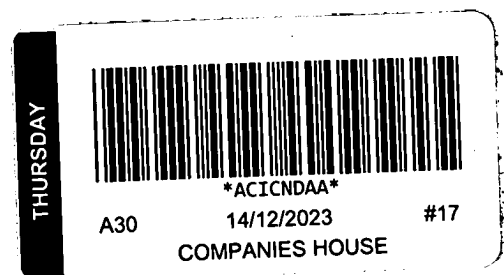


Company Registered No: SC106026

Seatec UK Limited
Annual Report and Financial Statements
For the year ended 31 December 2022



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Officers and Advisors

Directors

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

E A McDermott
J P H Engels
P S Magnin
A F Christensen
B T Hall (appointed 24 February 2022)
S D MacFarlane (appointed 24 February 2022)

Registered Office

5th Floor
Skypark
8 Elliot Place
Glasgow
G3 8EP

Bankers

Citibank NA
Canada Square
Canary Wharf
London
E14 5LB

Independent Auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow
United Kingdom
G1 3BX

Strategic Report for the year ended 31 December 2022

Background

The Company is a private limited company incorporated in the United Kingdom and registered in Scotland with a registered number of SC106026. Its registered office is situated at 5th Floor, Skypark, 8 Elliot Place Glasgow G3 9EP.

The immediate parent holding company is Vouvray Acquisition Limited, incorporated in the United Kingdom and registered in England and Wales. Vouvray Acquisition Limited is a wholly owned subsidiary of AI Mistral TopCo Limited and the Directors are of the opinion that the Company ultimately is majority owned and controlled by the GPE VIII private equity funds managed by Advent International Corporation ("Advent").

The management and reporting of risk and KPI's for safety and the number of fully technically managed and crew managed vessels is undertaken at the Group level. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance, or position of the business.

Information on management and reporting of risk and KPI's, which does not form part of the Company's Annual Report, can be found in the Group annual report of AI Mistral TopCo Limited and its subsidiaries which can be obtained from their registered office at 1st Floor 63 Queen Victoria Street, London, United Kingdom, EC4N 4UA.

Principal activities

The principal activities of Seatec UK Limited is the provision of Marine Services covering projects and new builds, inspections, repairs and maintenance and subsea services to the Shipping, Offshore and Defence industries.

Review of the business

2022 has been a year of growth for the Company with the cruise sector reactivating. The Company continues to benefit from its diverse portfolio of services. The Company generated a profit for the year of £4.2m (2021: £3.4m). Revenue increased to £56.7m (2021: £40.4m), gross profit margin has decreased to 26% (2021: 28%) and administrative expenses increased by 16% to £10.1m (2021: £8.7m). The current year tax is 17% of profit (2021: 16% once all prior period adjustments have been removed)

Inspection, Repairs and Maintenance (IRM) revenue increased to £31.5m in 2022 (2021: £21.9m) due to the cruise sector reactivation following from easing of Covid-19 restrictions.

Projects and New Builds revenue increased 4% to £5.1m in 2022 (2021: £4.9m) with a continued growth in consulting and new build supervision.

Subsea revenue increased 36% to £15.2m in 2022 (2021: £9.8m) with increased diver utilisation and increased Ministry of Defence revenue which also included some large one-off projects. Also, the transfer of the Singapore subsea business from Seatec Services Pte Ltd to the Company has contributed as

Training revenue from operations increased to £2.7m in 2022 (2021: £1.8m) due to the continued recovery and growth in travel to attend On Board Training sessions after Covid-19 impact.

Travel revenue grew to £2.1m in 2022 (2021: £2.0m) due to the recommencing of global travel as a result of the easing of Covid-19 restrictions.

Gross profit margin has decreased to 26% (2021: 28%) which is primarily being driven by the project based entities due to some larger/more complex projects needed more specialised works meaning higher costs

Administrative expenses increased by 16% to £10.1m (2021: £8.7m) mainly due to a movement for fair value contingent consideration (£1,063k) relating to the impairment of our travel entity as well as increase of office costs due to costs associated with the reduction in office space at Skypark (£510k).

The Company's profit after taxation for the year was £4.2m (2021: £3.4m).

Intangible assets decreased by 9% to £2.9m (2021: £3.2m) driven by in year amortisation adjustments. Trade and other receivables increased by 45% to £22.8m (2021: £12.7m) driven by increase in inter company financing and trading. Equity has increased from £8.5m to £12.7m driven by the profit for the year.

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

Review of the business (continued)

Current and future developments

The Company will continue providing products and services to the Shipping, Offshore and Defence markets in 2022 and beyond. The Company has continued to develop a new travel revenue stream following an acquisition in the prior year. Business performance is expected to continue improving and further growth in the business areas are anticipated through expansion of the customer base and increased penetration of the Company's portfolio of services.

