MMA OFFSHORE


# Annual Report 2022

MMA OFFSHORE

## Acknowledgement of Country

MMA Offshore acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respects to their Elders past and present and extend this respect to all Aboriginal and Torres Strait Islander peoples today and to Indigenous peoples around the world.


### Key

- Office
- Operational Facility

## Contents



18

Vessels operating internationally

0.28

TRCF per million hours worked

1100+

Employees across the globe

MMA OFFSHORE

A pioneering marine services business.

# About Us

**MMA Offshore is a global provider of high-specification vessels and a comprehensive suite of marine and subsea services to the offshore energy sector, government and defence and wider maritime industries.**

Our combination of high-quality vessels, specialised subsea services, strategically located onshore facilities and in-house technical marine expertise enables us to partner with our clients to deliver innovative, fit-for-purpose marine solutions.

Our head office, located in Perth, Western Australia and our regional offices in Singapore and Aberdeen, provide technical support to our vessels, subsea and project logistics operations. We also have local offices in Malaysia, Taiwan, New Zealand, Dubai, the Netherlands and the United States.

The health and safety of our employees, contractors, clients and stakeholders is core to the way we do business. We pride ourselves on the world class safety, quality and reliability of our operations underpinned by our Target 365 safety culture which strives for "a Perfect Day, Every Day."



# Our Purpose

At MMA Offshore, we have developed a vision for our organisation that clearly articulates our purpose, who we are and what motivates us.

### Why we matter

We solve the most demanding marine challenges.

### What we do

We are a pioneering marine services business.

### What we believe

We believe marine resources should be developed sustainably.

### Where we want to be

We want to transform the way marine services are delivered.

### How we'll get there

Our five principles are our lines in the sand, and guide how we think and act as an organisation every day.

# Our Principles

### Smarter Together

Only by working together can we solve the biggest problems.

### Do What's Right, Not What's Easy

We have the courage to do the right thing, even when it's hard.

### Think Bigger

We embrace big ideas and challenge ourselves to achieve big goals.

### Fail Fast & Learn

We back ourselves to innovate and support each other through the process.

### Create Tomorrow

The future we want is up to us to create.

# Our Services

## Vessel Services

As a global provider of offshore marine solutions, MMA owns and operates a fleet of 18 offshore vessels capable of servicing an extensive range of complex marine projects. With an average age of nine years, our fleet incorporates modern technology, efficient propulsion systems and proven reliability to serve a wide range of work scopes – from subsea construction and maintenance, through to ongoing production support and towing operations. MMA also maintains a global pool of over 900 highly qualified offshore personnel capable of executing the most challenging offshore projects.

## Subsea Services

Combining state-of-the-art equipment and highly experienced personnel, MMA provides an extensive range of subsea services for our clients. As leading experts in the delivery of survey, engineering, commercial diving, ROV, environmental and stabilisation and manufacturing assembly and test solutions, we are capable of servicing a wide range of marine markets. By delivering our services as either an integrated end-to-end solution or as a singular service provision, we are able to complement our clients' execution preferences with our in-house project management expertise.

## Project Logistics

Managing complex marine logistics work scopes for global construction projects is a key service provided by MMA. Our bespoke services can be tailored specifically to our clients' requirements and include project managing complex marine and vessel spreads, logistics to remote greenfield sites, integrated marine logistics and marine transportation services.

Solving the most demanding **marine challenges.**

MMA Monarch departing Singapore for a campaign off the north west coast of Australia.

# Our Markets

## Oil & Gas

Supporting all phases of the oil and gas lifecycle, MMA has extensive experience providing support to the oil and gas industry. Our versatile fleet of vessels combined with our world-class subsea expertise provides integrated solutions to support offshore construction activities, ongoing production support, inspection, maintenance and repair operations, decommissioning works and stabilisation requirements.

## Offshore Wind

MMA is facilitating the global energy transition through our comprehensive range of marine solutions for the offshore wind industry. We provide vessel, subsea and engineered solutions for field development, construction support, inspection, maintenance and decommissioning works, as well as specialised support services for cable installation and management.

## Government & Defence

MMA is a panel member on the HydroScheme Industry Partnership Program ("HIPP"), providing hydrographic survey services to the Australian Government's Department of Defence as part of an extensive program to obtain high-quality bathymetric coverage of Australia's Exclusive Economic Zone by 2050. We also deliver a range of services to government and defence contractors including survey, bathymetry, vessels, ROVs, AUVs and commercial diving services.

## Coasts & Ports

MMA provides stabilisation, marine grouting and coastal erosion solutions to ports and harbours, coastlines and inland marine infrastructure. Our unique approach of combining engineering with nature seeks to deliver resilient coastal infrastructure.

## Engineered Reefs

MMA's newly acquired environmental and stabilisation business, Subcon, are accomplished pioneers of engineered reef solutions, with over 30 large scale reef projects delivered globally to date. Our engineered reefs provide solutions for fisheries enhancement, reef restoration, coastal erosion control, offshore wind farm ecology, decommissioning of oil and gas structures, tourism and living harbours.

# 2022 Year in Review

Revenue
## $283.8m

EBITDA
## $32.3m

NPAT
## $33.8m

EBIT
## $1.3m

Operating Cashflow
## $15.2m

LVR
(Net Debt to Fixed Assets)
## 14%

Cash at Bank
## $73.9m

NTA per Share
## 95c


Mermaid Cove providing production support services to Woodside facilities in Australia's north west.

Photo courtesy of Woodside.

# Chairman's **Report**

**FY2022 continued to be challenged by the COVID-19 pandemic, however overall market sentiment for the offshore services industry has significantly improved in recent months and we are seeing positive momentum going into FY2023.**

MMA delivered earnings in line with expectations for the financial year. FY2022 Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") were $32.3 million. On a like-for-like basis, this was a 9% improvement on FY2021 EBITDA of $29.6 million after adjusting for the impact of various one-off items and government subsidies.

Importantly, MMA remained cashflow positive throughout the COVID-19 trading trough, and we closed the financial year with cash at bank of $73.9 million.

FY2022 was also a milestone year in terms of MMA's Balance Sheet, with our leverage ratios returning to acceptable levels following a well-executed debt reduction strategy. During the year we completed our non-core vessel sales program with approximately $37 million in proceeds being used to pay down debt. In addition, we made amortisation payments of $15 million including a prepayment of $2.5 million towards FY2023 scheduled amortisation. We also entered into an agreement to sell the Batam Supply Base for US$15 million (A$21 million) which will further reduce our net debt during the first half of FY2023. Whilst our current facilities are not due to expire until early 2025, our improved balance sheet opens up more flexibility within the terms of our current debt facilities and will put us in a stronger position when it comes to refinancing.

Whilst we continue to progress our strategy of diversifying our earnings base to more environmentally sustainable sectors such as offshore wind and government services, we remain highly leveraged to oil and gas activity which is seeing a recovery due to rising energy security concerns prompted by the Russia-Ukraine conflict. Demand for alternative sources of oil and gas has increased, which is leading to an increase in offshore development activity to boost production both to take advantage of the current high oil and gas prices and as an alternative to Russian supply in the medium term. We are seeing this translate to an improving market for vessels with utilisation and rates beginning to improve across our key markets as demand increases and the market tightens.

Whilst oil and particularly gas is expected to continue to be a vital part of the energy mix for some time, the transition to renewable energy remains in full swing with offshore wind a key component of future energy supply. MMA is ideally positioned to service this rapidly growing industry with our vessels, subsea and project logistics capability directly transferable to offshore wind.

We continue to solidify our position in Taiwan with the acquisition of 49.9% of Taiwanese survey company Global Aqua Services during the year and the formation of MMA Global Aqua to target the offshore wind market with the benefit of local ownership.



MMA is in the process of transforming itself as a **business** and has a clear strategy to achieve this.

The outlook for offshore wind in South East Asia remains extremely positive with over 3,000 turbines to be installed in the region by 2026. MMA is focused on growing its share of revenue from offshore wind over the coming five years with a focus on Taiwan, South Korea, Japan and Vietnam.

We are also committed to increasing our revenue from the government and defence sector predominantly through our participation in the HydroScheme Industry Partnership Program ("HIPP"), an extensive program of nautical charting surveys in Australian waters. To date we have secured four scopes of work as part of the program, the most recent to be delivered in the Cape Leeuwin region of Western Australia utilising the Mermaid Searcher as the support vessel. With an extensive future program of survey works planned around Australia, we are keen to position ourselves to grow this part of the business and are currently investigating autonomous technologies to enhance our capability in this market.

MMA is in the process of transforming itself as a business and has a clear strategy to achieve this.

We expect improved market conditions across oil and gas together with competing demand from offshore wind to enable us to release the latent operating leverage in our core vessel and subsea business as utilisation and rates on our vessel fleet increase and we can generate higher margins on our services. Whilst we have reduced the size of the fleet to 18 vessels, we have disposed of the more commoditised vessels and retained the more specialised fleet with the greatest potential for improved returns. We also plan to supplement the owned fleet with third-party chartered vessels to meet market demand to increase our returns.

Our diversification strategy is starting to bear fruit with over 20% of our revenue generated from non-oil and gas sources during FY2022.

In terms of extending our service offering, we are performing more integrated work scopes and further embedding ourselves with our clients through our subsea services division.

To further enhance our diversified service offering, we recently announced the acquisition of Subcon. Subcon provides innovative stabilisation, coastal erosion and engineered reef solutions to the oil and gas, offshore wind, coastal infrastructure and tourism sectors both in Australia and internationally. The acquisition enhances our service offering to our existing oil and gas and offshore wind markets whilst bringing a number of exciting new solutions to expand our reach into coastal erosion management, decommissioning and the tourism sectors.

As a business we are committed to sustainability and continue to make progress on a variety of initiatives across environmental, social and governance areas. With vessel fuel technology being our greatest opportunity to cut emissions as an industry, we were proud to collaborate with Fortescue Future Industries on some exciting new research into ammonia as an alternative fuel source for the marine industry, with the MMA Leveque (now FFI Green Pioneer) being used as a prototype vessel. We also progressed a full technical evaluation for the installation of battery technology on one of our support vessels. I encourage you to read our 2022 Sustainability Report which is included in this Annual Report.

The health, safety and wellbeing of our people remains a key priority. I am pleased to say that we achieved our target of improving our total recordable incident rate by 50% during the year with our TRCF currently sitting within the top quartile of our industry peers. In a challenging year filled with COVID-19 disruption, I am extremely proud of our people for their ongoing focus on keeping themselves and their colleagues safe. Our Target 365 strategy is based on the belief that we can all be safe 365 days of the year and our improved safety performance during FY2022 is a testament to the Target 365 safety culture being embraced and lived by our people.

I would like to conclude by thanking my fellow Board members for their valuable stewardship of the business over the past 12 months.

I would also like to thank MMA's senior leadership team and staff for their commitment to the business over the past few years during what has been a very challenging period for the industry.

I am optimistic that better times are ahead and that we can look forward to strong momentum as we deliver the strategy and transform MMA into a business for the future.

**Ian Macliver**

Chairman

# Managing Director's **Report**

**FY2022 continued to be impacted by COVID-19, however we are seeing positive momentum going into FY2023.**

MMA reported Revenue of $283.8 million for the year, up 19.5% on the prior year. EBITDA for FY2022 was $32.3 million which was in line with expectations. EBITDA improved 9% on the prior year after adjusting for the impact of various one-off items and government subsidies which were included in the FY2021 result and not repeated in FY2022.

Importantly, MMA remained cashflow positive during the year generating operating cashflow of $15.2 million and we closed the financial year with cash at bank of $73.9 million.

The financial result was significantly impacted by COVID-19 which directly affected our operations, resulting in vessel downtime, project delays and increased costs.

Market conditions improved during the last quarter of the financial year with COVID-19 related restrictions easing combined with a spike in oil and gas prices as a result of the Russia-Ukraine conflict.

We finished the financial year on a significantly more optimistic note, and we see positive momentum going into FY2023.

## Market Conditions

At a macro level, there are positive signs for activity in both the oil and gas and offshore wind sectors.

Offshore oil and gas sanctioning activity picked up during the year with many projects which had been delayed due to COVID-19 achieving final investment decision.

Offshore activity for the coming five years is expected to be strong with an estimated US$168 billion in new projects expected to be sanctioned in MMA's operating regions between 2022 and 2026. The oil price recovery continued through the financial year with an average Brent oil price of US$76/barrel during the first half. Prices surged during the second half averaging US$107/barrel following the Russian invasion of Ukraine which disrupted Russian supply. The Russian conflict has prompted concerns about energy security and resulted in a change in sentiment towards new oil and gas developments (particularly gas) to reduce reliance on Russia as the world transitions to renewable energy.

Offshore wind activity continues to grow exponentially with over 3,000 turbines to be installed and US$80 billion expected to be spent on offshore wind farm developments in Asia and Australia between 2022 and 2026. As a vessel intensive activity, offshore wind is expected to drive significant additional vessel demand over that period.

With the projected growth in demand for vessels from both oil and gas and renewables, the offshore vessel market is expected to tighten significantly which should drive utilisation and rates higher. The market for subsea services is expected to follow a similar trajectory.

We are also starting to see governments increase their focus on decommissioning requirements, which MMA is ideally positioned to support, with our combination of vessels, subsea and project logistics expertise.

**Underpinning our strategy is the marine expertise within our business** which enables us to deliver innovative solutions.

## Strategy

Our strategy is focused on extracting the maximum return from our core business, leveraging the recovery in oil and gas investment whilst continuing to diversify and grow our presence in the offshore wind and government services sectors, transforming our business along with the energy transition.

A key strategic focus is to continue to leverage our skills and assets across our vessels, subsea, project logistics and engineering businesses to deliver integrated project solutions for our clients across all of our key target markets. We have successfully delivered a number of integrated projects over the past two years in both oil and gas and offshore wind and we will continue to refine our integrated service model with the aim of further embedding our services with our clients.

Whilst we expect oil and gas will be a fundamental part of the energy mix for some time, the focus on climate change has increased the pace of the transition to renewable energy, including offshore wind. We see renewables as a key future market for MMA with a substantial number of new offshore wind farms expected to be developed in the Asia Pacific region over the coming decade. Over the past two years, MMA has supported a number of offshore wind development projects in Taiwan utilising our vessels and subsea services to deliver a range of work scopes.

A key part of our renewables strategy has been to establish local operating structures to enable us to operate under local content rules. We recently established a local entity in Taiwan and acquired a 49.9% share in a Taiwanese survey business to create a new entity "MMA Global Aqua" to facilitate our growth in that market. We also have a MOU in place with Worley to provide integrated inspection and maintenance services to the offshore wind market in Southeast Asia. We will look to establish similar structures in South Korea, Japan and Vietnam as these markets develop.

We continue to target the government and defence sectors and are currently active in delivering hydrographic survey services to the Australian Navy as part of the HydroScheme Industry Partnership Program ("HIPP"). We have recently secured our fourth hydrographic survey scope and are investing in technology to continue growing this part of the business.

Underpinning our strategy is the marine expertise within our business which enables us to deliver innovative solutions to our clients to differentiate us from our competitors. We will continue to build and maintain this marine expertise to enable us to deliver our strategy.

MMA derived 22% of its revenue from non-oil and gas sources including 9% from offshore wind and 6% from government services with a further 7% from other sources such as salvage, cable lay support and marine infrastructure.

## FY2022 Highlights

**EBITDA**
$32.3m

**73% Utilisation**
Across the total fleet

**Balance Sheet repair completed**
Net Debt $51.1m,
Cash at Bank $73.9m

**Non-core vessel sales completed**
Proceeds $37m

**Progressing diversification strategy**
22% of revenue from offshore wind, defence and other marine services

**Offshore wind**
Taiwan JV up and running, secured first contract in South Korea

**Subcon acquisition**
Expanding our capability into new environmental sectors

**Strong safety culture**
TRCF improved to 0.28

**Sustainability**
Significant progress on ESG strategy

**Positive macro outlook**
Positive outlook for oil and gas, offshore wind and defence activity, vessel market tightening

**FY2023**
H1 FY2023 expected to be stronger than H2 FY2022

## Subcon Acquisition

In line with our strategy to diversify and extend our service offering in a sustainable manner, we recently completed the acquisition of Subcon.

