>Net impact</b>			<b>167</b>	<b>(357)</b>	<b>(850)</b>

### Concentration risk

By the nature of its activities, the Bermuda - investments segment's investments are exposed to concentration of credit risk and market risk based on geographic exposure and sector exposure. The Investment Manager and the Board monitor the portfolio composition on a regular basis to ensure it remains invested in a diversified range of markets to limit the concentration of exposure by geography and by sector.

At 31 December 2023, the Group has identified concentration risk for the investment portfolio due to its geographic exposure of US\$157.7 million or 51.0% in North America (2022: US\$134.3 million or 49.2%) and its sector exposure of US\$73.7 million or 23.8% in information technology (2022: US\$66.4 million or 24.3%). These exposures are based on the immediate investment into investment vehicles and may be further affected by specific allocation of assets within those vehicles.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in fulfilling obligations associated with its financial liabilities that are settled with cash payments or other financial assets. The Group's approach in managing liquidity is to ensure that the Group always has sufficient liquidity to fulfil its obligations that expire and to meet the expected operational expenses, under normal and stressed conditions, to avoid damage to the reputation of the Group. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following table details the Group's remaining contractual maturity for its financial liabilities, showing the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay, including both interest and principal payments.

	Weighted average effective interest rate%	Less than 12 months	1-5 years	5+ years	Total
<b>31 December 2023</b>					
Variable interest rate instruments	11.06%	(26,595)	(50,002)	(33,384)	(109,981)
Fixed interest rate instruments	2.95%	(48,629)	(124,663)	(94,574)	(267,866)
Lease liability	13.07%	(30,196)	(95,752)	(382,424)	(508,372)
<b>Total contractual cash outflows</b>		<b>(105,420)</b>	<b>(270,417)</b>	<b>(510,382)</b>	<b>(886,219)</b>
<b>31 December 2022</b>					
Variable interest rate instruments	12.29%	(24,954)	(48,690)	(33,479)	(107,123)
Fixed interest rate instruments	2.89%	(47,537)	(125,319)	(94,714)	(267,570)
Lease liability	8.06%	(25,958)	(79,783)	(355,360)	(461,101)
<b>Total contractual cash outflows</b>		<b>(98,449)</b>	<b>(253,792)</b>	<b>(483,553)</b>	<b>(835,794)</b>

#### **Limitations of sensitivity analysis**

The sensitivity information included in note 32 demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. There are normally significant levels of correlation between the assumptions and other factors.

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