CLARKSON PLC

7 August 2023

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

Interim results

Clarkson PLC today announces unaudited Interim results for the six months ended 30 June 2023.

Summary

- Underlying profit before taxation* of £53.1m (2022: £42.2m), an increase of 25.8%
- Underlying earnings per share* increased by 35.0% to 133.5p (2022: 98.9p)
- Particularly strong performance in Broking segment
- Robust balance sheet, with £128.2m of free cash resources* (31 December 2022: £130.9m)
- Increased interim dividend of 30p per share (2022: 29p per share)
- Board's expectations for the year unchanged with continued confidence in the medium-term outlook

	Six months ended 30 June 2023	Six months ended 30 June 2022
Revenue	**£321.1m**	£266.7m
Underlying profit before taxation*	**£53.1m**	£42.2m
Reported profit before taxation	**£52.2m**	£42.0m
Underlying earnings per share*	**133.5p**	98.9p
Reported earnings per share	**130.5p**	98.5p
Interim dividend per share	**30p**	29p

* Classed as an Alternative Performance Measure ('APM'). See 'Other information' on pages 31-32 of this announcement for further information.

Andi Case, Chief Executive Officer, commented:

"I am pleased to report an outstanding result for Clarksons in the first half of 2023, which reflects the continued momentum in the business and effective execution of our strategy as we help clients navigate the changing markets.

"I have great confidence in the outlook for Clarksons, which has been built to maximise value from the global mega-trends of the green transition, digitalisation and ever more complex global trade dynamics."

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Forward-looking statements

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

Alternative performance measures ('APMs')

Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation and underlying earnings per share. An explanation and reconciliation of the term 'underlying' and related calculations are included within the 'Other information' section on pages 31-32 of this announcement for further information. All APMs used within this announcement are denoted by an asterisk (*).

About Clarkson PLC

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

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

The Group employs over 1,800 people in 63 different offices across its four divisions and is number one or two in all its market segments.

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

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

For more information, visit www.clarksons.com

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

Chair's review

Following a record year in 2022, Clarksons entered 2023 in a strong position, and I am pleased to report that the business has maintained momentum through the first half of 2023, delivering another outstanding performance in terms of revenue and profits.

In an uncertain geo-political and global macroeconomic environment, we are now starting to see the softening of rates in some sectors, much of which was anticipated post-COVID-19. Nevertheless, the strategy set out by the Board, and implemented over many years, has put Clarksons in a strong position, with the breadth and depth of the business proving its effectiveness. Clarksons' market-leading position and continued investment in tools for trade, market intelligence, outstanding people and global presence means that we are now positioned with scale in all the key areas for growth and are actively helping our clients navigate the changing markets and take advantage of opportunities wherever they arise.

Our Broking team remains the biggest driver to profit, and we remain keen to hire and develop good people across all areas of this business. Our global training programme has produced some of the best talent in the industry, many rising through the ranks of Clarksons, and others taking leadership positions within clients across the globe. I am delighted that we have now started to roll out an enhanced programme across all offices to ensure that talent continues to come through over the next few years.

The Board remains dedicated to our progressive dividend policy, which is now in its 21st year, and I am delighted that due to the continued strength of the business, the Board has declared an increased interim dividend of 30p per share (2022: 29p per share).

I would like to extend my sincere thanks to the teams throughout Clarksons who have made this result possible through their commitment, drive and significant achievements. We also thank our shareholders for their continued support, which is much appreciated.

Laurence Hollingworth
Chair
4 August 2023

Chief Executive Officer's review

I am pleased to report an outstanding result for Clarksons in the first half of 2023, where we have benefited from the strategy and investment of the last decade, which established our extensive global footprint across 24 countries, a market-leading position across marine, both shipping and offshore, and a platform for growth across broking, research and analysis, support services, finance and technology.

Our customer-focused integrated business model has served us well in the recent past, dealing with the pandemic, geo-political tensions, changes in trade patterns, congestion and its impact on the supply chain, increased regulation and compliance. In addition, it has positioned us well to benefit from the significant evolution within both the green transition in shipping and the change in energy mix impacting both offshore oil and renewables. Against this backdrop, our teams have sought to meet the extensive needs of our clients in market intelligence, expertise, global presence and high-quality service.

I am immensely proud to work with the best teams in every sector and, together with the whole Board, thank each and every member of Clarksons for their continued hard work and diligence.

Market backdrop

Conditions during the first half of 2023 were generally positive, with vessel freight earnings in most segments exceeding the 10-year average. Energy-related markets have been the key performers as complexity, geo-politics and energy security remain the major trade themes, whilst softer conditions have become prevalent within both the container market, where rates have again normalised, and the dry bulk market, where headwinds have been felt from the unwinding of congestion and lower demand, particularly in the smaller ship sizes.

After contracting marginally in 2022, overall global trade during the year to date has reverted to growth, with help from China's reopening, although the macroeconomic backdrop remains fragile. Nevertheless, 2023 should see annualised growth in trade volumes with further support for demand and freight rates coming from the increased tonne-mile impact of changing trade patterns arising from geo-political tension.

Fleet supply growth remains relatively constrained, with the newbuilding orderbook focused on containers and gas carriers, leaving the tanker and dry bulk orderbooks at historically low levels. The green transition remains a central underlying driver for the shipping markets, accentuated by the introduction of the IMO's EEXI and CII measures and evidenced by 44% of newbuild tonnage in the first half being alternate-fuelled vessels.

Broking

The Broking teams delivered a very strong first half, with standout performances from the tanker, specialised product, gas, offshore and sale and purchase sectors.

Tankers had a very strong start to 2023 as strength in tanker earnings reflected the changed trading patterns from the Russia-Ukraine conflict and a rebound in crude imports to China. Supply/demand fundamentals continue to look encouraging for the coming years irrespective of current seasonality and OPEC cuts. The offshore markets have improved significantly, incorporating an increase in rates within the offshore energy market and increased investment in offshore renewables, where we continue to build our team. Our gas teams have also experienced a very strong start to 2023, driven by increased tonne-mile demand, congestion around the Panama Canal and slower vessel speeds due to environmental regulations. The sale and purchase team has been very active, concluding a strong flow of business in a market that saw a continuation of momentum built in 2022, and the newbuilding team was also very busy working on major fleet renewal programmes. The strength across all of these areas was in part offset by easing of results in the container and dry bulk markets, as highlighted above, and consequently, margin has remained very similar to the same period last year.

Divisional profit from Broking in the first six months of the year amounted to £58.2m (2022: £47.0m), reflecting a margin of 22.6% (2022: 22.3%).

Financial

Our Financial division performed broadly in line with the same period in 2022. However, within the division we saw an increase in profits from banking and shipping project finance, reflecting an increase in transaction flow and value from our core markets, and a reduction in profits from real estate project finance as the changing economic backdrop and increase in interest rates reduced activity. Despite volatile capital markets, our banking team executed transactions in the first half in all verticals, with particularly strong activity in the energy services space, underpinned by a supportive M&A environment, where the pipeline remains strong.

The Financial division reported a profit of £5.0m on revenue of £26.5m in the first half compared with a profit of £5.7m on revenue of £27.6m in the same period last year.

Support

Our Support division performed particularly well, with excellent results both from the Gibb Group, which has grown its product offering in particular within the safety and survival business, and other Clarksons Port Services ('CPS') activities comprising agency, project forwarding and stevedoring in both the dry bulk and offshore energy and renewables sectors. During the period, we also completed the acquisition of DHSS, a renewables-focused port services business based in mainland Europe. With a presence across a number of ports in the Netherlands, DHSS acts as a gateway to offshore wind farms, with services spanning the lifecycle of turbine installation, day-to-day operation and ongoing maintenance with sector-specialist coordination of port logistics, warehousing and helicopter movements from strategically located marshalling ports. Bringing together the client bases and spread of activity of DHSS and CPS in the renewables sector gives a significant knowledge base from which to grow, and we are excited by the opportunities this brings.

The Support division reported £3.4m profit and a 12.5% margin in the first half of 2023 (2022: £2.0m and 10.9% margin).

Research

Our Research division, which provides trusted and insightful intelligence to support the workflows and decision-making of thousands of organisations across the increasingly complex and dynamic maritime industry, continued to perform well with increased revenues and profits in the first half of 2023. Our continually evolving intelligence and analysis of the green transition, changes in trade patterns, fleet productivity and offshore renewables, makes us a market-leading provider of independent data, intelligence and analysis across shipping, trade, offshore and energy. The team is actively enhancing all products and services to meet the changing needs of our customers.

The Research division reported a profit of £3.7m on revenue of £10.2m in the first half compared with a profit of £3.4m on revenue of £9.6m in the same period last year.