Established in 2011 and headquartered in Perth, Subcon provides innovative stabilisation, coastal erosion and engineered reef solutions to the oil and gas, offshore wind, coastal infrastructure and tourism sectors both in Australia and internationally.

The acquisition supports MMA's growth objectives and is expected to generate a number of key strategic benefits, enhancing our capability to service our existing markets through the combination of MMA and Subcon's service offering whilst enabling us to access new markets with significant potential for growth including oil and gas decommissioning through Subcon's rigs to reef offering, attenuating reef systems to combat coastal erosion, scour protection technology for offshore wind farms and recreational reef developments.

We are confident that the Subcon business will thrive under MMA's ownership with increased access to capital and complementary skills and assets to accelerate growth. We look forward to jointly developing and growing the business with the Subcon team.

Integration of the business is underway with the Subcon business to become a part of MMA's Subsea Services division.

We are committed to growing our business whilst achieving **sustainable outcomes for our people, the environment and the community.**

## Sustainability

Sustainability is integral to our overall strategy and purpose as an organisation and we are committed to growing our business whilst achieving sustainable outcomes for our people, the environment and the community whilst operating with strong ethics and governance. Further information on our commitment to sustainability and our progress on various initiatives is included in our Sustainability Report which forms part of this Annual Report.

## Balance Sheet

FY2022 was an important year for the Company in terms of returning our Balance Sheet to a position of strength.

Following a focused strategy of debt reduction through non-core asset sales over the past 12 months, MMA's leverage ratios have now returned to acceptable levels with Net Debt / EBITDA of 1.6x and Gross Debt / EBITDA of 3.9x at the end of the financial year. Net Debt to Property, Plant and Equipment was 14%.

As at 30 June 2022, MMA had cash at bank of $73.9 million and total bank debt including lease liabilities of $125.0 million resulting in a net debt position of $51.1 million on approximately $370.3 million of fixed assets.

During the year, we completed our non-core vessel sales program with approximately $37 million in proceeds being used to pay down debt. In addition, we made amortisation payments of $15 million including a prepayment of $2.5 million towards FY2023 scheduled amortisation. We also entered into an agreement to sell the Batam Supply Base for US$15 million (A$21 million) which will further reduce our net debt during the first half of FY2023.

Whilst our current facilities are not due to expire until early 2025, our improved Balance Sheet metrics gives us additional flexibility with regard to capital allocation within the terms of the current facilities and will position the Company well when it comes to exploring refinancing alternatives.

## Asset Sales

As part of our core business strategy, we continually review the composition of our fleet and have been actively divesting a number of our more commoditised vessels where the returns are suboptimal and where we see limited future upside.

During the year, we completed the sale of seven vessels and two barges for a total of approximately A$37 million with the proceeds generally in line with the Assets Held for Sale value on the Company's Balance Sheet.

Our Batam Supply Base tenant also exercised their US$15.0 million purchase option on the facility during the year with completion expected by December 2022.

As MMA has ceased shipbuilding some time ago, the sale of the yard is a sensible strategic decision for the Company. MMA has retained a portion of the yard and waterfront to continue to service our current Batam clients.

## Cost Control

Cost control remains an ongoing key focus for MMA.

The COVID-19 pandemic increased the costs and complexity of our operations and resulted in vessel down time and project delays as well as increased costs associated with moving crew and assets across international and interstate borders due to quarantine and border restrictions.

The unaudited estimated additional direct cost to the business for the 2022 financial year was in the range of $5.0-$6.0 million, with indirect and lost opportunities further compounding the commercial effect of COVID-19. The impact of COVID-19 related cost increases significantly reduced in the fourth quarter as restrictions eased in a number of locations.

Whilst we have stripped a significant amount of overhead out of the business in recent years, we continue to seek further efficiencies in our existing business whilst ensuring we invest in the development of our new growth markets.

We expect global inflation levels to increase our cost base over time, however at this stage the overall impact has been manageable.



## Operational Update

### Vessel Services

Vessel Services revenue for the year was $177.3 million, up 7% on FY2021. Vessel EBITDA was $34.2 million down from $38.2 million in FY2021. Our EBITDA margin was impacted by increased costs and vessel downtime due to COVID-19 as well as lower overall utilisation on the MPSV vessels which have higher holding costs when not contracted.

The financial performance of the vessel division was significantly impacted by COVID-19 with vessel downtime resulting from positive COVID-19 cases within our crews, increased costs associated with quarantine requirements and reduced activity in South East Asia, particularly Malaysia, as a result of projects being deferred due to the pandemic. Market conditions improved late in the last quarter of the financial year as COVID-19 restrictions eased somewhat and a number of deferred projects came back online, increasing demand.

Average utilisation for the year across the fleet was 73%, up from 53% in FY2021. AHT utilisation was 87% (FY2021 80%), PSV utilisation was 84% (FY2021 74%) and MPSV utilisation was 60% (FY2021 70%). Utilisation on the AHTS vessels improved to 69% from 21% in FY2021 as a result of selling a number of underutilised AHTS vessels over the course of the past 18 months and Australian project logistics scopes utilising a number of AHTS vessels during the year.

As at 30 June 2022, MMA had a total of 18 vessels (17 owned, one chartered), having sold seven vessels during the year. Of the total fleet, 16 vessels were under contract and working with the remaining two vessels available for work in the spot market.

As at 30 June 2022, 49% of available vessel days for FY2023 were contracted, increasing to 60% taking into account highly probable contract awards and extension periods. This compares to 29% and 43% at the same time last year. On a revenue basis, 58% of our forecast revenue is already under contract for FY2023, (70% including highly probable) as compared to 46% and 69% at the same time last year.

MMA secured a number of new vessel contracts during the year adding to our baseload of contracted earnings for the vessel business.

In January 2022, we secured a contract renewal with Woodside for the Mermaid Cove for a period of 3.5 years with a further 1.5 years in option periods. As part of the contract MMA is working with our client on a range of decarbonisation initiatives for the vessel including exploring the viability of battery technology to lower emissions.

In February 2022, we signed a five-year contract renewal for the MMA Brewster to provide production support services for INPEX operated Ichthys LNG, with a further five one-year extension options thereafter. The MMA Brewster was specifically designed for the INPEX Ichthys LNG Project and has been successfully supporting INPEX since 2017. We were pleased to continue our positive working relationship with INPEX and to continue supporting them on their key Australian project.

We also signed a new contract for the MMA Privilege to provide accommodation and walk to work support services for a long-term client in Côte d'Ivoire. The contract is for a period of two years firm and commenced in March 2022. This is an important contract locking away one of our larger vessels for a substantial period.

The MMA Pinnacle completed its three-year contract with iTech 7, Subsea 7's Life of Field business unit and returned to the MPSV fleet after its five-year docking. Following this, it secured a significant integrated contract with our Subsea Services division in Qatar.

We also signed a one-year extension of the MMA Inscription with Santos supporting Bayu-Undan in the Timor Sea. The MMA Inscription was previously modified specifically for this project to provide dual static tow and offtake support duties, resulting in substantial cost savings for the client. We were pleased to extend our services on this project.

Subsequent to the financial year end, in July 2022, we signed a contract with OMV New Zealand for the platform supply vessel MMA Leeuwin. The contract is expected to commence in September 2022 with a firm period of 200 days and a further 150 days in extension options. This was a pleasing development, expanding our operational portfolio in the New Zealand region to two vessels.

MMA continued to have a number of vessels on longer-term contracts including the MMA Plover which continues on a two-year plus options contract with INPEX, providing drilling rig support services for the Ichthys LNG field.

We also have the MMA Vision supporting OMV Limited in New Zealand on a three-year contract with further options to extend. Our strategy to relocate the MMA Vision to the region has been successful and having the vessel on location has meant that we have managed to secure a number of short-term work scopes for the vessel to supplement the OMV contract, enhancing our returns on this asset.

The Mermaid Searcher continued on contract with UPS providing support services for the Northern Endeavour FPSO decommissioning project.

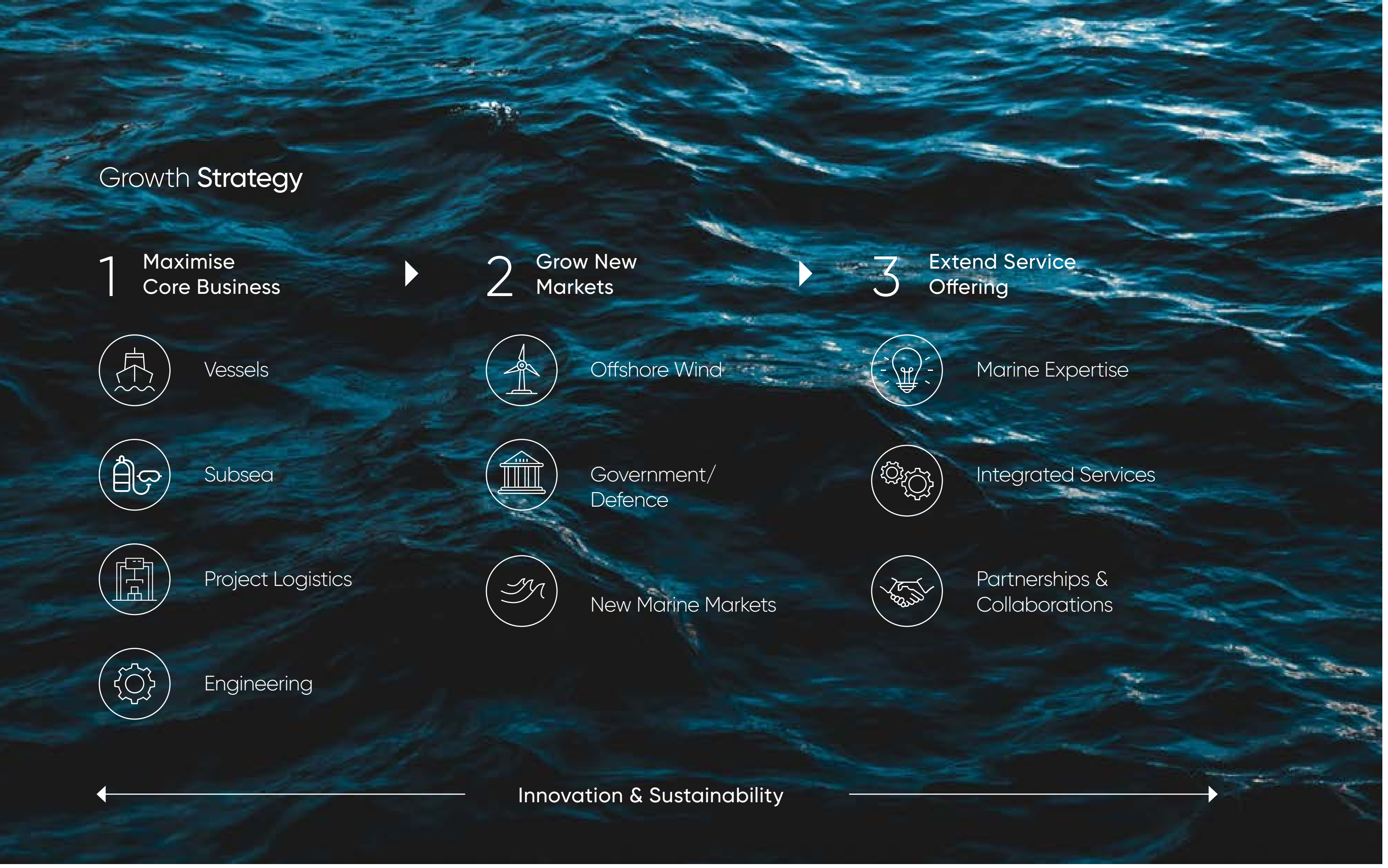
We continue to focus on increasing our presence in offshore wind and had six vessels, the MMA Prestige, MMA Coral, MMA Leveque, MMA Responder, MMA Crystal and MMA Pride all supporting various wind farm developments and maintenance activities in Taiwan during the year.

MMA had a number of vessels supporting our Project Logistics division's contracts with Subsea 7 and Technip for tug and barge and other logistics support for Julimar Stage 2 and Gorgon Stage 2.

The MMA Prestige completed a number of subsea scopes in South East Asia including support services for salvage operations in Sri Lanka before being mobilised to Taiwan for offshore wind support work.

The outlook for the vessel business is looking more positive with recent contract renewals locking in a firm baseload of contracted earnings going forward.

Macro conditions are improving across our markets with demand for vessels increasing. Whilst the impacts of COVID-19 continue to be an ongoing challenge, the situation has significantly improved since the easing of restrictions in most of our operating regions.




## Subsea Services

Subsea Services revenue was $70.8 million for the year and Subsea EBITDA was $2.4 million, as compared to revenue of $70.6 million and an EBITDA loss of $(1.5) million in the previous financial year.

Significant improvements have been made in terms of business and operational processes over the past 12 months and we are starting to see this translate into improved operational and financial performance.

The subsea division continued to be impacted by COVID-19 during the year particularly in South East Asia and the United Kingdom where activity was well below average levels. Whilst the situation improved in the last quarter of the financial year, the pandemic caused project delays and difficulties in mobilising personnel to project locations, impacting our revenue and costs for the majority of the year.

Notwithstanding the impacts of the pandemic, the subsea business had a positive year completing a number of significant projects across renewables, oil and gas and defence, reinforcing our strategy around integrated services.

In December 2021, MMA secured a survey scope for the Marinus Link project in Tasmania. The project scope involved the acquisition and interpretation of geotechnical data to assist with the cable route feasibility assessment for the Marinus Link interconnector project. Marinus Link is set to play a critical role in unlocking Tasmania's renewable energy and storage resources to deliver low-cost, reliable and clean energy for customers in the National Electricity Market. MMA was proud to be involved in this project which is set to play a critical role in supporting the decarbonisation of Australia's economy and the country's transition to renewable energy.

MMA has continued to support the Australian Government Department of Defence through its involvement in the HydroScheme Industry Partnership Program. During the financial year, we successfully completed two hydrographic survey scopes including the Camden Sound survey off Broome, Western Australia and the Cape Barren to Babel Island survey off the coast of Tasmania. MMA also recently secured the contract for the Cape Leeuwin survey region in Western Australia which will be delivered in FY2023. We are currently exploring a range of autonomous technologies to enhance our service offering and to position ourselves to continue to support the government with this extensive multi-year project.

We also conducted a number of integrated work scopes utilising the MMA Prestige and MMA Vigilant. We recently secured our largest integrated services project to date, supporting a pipeline installation campaign in Qatar. The campaign commenced in June 2022 and is expected to continue until December 2022, generating estimated revenue in the order of US$16.5 million (A$23 million) for the firm contract period. This project marks a major milestone for MMA, securing a significant integrated subsea services contract utilising one of MMA's flagship vessels, the MMA Pinnacle.

We continue to make inroads into the offshore wind market and completed a number of projects during the year including a site investigation survey for a major offshore wind development and several smaller scopes. We also completed the acquisition of 49.9% of a Taiwanese survey company to form MMA Global Aqua, to actively target opportunities with the benefit of a local partner. The MMA Crystal was recently fitted with a suite of subsea equipment with the vessel reflagged to be permanently located in Taiwan. We are also actively developing inspection and maintenance opportunities in collaboration with Worley as part of our joint venture agreement.



Rig positioning activity was strong during the year with MMA supporting rig moves for Woodside, INPEX, Beach Energy and Santos under our long-term frame agreements with these clients as well as for Jadestone Energy.