Streamlined Energy and Carbon Reporting

The Company is exempt from the requirements of Streamlined Energy and Carbon Reporting ("SECR") due to its inclusion in the SECR reporting in the AI Mistral TopCo Group accounts. Please refer to the SECR statement that has been made in the annual report of AI Mistral TopCo Limited

Going Concern

The Directors have considered the Company's cash flow forecast for the period extending beyond 12 months from the date of signing these financial statements. The worldwide removal of restrictions and cruise sector reactivation has been considered in the forecast. The Company's Parent company, AI Mistral Topco, has pledged the Company's assets as a security against its external borrowing facilities (refer to note 25). In assessing the going concern position of the entity for the Financial Statements for the year ended 31 December 2022, the Directors have considered cash flow forecast scenarios that represent plausible downside to the business and global economy, including any potential impact from Ukraine / Russia conflict. The Directors of the Company are satisfied that the forecast and projections, taking account of reasonably possible changes in trading performance and the recent capital restructure of its Parent company, that the Company is able to operate within the levels of its current facilities and has sufficient cash resources to meet its commitments for the foreseeable future. For this reason, the Company continues to adopt the going concern basis.

Principal risks and uncertainties

The Directors have identified the need to manage the Company's material financial risks, including foreign exchange, liquidity, and interest rate risks. These risks are monitored by the Directors on a continuous basis and where necessary the Directors will take appropriate action including fixing exchange rates.

From an operating subsidiary level, the key business risks are loss of reputation, the remaining effects of Covid- 19 and international diplomatic relations as discussed above. This is mitigated through rigorous risk assessment processes.

Section 172 of the Companies Act 2006

Directors' Duties and Stakeholder Engagement

The Directors' duties below are detailed in section 172 of the UK Companies Act 2006:

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

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

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

Section 172 of the Companies Act 2006 (continued)

Directors' Duties and Stakeholder Engagement (continued)

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management

We provide business critical services to our clients across the globe in an industry that is becoming increasingly more regulated. As we grow, our risk environment becomes more complex. It is therefore essential that we effectively identify, evaluate, manage, and mitigate the risks we face, and that we continue to evolve our approach to risk management.

Our People

The Company is committed to being a responsible business and employer. The Company aims to recruit, develop, motivate and retain the best talent in the industry and our people are at the very core of the excellent customer service we provide. For our business to succeed we need to engage and enable our people to perform at their best, develop their skills and capabilities, ensure we are aligned and focused on meeting customer expectations while ensuring we operate as efficiently and productively as possible. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. This is embodied through our core values – the 5 C's – of We Care, We Collaborate, We Challenge, We are Consistent and We Commit & Deliver that continue to guide our behaviour and the decisions we make as a Board and across the Group more broadly.

Business Relationships

Our strategy is a blend of organic growth of the Seatec offering and inorganic growth through acquisitions. We implemented a new operating model to revitalise our core offering and organic growth trajectory. The previous vertical structure was replaced by a matrix structure to increase collaboration and knowledge transfer through new leadership roles, a new marketing role and shared operations, sales and administration functions. At the heart of this new model is to create 'One Seatec' offering a range of services globally and independently under a single brand with a focus on providing a consistent quality of service for our customers. Standardisation and consistency in our operations and administrative functions has also been beneficial to building stronger relationships with our valued suppliers.

Community and Environment

It is our belief that we must continue to work hard in creating a culture that believes in doing what is right; right for our clients and the wider communities we serve, the environment and for our team members. Across the Company many of our people regularly engage in volunteering and charitable activities at a local level. In committing to adopt and promote industry best practices, we have the ambition to be the leader in environmental and energy management, both at sea and ashore.

Business Conduct

Our reputation is built on a strong foundation of honesty and transparency, both in day-to-day business, and when handling issues involving people, property and the environment. Moving forward, we are committed to protecting this reputation. With customers operating across the globe, it is essential that we operate our business to the highest standards of integrity and ethical conduct. In 2022, all of our people undertook a number of e-learning based training programs related to compliance and ethics covering data security, social media and social responsibility and the program has continued to be enhanced and developed in 2022.

Shareholders/Investors

The Group's Board is committed to openly engaging with our shareholders and investors, as we recognise the importance of a continuing effective dialogue. It is important to us that these investors understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised are properly considered.

The submission of the Group's Quarterly Reporting as required by the terms of our First Lien Credit Agreement is followed by the opportunity for lenders to participate with senior management in a Q&A session on the Group's performance.

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

Section 172 of the Companies Act 2006 (continued)

Directors' Duties and Stakeholder Engagement (continued)

Safety and Customers first

After safety, the customer is at the centre of our business. We are committed to listening closely to our customers, responding more quickly to their needs and building stronger relationships. Positive customer advocacy is key to our success; which means putting the customer at the centre of everything that we do and building our services accordingly, emphasizing transparency, pro-activeness and partnership in our relationships

Approved by the Board of Directors and signed on behalf of the Board on 13 December 2023



B T Hall
Director

Directors' report for the year ended 31 December 2022

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022 for Seatec UK Limited ("the Company").

Results and dividends

The results for the year are set out on page 13.

In the year, the Company did not declare a dividend (2021: £0m), no further dividends have been proposed after the year end.