Green Transition

The green transition continues to be a major driver for the industry, and there is increasing demand from our customers for strategic advice to help them navigate this journey as regulation continues to evolve. The Green Transition team at Clarksons provides decarbonisation strategies, guidance on operational emissions reduction, and insight to inform fleet renewal, collaborating closely with the Broking division.

We were delighted to announce the further strengthening of our Green Transition team in May with the appointment of industry veteran Johan Tutturen as a Senior Technical Adviser, increasing the depth of advisory services offered by Clarksons by providing greater technical insight on the complexity of transporting CO_2, and the use of alternative fuels such as ammonia and hydrogen.

Digitalisation

We remain encouraged by the interest in and increasing adoption of the Sea platform among our clients. This continues to be an area of strategic focus for Clarksons as we roll out Sea across the dry bulk and other market areas. The integration of Chinsay, a contract management platform particularly focused on the dry bulk sector, into the Sea platform has progressed smoothly. We are pleased to report that sales are progressing and Sea revenues are up.

Results

Total revenue in the first half was £321.1m (2022: £266.7m) with underlying administrative expenses* of £256.7m (2022: £213.7m). Underlying profit before taxation* was £53.1m (2022: £42.2m), resulting in reported profit before taxation of £52.2m (2022: 42.0m). Underlying earnings per share* were 133.5p (2022: 98.9p). Reported earnings per share were 130.5p (2022: 98.5p).

The arithmetic average GBP/USD rate was 1.24 in the first half of 2023 compared to 1.29 for the same period last year. Current comparative strength in sterling outlook for the second half, compared to a much weaker sterling performance in the second half of 2022, is likely to be a headwind for the second half of 2023.

Cash and dividends

Clarksons has reported cash balances at 30 June 2023 of £275.7m (31 December 2022: £384.4m). Net cash and available funds*, after deducting amounts accrued for performance-related bonuses but including short-term investments, amounted to £148.9m (31 December 2022: £161.7m). Free cash resources*, after deducting monies held by regulated entities, amounted to £128.2m (31 December 2022: £130.9m).

Our balance sheet remains strong, alongside our solid business performance, leaving us well positioned to take advantage of current market conditions to make accretive acquisitions where opportunities arise and to continue to maintain our highly skilled teams, building further on our market advantage.

Due to our confidence in the strength of our business and continuing our 20-year progressive dividend policy, the Board has declared an interim dividend of 30p per share (2022: 29p per share) which will be paid on 15 September 2023 to shareholders on the register at the close of business on 1 September 2023.

Outlook

We have benefited from the breadth of Clarksons' offering through the first half with demand/supply balance and the impact of other external factors being very different in each of the verticals within shipping and offshore.

While mindful of the currency headwinds and softening rate environment, which are expected to result in a more balanced split between the first and second half, our expectations for the full year are unchanged.

The Board has great confidence in the outlook for Clarksons, which has been built to maximise value from the global mega-trends of the green transition, digitalisation and ever more complex global trade dynamics.

Andi Case
Chief Executive Officer
4 August 2023

Business Review

Broking

Revenue: £257.2m (2022: £211.2m)
Segmental split of underlying profit before taxation*: £58.2m (2022: £47.0m)

Dry cargo

Supporting a range of important global industries including construction, energy and agriculture, the dry cargo sector moves over 5 billion tonnes of cargo per year across a range of dry bulk commodities, including metals and minerals, agricultural products and some semi-processed goods.

Despite relatively firm cargo volumes, the bulkcarrier shipping market experienced softer conditions as 'inefficiencies' (notably port congestion) unwound, boosting available vessel supply. The overall Clarksons bulkcarrier earnings index averaged US$10,768 per day, down 56% year on year and 14% below the 10-year average. Typical seasonal demand weakness impacted earnings in the first quarter and, despite some gains materialising into the second quarter, rates generally remained subdued compared to the highs seen in 2021-22.

The Capesize sector (average earnings US$12,390 per day, down 6% year on year) saw slightly firmer trends than the smaller sectors, with Chinese iron ore and coal imports exceeding expectations. Iron ore trade is estimated to have increased by 3% year on year in the first half, with only minor weather-related disruption, while Chinese seaborne coal imports increased by circa 80% year on year across the first half of the year. Earnings in the sub-Cape sectors saw a more pronounced softening compared to 2022 (when earnings outperformed the Capesize sector) as congestion unwound and economic headwinds dragged on demand for many of the key minor bulk commodities. Continuing disruption to Ukrainian seaborne grain exports and drought in Argentina also impacted sub-Cape vessels, although there was support from firm Russian and Australian exports and a bumper Brazilian soybean crop. Panamax spot earnings fell 54% year on year to average US$10,312 per day in the first half of 2023.

Looking ahead to the second half of the year, macroeconomic headwinds are expected to continue to place pressure on rates at times. The more positive demand trends from China should continue to lend some support and the supply backdrop remains supportive, with the orderbook at close to record lows at just 7% of fleet capacity. New emissions regulations should continue to limit operating speeds and could contribute to increased demolition. Across the segments, earnings premiums for 'eco' and scrubber-fitted vessels remain.

Containers

The container shipping sector facilitates transportation of a wide spectrum of manufactures, often high-value and including consumer and industrial goods, foodstuff, chemicals and other goods.

Having seen a normalisation across the second half of 2022, container shipping markets remained weak amid continued trade headwinds, accelerating vessel supply growth and pre-COVID-19 port congestion levels. Containership charter rate levels, although well down from last year's highs, remain above pre-COVID-19 levels, whilst spot box freight rates, despite some volatility, continued to soften and have broadly returned to pre-pandemic levels.

Weaker container trade volumes continued in early 2023, with first quarter volumes down 7% year on year, as macroeconomic headwinds, inflationary pressures, higher interest rates and excess retail inventories impacted. By the second quarter, global container trade volumes had begun to see improvements, though some key trades remained very weak (peak-leg Transpacific volumes were down 21% year on year across January through to May). The containership fleet grew by 3.5% across the first half amid a clear pick-up in deliveries. Slower vessel operating speeds absorbed some excess supply; average speeds were circa 3% down on 2022. Fleet removals picked up slightly from the limited levels of 2022.

Continued pressures on container shipping markets are expected in the second half of the year. Accelerating fleet capacity growth of 7% of the fleet is forecast for the full year and, whilst another year of declining trade volumes may be avoided as inventories normalise and the world economy bottoms out, overall seaborne container trade growth is projected to remain limited. Despite these pressures, some vessel sizes could experience resilience in the charter market where immediate liner requirements do not match newbuilding deliveries. Most shipping companies in the container sector retain strong balance sheets and fleet renewal investment continues to be a focus in response to decarbonisation priorities.

Tankers

The tanker sector plays a crucial role in global energy supply chains, moving crude oil and refined oil products to facilitate their eventual use as transportation fuels, for heating and electricity generation, and as industrial feedstocks.

The tanker market saw a very strong start to 2023, with the Clarksons average tanker earnings index averaging US$46,024 per day in the first half of 2023, up 79% year on year. Much of the market strength has been driven by changes to trading patterns resulting from the Russia-Ukraine conflict, although rebounding crude oil imports into China following the lifting of COVID-19 restrictions have also had a significant impact on the VLCC market.

VLCC earnings, which had been very weak in first half 2022, rose to much healthier levels, some 34% above the 10-year trend, albeit with considerable volatility. Monthly fluctuations in the volume of crude oil imported into China and the volume of liftings in the Atlantic Basin contributed to the volatility. The Suezmax and Aframax markets remained extremely strong, buoyed by longer transport distances for European crude oil imports and Russian crude oil exports. Suezmax earnings in in the first half rose by 165% year on year and by 1% versus the second half of 2022, while Aframax earnings were up 71% year on year, though were marginally below the exceptionally high levels seen in the second half of 2022. Products tanker earnings also remained at historically high levels, as the longer transport distances for European oil products imports and Russian oil products exports similarly impacted these markets. Average earnings for non-eco, non-scrubber fitted MRs in first half of 2023 were up 23% year on year, more than double the long-term average level.

Global oil demand and supply are projected to continue to rebound in the second half of 2023 and increase overall volumes. When combined with an extremely limited orderbook, and potential seasonal support in the fourth quarter, this is expected to continue to lend support to the tanker market. 2024 is expected to see further growth in oil demand and supply and refinery throughput, alongside a further reduction in tanker newbuilding deliveries. The ongoing impacts of emissions regulations could also further tighten fleet supply.

Specialised products

The chemical tanker fleet consists of vessels able to transport a wide range of specialised liquid chemicals, contributing to a diverse range of sectors, including manufacturing and agriculture.