Subsea stabilisation activity was also strong with a number of large grouting and scour protection projects undertaken for Subsea 7, Technip and McDermott. The recent acquisition of the Subcon business will solidify our position in the subsea stabilisation market and will bring a number of exciting new capabilities under our Environmental and Stabilisation service offering.

The UK business experienced lower activity due to COVID-19 but in recent months the market has begun to pick up and a number of sizeable work scopes have been secured.

The macro-outlook for the subsea business is improving and activity levels have picked up in recent months.

Whilst COVID-19 continues to present operating challenges, we expect the performance of the subsea business to continue to improve.

## Project Logistics

The Project Logistics division generated revenue for the year of $60.3 million up from $16.5 million and EBITDA of $2.1 million, up from an underlying EBITDA of $0.9 million.

The Project Logistics division had a busy year with two major offshore construction projects in the North West Shelf of Australia being undertaken during the year.

The first project was a logistics scope for Subsea 7 supporting the transport of subsea equipment from South East Asia to Australia for the Julimar 2 Project. The vessel spread consisted of four tugs and two barges with three of the tugs coming from MMA's fleet and the remainder chartered in from third parties.

The second major project was a logistics scope supporting Technip on a large subsea installation project in the North West Shelf with a 10-vessel spread (six tugs and four barges). The project was initially planned to commence in direct continuation of Julimar 2 but was delayed until the second half which reduced the overall profitability of the project due to the holding costs of the vessel spread between the two projects.

We have also been successful in making inroads into the South East Asian market and completed logistics projects in the Philippines and India which contributed to the second half.

Activity in the project logistics arena is lumpy and dependent on large project construction scopes being undertaken. Offshore construction activity in Australia is expected to be lower in FY2023, however, the longer-term outlook for project logistics requirements in MMA's key regions is relatively strong, with a number of large oil and gas projects flagged for development between FY2024 to FY2026. Decommissioning projects are also expected to take place in the same timeframe with project logistics being a key component of decommissioning offshore infrastructure. Similarly, the outlook for offshore wind is strong and will be a key focus area for the Projects Logistics group into the future.

The Batam Shipyard generated rental income from the sublease to WASCO during the first half. WASCO recently exercised their purchase option on the yard for US$15 million with the sale of the yard to be completed by December 2022. MMA has retained access to a portion of the facility and waterfront for its own operations.

MMA's facility in Tuas, Singapore was handed back to the Singapore Government at the end of the lease period. MMA secured laydown area, warehouse facilities and wharf access at a state of the art third party facility in Singapore for future vessel mobilisations and maintenance as required.

The recent acquisition of Subcon will bring a number of exciting new capabilities under our **Environmental and Stabilisation service offering.**

Our safety result for FY2022 is a testament to our **Target 365 safety culture across the organisation.**

## Health & Safety

Keeping our people safe and healthy remains fundamental to how we operate at MMA.

The COVID-19 pandemic presented an enormous range of challenges for the organisation which I am proud to say our people continue to overcome with the utmost professionalism and care.

We continue to implement an appropriate level of control measures, protocols and procedures to safely continue our operations whilst protecting the health and welfare of our people and the wider community.

Whilst there was disruption during the year, most of our people have now returned to work in our office locations, which has been positive for wellbeing and team morale. We have introduced additional flexibility for our teams which is also working well. We sincerely appreciate the efforts of our people in maintaining the high quality of our operations throughout the pandemic.

During FY2022, we improved our safety performance with a Total Recordable Case Frequency ("TRCF") per million hours worked of 0.28 down from 1.13 at 30 June 2021 – a significantly better result than the marine industry average of 2.0 for our cohort as measured by the International Marine Contractors Association ("IMCA").

We continue to live our Target 365 philosophy and believe that a Perfect Day is possible 365 days a year. Our safety result for FY2022 is a testament to our Target 365 safety culture across the organisation.

Notwithstanding our strong safety performance, we operate in a high-risk industry and will continue to strive for continuous improvement and focus on ensuring our people are safe each and every day.

## Outlook for FY2023

We are seeing positive momentum for offshore services with an improved outlook for oil and gas and offshore wind services. The impacts of COVID-19 also appear to be normalising with restrictions now eased in most of our operating regions.

We are anticipating the first half of FY2023 will be stronger than the second half of FY2022 and look forward to capitalising on the continued upward momentum in the industry.

**David Ross**
Managing Director




King Reef, Exmouth WA installed by Subcon in 2018 - a sustainable solution for decommissioning oil and gas infrastructure.

Photo courtesy of Blue Media Photography.

# Sustainability **Report**

**Sustainability is at the core of MMA's purpose as an organisation and is integral to our overall strategy to grow the business profitably.**

During FY2022, we completed the roll out of our purpose across the organisation. Our core belief and the key premise underpinning our purpose is that "marine resources should be developed sustainably" and this now drives our strategic decisions. The articulation of our purpose represents a key cultural shift as we transition the business to better reflect the changing world we live in.

Whilst MMA was originally established to service the offshore oil and gas sector, our marine based skills are transferable to other sectors. Whilst oil and gas will continue to be an important revenue source as the world transitions to renewable energy over time, our strategy is to diversify into sectors which support the energy transition along with other adjacent marine markets. MMA is also ideally positioned to support the decommissioning of oil and gas infrastructure over time.

In July 2022, we completed the acquisition of Subcon which brings some exciting new environmental solutions to MMA's portfolio including artificial reefs, coastal erosion solutions and wind farm ecology. We look forward to growing this part of the business under MMA's ownership.

MMA's ESG strategy continues to be focused on the following key elements:

Environment – how MMA performs as a steward of nature.

Social – how MMA manages its relationships with employees, suppliers, customers and the community.

Governance – how MMA is governed.

MMA is committed to being a good corporate citizen and to ongoing improvements in our performance across all of our sustainability measures.

MMA's key ESG initiatives are aligned with several of the United Nations Sustainable Development Goals, which address the key challenges currently faced globally. MMA is focused on Goals 3, 5, 7, 8, 10, 12, 13 and 14 which are the most relevant to our operations.

During FY2022, we made significant progress on a number of elements within our sustainability strategy including:

- Embedding sustainability as a key strategic imperative across the business through the roll out of our purpose;
- Further developing and refining our emissions reduction strategy;
- Progressed a full technical evaluation of the installation of battery technology on one of our vessels;
- Collaborating on ground-breaking research into ammonia as an alternate fuel for the marine industry on one of our vessels, the MMA Leveque;
- Significantly improving our safety performance;
- Enhancing our community and employee engagement strategy through the establishment of a corporate volunteering program;
- Reinforcing our culture of diversity and inclusion through several awareness and inclusion events;
- Continuing to foster collaborative and respectful relationships with the Indigenous communities in which we operate; and
- Significantly enhancing our environmental service offering through the acquisition of Subcon.




We believe marine resources **should be developed sustainably.**

## ESG **Strategy**

### Environment

**Environmental Management System**
Certified to ISO 14001:2015

**Emissions Reduction**
Developing strategies and initiatives to reduce emissions across our operations

**Supporting the Energy Transition**
Diversifying our services to support the development of offshore wind

**Supporting Healthy Oceans**
Engineered reefs, coastal erosion, waste management and pollution prevention

**Sustainability Innovation**
Innovation program focused on addressing key sustainability challenges of our industry

### Social

**Employee Health and Safety**
Target 365 culture, Critical Controls, Safety Management System

**Employee Wellbeing**
Employee engagement, EAP, mental health, flexible working, parental support

**Training and Development**
Employee support and training

**Diversity and Inclusion**
Awareness and inclusion events, measurable objectives

**Community Support**
Community sponsorship, philanthropy and volunteering

**Indigenous Engagement**
Indigenous training programs, collaboration initiatives

### Governance

**Corporate Governance Standards**
Compliant with ASX 4th Edition Corporate Governance Principles

**Code of Conduct**
Focus on working legally, ethically and safely, Group Whistleblower Policy

**Anti-Bribery and Corruption**
Zero-tolerance approach

**Human Rights**
Modern Slavery Statement, Maritime Labour Convention

The MMA Pride operating in Taiwan.

# Environment

## Environmental Management System

MMA's environmental management system is certified to ISO 14001: 2015 "Environmental Management Systems" across our global operations. MMA maintained environmental certification and all licences required during FY2022 and had no reportable or adverse environmental events.

## Environmental Policy

MMA is committed to growing our business in an ecologically sustainable way. To support this goal, MMA:

- Complies with relevant laws and regulations and applies responsible standards where laws and regulations do not exist;
- Maintains a relentless focus on environmental responsibility, risk assessment and a culture of mutual accountability;
- Commits to zero spills across land and marine environments;
- Encourages all users of MMA's facilities to understand and adhere to MMA's environmental policies and standards;
- Monitors environmental performance to improve our policies, processes, work practices and behaviours promoting a cycle of continuous improvement; and
- Promotes efficient use of materials and resources (including energy, water, raw materials and other natural resources) through design and operational procedures, wherever practicable throughout our business.

## Environmental Management Standards

As an operator in the highly regulated global maritime industry, MMA is committed to 100% compliance with all applicable international regulations and conventions to protect the sensitive marine environments in which we operate. These include:

- International Convention for the Prevention of Pollution from Ships (MARPOL 73/78);
- Technical Code on Control of Emission of Nitrogen Oxides from Marine Diesel Engines;
- MARPOL Chapter IV – Regulations on Energy Efficiency for Ships – Collection and Reporting of Ship Fuel Consumption Data for >5000GRT Vessels; and
- International Ballast Water Management and Performance Standard (D2).

## Emissions Reduction

The vast majority (96%) of MMA's emissions are generated by the fuel burnt on our vessels.

MMA's vessels currently operate on marine gas oil (MGO) which is a low sulphur fuel compared to heavy fuel oil which is used elsewhere in the shipping industry. In terms of eliminating or materially reducing our carbon emissions from marine gas oil, we are limited to a large degree by the absence of an alternative fuel to power vessels at this point in time. Significant research into alternative fuels such as ammonia, hydrogen and methane is currently being undertaken by the industry, however no clear alternative has yet been proven. MMA's technology team continues to be at the forefront of alternative fuel research and has been deeply involved in a project to convert one of our platform supply vessels to run almost totally on ammonia.

Given the complexities involved, the timeframe for commercialisation of any alternative fuel technology is unclear. In the meantime, MMA is focusing its efforts on a range of operational initiatives to reduce the overall fuel burn on our vessels, as well as the installation of battery technology on vessels where appropriate and commercially viable.

During the year, we increased the resourcing directed at emissions reduction including establishing a new role within the vessel management team of Project Manager – Strategic Initiatives. We are also appointing an Operational Improvement Lead within the Vessel Services team to drive operational improvements and emissions reduction initiatives across the fleet.

MMA progressed its emissions reduction strategy during the year as follows:

- MMA collaborated on a project to gain Gas Ready certification for one of our platform supply vessels, the MMA Leveque. This certification is the first step towards certifying the vessel to run on ammonia as an alternative fuel. The vessel has subsequently been sold to Fortescue Future Industries ("FFI") and under its new name, "FFI Green Pioneer", will act as a technology demonstrator for FFI. MMA continues to manage the vessel operationally and technically and will assist FFI during the conversion;
- A more detailed Emissions Reduction Strategy was developed with recommendations with regards to the timing of setting decarbonisation targets, which was approved by MMA's Board of Directors;
- A comprehensive review of the offshore vessel industry's progress towards net zero emissions and the status of the various technology options was undertaken; and
- We progressed the technical evaluation for the installation of battery technology for one of our support vessels.

MMA's Emissions Reduction Working Group, which includes technical, operational and management experts from across the business meets at bi-monthly intervals to establish, pursue and track initiatives to reduce emissions within our operations.

The following key initiatives are currently being pursued:

- Optimisation of fuel monitoring and measuring systems onboard our vessels. This is a key step in our fuel consumption optimisation program providing more accurate data to make informed decisions towards fuel use optimisation;
- Analysis of vessel operational modes with a view to reduce fuel consumption through operational efficiencies. Detailed monitoring of fuel consumption against engine configuration and operational modes will allow MMA to identify and implement optimal modes of operation, which have the potential to significantly reduce fuel consumption and therefore emissions;
- Engagement of crew in reducing emissions through ongoing internal marketing and incentive campaigns; and
- Relaunching our Hull Coatings Management Project which will continue to look at the investment returns (with respect to emissions reduction) in hull coating types and hull cleaning at regular intervals. MMA operates vessels in high hull growth locations (such as the tropics), so increased monitoring and frequent cleaning will reduce fuel consumption and hence lower emissions. The key to this project will be how to accurately capture these costs and share these with our customers who will mostly benefit from the ensuing fuel consumption reduction. This will be aided by our above-mentioned work on refining and optimising our fuel monitoring systems, as these will help analyse the savings in fuel consumption brought about by the hull initiatives.

Significant work was undertaken during the year to determine whether MMA could set and announce specific emission reduction targets. MMA's position is to ensure that any targets set are realistic and achievable. The commercialisation of zero emission alternative fuels is a critical factor for reducing emissions in the maritime industry, however, the timeline for the maturation of the required technology, the production and supply of these fuels and the supply chain to distribute them are all unknown at this stage. The potential emissions savings they offer cannot therefore yet be defined and quantified. MMA stands ready to adopt targets when this information becomes available and will invest capital in these areas when investment outcomes can be quantified. In summary, MMA's approach is to actively pursue decarbonisation, but to only announce specific targets once more information on zero emission fuels becomes available.

MMA is committed to growing our business in an **ecologically sustainable way.**

### FY2022 Emissions

MMA has calculated our emissions for our global operations for the financial year ended 30 June 2022 with our Scope 1, Scope 2 and Scope 3 emissions outlined below.

Scope 1 reflects MMA's direct fuel use and associated emissions while our vessels are off-hire and fuel is under MMA's operational control. Typically, once MMA's vessels have been contracted, fuel comes under the client's operational control and emissions are classified as Scope 3. Vessels used in our subsea operations are typically classified as Scope 1 under the operational control test.

Fuel burn and total emissions are correlated with vessel utilisation, with fuel use considerably higher when vessels are at work. To facilitate a comparison over time, we have used "available vessel days" as a normalisation factor to calculate emissions intensity for MMA's owned fleet as the fleet size and utilisation fluctuates.

During the year, MMA engaged a third-party consultant to review our emissions modelling and calculations. The review confirmed that our calculations were materially accurate with some minor recommendations which have since been incorporated into our models.

Emissions for FY2022 increased in line with increased utilisation of the vessels for the financial year. Whilst a number of vessels were sold, these were typically cold stacked and not contributing to emissions in the prior year. Emissions intensity also increased due to increased movement of our vessels between locations including Africa, Europe, Asia and Australia.

| Total Emissions ($tCO_2$-e) | FY2022 | FY2021 | FY2020 |
|---|---|---|---|
| Scope 1 | 32,845 | 21,186 | 17,971 |
| Scope 2 | 1,367 | 1,210 | 1,467 |
| Scope 3 | 107,175 | 98,729 | 132,949 |
| TOTALS | 141,387 | 121,125 | 152,387 |

| Emissions Intensity | FY2022 | FY2021 | FY2020 |
|---|---|---|---|
| Total Emissions / Available Vessel Days | 15.6 | 11.9 | 14.4 |

*Note: FY2021 and FY2020 emissions restated following internal remodelling.*

## Supporting the Energy Transition

A key part of MMA's strategy is to diversify our service offering using our skills and assets to facilitate the global energy transition.

### Offshore Wind

During FY2022, we continued to execute our strategy to grow our offshore wind business. A number of key achievements were made during the year including the acquisition of 49.9% of Taiwanese survey company, Global Aqua Survey Ltd, to form a new operating entity in Taiwan – "MMA Global Aqua." With cabotage and local ownership becoming increasingly important in the Taiwanese market, MMA Global Aqua will provide MMA with a local platform from which to grow our offshore wind business.