Directors

The Directors who held office throughout the year and until the date of this report were as follows:

E A McDermott

J P H Engels

P S Magnin

A F Christensen

B T Hall (appointed 24 February 2022)

S D MacFarlane (appointed 24 February 2022)

Matters included in the strategic report

The results for the year, future developments and principal risks and uncertainties have been discussed in the Strategic Report and form part of this report by cross reference.

Qualifying third party indemnity provisions

The Company has granted an indemnity to its directors (which extend to the performance of any duties as a director of any associated company) against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such a qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

Employment Policies

The Company's employment policies are embodied through our core values - the 5 Cs of We Care, We Collaborate, We Challenge, We are Consistent and We Commit & Deliver.

The Group places considerable value on the involvement of its employees and has an established system of keeping them informed on matters affecting them as employees and on the various factors affecting business performance and developments. Communication is made through staff briefings by senior management and regular announcements on the Group intranet site.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Engagement with suppliers, customers and others

To deliver our strategy, strong mutually beneficial relationships with suppliers, customers, regulatory bodies and business partners are essential.

Our engagement with suppliers, customers and others is underpinned by our core values, the 5 Cs as outlined in employment policies. The ability to promote these values effectively is an important factor in the decision to enter into or remain in such relationships. At the heart of these values is:

- to bring along others by building trust, inspiring engagement and championing customers;
- collaborating through open communication, developing capability and building partnerships both internally and externally; and
- to do things right by championing HSEQ.

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

Engagement with suppliers, customers and others (continued)

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

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

Auditor

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

This report was approved by the board on 13 December 2023 and signed on its behalf by:



B T Hall
Director

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

Directors Responsibilities's Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor's Report for the year ended 31 December 2022

Independent Auditor's Report to the members of Seatec UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Seatec UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Auditor's Report for the year ended 31 December 2022 (continued)

Other information (continued)

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements

Auditor's Report for the year ended 31 December 2022 (continued)

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the the completeness and valuation of accrued income, and our procedures performed to address it are described below:

- agreeing revenue from the bank statements to sales invoices and ultimately to amounts recorded in the ledger;
- testing a sample of sales invoices from during the year and post year end to ensure they are correctly recorded in the ledger; and
- testing a sample of year end accrued project income balances by tracing them back to support documentation including invoices to evidence that they were valid accrued income balances at the year end.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

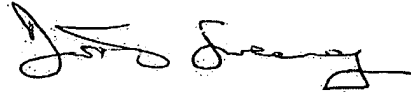
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Auditor's Report for the year ended 31 December 2022 (continued)

Use of our report

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



David Sweeney, CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

13 December 2023

Statement of Comprehensive Income

For the year ended 31 December 2022

		Year Ended 31 December 2022	Year Ended 31 December 2021
	Note	GBP 000	GBP 000
Revenue	4	56,665	40,380
Cost of sales		(42,173)	(29,049)
Gross Profit		14,492	11,331
Other income	5	37	98
Administrative expenses	7	(10,065)	(8,669)
Operating profit		4,464	2,760
Net finance income	10	1,190	717
Profit before tax		5,654	3,477
Tax	11	(1,466)	(47)
Profit for the year		4,188	3,430

There are no additional items which are required to be included in a statement of comprehensive income in the current or prior year. Accordingly, no such statement is presented. All results in the year ended 31 December 2022 are from operations.

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

Statement of Financial Position

At 31 December 2022

		31 December 2022	31 December 2021
	<i>Note</i>	GBP 000	GBP 000
Assets			
Non-current assets			
Intangible assets	12	2,911	3,193
Goodwill	13	799	759
Property, plant and equipment	14	642	439
Deferred tax asset	20	84	115
		<u>4,436</u>	<u>4,506</u>
Current assets			
Inventories	15	329	318
Trade and other receivables	16	22,772	12,704
Cash at bank		1,281	1,209
		<u>24,382</u>	<u>14,231</u>
Total assets		<u>28,818</u>	<u>18,737</u>
Equity and liabilities			
Equity			
Called up share capital	24	—	—
Capital Contribution		4,431	4,431
Translation reserve		(28)	—
Retained earnings		8,294	4,106
Total equity		<u>12,697</u>	<u>8,537</u>
Non-current liabilities			
Non-current lease liabilities	19	216	100
Other non-current liabilities	21	15	24
		<u>231</u>	<u>124</u>
Current liabilities			
Trade and other payables	17	14,218	9,350
Current tax payable		1,480	522
Current lease liability	19	192	204
		<u>15,890</u>	<u>10,076</u>
		<u>16,121</u>	<u>10,200</u>
		<u>28,818</u>	<u>18,737</u>

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

The financial statements of Seateo UK Limited, registered number SC106026, were approved and authorised for issue by the Board of Directors and signed on behalf of the Board on 13 December 2023.

B T Hall



Director

Statement of Changes in Equity

For the year ended 31 December 2022

	Called up share capital GBP 000	Capital contribution GBP 000	Retained earnings GBP 000	Translation Reserve GBP 000	Total Equity GBP 000
Balance at 1 January 2021	—	4,431	676	—	5,107
Profit for the year and total comprehensive income	—	—	3,430	—	3,430
Balance at 31 December 2021	—	4,431	4,106	—	8,537
Profit for the year and total comprehensive income	—	—	4,188	(28.2)	4,160
Balance at 31 December 2022	—	4,431	8,294	(28)	12,697

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

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

1 Accounting Policies

Company Information

The Company is a private limited company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland with a registered number SC106026. Its registered office is situated at 5th Floor, Skypark, 8 Elliot Place Glasgow G3 8EP. The nature of the Company's operations and its principal activities are set out in the strategic report.