2023 started on a very strong note for chemical tanker markets, albeit with expectations that levels might weaken against a backdrop of slightly softer trends in clean oil products markets. Indeed, this did materialise, with macroeconomic headwinds, lower oil prices and softening chemicals demand adding to a softening of sentiment. Nonetheless, market conditions remained historically firm, with a 22% year-on-year decline still leaving the Clarksons Bulk Chemical Index at levels above those seen in the 2008 boom. Generally, support continues to be provided by increased ‘swing’ tonnage trading in the strong petroleum products markets rather than in the chemicals sector. While there was a slower feel to the market going into the summer, improvements are expected to be seen towards the fourth quarter.

Overall, sentiment in the medium term remains optimistic with the supply/demand outlook favourable. Vessel demand looks set to be supported by growing volumes from the Middle East and US to Asia, while European import demand for bulk chemicals and biofuels is also projected to continue to grow. At the same time, supply-side constraints may also develop with the potential for the fleet to start to decline in the next few years.

LPG

The LPG carrier fleet ships liquefied petroleum and petrochemical gases, supporting a wide range of sectors, from plastics and rubber production to industrial and domestic energy markets. The LPG carrier fleet transports over 120m mt per year of LPG, as well as smaller quantities of ethane, ammonia and petrochemical gases.

The first half of 2023 saw generally strong LPG carrier market conditions, with VLGC earnings on the key MEG-Asia route averaging circa US$73,000 per day, up 92% year on year and 66% above the 10-year average. This strength has been supported by firm Middle Eastern LPG exports and record exports from the US, of which an increasing share has been shipped on long-haul routes to Asia. SE Asian and Indian demand has also been supportive, while Chinese imports in the second quarter were impacted by the start-up of new petrochemical capacity.

In the Midsize sector, the assessed one-year timecharter rate for a 38,000 cbm vessel continued to improve, reaching US$30,750 per day by mid-year, despite a substantial influx of newbuildings this year. Market gains have been more gradual than in 2022 though, with the return of some European ammonia production (after prohibitively high gas prices in 2022) somewhat dampening long-haul Asia-West ammonia trade volumes. In the petrochemical gas sector, ethylene exports from the US to Asia have continued to be the key driver of the market, supporting tonne-mile demand.

Overall, despite ongoing macroeconomic headwinds, it is expected that growth in LPG tonne-mile demand, slower vessel speeds due to environmental regulations and other factors including delays at the Panama Canal could continue to offset the market impacts of a significant newbuilding programme, particularly in the VLGC sector. Further ahead, the sector's role in the energy transition may help to drive future trends, including for example interest in Very Large Ammonia Carriers ('VLACs') to meet new 'green' and 'blue' ammonia trade flows.

LNG

This LNG sector has become increasingly critical to both global energy transition and energy security, particularly in the wake of the Russia-Ukraine conflict and the subsequent reduction of Russia-Europe pipeline gas flows, and market conditions remained strong across the first half.

Term charter rates for LNG carriers remain at very strong levels, with the one-year timecharter rate for a 160,000 cbm DFDE unit estimated at $130,000 per day in mid-June, having stood above US$100,000 per day throughout the past 12 months as the market enjoys a period of sustained strength. LNG carrier fixing activity has shifted towards the term market as charterers look to secure tonnage amid broader energy security concerns and to manage the risk of a repeat of extremely high spot rates during peak winter demand. The spot market, which has become dominated by relet tonnage, has been generally weaker by comparison.

LNG trade volumes are estimated to have risen by circa 2% year on year across the first half, supported by increased exports from Norway, the US and Mozambique. Investment in liquefaction projects continues, with four projects reaching Final Investment Decision ('FID') in the first half, and a significant pick up in LNG trade is expected from the middle of the decade when there will be a pick-up in export project start-ups.

Newbuild ordering has slowed from the 2022 record but remains active, with the orderbook now at a record high to support trade volume growth and fleet renewal needs.

Sale and purchase

Secondhand

The global secondhand vessel sale and purchase ('S&P') markets remained active in the first half, following two very strong volume years in 2021 and 2022. Over 64m dwt and US$25bn of tonnage was transacted in the first half of the year, generally in line with the levels of 2022. Tanker sales volumes remained at record levels on the back of strong market conditions and a positive sector outlook: 30m dwt worth US$9.4bn (full year 2022: 66m dwt worth US$18bn; an annual record). Meanwhile, transaction volumes in the bulker and containership sector have risen slightly following some easing in 2022 and remain at historically firm levels. Asset pricing generally remains firm, despite some softness in bulker pricing and a fall in containership values amid the correction in container freight and charter shipping markets.

Newbuilding

Steady volumes of newbuild contracting continued across the first half of the year, with global orders representing over 17m CGT and US$48bn placed (full year 2022: 47m CGT, US$133bn). Ordering has been concentrated in the product tanker, containership, LNG carrier and car carrier sectors, segments of traditional strength for Clarksons' newbuilding teams. Newbuild prices continued to increase across the first half; our Newbuilding Price Index now stands at 172 points, its highest level since early 2009. Shipping's fuelling transition remains a key focus: 44% of tonnage ordered in the first half of 2023 is set to be alternative fuel capable (2022: circa 60% of Gross Tonnage, an annual record). LNG remains the most popular alternative fuel choice, though methanol gained significant traction in the first half of the year. Meanwhile, some owners are pursuing fuel optionality by ordering vessels with 'ready' notation.

Offshore

The offshore sector supports the development, production and support of offshore oil and gas fields and renewables, with over 10,000 mobile assets playing a vital role in supporting operations across the lifecycle of offshore energy projects. Across the first half, offshore markets saw continued strengthening, amidst a supportive project investment environment and ongoing supply-side constraints, including limited newbuilding orders and ageing fleet dynamics. Global offshore Exploration and Production spending has continued to increase, supporting activity levels, whilst ongoing growth in offshore renewables (wind), utilising several of the same vessel categories, is also tightening the market. With demand continuing to strengthen, the market outlook appears optimistic in the coming years. The Clarksons offshore day rate index reached 99 by mid-year, its highest level since 2014.

There has also been a clear increase in demand for specialised green offshore vessels. We are actively engaging in discussions with end-user clients regarding technical green solutions and initiatives. By leveraging our expertise and forging partnerships, we are confident in our ability to help stakeholders navigate the evolving landscape and contribute to the successful green transition in the offshore sector.

Drilling

Mobile drilling units (comprising jack-ups, semisubmersible units and drillships) drill wells in the sea floor to locate and facilitate extraction of oil and gas. The rig market enjoyed a strong first half. The floater segment, particularly for ultradeepwater/deepwater units, is generally tight, whilst the jack-up segment has also continued to strengthen, particularly due to significant activity in the Middle East last year, resulting in active utilisation rising above 90%. Prospects for the second half of the year and beyond for the drilling market appear positive, with high offshore activity levels supporting demand, whilst across both floaters and jack-ups idle capacity is limited, there are almost no remaining stranded assets at yards, and stacked pools are largely exhausted.

Subsea

The subsea sector involves the usage of a range of assets, with capabilities in lifting, pipe lay, cable lay, diving and ROV support, to install and maintain subsea production infrastructure. The subsea field development market continued to improve through the first half of 2023, with further increases in the backlog for the major EPC contractors. The subsea vessel market has also improved further, with rates and contract durations generally increasing, reflecting improving subsea oil and gas demand, and competition for many of the same units from the offshore wind sector. Prospects for the second half of 2023 appear positive.

Offshore support vessels

The OSV sector provides towage and support duties to drilling rigs, mobile production units and fixed production platforms. The OSV market has strengthened significantly with improvements across regions, in line with increasing drilling activity and improvements in the field development market. Active utilisation levels currently stand around 90% in most segments and regions, whilst the stacked pool is about to become exhausted and there are very few newbuilds remaining at shipyards. The rate outlook appears positive due to a lack of available capacity (ordering has remained extremely limited) and improved demand. Against this backdrop there has also been a sharp increase in sale and purchase activity and increased asset values.

Offshore renewables

The offshore renewables industry is continuing its rapid growth phase, and is expected to account for a growing share of the global energy mix, supported by the increased focus on decarbonisation and energy security (especially recently in Europe). The offshore wind market saw strong fixing activity and rate increases have been notable in most segments, whilst construction activity has also been firm. Uncertainty related to inflation, supply chain issues and delays is still prevailing, though the offshore wind sector is not expected to be negatively affected relative to other renewable energy sources. After slower FID activity in 2022, it was positive to see projects sanctioned in the first half of 2023. While some industry stakeholders are concerned about increasing costs and supply chain disruption, the outlook is generally positive. Efforts by developers to improve project economics are ongoing. In the vessel markets, owners are becoming more confident, with developers now approaching vessel owners in a more proactive manner than previously, whilst owners who ordered on speculation are finding end-users are fixing earlier and for longer. In the CSOV sector, a limited number of expected deliveries in 2024 is leading to more interest from charterers, with potential to support rates in the coming years.