As a key part of our offshore wind strategy, during FY2022 we worked towards reflagging the MMA Crystal to carry the Taiwanese flag, with the process completing in July 2022. This was a significant milestone in the development of our capability and assets in Taiwan whilst simultaneously building a localised supply chain. The reflagging followed a substantial conversion program conducted on the vessel in early 2022, which added a suite of new subsea support services to the vessel to enhance its capability in supporting offshore wind development.

During FY2022, we supported several offshore wind development projects in Taiwan with offshore wind representing 9% of our total revenue for the year. This was down from 16% in FY2021 as a result of a number of scopes being delayed due to COVID-19 during the year.

We recently secured our first offshore wind survey scope in South Korea with operations to commence in FY2023. This is an exciting development for the Company, opening up a new area of operation with significant forecast activity.

### Marinus Link

During the year, MMA was proud to play a key role in supporting the Marinus Link project, a 1,500MW capacity undersea and underground electricity connection between Tasmania and Victoria. Marinus Link is set to play a critical role in unlocking Tasmania's renewable energy and storage resources to deliver low-cost, reliable and clean energy for customers in the National Electricity Market. Marinus Link is a key project facilitating Australia's transition towards renewable energy and is expected to cut at least 140 million tonnes of $CO_2$ equivalent by 2050, the equivalent of removing more than a million combustion engine cars from our roads.

During the year, MMA's subsea team successfully completed the marine engineering field campaign to assist with a cable route feasibility assessment for the Marinus Link project.

MMA is passionate about **conserving and protecting the oceans on which we operate.**



## Supporting Healthy Oceans

As a marine services company, MMA is passionate about conserving and protecting the oceans on which we operate. In addition to our ongoing commitment to preventing marine pollution, the recent acquisition of Subcon is an exciting development in that it enables us to make a much more significant contribution to supporting healthy oceans.

### Reefs

Subcon are accomplished pioneers of engineered reef solutions with over 30 large scale reef projects delivered globally to date. Subcon's unique engineered reefs increase fish life by six times and receive positive engagement from tourists and stakeholders.

Through its engineered reefs, Subcon has delivered habitat solutions for fisheries enhancement, reef restoration, coastal erosion control, offshore wind, decommissioning of oil and gas structures, tourism and living harbour solutions.

During FY2022, Subcon completed a number of key projects supporting healthy oceans.

### Coastal Erosion Prevention – C.Y. O'Connor Beach

Subcon recently completed the installation of 135 wave attenuating reef modules off C.Y. O'Connor Beach situated along the coastline of Perth, Western Australia. The beach has historically experienced significant coastal erosion issues, with the shoreline eroding by more than 50 metres over the past 20 years. The installed reef modules will help reduce energy from ocean swell allowing coastal sand to fall out of suspension and settle along the coastline. The reefs will double as a local tourism drawcard as the modules become colonised by marine flora and fauna.

In 2019, a similar, larger scale reef was installed by Subcon at Mon Choisy Beach in Mauritius supported by the United Nations Development Program, which has seen excellent results in reducing the impacts of coastal erosion to date.

The C.Y. O'Connor project will be monitored over a three-year period by the University of Western Australia to gauge the success of coastal erosion mitigation and will serve as a valuable example for national and international government and commercial organisations.

We see Subcon's attenuating reefs as a potential scalable solution to combat the erosion of our coastlines globally as a result of rising sea levels and more frequent extreme weather events as a result of climate change.

### Tourism and Marine Habitat Creation – Wonder Reef

Subcon was instrumental in the design, engineering and installation of the Wonder Reef on Australia's Gold Coast which was opened to the public for dive tourism in June 2022.

Recently featured in Australian Geographic, Wonder Reef is the world's first buoyant reef consisting of nine enormous, sculptured reefs suspended 22 metres above the sea floor emulating a giant kelp forest.

Using innovative technology, the sculptural reef modules (designed by artist David Templeman) were engineered by Subcon to withstand cyclones and wave heights of over 18 metres. Made from uncoated steel to maximise marine growth, the structure is protected from corrosion by anodes. The reef has been purposely designed to attract and sustain a variety of marine life with significant environmental benefits expected from the addition of 32,000 cubic metres of new reef habitat on a previously bare seabed. Less than 12 months after its installation, the Wonder Reef is already hosting over 100 fish species.

With declining fish stocks and coral reefs under threat, artificial reefs such as the Wonder Reef have an important role to play and we look forward to leveraging our experience at Wonder Reef on future projects of this nature.

The Wonder Reef, Gold Coast QLD - a tourism and marine habitat creation by Subcon.

### Subcon Acquisition

In June 2022, MMA entered into an agreement to acquire Subcon, a leading provider of innovative stabilisation, coastal erosion and engineered reef solutions in Australia and internationally. The acquisition brings an exciting new suite of marine environmental services to MMA.

Subcon's motto is *"enabling ocean communities to thrive"* and it was this passion about being on the right side of history, enhancing ecosystems and economies to enable thriving marine habitats that was a key factor in MMA's decision to acquire the business.

We completed the acquisition in July 2022, with the business set to be integrated into MMA to form our Environmental and Stabilisation service offering.

### Marine Waste Mitigation

As part of our commitment to supporting healthy oceans, MMA has a robust suite of policies and procedures in place to ensure that we do not inadvertently pollute the precious marine environments in which we operate.

MMA complies with regulatory requirements and international conventions across all of its vessels and facilities including:

- International Convention for the Control and Management of Ships' Ballast Water and Sediments;
- International Convention for the Control of Harmful Anti-fouling Systems on Ships;
- International Maritime Dangerous Goods Code (IMDG Code); and
- The Hong Kong International Convention for the Safe and Environmental Recycling of Ships.

MMA has established a Waste Management Working Group to identify and implement waste reduction and waste management initiatives across our global operations.

Initiatives in place include:

- Elimination of single use water bottles onboard MMA vessels by 2024;
- Waste segregation onboard vessels and in all shore-based facilities; and
- Use of recycled paper with a drive to increase digital automation to reduce paper use.

Initiatives under investigation include:

- E-Waste recycling initiatives and options;
- Reduction in ballast waste through improved treatment and segregation systems; and
- Improved accessibility to waste paper recycling.

### Sustainability Innovation

At MMA, one of the key pillars of our Innovation Program is sustainability.

We continue to focus our efforts in developing new ways of working around the challenge of developing the marine resources industry more sustainably.

We are working on internally generated ideas as well as co-developing innovation at an industry level.

### Internal Initiatives

Internally, MMA focuses its efforts around solving the key challenges that our clients face. We are currently exploring concepts around reducing offshore personnel and enabling new ways of conducting offshore inspections remotely, reducing the need for travel.

### 3D Printing Pilot Program

Through our partnership with Wilhelmsen and thyssenkrupp, MMA successfully printed a seawater pump impellor using 3D technology. This successful use case has laid the groundwork and learnings to expand the program with the goal of reducing spare part holding costs and lead times whilst reducing the carbon footprint by reducing logistics requirements through localised printing.

MMA is excited to be involved in this innovation which has the potential to significantly improve the supply chain for marine parts, making it more efficient and sustainable.

**Protecting the health, safety and wellbeing of our people** is fundamental to how we do business.



## Social

### Employee Health and Safety

At MMA, protecting the health, safety and wellbeing of our people is fundamental to how we do business and is ingrained in our Target 365 culture which aims for 'a Perfect Day, Every Day.'

During the COVID-19 pandemic, the health, safety and wellbeing of our people, alongside that of our business partners remains our primary focus. We have been committed to stopping the virus from reaching our sites, ensuring business continuity so that our employees and business partners can safely work in a reduced risk environment.

In FY2022, our Total Recordable Case Frequency ("TRCF") performance improved from 1.13 the previous year to 0.28 (per million hours worked). We recorded one medical treatment case which was from a low-risk maintenance activity. Our safety performance has been assessed against our cohort of International Marine Contractors Association ("IMCA") members, placing MMA within the top quartile.

Underpinning our strong health and safety performance was the delivery of a number of key initiatives during the year, including:

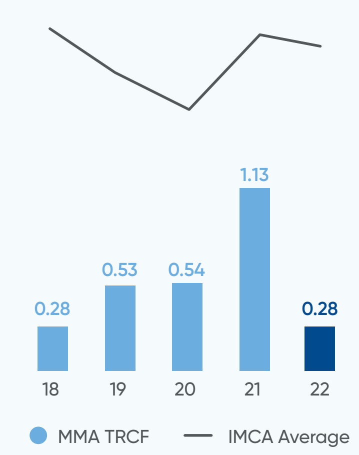
- Development of an updated Target 365 leadership approach;
- A complete review of critical operational risks; and
- Leadership engagement coaching sessions for senior management.

With 100% implementation of safety key performance indicators (KPIs) during the year, our safety leadership team has been instrumental in championing our Target 365 program which has resulted in a reduction of injury and non-injurious events.

We also use our internal measure of 'Perfect Days' to measure our safety performance. As the key metric of our Target 365 program, we continually strive for 'a Perfect Day, Every Day' with a perfect day being a day free of recordable injuries or material incidents. In FY2022, we achieved 344 (94%) perfect days – a 6% improvement on the previous year.

We continually strive for improvements to both leading and lagging measures in order to achieve our Target 365 goal. We also regularly conduct intervention and proactive campaigns to address performance and will continue to support our staff and contractors in preventing injury and illness.

Total Recordable Case Frequency
(Per Million Manhours)




During FY2022, we continued to undertake improvements in our HSEQ systems and processes. Highlights for the year included:

- Target 365 Leadership Sessions across the business. The sessions highlighted our strengths and opportunities to improve our approach to achieving our 'Perfect Day, Every Day' aspiration;
- Senior Management engagement with front line crews and projects. Senior management attended project mobilisations, undertook vessel voyages and spent time in operations to gain a greater appreciation of frontline operations and provide support to achieve Target 365;
- Mental health and wellbeing promotion to better understand what is important to our workforce;
- A major campaign which focused on hand safety and the impacts of what a permanent hand injury would have on family and quality of life;
- Vessel safety case management in both Australia and Brunei;
- Document of Compliance attainment with the Republic of China Flag State (Taiwan); and
- Comprehensive internal assurance programme review to ensure our controls are adequately robust to prevent incidents, protect the environment and maintain our licence to operate.

During FY2022, we restructured our HSEQ executive leadership role to include risk. This provides a strengthened approach to how MMA manages the HSEQ, compliance and risk functions across our business units.

MMA was again active in contributing to the improvement of HSEQ management across our industry. MMA's Managing Director, Mr David Ross, was the Co-Chair of the Marine Working Group of Safer Together (Western Australia and Northern Territory) and was a member of the Safer Together Safety Leaders Group. MMA's Executive General Manager Risk is also a member of the IMCA Asia Pacific Committee.

## Employee Wellbeing

At MMA, we are committed to fostering a diverse, engaging and high-performance workplace that supports individual employees' wellbeing and their journey towards realising their full potential.

We aim to provide a healthy, safe and inclusive workplace, free from harassment and bullying. We foster an environment where all our people feel safe to speak up, and treat each other fairly, respectfully and with dignity.

MMA has several mechanisms in place to foster employee wellbeing, including:

- A culture of inclusive communication to foster employee engagement including regular Managing Director town hall meetings, lunch and learn sessions and company news updates;
- A calendar of regular employee engagement events providing opportunities to foster social connections and a sense of belonging. During FY2022, we also established a volunteering program providing our people with opportunities to give back to the community or participate in charity and community events;
- Specific wellbeing initiatives including a "Mindful at MMA" photo competition which was conducted during the year to promote mindfulness and wellbeing across our seagoing and office-based staff;
- Flexible working arrangements to facilitate personal and family commitments including recently formalising a Working from Home policy for office-based staff;
- Generous parental support and flexibility on return-to-work arrangements to facilitate ongoing participation;
- A Mental Health Policy enabling staff to use personal leave for mental health reasons; and
- An employee assistance program which provides counselling and wellbeing resources to staff globally 24/7.

## Crew Engagement

MMA recognises the importance of regularly engaging with our vessel crew who due to the nature of their work at sea, have limited opportunity to engage with the business. In April 2022, we held a conference in Perth, Western Australia with several of MMA's vessel masters, chief engineers and integrated ratings in attendance. Delivered by members of MMA's senior and executive leadership teams, the event was an opportunity to discuss a range of key topics as well as a valuable face-to-face networking opportunity following a lengthy period of interstate travel restrictions due to COVID-19.



## Training & Development

### Employee Training

MMA recognises that providing our people with opportunities for training is key to their career and individual development.

A total of 1,116 MMA employees accessed training over the course of FY2022, completing a total of 9,186 individual training outcomes. The ongoing skilling and competency of our workforce ensures we are able to meet complex business challenges for our clients in the future, whilst developing our people to enhance their career progression.

### Industry Scholarships

MMA is proud to support the development of the next generation of hydrographic surveyors through the launch of the MMA Offshore Hydrographic Surveying Scholarship in conjunction with Curtin University in February 2022.

The scholarship provides Bachelor of Surveying (Honours) students in their final year of study at Curtin University with a monetary contribution towards their educational related expenses as well as the potential for vacation work, offering a hands-on and immersive experience alongside MMA's team of experienced surveyors. The scholarship also provides students with the potential for employment with MMA post-graduation.

With a shortage of skilled hydrographic surveyors in Australia, providing support and real-world experience to students is critical to the development of Australia's hydrographic surveying industry.

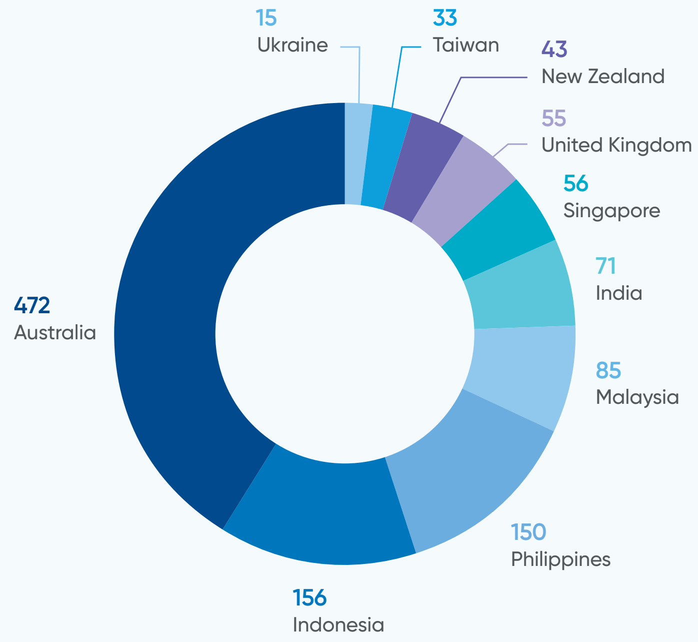
## Diversity & Inclusion

With over 1,100 employees located around the world, MMA is proud to be a highly culturally diverse organisation.

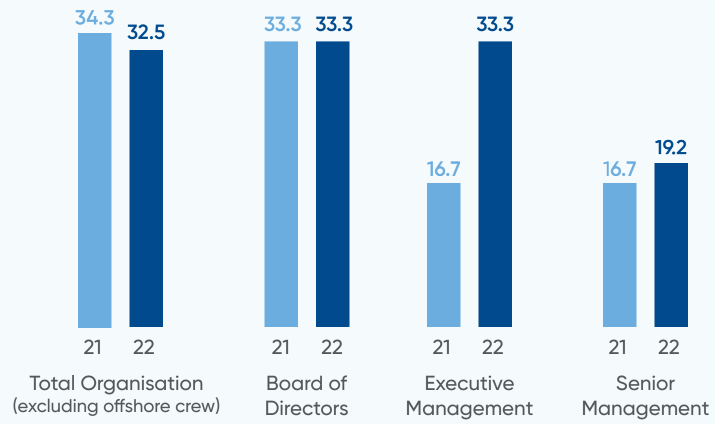
To assist with promoting our objective to facilitate greater diversity and inclusion at all levels within the Company, we have a Diversity and Inclusion Committee responsible for establishing and monitoring strategies on promoting and maintaining diversity and inclusion.