1.1 Accounting Convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

The financial statements are presented in Sterling ("GBP"), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand.

These financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. Historical costs is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measuring purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as not realisable value in IAS 2 or value in use IAS 36.

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

Where required, equivalent disclosures are given in the group accounts of AI Mistral TopCo Limited. The group accounts of AI Mistral TopCo Limited are available to the public and can be obtained.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Seatec UK Limited is a wholly owned subsidiary of AI Mistral TopCo Limited and the results of Seatec UK Limited are included in the consolidated financial statements of AI Mistral TopCo Limited which are available from 1st Floor, 63 Queen Victoria Street, London, EC4N 4UA.

1.2 Going Concern

The Directors have considered the Company's cash flow forecast for the period extending beyond 12 months from the date of signing these financial statements. The Company's Parent company, AI Mistral Topco, has pledged the Company's assets as a security against its external borrowing facilities (refer to note 25).

In assessing the going concern position of the Company for the Financial Statements for the year ended 31 December 2022, the Directors have considered cash flow forecast scenarios that represent plausible downside to the business such as the (i) economic risk specific to inflation and (ii) the wider impact of the Ukraine conflict and humanitarian crisis.

To minimise these risks the Company has ensured that:

- (i) appropriate price increases have been passed on to our customers and

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

1 Accounting Policies (continued)

1.2 Going Concern (continued)

(ii) we established a crisis management team at Group level including individuals from operations, finance, legal, risk, insurance and marketing. The main risks identified were the safety of our people, crew availability, damage to vessels/war risk, increased cyber-attacks, compliance with Russian sanctions and the ability to pay Russian seafarers given sanctioned banks. To mitigate the risk, clear communications were made by the Group to all of its employees, a sanctions intranet page was set up to provide guidance and the Group's due diligence procedures were reviewed. To minimise the impact of sanctions on the ability to pay seafarers we partnered with a provider of digital eWallets, facilitating payment directly to seafarers via a cloud finance approach. It is then the seafarers responsibility to transfer their wages received on their personal eWallet to non-sanctioned banks or disburse their funds via a card issued on Visa.

The Directors of the Company are satisfied that the forecast and projections, taking account of reasonably possible changes in trading performance and the recent capital restructure of its Parent company, that the Company is able to operate within the levels of its current facilities and has sufficient cash resources to meet its commitments for the foreseeable future. For this reason, the Company continues to adopt the going concern basis.

1.3 Revenue

The company applies a 5 step revenue recognition process as identified by IFRS 15. The process is as follows:

- Step 1 - Identify the contract - identify the enforceable contract with the commercial substance which has been approved by both parties;
- Step 2 - Identify the performance obligations - what goods or service are promised under the contract and if the goods or service are distinct.
- Step 3 - Determine the transaction price - what amount of consideration is expected to be received for the delivery of the project;
- Step 4 - Allocate the transaction price to each distinct good or service to be delivered; and
- Step 5 - Determine the revenue that should be recognised.

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for services provided and goods supplied in the normal course of business, net of discounts VAT and other sales related taxes.

Service Income represents fees, brokerages and project revenue receivable and is recognised to the extent that there is a right to a consideration, when the stage of completion at the end of the reporting period can be measured reliably and if it is probable the economic benefits from the transaction will flow to the company; The transaction is recorded when the revenue can be measured reliably at the value of that consideration due. For contract brokerage on short term contracts, income is earned once the service has been performed.

Income receivable in respect of long-term projects is recognised in the accounting periods in which the services are provided by reference to the stage of completion of the contract. The stage of completion of the contracts is determined by reference to the proportion of total cost of providing the service. Amounts receivable are tested for impairment by comparison with the net present value of the Company's share of the estimated net profits.

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

Principal versus agent

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

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

1 Accounting Policies (continued)

1.3 Revenue (continued)

Principal versus agent (continued)

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

1.4 Government grant

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grant are intended to compensate.

1.5 Goodwill

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

Goodwill is not amortised but is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to a single cash-generating unit, Argo travel. The allocation is made to the cash-generating unit that is expected to benefit from the business combination in which the goodwill arose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata bases of the carrying amount of each asset in the unit. The impairment loss is recognised immediately in profit and loss as a charge under IAS 36 and is not reversed in subsequent periods. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

1.6 Other intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably, the intangible asset arises from contractual or other legal rights, and the intangible asset is separable from the entity.

Amortisation is charged to administrative expenses in the income statement to write off the cost or valuation of assets less their residual values over their useful lives on a straight-line basis:

- Software - 20-33%
- Customer relationships - 10%

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

1 Accounting Policies (continued)

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is charged to administrative expenses in the income statement to write off the cost or valuation of assets less their residual values over their useful lives on a straight-line basis:

Property	19-45%
Leasehold improvement	2-3%
Office equipment	10-33%
Computer equipment	10-33%
Motor vehicle	21-50%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1.8 Impairment of property, plant and equipment and intangible assets excluding goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

1.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost is calculated using the FIFO method.