Futures

Our Futures business remains the leading provider of freight derivative products, helping shipping companies, banks, investment houses and other institutions seeking to manage freight exposure by increasing or reducing risk.

The tanker FFA desk saw an increase in volumes and revenue in the first half compared to last year, as overall market volumes were up and we maintained a strong market share. Volumes were helped by a number of new entrants, and a substantial increase in volumes on the Aframax USG route, gaining interest from a number of oil players globally. The swaps market was extremely busy. In dry FFA, it was a solid start to the year in the swaps business despite significantly lower underlying rates, with increased participation from financial players adding liquidity to the market and supporting firm volume growth. Meanwhile, the options business also saw a significant increase in volume.

Financial

Revenue: £26.5m (2022: £27.6m)
Segmental split of underlying profit before taxation*: £5.0m (2022: £5.7m)

Securities

Clarksons Securities is a sector-focused investment bank for the shipping, offshore energy, renewables and minerals industries, with deep sector knowledge and global reach driven by research and relationships. In the first half of 2023, despite wider financial market volatility and uncertainty, Clarksons Securities experienced a high level of activity in its core sectors, successfully executing transactions across all sectors and products. In particular, there was increased investor interest in the offshore energy services sector amidst ongoing concerns around energy security.

Secondary trading

Against the backdrop of volatile financial markets, secondary trading activity has been volatile and slowed into the second quarter. However, investor interest remains strong within the core segments of shipping and oil services due to appealing underlying fundamentals, supporting healthy overall levels of secondary revenue. We also remain focused on higher margin activity around special situations and block trading.

Shipping

Stocks in the shipping industry experienced a modest performance in the first half. In terms of capital market activity, listed shipping companies have remained disciplined and focused on returning capital to shareholders and deleveraging their balance sheets. Clarksons Securities has participated in the initial public offerings of Stainless Tankers and Himalaya Shipping as well as a primary and secondary offering in Klaveness Combination Carriers. For shipping bonds, primary issuance activity remained muted, though Clarksons Securities acted as financial advisor in a leasing transaction.

Energy services

Capital markets activity within the energy services space was high, especially for oil services and drilling, as equity and credit investors continue to seek exposure to the sector. Clarksons Securities has been highly active in the capital markets, executing several transactions including bonds for Borr Drilling, Vantage Drilling and Tidewater, and equity raises for Integrated Wind Solutions and Shelf Drilling. From an M&A perspective, consolidation is still a key theme, and there are several ongoing processes in the market, with Clarksons Securities actively involved as an advisor in such activity.

Metals and minerals

The first half started strongly for the metals and minerals transaction market, though most companies postponed financings after the announcement of the US Inflation Reduction Act until impacts became clearer. Clarksons Securities was active in the restructuring of Copper Mountain bond, equity and debt financing for Nordic Mining and ongoing M&A projects.

Renewable energies

The first half saw some challenges for renewable energy-related stocks in the capital markets, in part reflecting cost pressures. While underlying markets continue to grow rapidly, renewables capital markets activity has been slow so far this year. In June 2023, Clarksons Securities led a capital increase and transfer of listing to Euronext Growth Paris of heat pump company Groupe Airwell – a testament to our global reach and sector-focused approach. Private markets are seeing increased activity, and Clarksons Securities has been active in transactions across solar, wind, hydrogen and electric vehicle charging.

Debt capital markets

Investors have exhibited improved risk appetite, supported by the availability of ample cash positions among investors, aided by a light primary issuance in the previous year, fund inflows, coupon payments and several bonds being tendered or called. As a result, there was increased activity in the high yield primary market in early 2023. The transactions carried out attracted strong interest, especially towards quality issuers, whilst investor appetite for offshore investments returned. Market sentiment was negatively impacted in March 2023 by broader banking sector turmoil, but later settled as wider risks appeared more limited. The first half of the year saw Clarksons Securities complete several notable transactions in the offshore sector.

Project finance

Our project finance business is a leading Nordic player within shipping and real estate project finance, which has in recent years offered investment opportunities in modern fuel (and carbon) efficient shipping and offshore assets, with an overall focus on assisting the shipping and offshore industry in transitioning to more sustainable and less carbon-intensive transportation.

The first half of the year was an active period in the Norwegian project finance market, with deal activity across the key sectors. A two-tier market is apparent between eco and non-eco ship values, especially in dry bulk. Feeder containership values have returned to more investable levels, whilst in the tanker market, amid historically high values, we have assisted in selling a number of tankers in existing projects. There is a good pipeline of projects, although given higher interest rates and market volatility, investors have been more selective in their approach to the market. There is a growing interest for project finance structures from shipowners abroad who find the Norwegian partnership model an interesting way to renew their fleet. We also see good availability of bank finance for non-recourse projects, and terms are becoming more competitive.

Market sentiment in the commercial real estate market in Norway remained cool, continuing the downward trend seen since last summer with sellers and buyers struggling to agree prices amid increasing interest rates and volatile economic sentiment. While other investment assets may offer significant competition to real estate in the short term, development projects remain popular, perhaps an indication that investors feel confident about real estate in the medium- to long-term. Market activity may pick up to more moderate levels in the second half if interest rates peak and uncertainty begins to fade. Despite the slow market, Clarksons Project Finance completed several deals, and we continue to establish a leading position in sustainability with funds committed to invest in greener real estate and environmental improvements to existing properties.

Structured asset finance

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

Overall market activity picked up in the second quarter after a more subdued first quarter. For the large traditional shipping banks, the transition from LIBOR to SOFR has largely been completed. USD funding costs have continued to rise, and European banks with more limited availability of USD are facing reduced margin income from increased liquidity costs, in some instances significantly limiting new business. Whilst this is putting upwards pressure on margins, shipping companies have tended to counter by reducing leverage (making deals more attractive to a wider range of banks) and maintaining margins rather than increasing them. Earlier re-financing of existing deals is also a noticeable trend. Outside of the major shipping banks, deals are being done by the Greek and Cypriot shipping banks, some of the Chinese leasing companies and some of the alternative credit funds, but generally these are lower leverage re-financings of older tonnage. Recent changes to the JOLCO legislation have seen less aggressive marketing by some of the arrangers for now, likely as they focus on closing as many 'grandfathered' deals as possible.

Clarksons Structured Asset Finance had a very successful first half, closing a significant mandate and finalising deliveries for a number of vessels. The pipeline is building with a number of significant projects underway.

Support

Revenue: £27.2m (2022: £18.3m)
Segmental split of underlying profit before taxation*: £3.4m (2022: £2.0m)

Stevedoring

Our stevedoring business, highly experienced in loading and discharging bulk cargoes, saw a strong first half. Expectations are that the 2023 UK grain harvest will be at least as good as 2022 with a similar exportable surplus. Given Ipswich's location and our wide customer base, we are well placed to see a significant market share over the next 12 months. The outlook for imports appears quiet for now.

Short sea broking

The short sea shipbroking business has seen lower income, largely on the back of softer freight rates compared to the record highs last year. Benefits are being seen from the greater synergies with London-based deep sea dry broking desks for shared client business where our expertise in the short sea segment is relevant.

Gibb Group

Gibb Group is the industry's leading provider of PPE, MRO products and services as well as one of the offshore renewable energy sector's most experienced, qualified suppliers. The first half of 2023 has been a positive period for the business, with support from some very large one-off orders. Product development has been in focus, as well as plans to expand the team and volume of business in Middlesbrough.

Agency - UK

Through exceptional port agency and first-class logistics services, our business provides a range of solutions for clients in the marine and energy sectors. Pure agency revenue increased markedly. Our customs clearance business supports clients globally with our comprehensive compliance capabilities and performed in line with expectations. We have generated consultancy income, with good potential for further growth in this area. Bunker commissions have been lower than expected amid fewer larger stems, whilst fuel prices are now markedly off their 2022 highs. Results for DHSS, acquired in February 2023, were in line with the Board's expectations and we are pleased with how it is integrating with the Group.

Agency - Egypt

The Suez Canal provides a vital trade route between Europe and Asia, and our regional experts in Egypt deliver on-the-ground expertise around transit. Our Egypt agency business performed strongly, improving our market position among other agencies. Transit agency business also saw a robust performance amid increased overall transit volumes, particularly by crude tankers and bulkcarriers, while the liner business saw steady performance with some impacts from the Egyptian pound devaluation. The Egypt agency business continues to explore opportunities in Egypt and the Suez Canal region related to green energy.