We also regularly review our remuneration practices to ensure equality.

Employee Nationalities - Top Ten




% of Women Employed



MSWA Ocean Ride. Photo courtesy of MSWA.

## Diversity Measurable Objectives

Annually, MMA develops a set of Diversity Measurable Objectives, including targets for female participation in senior management positions.

Pleasingly, MMA's percentage of women employed at an executive leadership level increased to 33.3% in FY2022, compared to 16.7% in FY2021. We are also pleased to maintain a diverse Board of Directors with 33.3% female Board representation.

We are still targeting 30% female representation at the senior management level but recognise that this may take longer to achieve given the traditionally male dominated nature of the offshore marine and subsea industries. We have extended our timeframe to achieve 30% out to June 2025 and have set a new target to increase the number of females in technical positions to a minimum of 10% by June 2025 which we hope will improve the pipeline of internal candidates for senior management positions which often require a technical background.

## Diversity Events

Promoting awareness and inclusion is the second key focus of MMA's Diversity and Inclusion Committee. Our formal events program has been in place since 2020 and has been an incredibly successful component of MMA's Diversity and Inclusion strategy, fostering a greater appreciation and understanding of the cultures and backgrounds of our people as well as diversity issues more broadly.

During FY2022, MMA employees came together to recognise a range of events including Diwali, Lunar New Year, International Women's Day, Ramadan, Eid al-Fitr, the International Day for Women in Maritime, Reconciliation Week and NAIDOC Week.

### Diwali

MMA celebrated the Hindu holiday of Diwali during November 2021, with our Diversity and Inclusion Committee recognising the week-long event and providing a selection of traditional 'mithai' sweets to staff. One of our staff members, who has since joined the Diversity and Inclusion Committee, shared his lived experience of Diwali and the significance of the holiday in Hindu culture. We also shared information on the commonly practiced traditions of Diwali through our internal communications channels, which was well-received by staff across our global locations.

### Lunar New Year

Our Perth office celebrated the Lunar New Year in February 2022, decorating the office with a number of customary decorations and serving a traditional morning tea for staff. Local COVID-19 restrictions unfortunately affected our ability to host our annual celebration at our Singapore office, however our team was able to gather later in April once restrictions had lifted to celebrate the opening of our new Singapore office location.

### International Women's Day

In celebration of International Women's Day, MMA's Diversity and Inclusion Committee shared a live-streamed presentation across MMA's global offices on the 2022 theme "Break the Bias" and the conscious and unconscious biases that can occur within a workplace environment. MMA Non-Executive Director, Sue Murphy, also shared an insight into her 40 years of experience in the resources and infrastructure industries and her early experiences working in male-dominated work sites as a civil engineer.

MMA also sponsored 10 employees to attend the Perth Business News International Women's Day event, where the team heard from prominent gender equality advocates in the Western Australian business community.

### Ramadan & Eid al-Fitr

Throughout April and May 2022, MMA's Diversity and Inclusion Committee recognised the Muslim tradition of Ramadan, and produced a short film featuring three onshore and offshore staff members who shared unique insights into their personal traditions undertaken during Ramadan. At the completion of Ramadan, MMA also came together to celebrate Eid al-Fitr, with celebratory staff lunches held at our Perth and Singapore head offices.

### International Day for Women in Maritime

On 18 May, MMA celebrated the inaugural International Maritime Organization ("IMO") event, the International Day for Women in Maritime. In support of the day, MMA sponsored 10 staff members to attend the inaugural WA Women in Maritime panel and networking event held in Fremantle, and provided resources to staff, highlighting past news stories about MMA women in maritime.

MMA is committed to supporting the communities in which we operate.

### Reconciliation Week

From 27 May to 3 June, MMA recognised Reconciliation Week by sharing dedicated resources on our global internal news channels and encouraging our Perth-based staff to participate in a number of locally held events. Our Perth staff also joined members of the Western Australian community on Whadjuk Noongar Boodjar for the Walk for Reconciliation, where we journeyed through Kaarta Koomba (Kings Park) and reflected on Australia's ongoing journey towards reconciliation.

### NAIDOC Week

MMA recently acknowledged and celebrated NAIDOC Week, with our teams around the world embracing the opportunity to gain a greater understanding of First Nations cultures and histories. MMA's Diversity and Inclusion Committee unveiled an Acknowledgement of Country plaque at our Perth office, designed and produced by local Noongar artist, Jarni McGuire. During the week, the Committee also led a live-streamed presentation for all staff sharing the experiences of MMA's survey team in collaborating with Traditional Owner groups across Australia. Our Perth team also enjoyed a special native food-inspired morning tea supplied by an Indigenous Australian-owned business. We also provided comprehensive resources to staff to encourage greater awareness and understanding amongst our people and provided resources on how to deliver an Acknowledgement of Country at meetings. At the completion of July, we also raised funds for the Polly Farmer Foundation at our monthly charity morning tea.

## Community Support

MMA is committed to supporting the communities in which we operate by making positive contributions and creating mutual opportunities to support economic growth and social wellbeing.

During FY2022, MMA and its employees raised over $14,000 for local charities and not-for-profit organisations. We also commenced the rollout of our corporate volunteering program in which MMA's Perth based employees participated in a number of philanthropic activities totalling 125 hours volunteered. Feedback on the program to date has been very positive with our staff appreciating the opportunity to get together with colleagues from across the business to give back to the community.

### MSWA Ocean Ride

In November 2021, 16 MMA cyclists participated in the MSWA Ocean Ride in Perth, collectively cycling 1,300km in support of Western Australians with neurological conditions. MMA raised a total of $7,639 for MSWA, placing us in fifth place on the overall team fundraising leader board.

### Salvation Army Christmas Support

To assist the Western Australian Salvation Army branch, MMA team members from our Perth office volunteered during November 2021 to help pack and prepare Christmas presents to be dispatched to the remote far-north Indigenous community of Warmun. During December 2021, members from our Perth office also spent a morning volunteering at the Salvation Army's Northbridge branch, preparing a cooked lunch for community members in need.

### Christmas Food Donation Drives

MMA team members in Perth and Aberdeen provided much-needed food donations to local families throughout December 2021 in MMA's annual Christmas Food Donation Drive. Contributed by MMA staff, food donations were provided to Foodbank WA, as well as Aberdeen families in need throughout winter.

### Beach Clean Ups

During May 2022, members of MMA's Perth team joined Conservation Volunteers Australia in a beach clean-up event at Cottesloe Beach. Our team removed both large litter items and smaller microplastics from the shore, working together with the community to preserve the natural marine environment.

### Foodbank Volunteering

In May 2022, teams from MMA's Perth office volunteered during a morning at Foodbank WA to sort, pack and prepare hampers containing essential food and household goods to be distributed to Western Australian families in need.

### Charity Morning Teas

During FY2022, MMA's Perth office held its inaugural monthly morning tea in order to raise donations for employee-nominated charitable organisations, with MMA matching all amounts raised. Since the first event in 2021, MMA and our staff have raised over $4,600 for charities and organisations such as the Cancer Council, Movember and UN Women Australia.

## Traditional Owner Engagement

During FY2022, MMA was contracted by the Australian Government Department of Defence through the HydroScheme Industry Partnership Program ("HIPP") to undertake a hydrographic survey of Camden Sound, located in the Bonaparte Archipelago in Western Australia.

Having established a strong working relationship with the Dambimangari People during a previous survey work scope completed in FY2021, MMA again consulted the Dambimangari Aboriginal Corporation (Traditional Owners) in Derby to access the survey area and obtain the required permits to survey the region. Two Traditional Owners also joined the survey team during geodetic activities on Heywood Island, Degerando Island, Booby Island, Vulcan Island and Wailgwin Island. A Traditional Owner was also present during offshore hydrographic survey activities, with a total of nine Traditional Owners engaged offshore. As part of a Commonwealth Marine Parks Permit to operate in the area, Marine Mammal Observers (MMO) were required onboard the survey vessels. MMA engaged Blue Planet Marine to provide MMO training to members of the Dambimangari Community, who formed part of the offshore team undertaking MMO responsibilities.

During a second project for the Australian Government Department of Defence, MMA was contracted to undertake a bathymetric survey of Cape Barren to Babel Island located off the east coast of Tasmania. Through early engagement and effective stakeholder management, MMA successfully sought permission from the team at the Tasmanian Aboriginal Centre in order to access and perform works at the culturally significant site of Babel Island.

Through the completion of the project, MMA also sourced and enrolled two new Indigenous enterprises into the Company's supply chain (Marlu Resources Fabrication and Bunbara Logistics). We also achieved our Australian Industry Capability target of mirroring the Department of Defence's own target of allocating 1.5% of procurement spend with Indigenous enterprises. These enterprises are now registered vendors in MMA's approved vendor register and are able to be engaged by the wider MMA group.

### Target 365 Rewards

Through MMA's Target 365 safety initiative, MMA runs a rewards programme whereby business units that achieve exceptional safety performance are given the opportunity to donate monetary rewards to registered charities. In FY2022, a number of MMA vessels nominated to donate their Target 365 rewards to charities including the Starlight Children's Foundation and Northern Territory anti-bullying charity, the Dolly's Dream Foundation.

### Blood Donation Drives

In November 2021, MMA's Batam team and their subcontractors participated in a local blood donation drive in a collaborative effort between the Batam Shipyard and Offshore Association (BSOA) and the Indonesian Red Cross Society. Members of MMA's Perth team also registered a regular blood donation team with the Australian Red Cross during FY2022, providing critical life-saving resources to their local community.

## Indigenous Engagement

MMA is committed to establishing and fostering long-term relationships and partnerships with the Indigenous communities in which we operate.

### Indigenous Training Programs

MMA continues to provide training opportunities to Indigenous trainees and Timor-Leste nationals in Able Seaman roles.

Indigenous trainees are engaged on our modern PSV vessels operating out of Darwin and Broome. Candidates complete face-to-face training within the TAFE system, then go on to complete qualifying sea time, gaining critical work skills and experience over a period of 16 months.

Over the past four years, MMA has worked closely with our partners in Dili, Timor Leste to provide Able Seafarer trainee positions within our international fleet. 12 individuals have been provided the opportunity to gain an Able Seafarer Certificate of Competency, with sea time being completed on several of the Company's PSV and AHTS vessels.



# Governance

**MMA believes that high standards of corporate governance are paramount for sustainable long-term performance and value creation.**

MMA complies with the 4th Edition of the Australian Securities Exchange's Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition ASX Recommendations).

## Code of Conduct

MMA has in place a Code of Conduct for its Directors, Senior Management and employees and places a strong focus on working legally, ethically and safely.

We are currently in the process of refreshing and updating the Code of Conduct to incorporate our newly articulated purpose, principles and behaviours charter. The Code of Conduct will be re-launched to the business and used as an opportunity to engage with our workforce on this important topic.

We encourage the reporting of unlawful and unethical behaviour, actively promote and monitor compliance with the Code of Conduct and protect those who report breaches in good faith.

Under MMA's Group Whistleblower Policy, whistleblowers are protected from any disadvantage, prejudice or victimisation for reporting any breaches of the Policy or the Corporations Act.

## Anti-Bribery & Corruption

We have a zero-tolerance approach towards bribery and corrupt conduct. MMA and its personnel will not engage in any form of bribery or other corrupt conduct. The Company has an Anti-Bribery and Anti-Corruption Policy for preventing the offering or acceptance of bribes and other unlawful or unethical payments or inducements. MMA had no known incidents of bribery or corruption during FY2022.

Further details of the Company's Corporate Governance Policies are available on the Corporate Governance page of our website.

## Modern Slavery

MMA's commitment to human rights is supported by policies and processes that mitigate the risks of slavery and human trafficking within our own operations and in our supply chain.

MMA assesses the risk of modern slavery occurring within our own operations to be extremely low.

All our seafarers are employed in line with Australian and international labour laws including the Maritime Labour Convention ("MLC"), the International Labour Organisation ("ILO") and various flag state requirements which stipulate the rights and benefits of seafarers.

Our onshore personnel are engaged by way of common law contract or enterprise agreements which are underpinned by labour laws and minimum standards in the country of employment.

Within our supply chain, MMA conducts extensive third-party due diligence on prospective suppliers and contractors and requires that new vendors abide by the Modern Slavery Act and UN Global Compact Principles. MMA's Standard Procurement Terms and Conditions also require all contractors and suppliers to comply with modern slavery legislation. Where third party terms and conditions are used, MMA will also endeavour to include similar provisions into its contracts.

MMA's processes and procedures include a range of audits and inspections which seek to ensure that all statutory and internal compliance requirements are met. Through the above, MMA is able to ensure that any potential modern slavery practice or risk is identified, assessed and actioned appropriately.

MMA's 2022 Modern Slavery Statement can be found on the Australian Government's Modern Slavery Register at modernslaveryregister.gov.au.

# Risk

**MMA recognises that risk is an inherent part of its business. Effectively identifying and managing risk is critical to MMA's success.**

MMA's Integrated Business Management System (IBMS) documents the risk management framework MMA applies to ensure that a comprehensive approach to the identification, assessment and treatment of risk is applied. The risk framework is aligned to ISO 31000 (2018), the international standard for risk management.

This section describes (in no order of significance) the material risks that have been identified and are being managed for the Company to deliver on its objectives. It is not intended to be all encompassing, nor is any of the information intended to be taken as a statement of fact. These risks can be affected by a variety of factors which can, in turn, impact the Company's performance.

## COVID-19

MMA continues to manage the impacts of COVID-19 as the industry transitions to a phase of operating in a world with COVID-19 and as such has control measures in place to minimise disruption as a result of COVID-19 cases.

At the industry level, COVID-19 continues to impact supply chain activities and current work scopes through:

- Border closures and quarantine restrictions affecting the movement of our vessels, their crews and equipment and spares to and from our vessels.
- Additional cost of protecting and quarantining personnel; and
- Working from home and other Government restrictions.

## Dependence on Level of Activity in the Offshore Oil and Gas Industry

The Company is dependent on the level of activity in the offshore oil and gas industry.

The level of activity in offshore industries may vary and be affected by, amongst other things, prevailing or predicted future oil and gas prices and macro conditions.

A number of other factors also affect the offshore oil and gas industry, including economic growth, energy demand, the transition to renewable energy, the cost and availability of other energy sources and changes in energy technology and regulation. There can be no assurance that the current levels of offshore industry activity will be maintained or increased in the future or that offshore companies will not further reduce their offshore activities and capital expenditure. Any prolonged period of low offshore activity or demand or changes in energy technology will have an adverse effect on MMA's business.

The Company aims to mitigate the impact of lower offshore investment and lower offshore activity by:

- Diversifying its service offering into alternative market sectors such as offshore wind, government services and other new marine markets;
- Differentiating itself though innovation and operational excellence;
- Expanding its service offering to include subsea and project logistics services;
- Diversifying its contract portfolio across the exploration, construction and production phases and by providing maintenance/repair and decommissioning services; and
- Diversifying its geographic footprint across several key regional areas.

## Competition, Vessel Oversupply and Fleet Composition Misalignment with Market Demand

Demand for MMA's vessels is also affected by the number of vessels available in the market and the competitive landscape.

Any misalignment between vessel supply and demand can lead to an increase in competition which can adversely impact vessel utilisation, rates and contract terms, thereby impacting MMA's earnings and profitability and increasing its risk exposure.

MMA seeks to manage this risk by:

- Having a clear strategic plan, including an ongoing review of its asset mix and capability to meet market demand;
- Focusing on regional strategies to position itself in the most advantageous areas to operate, both in terms of demand and clients, and in emerging markets;
- Warm-stacking vessels to minimise holding costs for vessels between contracts;
- Providing an integrated marine and subsea service to clients;
- Expanding its service offering into the growing offshore wind sector; and
- Differentiating itself from its competitors through operational excellence, proactive and innovative solutions, long-term customer relationships and responsive account management.