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

1 Accounting Policies (continued)

1.10 Fair Value Management

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS101 from the disclosure requirements of IFRS 13.

1.11 Cash and bank balances

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

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

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

Financial assets at fair value through profit and loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the income statement for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

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

1 Accounting Policies (continued)

1.12 Financial assets (continued)

Financial assets at fair value through other comprehensive income (continued)

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

At initial recognition; financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognised or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.13 Financial liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit and loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

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

1 Accounting Policies (continued)

1.13 Financial liabilities (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities, when, and only when, the Company's obligations are discharged, cancelled or they expire.

1.14 Equity instrument

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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

1 Accounting Policies (continued)

1.17 Retirement benefit obligations

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1.19 Foreign Exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.20 Software-as-a-Service

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

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

2 Adoption of New and Revised standards

New and amended standards to be adopted by the company

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

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ materially from these estimates.

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

Critical accounting judgements

There are no critical accounting judgements concerning the future at the statement of financial position date that may have significant risk of causing material adjustment to the financial statements.

Key sources of estimation uncertainty

Goodwill and other intangible assets

The Company prepares an annual impairment review to determine whether goodwill and intangible assets are impaired at the balance sheet date. The recoverable amounts have been based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the determination of a pre-tax discount rate in order to calculate the present value of the cash flows. The significant estimates impacting future cash flows include travel passenger growth, gross profit margin, overhead rate and the future Greek tax rate. The Company notes there is significant headroom available on the goodwill such that the discount rate and terminal growth rate would need to increase by 16.2% and decrease by 57% respectively to reach the breakeven point. The carrying value of other intangible assets is £2.9m (2021 : £3.1m), with no impairment recognised.

Contingent Consideration

The Company values the contingent consideration for Argo (see note 23) based on the net present value of pay-outs based on thresholds for future revenue and the probability of this being achieved. This requires the estimation of future revenue for 2023-2027 and the estimation of a pre-tax discount rate in order to calculate the present value of the cashflows. The potential undiscounted amount of all future payments that the Group could be required to make is between £nil (€nil) and £1.3m (€1.5m), this estimate is based on 3 potential scenarios or revenue growth of between 2% and 10%. The fair value of the contingent consideration at 31 December 2022 of £1.3m (€1.5m) has been estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 21%.

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

4 Revenue

The Company's revenue disaggregated by primary geographical markets is as follows:

	Year ended 31 December 2022 GBP 000	Year Ended 31 December 2021 GBP 000
United Kingdom	46,572	32,933
European Union	10,093	7,447
	<u>56,665</u>	<u>40,380</u>

4 Revenue (continued)

The revenue has been further disaggregated by service line as follows:

	Year ended 31 December 2022 GBP 000	Year Ended 31 December 2021 GBP 000
Inspections, repairs & maintenance	31,470	21,917
Projects and new builds	5,112	4,872
Subsea services	15,215	9,796
Training	2,736	1,815
Travel	2,132	1,980
	<u>56,665</u>	<u>40,380</u>

5 Other Income

	Year ended 31 December 2022 GBP 000	Year Ended 31 December 2021 GBP 000
Government grants (Covid subsidy) - European Union	37	—
Recovery of overheads under the Marlins transitional service agreement	—	98
	<u>37</u>	<u>98</u>

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

6 Auditor remuneration

Fees payable to the Company's auditor:

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
For audit services		
The audit of the Company's annual financial statements	77	47
Total audit fees	<u>77</u>	<u>47</u>

There were no non-audit expenses paid to the Company's auditor in 2022 (2021:£nil)

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

7 Administration expenses

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Wages and salaries	1,865	2,511
Staff expenses	37	17
Property expenses	264	214
Office expenses	642	251
Motor and travel expenses	270	95
Legal and professional expenses	440	300
Insurance expenses	150	211
Equipment expenses	373	142
Bad debt expenses	671	752
Exchange / Finance expenses/(income)	(209)	188
Fair Value Contingent Consideration	1,063	—
Depreciation of property, plant and equipment	292	388
Amortisation of intangible assets	434	457
Intercompany expenses	3,773	3,143
	<u>10,065</u>	<u>8,669</u>

8 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Executive	2	2
Management	0	2
Operations	35	40
Finance	5	7
	<u>42</u>	<u>51</u>

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Wages and salaries	1,543	2,088
Social security costs	273	326
Pension costs	49	97
	<u>1,865</u>	<u>2,511</u>

Staff costs are comprised of direct staff costs and administrative personnel costs. Direct staff costs are included in cost of sales and are costs of employees who are directly engaged in carrying out revenue generating activities. Administrative personnel costs include wages and salaries of management and other administrative staff costs.

From April 2021, some members of staff were employed by another group company and recharged to the Company, this does not impact operations.