Research

Revenue: £10.2m (2022: £9.6m)
Segmental split of underlying profit before taxation*: £3.7m (2022: £3.4m)

Research performed well across the first half of the year, with sales up 6% year on year and profits increasing by 9%. Continuing its long-term growth trajectory, Clarksons Research has strengthened its position as the market-leading provider of maritime data and intelligence while also providing key support to Clarksons' Broking, Financial, Support and Technology businesses with research and profile.

Sales across our digital platform grew by an encouraging 24% in the first half, supporting increasing levels of recurring revenue and expanding platform user numbers. Sales are being supported by our strong product investments of recent years, a constant flow of high-quality and market relevant analysis and an expansion of the depth and breadth of our wide-ranging proprietary database. New daily speed indices (generated by our Data Analytics team) have been released onto Shipping Intelligence Network ('SIN'), helping to track fleet productivity as market conditions change and emissions policies are introduced (an all-time slow speed for the container fleet was reported in February). Our reporting has also profiled the increasing complexity in the 12bn tonnes of trade moved by sea (including the impact of the Russia-Ukraine conflict and lingering COVID-19 impacts on supply chains) and a shipping supply-side experiencing low orderbooks and limitations in shipbuilding capacity.

Our strategy to provide leading data, intelligence and insights around the energy transition and the green transition continues. A market impact assessment of new and complex global CO_2 emissions regulations (EEXI/CII) was released to our World Fleet Register ('WFR') during the first half of the year followed by an update of our fuelling transition (we project shipping industry emissions will drop to a 2.2% global contribution this year) and energy transition insights. Our tracking of green technology uptake across the shipping fleet continues to be well received by our client base as the most authoritative data on the vital investments needed to meet decarbonisation targets. The benefits of our offshore transition strategy, investing in both our offshore oil and gas research (our Offshore Intelligence Network ('OIN') is now tracking nine-year high day rates and utilisation while offshore oil and gas still contributes 16% of global energy supply) and our offshore wind research (our Renewables Intelligence Network ('RIN') projects growth from 12,000 turbines offshore today to 30,000 by 2030), are being realised in strong sales and client uptake. Progress continues towards the release of new modules on green investments at ports and vessel activity analytics dashboards.

Our dedicated services and consultancy activities concluded multiple new data API contracts and we worked successfully on several IPO industry sections. There was strong client attendance at our shipping and offshore forecasting forum events in late March 2023. Clarksons Valuations, our market-leading provider of valuation services to shipowners and financiers, is successfully investing in analysis and technology to support financial institutions, including additional analytics to meet new European Banking Authority guidelines and to support understanding of the emissions profile of debt portfolios.

Recurring revenue has reached 89% of total sales with consistently high renewal rates and an expanding global client base. Targeted headcount growth in our key teams and across our global network continues to be executed with our strong profile and presence in Asian markets strengthened by the expansion of our new operations in Delhi.

Clarksons Research, the data and analytics arm of Clarksons, is a market-leading provider of independent data, intelligence and analysis around shipping, trade, offshore and energy transition in the maritime context. Millions of data points are processed and analysed each day to provide trusted and insightful intelligence to support the workflows and decision-making of thousands of organisations across the increasingly complex and dynamic maritime industry.

Sea

Enhancing the way shipping professionals work

Throughout the first half of 2023, our technology software business, Maritech, saw continued strong Annual Recurring Revenue (‘ARR’) growth. This was driven by continued fixture volume growth on the Sea platform, strong sales of our intelligence solutions and a further uplift from existing and new clients to our carbon solution.

By the end of June 2023, our Sea platform had achieved a 40% year-on-year fixture volume growth, equating to an annualised volume of 45,000 fixtures. This was achieved through notable growth of new customers joining the platform, through the acquisition of MarDocs from Marcura, and with the termination of the licence agreement for Recap Manager with the London Tanker Broker Panel (bringing the commercial management of the service back into Sea).

We have continued the development and expansion of Sea Fix in the iron ore market, reaching the key milestone of 0.5b mt of cargo and US$7bn of gross freight negotiated through the platform since its launch in 2021. To support the digitalisation of workflows for charterers, in the second quarter Sea launched a new “Freight Planner” tool, enabling the optimisation of management of cargoes and vessels in one simple user interface. Initial feedback from our client base has been very positive.

Across the first half of the year, our Sea Carbon module tracked 2,500 fixtures, covering 13m nautical miles, vessels carrying 230m mt of cargo and equating to 5m mt of carbon. Working with our customers, we support their decarbonisation strategies and facilitate their internal and external climate reporting. Sea Carbon enables efficient Sea Cargo Charter reporting, allowing our customers to build insights on the actual carbon emissions from their freight. In the second half of the year, Sea will launch Carbon Exposure, to help enable any charter, broker or owner to estimate and manage freight decisions from a carbon perspective before the freight decision is made.

The development of the Sea platform is guided by our purpose of powering better decisions that enable sustainable shipping. Our committed team understands this broader mission while we develop the intelligent marketplace for fixing freight.

To support our strategy, we implemented a major redesign of our brand and website in May (see www.sea.live).

Risk management

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

Our principal risks are:

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

The risk factors associated with the above have not changed since the year end.

Whilst not a principal risk for the Group at this time, we consider climate change to be a thematic risk which potentially impacts a number of our principal risks.

There are no significant known emerging risks which could materially impact on the achievement of the Group's strategic objectives in the near term.

Directors' responsibilities statement

The Directors confirm that:

- these condensed consolidated interim financial statements (the 'interim financial statements') have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by DTR 4.2.4R; and

- the interim financial statements include a fair review of the information required by:

  (a) DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year ending 31 December 2023, and their impact on the interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  (b) DTR 4.2.8R, being material related party transactions that have taken place in the first six months of the financial year ending 31 December 2023, and any material changes in the related party transactions described in the 2022 Annual Report.

A list of the current Directors is maintained on the Clarkson PLC website: www.clarksons.com.

The maintenance and integrity of the Clarkson PLC website is the responsibility of the Directors; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Laurence Hollingworth
Chair
4 August 2023

Independent review report to Clarkson PLC
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Clarkson PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results of Clarkson PLC for the six-month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:
- the Consolidated balance sheet as at 30 June 2023;
- the Consolidated income statement and Consolidated statement of comprehensive income for the period then ended;
- the Consolidated cash flow statement for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results of Clarkson PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

We have read the other information contained in the Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Interim results, including the interim financial statements, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim results, including the interim financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 August 2023

Consolidated income statement

for the half year to 30 June

	Note	2023 Before acquisition-related costs £m+	2023 Acquisition-related costs (note 4) £m+	2023 After acquisition-related costs £m+	2022 Before acquisition-related costs £m+	2022 Acquisition-related costs (note 4) £m+	2022 After acquisition - related costs £m+
Revenue	3	321.1	-	321.1	266.7	-	266.7
Cost of sales		(14.8)	-	(14.8)	(10.4)	-	(10.4)
Trading profit		306.3	-	306.3	256.3	-	256.3
Administrative expenses		(256.7)	(0.9)	(257.6)	(213.7)	(0.2)	(213.9)
Operating profit	3	49.6	(0.9)	48.7	42.6	(0.2)	42.4
Finance income		3.9	-	3.9	0.6	-	0.6
Finance costs		(0.8)	-	(0.8)	(1.2)	-	(1.2)
Other finance income - pensions	9	0.4	-	0.4	0.2	-	0.2
Profit before taxation		53.1	(0.9)	52.2	42.2	(0.2)	42.0
Taxation	5	(11.4)	-	(11.4)	(9.0)	-	(9.0)
Profit for the period		41.7	(0.9)	40.8	33.2	(0.2)	33.0
Attributable to:							
Equity holders of the Parent Company		40.6	(0.9)	39.7	30.2	(0.2)	30.0
Non-controlling interests		1.1	-	1.1	3.0	-	3.0
Profit for the period		41.7	(0.9)	40.8	33.2	(0.2)	33.0
Earnings per share							
Basic	6	133.5p		130.5p	98.9p		98.5p
Diluted	6	132.8p		129.8p	98.2p		97.8p

+ *Unaudited*

Included in the Consolidated Income Statement are net impairment losses on financial assets amounting to £3.9m (2022: £4.7m)

Consolidated statement of comprehensive income

for the half year to 30 June

	2023 £m+	2022 £m+
Profit for the period	40.8	33.0
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on employee benefit schemes – net of tax	(1.5)	2.8
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	(23.3)	10.6
Foreign currency hedges recycled to profit or loss – net of tax	0.3	0.7
Foreign currency hedge revaluations – net of tax	3.5	(7.0)
Other comprehensive (loss)/income	(21.0)	7.1
Total comprehensive income for the period	19.8	40.1
Attributable to:		
Equity holders of the Parent Company	19.1	37.1
Non-controlling interests	0.7	3.0
Total comprehensive income for the period	19.8	40.1