## Operational Risks

The Company's operations are subject to various risks inherent in servicing the offshore energy and wider marine industry. Our international operations broaden our risk exposure in terms of both opportunities and threats.

Operational risks include (but are not limited to):

- Health and safety incidents;
- Epidemics/pandemics;
- Quarantine risks;
- Mental health risks;
- Outbreak of COVID-19 on board vessel(s) or an on-shore site;
- Loss of key customers/contracts;
- Failure by customers to pay for services contracted and/or performed;
- Redeployment costs of assets that are unable to be used in their current geography for a period of time;
- Equipment damage, technical failures or human error;
- Industrial unrest;
- Capsizing, sinking, grounding, collisions, fires and explosions, piracy, vessel seizures or arrests and acts of terrorism;
- Environmental pollution/contamination and other related accidents;
- Regulatory and legislative non-compliance;
- Cyber security attacks;
- Kidnap and ransom;
- Fraud and theft;
- Increases in input costs;
- Loss of key personnel; and
- Contractual assumptions of risk.

Potential consequences associated with these risks include the loss of human life or serious injury, pollution, environmental damage, significant damage to or loss of assets and equipment, business disruption, client dissatisfaction, loss of contracts, damage to our reputation and legal and regulatory action, including fines.

This could expose MMA to significant liabilities, a loss of utilisation, revenue and/or the incurrence of additional costs and therefore may have a materially adverse impact on the Company's financial position and profitability.

We employ a number of well-executed controls to manage these risks, including, but not limited to, appropriate insurance coverage, hazard and risk management processes, crisis management processes, certified health safety and quality systems and audits, information and security management systems and mitigation strategies, planned maintenance programmes, compliance programmes, tender and contract management processes, access to in-house and external legal expertise, industrial relations strategies, emergency preparedness and contingency plans, preferred supplier and subcontractor processes, counterparty risk assessments and a host of engineering and operational controls.

## Geopolitical, Government and Regulatory Factors

Our international operations are subject to challenging geopolitical risks in varying degrees.

Changes in the geopolitical climate in our market areas, such as the outbreak or resolution of war, nationalisation of a customer's oil and gas projects and changes to industry related legislation, protectionist measures, economic sanctions and border closures or restrictions (due to COVID-19) may open up more advantageous areas to operate or could require us to discontinue operating in that area, leading to corresponding impacts on vessel and service utilisation. As MMA's operations have expanded into the offshore wind sector in Taiwan, we continue to monitor the geopolitical situation there and official advice issued by governments and marine risk insurers (including the Joint War Committee).

MMA may face restrictions on its ability to win work in certain countries due to changing cabotage regulations or COVID-19 controls and may be required to form joint ventures in some countries in order to access the local offshore oil and gas markets. Joint ventures may introduce a higher level of operational, financial and counterparty risk. The prevalence of bribery and/or corruption in some foreign jurisdictions also limits MMA's ability to operate in these areas.

MMA's strategic plan considers such risks and operationally we risk assess market areas and clients regularly to limit negative and optimise positive impacts. A comprehensive Anti-bribery and Corruption Policy, Code of Conduct and Group Whistle-blower Policy have been implemented and are continually monitored to try and combat these risks.

## Debt Refinancing and Covenant breaches

Any material reduction in profitability may increase the risk of the Company failing to comply with the covenants associated with its Banking Facility or on the Company's ability to refinance at the end of facility term in January 2025.

MMA seeks to manage these risks through proactively engaging with its lenders and the wider debt markets as well as actively monitoring earnings and cash flows to forecast covenant compliance.

## Foreign Exchange

The majority of MMA's revenues are paid in either Australian or US Dollars and the Company's operating costs are primarily denominated in a combination of Australian, Singaporean and US Dollars, providing a natural hedge for our activities. MMA also has a combination of Australian Dollar and US Dollar debt. Adverse movements in these currencies may result in a negative impact on MMA's earnings.

MMA's treasury policy and contract management processes further mitigate this risk. The Board also considers from time to time whether to manage currency fluctuation risk through appropriate hedging.

## Cyber Security

MMA utilises sophisticated information technology to deliver high-quality services, interfaced with third-party information technology systems. Instances of cyber attacks have the potential to cause disruption and/or financial and reputational damage to the Company.

MMA has implemented a comprehensive Information and Security Management System to proactively identify, monitor, mitigate and monitor information security vulnerabilities, threats and risks in order to protect MMA, its employees, customers, assets and data.

The Company cyber response is governed by an Information and Communications Technology (ICT) Steering Committee which compromises ICT experts, access to external expertise and Executive Management representatives.

## Climate Change

The energy transition is impacting MMA's traditional oil and gas markets and customers as the world moves to renewable energy sources. Alternate marine fuel technology, which is still under investigation, will also affect MMA's fleet when the technology is developed and marine assets transition to lower emissions fuel sources.

MMA views the energy transition as both a risk and an opportunity. MMA has diversified its service offering into the rapidly growing offshore wind market in order to support the energy transition. MMA is also collaborating on research into alternate fuel technologies to power existing and future assets. Sustainability is a key strategic business imperative led by an Executive Management team member and reporting to the Board of Directors.

# Board of **Directors**

## Mr **Ian Alexander Macliver**

### Chairman – Appointed 28 January 2021

Ian was appointed as a Director of the Company on 20 January 2020 and as Chairman of the Company on 28 January 2021.

Ian is currently the Chairman of Grange Consulting Group and Grange Capital Partners. Prior to establishing Grange, Ian held positions over nine years in a general manager or executive director position for various listed and corporate advisory companies.

His experience covers all areas of corporate activity including capital raisings, acquisitions, divestments, takeovers, business and strategic planning and debt and equity reconstructions.

Ian is currently a Non-Executive Director of Sheffield Resources Limited which is listed on the Australian Securities Exchange.

Ian was previously Chairman of Western Areas Limited, and a Non-Executive Director of both Otto Energy Limited and Mount Gibson Iron Limited.

Ian holds a Bachelor of Commerce from the University of Western Australia and a Post Graduate Diploma from the Securities Institute of Australia. He is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Ian is a member of both the Company's Audit and Risk Committee and the Company's Nomination and Remuneration Committee.

## Mr **David Colin Ross**

### Managing Director – Appointed 13 January 2020

David was appointed as CEO of the Company on 1 July 2019 and subsequently as Managing Director of the Company on 13 January 2020.

David has spent more than 31 years working in the maritime industry having started his career as a seagoing marine engineer and qualifying as an Engineer Class 1 – Motor (Marine Chief Engineer) in 1995.

In 1995, David moved to a shore based marine career - initially at BHP Transport in Melbourne and subsequently moving to operational and strategic roles at BHP Billiton freight group in the Netherlands.

David has extensive knowledge of MMA's operations, having previously held the roles of General Manager Operations and Chief Operating Officer.

David is currently a member of the Board of Directors of Maritime Industry Australia Limited (which represents the collective interests of maritime businesses in Australia) and director of all of the Company's international subsidiaries in Singapore, UK, USA, Indonesia, Taiwan, Malaysia and PNG.

As Managing Director of MMA, David is responsible for the financial and operational performance of all of the Company's business lines.

## Mr **Chiang Gnee Heng**

### Non-Executive Director – Appointed 5 July 2012

Chiang Gnee graduated as a Marine Engineer in July 1977 from the University of Newcastle Upon Tyne (UK) and spent almost 30 years working in Singapore government linked companies and in various industries including shipyards, ordnance equipment manufacturing, aircraft engine component manufacturing, amusement and lifestyle, waste and environment management businesses.

In June 1989, Chiang Gnee attended the Sloan School of Management at MIT (USA) and graduated with a Masters in Management in July 1990. He was formerly the CEO of Sembawang Shipyard for 10 years and CEO of Sembcorp Environment Management Pte Ltd for two years until August 2007. Chiang Gnee was also formerly the Executive Director of the Singapore Maritime Institute (SMI) which focuses on the development of the Singapore maritime industry through research. Chiang Gnee was engaged in workplace health and safety management until 31 March 2018 and in vocational technical education in Singapore. He was Chairman of the Singapore Workplace Safety and Health Council and Deputy Chairman of the Institute of Technical Education (ITE) Board of Governors until 30 June 2018.

Chiang Gnee is also a Director of MMA Offshore Asia Pte Ltd (Singapore) and all of its subsidiaries/related companies in Singapore, Malaysia and Indonesia.

In addition, Chiang Gnee is Chair of the Company's Nomination and Remuneration Committee.

## Mr **Peter Kennan**

### Non-Executive Director – Appointed 22 September 2017

Peter is the founder and CIO of Black Crane Capital. He has over 20 years of corporate finance experience across a diverse range of sectors and transactions with Black Crane and previously with UBS Asia and Australia.

The Black Crane Asia Opportunities Fund, managed by Black Crane Capital, is a major shareholder of MMA.

Peter founded Black Crane in 2009. Prior to that, he was the Head of Asian Industrials Group for UBS Asia, a corporate finance sector team covering energy, infrastructure, resources, consumer/retail and general industrial companies.

Peter was also the Head of Telecoms and Media sector team for UBS Australia specialising in M&A, advising on many large, complex transactions. Prior to UBS, Peter spent seven years with BP in a variety of engineering and commercial roles.

Peter graduated from Monash University with a Bachelor of Engineering (Honours). He also has completed a Graduate Diploma in Applied Corporate Finance with the Securities Institute of Australia.

Peter is currently a Non-Executive Chairman of Intelligent Monitoring Group Limited.

Peter is a member of both the Company's Audit and Risk Committee and the Company's Nomination and Remuneration Committee.

## Ms **Susan Murphy AO**

### Non-Executive Director – Appointed 30 April 2021

Sue has over 40 years of experience in the resources and infrastructure industries. Holding a Bachelor of Civil Engineering from the University of Western Australia, Sue commenced as a Graduate Engineer with Clough Engineering in 1980. She went on to enjoy a 25-year career with Clough, progressing through a wide range of operational and leadership roles before being appointed to the Board of Clough Engineering Ltd in 1998.

After leaving Clough in 2004, she joined the Water Corporation of Western Australia as the General Manager of Planning and Infrastructure, before being appointed as Chief Executive Officer in 2008, a role she held for over a decade.

Sue has received many accolades throughout her career including being awarded the prestigious Sir John Holland Civil Engineer of the Year Award and is an Honorary Fellow of Engineers Australia. In addition, she was won the International Water Association's 2014 Women in Water award and was the 2018/19 West Australian Business Leader of the Year at the AIM WA Pinnacle Awards. In 2019, Sue was made an Officer of the Order of Australia.

Sue is currently a Non-Executive Director of Monadelphous Group Limited, The West Australian Treasury Corporation, and the UWA Business School and serves as a Senate Member of the University of Western Australia.

Sue is Chair of the Company's Audit & Risk Committee and a member of the Company's Nomination and Remuneration Committee.

## Ms **Sally Langer**

### Non-Executive Director – Appointed 6 May 2021

Sally has over 25 years' experience in professional services including as founder and Managing Partner of management consulting and executive recruitment firm Derwent Executive - where she set up and led the growth of the Perth office servicing a wide range of clients both locally and nationally and led the Mining and Industrial Practice.

Prior to that, Sally was a Director at international recruitment firm Michael Page and a Chartered Accountant at accounting and consulting firm Arthur Andersen.

During her career, Sally has been responsible for strategy development and execution with a strong focus on profitable business growth, supervising and coordinating large teams and other management functions including strategy, business development, budgeting and human resources. She has been a trusted advisor to numerous Boards on recruitment, talent management, culture and organisational structure.

Sally holds a Bachelor of Commerce from the University of Western Australia, is a Fellow of the Institute of Chartered Accountants and is a graduate of the Australian Institute of Company Directors.

Sally is currently a Non-Executive Director of Northern Star Resources Ltd, Sandfire Resources Ltd and the Gold Corporation / Perth Mint.

Sally is a member of both the Company's Audit and Risk Committee and the Company's Nomination and Remuneration Committee.

# Corporate **Governance**

## Corporate Governance

The Board of Directors ("Board") of MMA Offshore Limited ("Company" or "MMA") is responsible for the corporate governance of the consolidated entity. The Board is a strong advocate of good corporate governance.

## Compliance with Australian Corporate Governance Standards

The Board believes that the Company follows the 4th edition of the Corporate Governance Principles and Recommendations ("4th Edition ASX Principles") set by the ASX Corporate Governance Council, or where it does not, has sound reasons for not doing so as explained in the Company's Corporate Governance Statement.

## Access to Corporate Governance Statement

The Company's Corporate Governance Statement which outlines the Company's corporate governance policies and practices for the year ended 30 June 2022, can be found on the Company's website at www.mmaoffshore.com/investor-centre/corporate-governance.

The Company's Corporate Governance Statement is current as at 25 August 2022 and has been approved by the Board.

## ASX Corporate Governance Council Recommendations Checklist

ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the 4th Edition ASX Principles and the reason for any departure from the 4th Edition ASX Principles.

The table below lists each of the 4th Edition ASX Principles and the Company's assessment of its compliance with these for the year ended 30 June 2022. The Company's Corporate Governance Statement and Annual Report set out in greater detail the Company's assessment of its compliance with the 4th Edition ASX Principles.

| 4th Edition ASX Corporate Governance Principles and Recommendations | | | Comply |
|---|---|---|---|
| Principle 1: Lay solid foundations for management and oversight | | | |
| 1.1 | A listed entity should have and disclose a board charter setting out: | | |
| | (a) | the respective roles and responsibilities of its board and management; and | Yes |
| | (b) | those matters expressly reserved to the board and those delegated to management. | Yes |
| 1.2 | A listed entity should: | | |
| | (a) | undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and | Yes |
| | (b) | provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | Yes |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | | Yes |
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | | Yes |
| 1.5 | A listed entity should: | | |
| | (a) | have and disclose a diversity policy; | Yes |
| | (b) | through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and | Yes |
| | (c) | disclose in relation to each reporting period: | |
| | | (1) the measurable objectives set for that period to achieve gender diversity; | Yes |
| | | (2) the entity's progress towards achieving those objectives; and | Yes |
| | | (3) either: | |
| | | A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or | Yes |
| | | B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | Yes |
| 1.6 | A listed entity should: | | |
| | (a) | have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and | Yes |
| | (b) | disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. | Yes |
| 1.7 | A listed entity should: | | |
| | (a) | have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and | Yes |
| | (b) | disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. | Yes |
| Principle 2: Structure the board to be effective and add value | | | |
| 2.1 | The board of a listed entity should: | | |
| | (a) | have a nomination committee which: | Yes |
| | | (1) has at least three members, a majority of whom are independent directors; and | Yes |
| | | (2) is chaired by an independent director, | Yes |
| | | and disclose: | |
| | | (3) the charter of the committee; | Yes |
| | | (4) the members of the committee; and. | Yes |
| | | (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. | Yes |
| 2.2 | A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership. | | Yes |
| 2.3 | A listed entity should disclose: | | |
| | (a) | the names of the directors considered by the board to be independent directors; | Yes |
| | (b) | if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and | N/A |
| | (c) | the length of service of each director. | Yes |
| 2.4 | A majority of the board of a listed entity should be independent directors. | | Yes |
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | | Yes |
| 2.6 | A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. | | Yes |