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

9 Directors remuneration

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Remuneration for qualifying services	152	152
Company pension contributions to defined contribution schemes	6	5
	<u>158</u>	<u>157</u>

Highest paid Director

Remuneration for qualifying services	95	96
Company pension contributions to defined contribution schemes	5	4
	<u>100</u>	<u>100</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

The number of Directors whereby the cost is borne by another Company is 3 (2021: 3).

10 Net Finance income

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Interest receivable from group companies	700	370
Interest income	<u>700</u>	<u>370</u>
Interest payable to group companies	(333)	(294)
Interest on lease liabilities	(14)	(23)
Foreign exchange gain/(loss) on loans	837	—
Interest on other financial liabilities	<u>490</u>	<u>(317)</u>
Fair Value Contingent Consideration	—	664
Net finance income	<u>1,190</u>	<u>717</u>

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

10 Net Finance income (continued)

Interest receivable from group companies comprises of interest on loans from:

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Vouvray Acquisition Limited	647	317
Seatec Services Pte Limited	47	44
Seatec China Limited	—	1
Seatec Services SDN BHD	8	8

Interest payable to group companies comprises of interest on loans to:

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Vouvray Acquisition Limited	—	292
Seatec China Limited	12	2

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

11 Income Tax Expense

	Year ended 31 December 2022	Year ended 31 December 2021
	GBP 000	GBP 000
Operations		
Current tax		
UK corporation tax on profits for the current period	1,355	623
Adjustments in respect of prior periods	(11)	(104)
	<u>1,344</u>	<u>519</u>
Foreign tax	2	—
Total UK current tax	<u>1,346</u>	<u>519</u>
Deferred tax		
In respect of the current year	21	59
Adjustments in respect of prior periods	99	(316)
Adjustments to deferred tax attributable to changes in tax rates and law	—	(215)
Total deferred tax	<u>120</u>	<u>(472)</u>
Total tax charge	<u>1,466</u>	<u>47</u>

The charge for the year can be reconciled to the profit per the income statement as

	Year ended 31 December 2022	Year ended 31 December 2021
	GBP 000	GBP 000
Profit before tax	<u>5,654</u>	<u>3,477</u>
Expected tax charge based on corporation tax rate of 19%	1,074	660
Effects of:		
Expenses not deductible for tax purposes	257	121
Income not taxable	—	(144)
Adjustment in respect of prior years	143	(420)
Foreign tax not relieved	23	27
Changes in tax rates on deferred tax balances	—	(215)
Local taxes	(31)	18
Total tax charge	<u>1,466</u>	<u>47</u>

In the March 2021 Budget it was announced that the main rate of corporation tax would increase from 19% to 25% from 1 April 2023. This rate was substantively enacted by Finance Act 2021 on 24 May 2021 and is the rate that has been used in calculating deferred tax at 31 December 2022.

Finance Act 2023 and Finance (No. 2) Act 2023, which received Royal Assent on 10 January 2023 and 11 July 2023 respectively, will have no impact on current and deferred tax assets and liabilities. The corporation tax rate used for tax on profit on ordinary activities is the main rate of UK corporation tax for the year ended 31 December 2022 of 19% (2021: 19%).

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

12 Intangible assets

	Customer relationships	Software	Total
	GBP 000	GBP 000	GBP 000
Cost			
At 1 January 2022	3,917	460	4,377
Exchange rate movement	207	—	207
At 31 December 2022	4,124	460	4,584
Amortisation and impairment			
At 1 January 2022	776	407	1,183
Amortisation charge for the year	390	44	434
Exchange rate movement	56	—	56
At 31 December 2022	1,222	451	1,673
Carrying amount			
At 31 December 2022	2,902	9	2,911
At 31 December 2021	3,140	53	3,193

The carrying amount of customer relationships wholly relates to is customer lists, business contracts, business records and assembled workforce acquired as part of the Argo travel acquisition. The remaining amortisation period as at 31 December 2022 is 6 years (2021: 7 years).

13 Goodwill

	Goodwill
	GBP 000
Cost	
At 1 January 2022	759
Foreign currency adjustments	40
At 31 December 2022	799
Carrying amount	
At 31 December 2022	799
At 31 December 2021	759

The carrying amount wholly relates to Goodwill arising on the acquisition of Argo travel, represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired at the date of the acquisition and is carried at cost less accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment.

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

13 Goodwill (continued)

In performing the annual test for impairment, the Company used a 'value-in-use' model to which the Company has applied the similar key estimates and judgements for the discount rates and future cash flows used by the Company to assess impairment on its cash-generating unit. The Company believes this to be appropriate given the consistency of the forecasting process. The assumptions used were the following:

Discount Rate (pre-tax): 12.8% (2021: 11.5%)

Terminal Growth Rate: 1.5% (2021: 1.5%)

Long term growth rate of 1.5% has been applied beyond the 5 year forecast period when calculating the value in use of the Argo travel cash generating unit. The Argo business is expected to operate into perpetuity and includes customer relationship intangibles with a remaining useful life of 6 years (note 12).

The Company notes there is significant headroom available on the goodwill relating to the Argo intangible asset such that the discount rate and terminal growth rate could need to increase by 16.2% and decrease by 57% respectively to reach the breakeven point.