+ *Unaudited*

Consolidated balance sheet
as at 30 June

	Notes	2023 £m+	2022 £m+	31 December 2022 £m#
Non-current assets				
Property, plant and equipment		**26.3**	22.2	25.5
Investment properties		**1.0**	1.0	1.0
Right-of-use assets		**37.0**	42.6	39.3
Intangible assets	8	**177.8**	182.3	188.9
Trade and other receivables		**2.7**	0.9	2.6
Investments		**1.1**	1.2	1.2
Employee benefits	9	**14.1**	26.3	15.8
Deferred tax assets		**12.6**	8.1	14.6
		272.6	284.6	288.9
Current assets				
Inventories		**2.9**	2.0	2.4
Trade and other receivables	10	**164.1**	133.1	150.1
Income tax receivable		**1.0**	2.8	3.0
Investments	11	**10.1**	6.1	3.5
Cash and cash equivalents	12	**275.7**	231.6	384.4
		453.8	375.6	543.4
Current liabilities				
Trade and other payables		**(245.9)**	(196.1)	(335.9)
Lease liabilities		**(9.9)**	(8.8)	(9.9)
Income tax payable		**(16.0)**	(15.0)	(19.8)
Provisions		**(0.6)**	(0.6)	(0.6)
		(272.4)	(220.5)	(366.2)
Net current assets		**181.4**	155.1	177.2
Non-current liabilities				
Trade and other payables		**(2.6)**	(7.0)	(5.8)
Lease liabilities		**(34.9)**	(41.2)	(37.7)
Provisions		**(1.8)**	(1.8)	(1.9)
Employee benefits	9	**(0.5)**	(0.8)	(0.4)
Deferred tax liabilities		**(5.7)**	(10.2)	(7.1)
		(45.5)	(61.0)	(52.9)
Net assets		**408.5**	378.7	413.2
Capital and reserves				
Share capital	13	**7.7**	7.6	7.7
Other reserves		**93.3**	107.1	114.8
Retained earnings		**304.0**	259.1	287.2
Equity attributable to shareholders of the Parent Company		**405.0**	373.8	409.7
Non-controlling interests		**3.5**	4.9	3.5
Total equity		**408.5**	378.7	413.2

+ *Unaudited* # *Audited*

Consolidated statement of changes in equity
for the half year to 30 June

	Notes	Attributable to equity holders of the Parent Company					
		Share capital £m+	**Other reserves £m+**	**Retained earnings £m+**	**Total £m+**	**Non-controlling interests £m+**	**Total equity £m+**
Balance at 1 January 2023		**7.7**	**114.8**	**287.2**	**409.7**	**3.5**	**413.2**
Profit for the period		**-**	**-**	**39.7**	**39.7**	**1.1**	**40.8**
Other comprehensive loss		**-**	**(19.1)**	**(1.5)**	**(20.6)**	**(0.4)**	**(21.0)**
Total comprehensive (loss)/income for the period		**-**	**(19.1)**	**38.2**	**19.1**	**0.7**	**19.8**
Transactions with owners:							
Share issues		**-**	**0.7**	**-**	**0.7**	**-**	**0.7**
Employee share schemes		**-**	**(3.1)**	**(1.5)**	**(4.6)**	**-**	**(4.6)**
Tax on other employee benefits		**-**	**-**	**(0.5)**	**(0.5)**	**-**	**(0.5)**
Dividend paid	7	**-**	**-**	**(19.4)**	**(19.4)**	**(0.7)**	**(20.1)**
Total transactions with owners		**-**	**(2.4)**	**(21.4)**	**(23.8)**	**(0.7)**	**(24.5)**
Balance at 30 June 2023		**7.7**	**93.3**	**304.0**	**405.0**	**3.5**	**408.5**

	Notes	Attributable to equity holders of the Parent Company					
		Share capital £m+	Other reserves £m+	Retained earnings £m+	Total £m+	Non-controlling interests £m+	Total equity £m+
Balance at 1 January 2022		7.6	104.0	245.3	356.9	4.7	361.6
Profit for the period		-	-	30.0	30.0	3.0	33.0
Other comprehensive income		-	4.3	2.8	7.1	-	7.1
Total comprehensive income for the period		-	4.3	32.8	37.1	3.0	40.1
Transactions with owners:							
Share issues		-	0.3	-	0.3	-	0.3
Employee share schemes		-	(1.5)	0.1	(1.4)	-	(1.4)
Tax on other employee benefits		-	-	(1.6)	(1.6)	-	(1.6)
Tax on other items in equity		-	-	(0.3)	(0.3)	-	(0.3)
Dividend paid	7	-	-	(17.2)	(17.2)	(2.8)	(20.0)
Total transactions with owners		-	(1.2)	(19.0)	(20.2)	(2.8)	(23.0)
Balance at 30 June 2022		7.6	107.1	259.1	373.8	4.9	378.7

+ *Unaudited*

Consolidated cash flow statement
for the half year to 30 June

	Notes	2023 £m+	2022 Restated £m+^
Cash flows from operating activities			
Profit before taxation		**52.2**	42.0
Adjustments for:			
Foreign exchange differences		**1.2**	(5.2)
Depreciation		**7.2**	6.5
Share-based payment expense		**1.0**	1.0
Loss on sale of property, plant and equipment		**-**	1.5
Amortisation of intangibles		**2.2**	2.0
Difference between pension contributions paid and amount recognised in the income statement		**0.3**	0.4
Finance income		**(3.9)**	(0.6)
Finance costs		**0.8**	1.2
Other finance income – pensions		**(0.4)**	(0.2)
Increase in inventories		**(0.5)**	(0.4)
Increase in trade and other receivables		**(11.9)**	(8.1)
Decrease in bonus accrual		**(54.4)**	(27.0)
Increase/(decrease) in trade and other payables		**0.3**	(7.6)
Increase in provisions		**-**	0.3
Cash utilised from operations		**(5.9)**	5.8
Income tax paid		**(14.4)**	(7.2)
Net cash flow from operating activities		**(20.3)**	(1.4)
Cash flows from investing activities			
Interest received		**3.8**	0.2
Purchase of property, plant and equipment		**(2.5)**	(1.6)
Purchase of intangible assets		**(1.1)**	(1.2)
Proceeds from sale of investments		**0.4**	0.1
Proceeds from sale of property, plant and equipment		**-**	0.2
Purchase of investments		**-**	(0.2)
Transfer from current investments (cash on deposit and government bonds)		**1.2**	4.7
Transfer to current investments (cash on deposit and government bonds)		**(8.0)**	(0.4)
Acquisition of subsidiaries, net of cash acquired	14	**(4.8)**	(0.2)
Dividends received from investments		**0.2**	0.3
Net cash flow from investing activities		**(10.8)**	1.9
Cash flows from financing activities			
Interest paid and other charges		**(0.9)**	(1.2)
Dividend paid	7	**(19.4)**	(17.2)
Dividend paid to non-controlling interests		**(0.7)**	(2.8)
Repayment of borrowings		**(0.5)**	-
Principal elements of lease liabilities		**(5.1)**	(6.1)
Proceeds from shares issued		**0.7**	0.4
ESOP shares acquired		**(38.5)**	(16.4)
Net cash flow from financing activities		**(64.4)**	(43.3)
Net decrease in cash and cash equivalents		**(95.5)**	(42.8)
Cash and cash equivalents at 1 January		**384.4**	261.6
Net foreign exchange differences		**(13.2)**	12.8
Cash and cash equivalents at 30 June	12	**275.7**	231.6

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

Notes to the interim financial statements

1 Corporate information

The condensed consolidated interim financial statements (the 'interim financial statements') of Clarkson PLC for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 4 August 2023. Clarkson PLC is a public limited company, listed on the London Stock Exchange, incorporated and registered in England and Wales and domiciled in the UK.

The term 'Parent Company' refers to Clarkson PLC and 'Group' refers to the Company, its consolidated subsidiaries and the relevant assets and liabilities of the share purchase trusts.

The interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 were approved by the Board of Directors on 3 March 2023 and delivered to the Registrar of Companies. The Auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The interim financial statements have been reviewed, not audited.

2 Statement of accounting policies

2.1 Basis of preparation
The interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and with UK-adopted International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34').

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022, which were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The annual financial statements for the year ending 31 December 2023 will be prepared in accordance with UK-adopted International Accounting Standards.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, notwithstanding global macroeconomic challenges ahead. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:

- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions.

- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008, the pandemic in 2020 and the Russia-Ukraine conflict in 2022: seaborne trade recovered in 2009, 2021 and 2023 along with the profitability of the Group. Since 1990 no two consecutive years have seen reductions in world seaborne trade.

- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overhead, the cash position at 30 June 2023, the collection of debts and the invoicing and collection of the forward order book. This determined that, in the absence of any management action which would be applied in these circumstances, no new business would be required to remain cash positive for at least the next 12 months.