| 4th Edition ASX Corporate Governance Principles and Recommendations | | | Comply |
|---|---|---|---|
| Principle 3: Instil a culture of acting lawfully, ethically and responsibly | | | |
| 3.1 | A listed entity should articulate and disclose its values. | | Yes |
| 3.2 | A listed entity should: | | |
| | (a) | have and disclose a code of conduct for its directors, senior executives and employees; and | Yes |
| | (b) | ensure that the board or a committee of the board is informed of any material breaches of that code. | Yes |
| 3.3 | A listed entity should: | | |
| | (a) | have and disclose a whistleblower policy; and | Yes |
| | (b) | ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | Yes |
| 3.4 | A listed entity should: | | |
| | (a) | have and disclose an anti-bribery and corruption policy; and | Yes |
| | (b) | ensure that the board or a committee of the board is informed of any material breaches of that policy. | Yes |
| Principle 4: Safeguard the integrity of corporate reports | | | |
| 4.1 | The board of a listed entity should: | | |
| | (a) | have an audit committee which: | Yes |
| | | (1) has a least three members, all of whom are non-executive directors and a majority of whom are independent directors; and | Yes |
| | | (2) is chaired by an independent director who is not the chair of the board, | Yes |
| | | and disclose: | |
| | | (3) the charter of the committee; | Yes |
| | | (4) the relevant qualifications and experience of the members of committee; and | Yes |
| | | (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. | Yes |
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | | Yes |
| 4.3 | A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. | | Yes |
| Principle 5: Make timely and balanced disclosure | | | |
| 5.1 | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1. | | Yes |
| 5.2 | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | | Yes |
| 5.3 | A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | | Yes |

| 4th Edition ASX Corporate Governance Principles and Recommendations | | | Comply |
|---|---|---|---|
| Principle 6: Respect the rights of security holders | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | | Yes |
| 6.2 | A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | | Yes |
| 6.3 | A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | | Yes |
| 6.4 | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | | Yes |
| 6.5 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | | Yes |
| Principle 7: Recognise and manage risk | | | |
| 7.1 | The board of a listed entity should: | | |
| | (a) | have a committee or committees to oversee risk, each of which: | Yes |
| | | (1) has at least three members, a majority of whom are independent directors; and; | Yes |
| | | (2) is chaired by an independent director, | Yes |
| | | and disclose: | |
| | | (3) the charter of the committee; | Yes |
| | | (4) the members of the committee; and | Yes |
| | | (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. | Yes |
| 7.2 | The board or a committee of the board should: | | |
| | (a) | review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and | Yes |
| | (b) | disclose, in relation to each reporting period, whether such a review has taken place. | Yes |
| 7.3 | A listed entity should disclose: | | |
| | (a) | if it has an internal audit function, how the function is structured and what role it performs. | Yes |
| 7.4 | A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks. | | Yes |
| Principle 8: Remunerate fairly and responsibly | | | |
| 8.1 | The board of a listed entity should: | | |
| | (a) | have a remuneration committee which: | Yes |
| | | (1) has at least three members, a majority of whom are independent directors; and | Yes |
| | | (2) is chaired by an independent director, | Yes |
| | | and disclose: | |
| | | (3) the charter of the committee; | Yes |
| | | (4) the members of the committee; and | Yes |
| | | (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. | Yes |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | | Yes |
| 8.3 | A listed entity which has an equity-based remuneration scheme should: | | |
| | (a) | have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and | Yes |
| | (b) | disclose that policy or a summary of it. | Yes |

# Directors' **Report**

**The Directors of MMA Offshore Limited ("Company" or "MMA") present their Directors' Report (including the Remuneration Report) together with the Financial Statements of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2022.**

## Directors

The names and particulars of the Company's Directors in office during or since the end of the financial year are set out on pages 34 to 35 (including their qualifications, experience and special responsibilities).

The above-named Directors of the Company held office during the whole of the financial year and since the end of the financial year.

## Directorships of Other Listed Companies

Directorships of other listed companies held by the Directors in the three years immediately before and since the end of the financial year are as follows:

| Name | Company | Period of Directorship |
|---|---|---|
| Mr I Macliver | Sheffield Resources Limited | Since August 2019 |
| | Western Areas Limited | October 2011- June 2022 |
| | Otto Energy Limited | January 2004 – November 2019 |
| Ms S Murphy | Monadelphous Group Limited | Since June 2019 |
| Ms S Langer | Northern Star Resources Limited | Since February 2021 |
| | Sandfire Resources Limited | Since July 2020 |
| | Gold Corporation/The Perth Mint | Since February 2021 |
| Mr P Kennan | Intelligent Monitoring Group Limited | Since November 2019 |

## Directors' Shareholdings

The following table sets out each current Director's relevant interest in the securities of the Company as at the date of this report:

| Directors | Fully paid ordinary shares direct | Fully paid ordinary shares indirect | Performance rights direct |
|---|---|---|---|
| Mr I Macliver | - | 100,000 | - |
| Mr D Ross | 284,835 | 190,758 | 4,871,501 |
| Mr C G Heng | 83,157 | - | - |
| Mr P Kennan | - | 29,706,815 | - |
| Ms S Murphy | 100,000 | - | - |
| Ms S Langer | - | - | - |

The Directors do not have any interests in shares, options or rights of any related body corporate of the Company as at the date of this report.

## Remuneration of Key Management Personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report section of this Directors' Report on pages 45 to 56. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (i.e. the MMA group), directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

## Rights Granted to Directors and Senior Management

During and since the end of the financial year, an aggregate of 4,799,436 performance rights were granted to the following Director and to the five highest remunerated senior officers of the Company as part of their remuneration:

| Name | Number of rights granted | Issuing entity | Number of ordinary shares under rights |
|---|---|---|---|
| Mr D Ross | 1,691,229 | MMA Offshore Limited | 0 |
| Mr D Cavanagh | 1,029,473 | MMA Offshore Limited | 0 |
| Mr T Muirhead | 387,903 | MMA Offshore Limited | 0 |
| Mr S Edgar | 703,714 | MMA Offshore Limited | 0 |
| Mr T Radic | 680,104 | MMA Offshore Limited | 0 |
| Ms L Buckey | 307,013 | MMA Offshore Limited | 0 |

## Company Secretary

Mr Tim Muirhead was appointed as Company Secretary on 10 January 2022 and held the position at the end of the financial year.

Mr Muirhead is an Australian qualified lawyer with over fifteen years' experience in the provision of corporate and commercial legal advice and advice of matters of governance and compliance.

Mr Muirhead joined the Company's legal team in November 2009. Prior to joining the Company, Mr Muirhead commenced his career as a corporate lawyer at a top tier Australian law firm, where he gained exposure to a broad range of corporate and commercial transactions. Mr Muirhead has also been Senior Legal Counsel at another large ASX listed entity.

Mr Muirhead holds a Bachelor of Science and Bachelor of Law (with distinction) from the University of Western Australia and a Graduate Diploma of Applied Corporate Governance and Risk Management from the Governance Institute of Australia.

## Principal Activities

The principal activities and operations of the consolidated entity during the financial year were the provision of vessels, subsea and project services to the offshore energy, renewables and wider maritime industries.

There were no significant changes in the nature of the activities of the consolidated entity during the financial year.

## Review of Operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are set out in the Chairman's Address and the Managing Director's Report on pages 8-16.

## Changes in State of Affairs

The Chairman's Address and the Managing Director's Report (on pages 8-16) sets out a number of matters which have had a significant effect on the state of affairs of the consolidated entity. Other than those matters, there was no significant change in the state of affairs of the consolidated entity.

## Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

As announced to the ASX on 23 June 2022, the Company entered into an agreement to acquire Subcon International Pty Ltd ("Subcon"). The completion of that acquisition occurred on 28 July 2022 and was announced to the ASX on that day. Subcon provides innovative stabilisation, coastal erosion and engineered reef solutions to the oil and gas, offshore wind, coastal infrastructure and tourism sectors.

## Future Developments

In general terms, the Chairman's Address and the Managing Director's Report (on pages 8-16) gives an indication of likely developments and the expected results of those operations.

## Environmental Regulations

The Company continues to conduct its operations within the parameters of all applicable statutory and subsidiary legislative requirements. There were no known reportable or adverse environmental events for the year ended 30 June 2022.

## Dividends

In respect of the financial year ended 30 June 2021, as detailed in the Directors' Report for that financial year, the Directors suspended the payment of dividends (both interim and final) in order to retain earnings to support business operations until market conditions improve.

This position remains the same in respect of the financial year ended 30 June 2022. Accordingly, no interim or final dividend has been recommended, declared or paid for the 2022 financial year.

## Unissued Shares under Rights

Details of unissued shares under rights as at the date of this report are:

| Issuing entity | Number of unissued shares under rights | Class of shares | Exercise price of rights $ | Vesting date of rights |
|---|---|---|---|---|
| MMA Offshore Limited | 1,000,180 | Ordinary | 0.00(a) | 1 Jul 2022 |
| MMA Offshore Limited | 1,667,588 | Ordinary | 0.00(b) | 1 Jul 2022 |
| MMA Offshore Limited | 5,327,976 | Ordinary | 0.00(c) | 1 Jul 2023 |
| MMA Offshore Limited | 4,616,666 | Ordinary | 0.00(d) | 1 Nov 2023 |
| MMA Offshore Limited | 1,518,829 | Ordinary | 0.00(e) | 1 July 2024 |
| MMA Offshore Limited | 2,050,414 | Ordinary | 0.00(e) | 1 July 2024 |
| MMA Offshore Limited | 1,750,001 | Ordinary | 0.00(f) | 31 Dec 2023 |

(a) For senior managers who remained employed with the Company or a wholly owned subsidiary of the Company on 30 June 2022, their performance rights linked to the retention hurdle (totalling approximately 134,000) vested on 1 July 2022.

(b) These performance rights vested for employees who remained employed by the Company or a wholly owned subsidiary of the Company on 30 June 2022.

(c) These performance rights vest on 1 July 2023 subject to the performance criteria as detailed in note 5.2 and have a two-year exercise period to 1 July 2025 (being the expiry date of the performance rights).

(d) These performance rights vest on 1 November 2023 subject to the performance criteria as detailed in note 5.2 and have a two-year exercise period to 1 November 2025 (being the expiry date of the performance rights).

(e) These performance rights vest on 1 July 2024 subject to the performance criteria as detailed in note 5.2 and have a two-year exercise period to 1 July 2026 (being the expiry date of the performance rights).

(f) These performance rights vest on 31 December 2023 subject to the employee remaining an employee of the Company (or a subsidiary of the Company) as at 31 December 2023 and have a two-year exercise period to 31 December 2025 (being the expiry date of the performance rights).

The holders of these performance rights do not have the right, by virtue of the issue of the performance right, to participate in any share issue of the Company.

## Shares Issued on Vesting of Rights

No shares were issued during or since the end of the financial year as a result of the vesting of performance rights.

## Insurance and Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company and of any related body corporate against a liability incurred in acting in their capacity as a Director, Company Secretary or Executive Officer of the Company to the extent permitted by the Corporations Act 2001 (Cth). The relevant contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company's Constitution requires the Company, so far as permitted under applicable law and to the extent the person is not otherwise indemnified, to indemnify each officer of the Company and its wholly owned subsidiaries, and may indemnify its auditors, against a liability incurred as such by an officer or auditor to any person (other than the Company or a related body corporate) including a liability incurred as a result of appointment or nomination by the Company or subsidiary as trustee or as an officer of another corporation, unless the liability arises out of conduct involving a lack of good faith. The Company has entered into Deeds of Indemnity, Insurance and Access with each of the Directors of the Company and its wholly owned subsidiaries in terms of the indemnity provided under the Company's Constitution.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against any liability incurred in acting in their capacity as such an officer of the Company.

No indemnity payment has been made under any of the documents referred to above during or since the end of the financial year.

## Indemnification of Auditors

The Company's external auditor for the 2022 financial year was Deloitte.

The Company has agreed with Deloitte, as part of its terms of engagement, to indemnify Deloitte against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from the wilful misconduct or fraudulent act or omission by Deloitte.

During the financial year:

- The Company has not paid, or agreed to pay, any premium in relation to any insurance for Deloitte or a body corporate related to Deloitte;
- No indemnity payment has been made under any of the documents referred to above during or since the end of the financial year; and
- There were no officers of the Company who were former partners or directors of Deloitte, whilst Deloitte conducted audits of the Company.

## Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee member). During the financial year, seven Board meetings, four Audit and Risk Committee meetings and three Nomination and Remuneration Committee meetings were held.

| | Board of Directors | | Audit and Risk Committee | | Nomination and Remuneration Committee | |
|---|---|---|---|---|---|---|
| Name | Held | Attended | Held | Attended | Held | Attended |
| Mr I Macliver | 7 | 7 | 4 | 4 | 3 | 3 |
| Mr D Ross | 7 | 7 | 4 | 4 | 3 | 3 |
| Mr CG Heng | 7 | 7 | 4 | 4 | 3 | 3 |
| Mr P Kennan | 7 | 7 | 4 | 4 | 3 | 3 |
| Ms S Murphy | 7 | 7 | 4 | 4 | 3 | 3 |
| Ms S Langer | 7 | 7 | 4 | 4 | 3 | 3 |

## Proceedings on Behalf of the Company

No proceedings have been brought on behalf of the Company, nor has any application been made in respect of the Company, under section 237 of the Corporations Act 2001 (Cth).

## Non-Audit Services

During the year, no amounts were paid or are payable to the external auditor (Deloitte) for the provision of non-audit services as outlined in note 5.5 to the Financial Statements.

During the year, the Company:

- did not engage Deloitte to provide any non-audit services; and
- paid Deloitte and the sum of $617,127 for the provision of audit services.

As such, the Directors are satisfied that the independence of the external auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

## Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 57 of this Annual Report.

## Rounding Off of Amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

## Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2022.

The Company's 'key management personnel' are those persons who have authority and responsibility for planning, directing and controlling the activities of the consolidated entity, either directly or indirectly, including any Director (whether executive or otherwise) of the consolidated entity. During the financial year, following a review by the Company of its delegation of authority and internal approval practices, the Company determined that, in addition to the Director, only the Chief Financial Officer and Company Secretary fall within definition of 'key management personnel' and has therefore adjusted its Remuneration Report accordingly

The prescribed details for each person covered by this Remuneration Report are detailed below under the following headings:

- Key Management Personnel;
- Remuneration Policy;
- Relationship between the Remuneration Policy and Company Performance;
- Remuneration of Key Management Personnel; and
- Key Terms of Employment Contracts.

## Key Management Personnel

The Directors and other key management personnel of the consolidated entity during and at the end of the financial year were:

| Executive Director | Non-Executive Directors |
|---|---|
| Mr D Ross (Managing Director/CEO) | Mr I Macliver (Chairman) |
| | Mr CG Heng |
| | Mr P Kennan |
| | Ms S Murphy |
| | Ms S Langer |
| **Other Key Management Personnel** | |
| Mr D Cavanagh (Chief Financial Officer) | |
| Mr D Roberts (Executive General Manager Legal/Company Secretary)(1) | |
| Mr T Muirhead (Executive General Manager Legal/Company Secretary)(2) | |

(1) Ceased as Company Secretary on 10 January 2022.

(2) Appointed as Company Secretary on 10 January 2022.

Apart from Mr Dylan Roberts and Mr Tim Muirhead (who only held their respective positions for part of the financial year), the above-named persons held their current position for the whole of the financial year and since the end of the financial year.

## Remuneration Policy

The Nomination and Remuneration Committee is delegated responsibility by the Board for reviewing the remuneration packages of all Directors and key management personnel on an annual basis and making recommendations to the Board in this regard. The specific responsibilities of the Nomination and Remuneration Committee are set out in the Committee's Charter, which can be found on the Corporate Governance page of our website at www.mmaoffshore.com/investor-centre/corporate-governance.

Remuneration packages are typically reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries and are adjusted to reflect changes in the performance of the Company.

Given current financial constraints, the Nomination and Remuneration Committee carried out an internal review of the remuneration packages of the Managing Director and non-director key management personnel for the 2022 financial year, without engaging the services of an independent remuneration consultant. The Board is satisfied that the remuneration recommendations made by the Nomination and Remuneration Committee were free from undue influence by any member of the key management personnel to whom the recommendations relate.