The Group performed additional sensitivities on the Argo VIU model that indicate that the Argo CGU would be recoverable at discount rates up to 27.7%, and FCF reductions of 0-61.2%. A second scenario was also included in the model to demonstrate that headroom of £2,536k would still exist even if we had no growth in travel revenue.

14 Property, plant and equipment

	Property GBP 000	Leasehold improvements GBP 000	Office equipment GBP 000	Computer equipment GBP 000	Motor Vehicles GBP 000	Total GBP 000
Cost						
At 1 January 2022	901	227	1,857	300	146	3,431
Additions	258	11	118	27	68	482
Disposals	(416)	—	—	(66)	(68)	(550)
Exchange rate movements	13	2	13	3	5	36
At 31 December 2022	756	240	1,988	264	151	3,399
Accumulated depreciation and impairment						
At 1 January 2022	(658)	(208)	(1,750)	(277)	(99)	(2,992)
Depreciation charge for the year	(187)	(5)	(50)	(11)	(40)	(293)
Disposals	416	—	—	66	68	550
Exchange rate movements	(6)	(2)	(10)	(1)	(3)	(22)
At 31 December 2022	(435)	(215)	(1,810)	(223)	(74)	(2,757)
Carrying amount						
At 31 December 2022	321	25	178	41	77	642
At 31 December 2021	243	19	107	23	47	439

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

14 Property, plant and equipment (continued)

Property, plant and equipment includes right-of-use assets, as follows:

	Property	Motor vehicles	Total
	GBP 000	GBP 000	GBP 000
Cost			
At 1 January 2022	901	146	1,047
Additions	258	68	326
Terminations	(416)	(68)	(484)
Exchange rate movements	13	5	18
At 31 December 2022	<u>756</u>	<u>151</u>	<u>907</u>
Accumulated depreciation and impairment			
At 1 January 2022	(658)	(99)	(757)
Depreciation charge for the year	(186)	(40)	(226)
Terminations	416	68	484
Exchange rate movements	(6)	(3)	(9)
At 31 December 2022	<u>(434)</u>	<u>(74)</u>	<u>(508)</u>
Carrying amount			
At 31 December 2022	<u>322</u>	<u>77</u>	<u>399</u>
Carrying amount			
At 31 December 2021	<u>243</u>	<u>47</u>	<u>290</u>

15 Inventories

	Year ended 31 December 2022	Year ended 31 December 2021
	GBP 000	GBP 000
Finished Goods	<u>329</u>	<u>318</u>

The directors believe that the carrying value of inventories approximate their replacement costs.

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

16 Trade and other receivables

		Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Trade receivables		10,410	8,148
Expected credit loss		(496)	(186)
		9,914	7,962
Financing balances owed from parent		9,532	1,922
Financing balances owed from fellow group undertakings		2	209
Trading balances owed from fellow group undertakings		128	8
Contract assets	18	1,646	1,279
Accrued income and prepayments		725	985
Other receivables		825	339
Trade and other receivables		<u>22,772</u>	<u>12,704</u>

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Ageing of Trade Receivables:		
Current	1,021	3,150
30-60 days	6,994	3,137
61-90 days	790	1,094
90 days +	1,605	1,037
	<u>10,410</u>	<u>8,418</u>

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Ageing of Expected credit loss:		
Current	4	(22)
30-60 days	(103)	(37)
61-90 days	(13)	(11)
90 days +	(384)	(116)
	<u>(496)</u>	<u>(186)</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The directors consider that the carrying value of trade and other receivables is approximately equal to the fair value. Trading balances owed from fellow group undertakings do not incur interest and have credit terms of 15 days.

Financing balances owed by fellow group undertakings include loans with interest charged on the outstanding balance at 7%, per annum and unpaid interest is added to the balance. Financing balances owed by fellow group undertakings are repayable on demand.

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

16 Trade and other receivables (continued)

The average credit terms offered to clients are between 30 and 60 days. The Directors have reviewed all outstanding debts and made provisions for balances estimated to be irrecoverable based on analysis of the counterparty's current financial position.

At 31 December 2022, £813k (2021: £1,034m) of total unprovided amounts due from clients, which the Directors consider fully recoverable, are older than the Company's average credit terms. The Company has not made any provision for doubtful debt against these receivables because there has not been a change in the credit quality of these clients and the amounts are considered receivable.

17 Trade and other payables

		Year ended 31 December 2022	Year ended 31 December 2021
	<i>Note</i>	GBP 000	GBP 000
Trade payables		5,190	4,646
Financing balances owed to fellow group undertakings		1,502	376
Trading balances owed to fellow group undertakings		297	436
Contract liabilities	18	5,319	2,285
Social security liabilities - European Union		120	49
Accrued expenses		506	1,318
Other payables		1,284	240
Trade and other payables		14,218	9,350

The Directors consider that the carrying amount of trade, other payable and all other financial liabilities is approximately equal to their fair value.

Trading balances between fellow group undertakings do not incur any interest and have credit terms of 15 days.