Under the first two scenarios, the Group is able to generate profits and cash, and has positive net cash and available funds* available to it throughout the next 12 months. In the third scenario, current net cash and available funds* together with the collection of debts and the forward order book and no new business would leave sufficient cash resources to cover at least the next 12 months.

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

The interim consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the period before acquisition-related costs; this is referred to as 'underlying profit'*. The column 'acquisition-related costs' includes amortisation of acquired intangible assets and the expensing of the cash elements of consideration linked to ongoing employment obligations on acquisitions.

Presentation of cash flow statement

Following correspondence in 2022 with the Corporate Reporting Review Team of the Financial Reporting Council ('FRC'), we agreed to restate the cash flows relating to certain equity-settled liabilities within the Consolidated Cash Flow Statement both within 'net cash flow from operating activities' and 'financing activities'. We have restated the Consolidated Cash Flow Statement for the period ended 30 June 2022 to add back £14.4m of equity-settled liabilities payments as 'operating activities' in the line 'decrease in bonus accrual' and deduct £14.4m of shares acquired by the ESOP as 'financing activities'.

Cash flow statement for the period ended 30 June 2022	As previously presented £m	Adjustment £m	Restated £m
Net cash flow from operating activities	(15.8)	14.4	(1.4)
Net cash flow from financing activities	(28.9)	(14.4)	(43.3)

This presentation was adopted for the year ended 31 December 2022 and the period ended 30 June 2023 has been restated accordingly. There is no net impact upon the cash flow statement overall and there is no impact on any balance sheet or income statement figures. The review conducted by the FRC was based solely on the Group's published 2021 Annual Report and does not provide any assurance that the report is correct in all material respects.

2.2 Accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except as described below:

- Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profit or loss.

A number of amended standards were in issue or effective for the current reporting period. The Group has not applied these standards and interpretations in the preparation of these financial statements and does not expect these to have a material impact on the Group.

2.3 Accounting judgements and estimates

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022, with the exception of changes in estimates that are required in determining the provision for income taxes.

2.4 Seasonality

The Group's activities are not subject to significant seasonal variation.

2.5 Forward-looking statements

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

3 Segmental information

	Revenue		Results	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Broking	**257.2**	211.2	**58.2**	47.0
Financial	**26.5**	27.6	**5.0**	5.7
Support	**27.2**	18.3	**3.4**	2.0
Research	**10.2**	9.6	**3.7**	3.4
Segment revenue / Segment operating profit	**321.1**	266.7	**70.3**	58.1
Head office costs			**(20.7)**	(15.5)
Underlying operating profit			**49.6**	42.6
Acquisition-related costs			**(0.9)**	(0.2)
Operating profit after acquisition-related costs			**48.7**	42.4
Finance income			**3.9**	0.6
Finance costs			**(0.8)**	(1.2)
Other finance income - pensions			**0.4**	0.2
Profit before taxation			**52.2**	42.0
Taxation			**(11.4)**	(9.0)
Profit for the period			**40.8**	33.0

All revenue is generated externally.

4 Acquisition-related costs

Acquisition-related costs of £0.9m, comprise direct costs of £0.2m incurred on the acquisition of the DHSS group of companies (see note 14), contingent considerations of £0.6m and £0.1m relating to the DHSS and previous acquisitions respectively and a residual amount for the amortisation of intangibles arising on acquisitions.

5 Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated annual tax rate, excluding acquisition-related costs, used for the year to 31 December 2023 is 21.5% (the estimated annual tax rate used for the six months ended 30 June 2022 was 21.5%). The effective tax rate, after acquisition-related costs, is 21.8%.

6 Earnings per share

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

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

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

	2023 £m	2022 £m
Underlying profit for the period attributable to equity holders of the Parent Company*	**40.6**	30.2
Reported profit for the period attributable to equity holders of the Parent Company	**39.7**	30.0

	2023 Million	2022 Million
Weighted average number of ordinary shares – basic	**30.4**	30.5
Weighted average number of ordinary shares – diluted	**30.5**	30.7

7 Dividends

	2023 £m	2022 £m
Declared and paid during the period:		
Final dividend for 2022 of 64p per share (Final dividend for 2021 of 57p per share)	**19.4**	17.2
Payable (not recognised as a liability at 30 June):		
Interim dividend for 2023 of 30p per share (2022: 29p per share)	**9.2**	8.8

8 Intangible assets

The movement in the net book value of intangible assets is as follows:

	Goodwill £m	Development costs £m	Other intangible assets £m	Total £m
At 1 January 2023	**171.6**	**15.1**	**2.2**	**188.9**
Additions	**-**	**1.1**	**-**	**1.1**
Arising on acquisitions	**3.3**	**-**	**-**	**3.3**
Amortisation charge	**-**	**(2.1)**	**(0.1)**	**(2.2)**
Foreign exchange differences	**(13.2)**	**-**	**(0.1)**	**(13.3)**
At 30 June 2023	**161.7**	**14.1**	**2.0**	**177.8**
At 1 January 2022	165.9	17.1	0.2	183.2
Additions	0.2	1.2	-	1.4
Amortisation charge	-	(1.9)	(0.1)	(2.0)
Foreign exchange differences	(0.4)	-	0.1	(0.3)
At 30 June 2022	165.7	16.4	0.2	182.3
At 1 January 2022	165.9	17.1	0.2	183.2
Additions	-	2.0	-	2.0
Arising on acquisitions	5.4	-	2.1	7.5
Amortisation charge	-	(4.0)	(0.1)	(4.1)
Other (reclassification)	(0.1)	-	0.1	-
Foreign exchange differences	0.4	-	(0.1)	0.3
At 31 December 2022	171.6	15.1	2.2	188.9

In light of continuing macroeconomic and geo-political uncertainty, the Board keeps the carrying value of goodwill under constant review. The Board has considered and not identified any indication of impairment of these assets at 30 June 2023. However, in the event that any of the markets in which we operate has a sustained downturn, an impairment of the relevant Cash-Generating Unit's ('CGU') goodwill may be required. See note 13 on page 176 of the 2022 Annual Report for specific sensitivity disclosures, in particular in relation to the Offshore broking and Securities CGUs.

9 Employee benefits

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

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

Recognised in the balance sheet

	30 June 2023 £m	30 June 2022 £m	31 Dec 2022 £m
Fair value of schemes' assets	**126.5**	156.8	134.7
Present value of funded defined benefit obligations	**(110.3)**	(124.8)	(115.2)
	16.2	32.0	19.5
Effect of asset ceiling in relation to the Plowrights scheme	**(2.6)**	(6.5)	(4.1)
Net benefit asset recognised in the balance sheet	**13.6**	25.5	15.4

The above is recognised on the balance sheet as an asset of £14.1m (31 December 2022: £15.8m; 30 June 2022: £26.3m) and a liability of £0.5m (31 December 2022: £0.4m; 30 June 2022: £0.8m).

A deferred tax asset on the benefit liability amounting to £0.1m (31 December 2022: £0.1m; 30 June 2022: £0.2m) and a deferred tax liability on the benefit asset of £3.5m (31 December 2022: £3.9m; 30 June 2022: £6.6m) is also recognised on the balance sheet. Pension scheme administrative expenses for the six-month period to 30 June 2023 are £0.5m (31 December 2022: £0.8m; 30 June 2022: £0.6m).

Recognised in the income statement

	2023 £m	2022 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**3.3**	1.8
Interest cost on benefit obligation and asset ceiling	**(2.9)**	(1.6)
Recognised in administrative expenses:		
Scheme administrative expenses	**(0.5)**	(0.6)
Net pension charge recognised in the income statement	**(0.1)**	(0.4)

10 Trade and other receivables

Trade receivables are non-interest bearing and are generally on terms payable within 90 days. As at 30 June 2023, the allowance for impairment of trade receivables was £22.2m (31 December 2022: £19.6 m; 30 June 2022: £18.9m). The allowance is based on experience and ongoing market information about the creditworthiness of specific counterparties and expected credit losses in respect of the remaining balances and has increased during the period due to the increase in trading. Included within the movements in the loss allowance were amounts which were provided at the time of invoicing for which no revenue has been recognised, because collectability was not considered probable.

11 Investments

Included within current investments are deposits totalling £1.9m (31 December 2022: £3.1m; 30 June 2022: £3.3m) with maturity periods greater than three months and United States treasury bonds of £8.0m, maturing in August 2023 (31 December 2022: nil; 30 June 2022 £2.1m).

12 Cash and cash equivalents

	30 June 2023 £m	30 June 2022 £m	31 Dec 2022 £m
Cash at bank and in hand	**242.5**	230.8	320.1
Short-term deposits	**33.2**	0.8	64.3
	275.7	231.6	384.4

Net cash and available funds*, after deducting amounts accrued for performance-related bonuses but including current investments, amounted to £148.9m (31 December 2022: £161.7m; 30 June 2022: £125.8m). Free cash resources*, being net available funds less monies held by regulated entities, at 30 June 2023 were £128.2m (31 December 2022: £130.9m; 30 June 2022: £102.5m).

13 Share capital

	30 June 2023 Million	30 June 2022 Million	31 Dec 2022 Million	30 June 2023 £m	30 June 2022 £m	31 Dec 2022 £m
Ordinary shares of 25p each, issued and fully paid	**30.7**	30.5	30.6	**7.7**	7.6	7.7

14 Business Combinations

On 6 February 2023, the Group acquired 100% of the share capital of DHSS Aviation B.V., DHSS Logistics B.V., DHSS Projects B.V. and DHSS Services B.V for initial consideration of €4.6m (£4.0m). Additional amounts of up to €6.3m may also be payable depending on the achievement of earnings targets. As these are linked to employees remaining in service these amounts are spread in the income statement and shown within the column 'Acquisition-related costs'. The acquisition is expected to enable the Support division to tender for larger offshore renewable contracts internationally.

On 28 March 2023, Maritech Services Limited completed an asset purchase agreement with Marcura Platform Solutions FZE to acquire the MarDocs digital platform for an initial consideration of US$1m (£0.9). A further US$0.3m (£0.3m) of consideration may also be payable. The Group assessed and concluded that, based on the substance of the transaction, it meets the criteria to be accounted for under IFRS3 as a business combination. The intention of the acquisition is to further facilitate Maritech's provision of a rationalised, integrated contracts digitalisation solution to the maritime industry.

On 31 March 2023, Maritech Services Limited acquired 100% of the share capital of Recap Manager Limited for £1. The sole activity of Recap Manager Limited is the provision of the Recap Manager SaaS tool, a digital contracts management platform, which is licenced exclusively to the entity. Maritech Services Limited is the owner of that software.

The provisional assets and liabilities recognised as a result of the acquisitions are as follows:

Provisional fair value of identifiable assets and liabilities assumed:	DHSS £m	Recap Manager Limited £m	MarDocs £m	Total £m
Property, plant and equipment	0.4	-	-	0.4
Right-of-use assets	3.5	-	-	3.5
Trade and other receivables	5.5	0.1	-	5.6
Cash and cash equivalents	-	0.1	-	0.1
Total assets	9.4	0.2	-	9.6
Interest-bearing loans and borrowings	(0.5)	-	-	(0.5)
Trade and other payables	(3.0)	(0.7)	-	(3.7)
Lease liabilities	(3.5)	-	-	(3.5)
Total liabilities	(7.0)	(0.7)	-	(7.7)
Net identifiable assets acquired	2.4	(0.5)	-	1.9
Goodwill	1.7	0.5	1.1	3.3
Total consideration paid in cash	4.1	-*	1.1	5.2

*Cash consideration for Recap Manager was £1

Outflow of cash to acquire subsidiaries, net of cash acquired	**2023** £m
DHSS cash consideration	4.0
MarDocs cash consideration	1.2
	5.2
Less: cash acquired	(0.1)
Less: contingent consideration not yet paid	(0.3)
Net outflow of cash – investing activities	4.8

The excess of consideration over the net identifiable assets has provisionally been attributed to goodwill. Subject to the completion of a purchase price allocation exercise, some of this value may be attributed to identifiable intangible assets.

Acquisition-related costs of £0.2m are included in administrative expenses in the income statement and in operational cash flows in the cash flow statement.

The contingent consideration for MarDocs requires the Group to pay up to a maximum of US$0.5m (£0.4m) based on the successful migration of key clients to the Recap Manager platform. In the event there is no migrated customer revenue, no amount would be payable. The fair value of the contingent consideration at acquisition was US$0.3m (£0.3m) and will be revalued at the end of each period.

DHSS contributed revenues of £3.6m and net profit after tax of £0.4m to the Group for the period from 6 February 2023 to 30 June 2023. If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and reported profit after tax for the period ended 30 June 2023 would have been £321.9m and £40.8m respectively.

Recap Manager contributed revenues of £0.2m and net profit after tax of £0.1m to the Group for the period from 31 March 2023 to 30 June 2023. If the acquisition had occurred on 1 January 2023 consolidated pro-forma revenue and reported profit after tax for the period ended 30 June 2023 would have been £321.1m and £40.8m respectively.

The MarDocs asset purchase agreement entitled the Group to all revenue generated and transferred liability for regular operating costs of the acquired business from 1 January 2023.Therefore, the contributed revenue of £0.2m and net profit after tax of nil to the Group for the period from 28 March 2023 to 30 June 2023, would be no different if the acquisition had occurred on 1 January 2023.

15 Contingencies

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

16 Principal risks and uncertainties

The Directors consider that the nature of the principal risks and uncertainties which may have a material effect on the Group's performance in the second half of the year have not changed from those identified in the risk management section of the 2022 Annual Report on pages 77 to 81 and noted above on page 17.

17 Financial instruments

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value.

	30 Jun 2023		30 Jun 2022		31 Dec 2022	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Investments at fair value through Profit or loss ('FVPL') – Level 1	**0.4**	**-**	0.5	-	0.5	-
Investments at fair value through profit or loss ('FVPL') – Level 2	**0.9**	**-**	1.5	-	1.1	-
Foreign currency contracts – Level 2	**0.7**	**2.4**	-	7.4	0.1	7.0
	2.0	**2.4**	2.0	7.4	1.7	7.0

The method for determining the hierarchy and fair value is consistent with that used at the year-end (see note 28 on page 191 of the 2022 Annual Report). The fair values of financial instruments that are held at amortised cost are not materially different from their carrying amounts.

18 Related party disclosures

The Group's significant related parties are as disclosed in the 2022 Annual Report. There were no material differences in related parties or material related party transactions in the period ended 30 June 2023.

Other information

Alternative Performance Measures

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

Adjusting items

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

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

Underlying profit before taxation

Reconciliation of reported profit before taxation to underlying profit before taxation for the six-month period to 30 June.

	2023 £m	2022 £m
Reported profit before taxation	**52.2**	42.0
Add back acquisition-related costs	**0.9**	0.2
Underlying profit before taxation	**53.1**	42.2

Underlying effective tax rate

Reconciliation of reported effective tax rate to underlying effective tax rate for the six-month period to 30 June.

	2023	2022
Reported effective tax rate	**21.8%**	21.5%
Add back acquisition-related costs	**(0.3%)**	-
Underlying effective tax rate	**21.5%**	21.5%

Underlying profit attributable to equity holders of the Parent Company

Reconciliation of reported profit attributable to equity holders of the Parent Company to underlying profit attributable to equity holders of the Parent Company for the six-month period to 30 June.

	2023 £m	2022 £m
Reported profit attributable to equity holders of the Parent Company	**39.7**	30.0
Add back acquisition-related costs	**0.9**	0.2
Underlying profit attributable to equity holders of the Parent Company	**40.6**	30.2

Underlying basic earnings per share

Reconciliation of reported basic earnings per share to underlying basic earnings per share for the six-month period to 30 June.

	2023	2022
Reported basic earnings per share	**130.5p**	98.5p
Add back acquisition-related costs	**3.0p**	0.4p
Underlying basic earnings per share	**133.5p**	98.9p

Underlying administrative expenses

Reconciliation of reported administrative expenses to underlying administrative expenses for the six-month period to 30 June.

	2023 £m	2022 £m
Reported administrative expenses	**257.6**	213.9
Less acquisition-related costs	**(0.9)**	(0.2)
Underlying administrative expenses	**256.7**	213.7

Operational metrics

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

Net cash and available funds

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

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

	30 Jun 2023	30 Jun 2022	31 Dec 2022
	£m	£m	£m
Cash and cash equivalents as reported	**275.7**	231.6	384.4
Add cash on deposit and government bonds included within current investments	**9.9**	5.4	3.1
Less amounts reserved for bonuses included within current trade and other payables	**(136.7)**	(111.2)	(225.8)
Net cash and available funds	**148.9**	125.8	161.7

Free cash resources

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

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

	30 Jun 2023	30 Jun 2022	31 Dec 2022
	£m	£m	£m
Cash and cash equivalents as reported	**275.7**	231.6	384.4
Add cash on deposit and government bonds included within current investments	**9.9**	5.4	3.1
Less amounts reserved for bonuses included within current trade and other payables	**(136.7)**	(111.2)	(225.8)
Less net cash and available funds held in regulated entities	**(20.7)**	(23.3)	(30.8)
Free cash resources	**128.2**	102.5	130.9