Amounts owed to fellow group undertakings include loans with interest charged on the outstanding balance at 7% per annum and unpaid interest is added to the balance. Finance balances are repayable on demand. Also included within the balance is a contingent consideration of £1.3m.

The average credit terms offered by suppliers are between 30 and 60 days.

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

18 Contract balances

	<i>Note</i>	Year ended 31 December 2022 GBP 000
Contract asset	16	
Opening Balance		1,279
Recognised in income statement		(1,279)
Accrued income - current		<u>1,646</u>
Year End Balance		<u>1,646</u>
Contract liabilities	17	
Opening Balance		2,285
Released to income statement		(1,719)
Deferred income - current		<u>4,753</u>
Year End Balance		<u>5,319</u>

The movement in contract assets relates to an increase in income to be recognised based on the progress of ongoing projects.

The movement in contract liabilities relates to an increase in income to be deferred based on the progress of ongoing projects.

19 Lease liabilities

Maturity analysis:	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Current lease liabilities (within 1 year)		
Property leases	147	113
Vehicle leases	<u>44</u>	<u>91</u>
	<u>191</u>	<u>204</u>
Non current lease liabilities (from 2 years +)		
Property leases	234	94
Vehicle leases	35	19
Less: Effect of discounting	<u>(53)</u>	<u>(13)</u>
	<u>216</u>	<u>100</u>
Total Lease liabilities	<u>407</u>	<u>304</u>

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

19 Lease liabilities (continued)

Payments of £247k (2021 : £338k) have been made in the year for the leases:

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Payment analysis:		
Property leases	197	279
Vehicle leases	50	59
	<u>247</u>	<u>338</u>

Amounts recognised in profit or loss include the following:

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Depreciation expense on right-of-use assets	226	282
Interest on lease liabilities	15	23
Expense relating to leases of low value assets	16	22

The Directors consider that the carrying amount of the lease obligations is approximately equal to their fair value. The leases are for property and motor vehicles.

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

20 Deferred Tax Asset

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Deferred tax asset/(liability) as at 1 January	115	(358)
(Charged)/Credited to the income statement in the year	(31)	473
Deferred tax asset as at 31 December	<u>84</u>	<u>115</u>

A deferred tax asset has been recognised in respect of accelerated capital allowances on the basis that it is probable that fellow Group companies will have taxable profits against which to offset future tax losses arising on the realisation of the assets.

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Amounts recognised		
Accelerated capital allowances	475	587
Other temporary differences - intangible assets	(421)	(472)
Other temporary differences	30	
	<u>84</u>	<u>115</u>

21 Other non-current liabilities

	Year ended 31 December 2022 GBP 000	Year ended 31 December 2021 GBP 000
Provision for early retirement for health reasons applicable under Greek labour law	<u>15</u>	<u>24</u>

22 Retirement benefit scheme

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £49k (2021 - £97k). None of this balance is outstanding at the year end.

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

23 Contingent consideration

Following the acquisition of net assets from the Argo Travel Group on 7 January 2020, part of the consideration was formed by a contingent consideration of an earn out arrangement which requires the Group to pay the former owners of the business certain earn out payments based on the revenue achieved for 2024 against agreed revenue thresholds. The former owners are entitled to interim payments if annual revenue for the years 2021-2023 exceed agreed revenue thresholds for the 'Argo' business. However, any interim payments are either clawed back or netted against the final earn out payment, depending on the revenue achieved for 2024.

The potential discounted amount of all future payments that the Group could be required to make is between £nil (£nil) and £1.3m (£1.5m), this estimate is based on 3 potential scenarios or revenue growth of between 2% and 10%. The fair value of the contingent consideration at 31 December 2022 of £1.3m (£1.5m) has been estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 21%.

24 Called up Share Capital

	Year ended 31 December 2022	Year ended 31 December 2021
	GBP 000	GBP 000
<i>Authorised, issued and fully paid</i>		
51 ordinary shares of £1 each	—	—

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

25 Contingent liabilities

According to the conditions of the Group's external credit facilities Seatec UK Limited is identified as a Restricted Subsidiary.

As at 31 December 2022, the Group had external facilities Term Loan B, Term Loan C-1 and C-2 (the "Term Loans"). Seatec UK Limited is a restricted subsidiary and a Subsidiary Guarantor. Its assets have been pledged as security against the Term Loans. Total outstanding (face value) as at 31 December 2022 on Term Loan B is USD 485.4m, Term Loan C-1 is USD 54.3m and Term Loan C-2 is USD 27.2m.

26 Controlling party

The company is ultimately owned and controlled by Vouvray Acquisition Limited, incorporated in the United Kingdom.

AI Mistral TopCo Limited, a 100% owned subsidiary of AI Mistral (Luxembourg) Bottomco S.a.r.l, the largest and smallest group into which the results of the company are consolidated. Copies are publicly available consolidated financial statements of AI Mistral TopCo Limited can be obtained from its registered office at 1st Floor, 63 Queen Victoria Street, London, EC4N 4UA.

The Directors are of the opinion that the company ultimately is majority owned by the GPE VIII private equity funds managed by Advent International Corporation ("Advent") incorporated in Delaware, USA.