### Key Remuneration Outcomes

Having regard to the overall performance of the Company and current market conditions, the key remuneration outcomes for the Company's key management personnel in 2022 were as follows:

*Fixed Annual Remuneration (FAR)*

- As announced to the ASX on 1 November 2021, as part of his relocation to Australia from Singapore, the Managing Director entered into a new employment contract, the details of which are set out in the announcement. Recognising that the Managing Director had not had an increase in fixed annual remuneration since FY2015 (and accepted a 10% decrease to his fixed annual remuneration in FY2018), the Board determined to increase the Managing Director's FAR to $720,000 per annum (including superannuation) on and from 1 November 2021. The increase considered Mr Ross' appointment to the position of Managing Director (with no previous increase in this regard), the non-monetary allowances he received in Singapore, and provided alignment with market remuneration for comparable roles in Australia.
- The Chief Financial Officer did not receive an increase in FAR for the 2022 financial year.
- The Company's former Company Secretary (who ceased his appointment on 10 January 2022) received a 2.5% increase in FAR in line with inflation and market conditions.

*Short-term Incentive (STI)*

- The Board exercised its discretion to maintain the STI component in relation to the Managing Director and other key management personnel for the 2022 financial year.
- The new Company Secretary (Mr Tim Muirhead) received a cash bonus of $20,000 during the 2022 financial year. The bonus is recoverable if the Company Secretary departs the business before 30 April 2023.

*Long-term Incentive (LTI)*

- The Board exercised its discretion to maintain the LTI component in relation to the Managing Director and other key management personnel and for the 2022 financial year.

### Remuneration Report 2021

MMA Offshore Limited's Remuneration Report for the 2021 financial year was adopted at the Company's Annual General Meeting on 10 November 2021 with a clear majority of 140,354,388 votes in favour of the motion (representing 99.07% of the votes received).

### Non-Executive Directors' Remuneration

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool which is periodically recommended for approval by shareholders. The maximum fees payable to Non-Executive Directors are currently $950,000 per annum in aggregate (as approved by shareholders at the Company's AGM on 22 November 2012).

Non-Executive Directors are paid fixed fees for their services in accordance with the Company's Constitution. Fees paid to Non-Executive Directors are set at levels which reflect both the responsibilities of, and time commitments required from each Non-Executive Director to discharge their duties. Non-Executive Directors' fees are reviewed annually by the Board to ensure they are appropriate for the duties performed, including Board committee duties, and are in line with the market. Non-Executive Directors do not receive performance-based remuneration. Other than statutory superannuation, Directors are not entitled to retirement allowances.

For the 2022 financial year, there was no increase in Non-Executive Directors' fees.

### Other Key Management Personnel

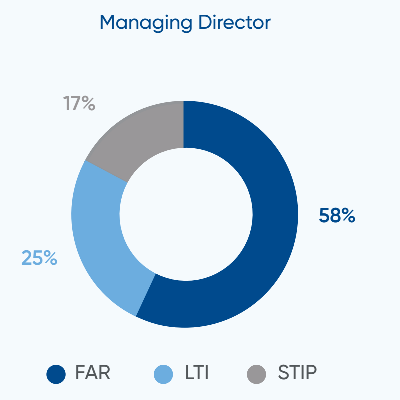
Remuneration of the Managing Director and other key management personnel generally comprises both a fixed component and an incentive or "at-risk" component, which is designed to remunerate key management personnel for increasing shareholder value and for achieving financial targets and business strategies set by the Board.

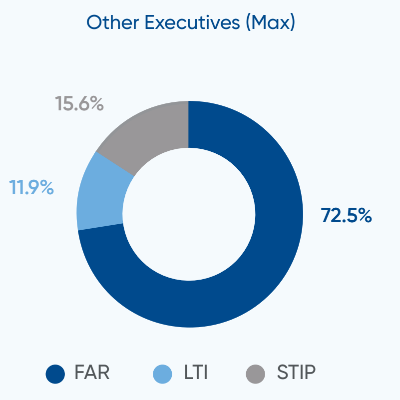
The remuneration of the Managing Director and other key management personnel has the following three components:

| No. | Remuneration Component | Details |
|---|---|---|
| 1 | Fixed Annual Remuneration (FAR) | • Comprising base salary and superannuation.<br>• In setting FAR, consideration is given to current market rates and industry benchmarking against appropriate comparator groups (including the median market rates within the sector and industry peers), current market conditions, Company performance and individual performance.<br>• The Chief Financial Officer did not receive an increase in FAR for the 2022 financial year.<br>• With effect from 1 November 2021, the Managing Director's FAR was increased to $720,000 (including superannuation) as part of his relocation to Australia and recognising that the Managing Director had not had an increase in fixed annual remuneration since FY2015 (and had accepted a 10% decrease to his fixed annual remuneration in FY2018), the non-monetary allowances he received in Singapore, and provided alignment with market remuneration for comparable roles in Australia.<br>• The Company's former Company Secretary (who ceased his appointment on 10 January 2022) received a 2.5% increase in FAR in line with inflation and market conditions. |
| 2 | Short-term Incentive (STI) | *FY2022 STI*<br>• An annual "at-risk" component designed to reward performance against the achievement of key performance indicators (KPIs) set by the Board.<br>• The invitation to participate in the STI is at the absolute discretion of the Board and is subject to such conditions which the Board may prescribe from time to time.<br>• In order to retain and motivate the Managing Director, key management personnel and other senior managers of the Company, the Board issued a FY2022 STI during the 2022 financial year.<br>• The FY2022 STI had a 12-month measurement period (i.e. from 1 July 2021 to 30 June 2022) and, if the performance conditions were met, was payable (either in cash or shares at the absolute discretion of the Board) 12-months after end of the measurement period (i.e. from 1 July 2023) and subject to the individual remaining employed by the Company on 30 June 2023.<br>• The performance hurdles under this FY2022 STI component related to identified Group EBIT Targets (80% weighting) and identified Group Safety Targets (20% weighting).<br>• The Company's performance against each of these metrics resulted in 94.5% of the total 2022 STI component vested.<br>• Having exercised its discretion, the Board has decided that the vested FY2022 STI award will take the form of deferred rights (which shall convert into ordinary, fully paid shares in the Company) on completion of an additional 12-months of service by the participant (i.e. on 1 July 2023).<br>• If required, Shareholder approval will be obtained prior to the issue of any deferred rights to the Managing Director under this FY2022 STI component.<br>*FY2022 Cash Bonus*<br>• The new Company Secretary (Mr Tim Muirhead) received a one-off cash bonus of $20,000 (which is repayable if the Company Secretary departs the Company prior to 30 April 2023). The cash bonus was given in recognition of significant efforts involved in the Company's asset divestments and acquisitions. |
| 3 | Long-term Incentive (LTI) | • The Company grants rights over its ordinary shares under the LTI.<br>• The vesting of these rights is based on the achievement of stipulated performance criteria targets over a three-year period.<br>• The LTI also aims to align executives' long-term interests with those of shareholders and to retain executives.<br>• As previously reported and recognising the need to retain and suitably incentivise the Managing Director and other key management personnel (in the interests of the Company and all its shareholders), the Board has determined to continue the LTI component for the Managing Director, key management personnel and other senior managers for the 2022 financial year.<br>*FY2022 LTI Performance Rights*<br>• The FY2022 LTI Performance Rights have a three-year performance period (commencing 1 July 2021 and ending on 30 June 2024).<br>• For the Managing Director and Chief Financial Officer, the FY2022 LTI Performance Rights includes a single performance hurdle relating to a Share Price Target with:<br>– 0% vesting if Company's share price is less than 65 cps at the end of the LTI Performance Period.<br>– 50% vesting if Company's share price is equal to 65 cps at the end of the LTI Performance Period.<br>– Pro-rata vesting (on a straight-line basis) if Company's share price is greater than 65 cps but less than 96 cps at the end of the LTI Performance Period.<br>– 100% vesting if Company's share price is 96 cps or greater at the end of the LTI Performance Period (Share Price Target).<br>• For other key management personnel, the FY2022 LTI Performance Rights include performance hurdles relating to the Share Price Target (70% weighting) and a Retention Hurdle (30% weighting).<br>• The Board obtained shareholder approval for the grant of the FY2022 LTI Performance Rights at Company's 2021 AGM.<br>*FY2022 Retention Incentive Package*<br>• In addition, having considered the competitive employment market conditions in Australia (and particularly in Western Australia), in order to retain and motivate key management personnel to continue to work to deliver on the Company's strategy, the Board determined to issue a bonus retention package to key management personnel and other senior management. The package comprised of deferred rights which shall convert into ordinary, fully paid shares in the Company, subject to the key management personnel remaining employed at the Company on 31 December 2023. |

### Allocation of Executive Remuneration between Fixed and Variable Remuneration

The allocation of total executive remuneration between fixed and variable remuneration for the 2022 financial year is as follows:



## Relationship between the Remuneration Policy and Company Performance

The table below summarises information about the Company's earnings for the 2022 financial year and the Company's earnings and movements in shareholder wealth for the five years to 30 June 2022, which is a key factor in the Board's decision to award the vested 2022 STI in the form of deferred rights (which shall convert into shares subject to continued employment on 30 June 2022) rather than cash for the 2022 financial year.

| | 30 June 2022 $'000 | 30 June 2021 $'000 | 30 June 2020 $'000 | 30 June 2019 $'000 | 30 June 2018 $'000 |
|---|---|---|---|---|---|
| Revenue | 283,766 | 237,507 | 273,011 | 239,259 | 200,444 |
| Net profit/(loss) before tax | 34,860 | 3,362[3] | (93,657)[3] | (35,879)[3] | (27,376)[3] |
| Net profit/(loss) after tax | 33,830 | 2,391 | (94,187) | (37,373) | (27,909) |
| Share price at start of the year | $0.425 | $0.065 | $0.18 | $0.25 | $0.15 |
| Share price at end of the year | $0.56 | $0.425[4] | $0.065 | $0.18 | $0.25 |
| Interim dividend[1] | 0cps | 0cps | 0cps | 0cps | 0cps |
| Final dividend[1] | 0cps | 0cps | 0cps | 0cps | 0cps |
| Basic earnings per share | 9.21 cps | 0.87cps | (10.44cps) | (4.36cps) | (4.11cps) |
| Diluted earnings per share | 8.91 cps | 0.86cps | (10.44cps) | (4.36cps) | (4.11cps) |
| 3-year compound annual TSR[2] | (32%) | (45%) | (24%) | (16%) | (21%) |

(1) Franked to 100% at 30% corporate income tax rate.

(2) TSR comprises share price growth and dividends.

(3) There was an impairment reversal against the carrying value of the Company's assets as at 30 June 2022 of $35.3 million [2021: nil; 2020: $57.7 million impairment charge; 2019: $10.4 million impairment charge].

(4) The share price at the end of the year is post the 1-for-10 share consolidation effected by the Company on 11 February 2021.

## Remuneration of Key Management Personnel

In this Annual Report, remuneration outcomes are presented based on the requirements of accounting standards (which has the benefit of being readily comparable with other companies) rather than the actual "take-home" pay received by key management personnel (being cash, other benefits and the value of equity vesting during the relevant financial year).

An example of this includes LTI awards which are recognised and accounted for over the performance period (three years) based on their assessed value when originally granted to the executive. This may be significantly different to their value, if and when the incentive vests to that executive.

The following tables disclose:

(A) The actual remuneration of the Directors and other key management personnel of the Company for the 2022 financial year (i.e. the actual "take-home" pay received by key management personnel for the 2022 financial year); and

(B) The statutory presentation of the remuneration of the Directors and other key management personnel of the Company for the 2022 financial year and for the previous financial year based on the requirements of accounting standards.

(A) Key Management Personnel Remuneration (Actual)

| | Short-term employee benefits | | | Post-employment benefits | | | Share based payments | Total |
|---|---|---|---|---|---|---|---|---|
| 2022 | Salary & fees $ | Cash Bonus $ | Non-monetary $ | Superannuation $ | Termination $ | Annual/Long Service Leave Payout $ | Rights $ | $ |
| Directors | | | | | | | | |
| Mr I Macliver | 163,636 | - | - | 16,364 | - | - | - | 180,000 |
| Mr D Ross | 623,468 | - | 14,197 | 15,138 | - | - | 96,544 | 749,347 |
| Mr P Kennan | 100,127 | - | - | - | - | - | - | 100,127 |
| Mr CG Heng | 111,491 | - | - | 7,258 | - | - | - | 118,748 |
| Ms S Murphy | 99,983 | - | - | 9,998 | - | - | - | 109,981 |
| Ms S Langer | 91,024 | - | - | 9,102 | - | - | - | 100,127 |
| Key Management Personnel | | | | | | | | |
| Mr D Cavanagh | 381,603 | - | - | 27,500 | - | - | 48,505 | 457,608 |
| Mr D Roberts[1] | 190,594 | - | 6,723 | 13,416 | - | 80,526 | - | 291,259 |
| Mr T Muirhead[1] | 136,560 | 20,000 | - | 10,606 | - | - | 13,814 | 180,980 |
| Total | 1,898,486 | 20,000 | 20,921 | 109,382 | - | 80,526 | 158,863 | 2,288,178 |

(1) These salaries & fees are only for part of the financial year as Mr D Roberts ceased to be Company Secretary on 10 January 2022 and Mr T Muirhead was appointed as Company Secretary on 10 January 2022.

(B) Key Management Personnel Remuneration (Statutory Presentation)

| | Short-term employee benefits | | | Post-employment benefits | | | Share based payments | Total |
|---|---|---|---|---|---|---|---|---|
| 2022 | Salary & fees $ | STIP[3] $ | Non-monetary $ | Superannuation $ | Termination $ | Annual/Long Service Leave Payout $ | Rights[2] $ | $ |
| Directors | | | | | | | | |
| Mr I Macliver | 163,636 | - | - | 16,364 | - | - | - | 180,000 |
| Mr D Ross | 623,468 | 192,710 | 14,197 | 15,138 | - | 10,644 | 290,439 | 1,146,596 |
| Mr P Kennan | 100,127 | - | - | | - | - | - | 100,127 |
| Mr CG Heng | 111,491 | - | - | 7,258 | - | - | - | 118,748 |
| Ms S Murphy | 99,983 | - | - | 9,998 | - | - | - | 109,981 |
| Ms S Langer | 91,024 | - | - | 9,102 | - | - | - | 100,127 |
| Key Management Personnel | | | | | | | | |
| Mr D Cavanagh | 381,603 | 100,749 | - | 27,500 | - | - | 140,919 | 650,771 |
| Mr D Roberts[1] | 190,594 | - | 6,723 | 13,416 | - | 3,101 | (47,338) | 166,496 |
| Mr T Muirhead[1] | 136,560 | 63,880 | - | 10,606 | - | - | 32,299 | 243,345 |
| Total | 1,898,486 | 357,339 | 20,921 | 109,382 | - | 13,744 | 416,319 | 2,816,191 |

| | Short-term employee benefits | | | Post-employment benefits | | | Share based payments | Total |
|---|---|---|---|---|---|---|---|---|
| 2021 | Salary & fees $ | STIP $ | Non-monetary $ | Superannuation $ | Termination $ | Long Service Leave $ | Rights[3] $ | $ |
| **Directors** | | | | | | | | |
| Mr I Macliver | 120,617 | - | - | 11,459 | - | - | - | 132,076 |
| Mr D Ross | 531,537 | 32,756 | 85,940 | - | - | 8,933 | 249,040 | 908,206 |
| Mr P Kennan | 100,127 | - | - | - | - | - | - | 100,127 |
| Mr CG Heng | 112,807 | - | - | 6,926 | - | - | - | 119,734 |
| Ms S Murphy[1] | 14,680 | - | - | 1,395 | - | - | - | 16,074 |
| Ms S Langer[1] | 11,958 | - | - | 1,136 | - | - | - | 13,094 |
| **Key Management Personnel** | | | | | | | | |
| Mr D Cavanagh | 360,962 | 16,457 | - | 25,000 | - | - | 103,773 | 506,192 |
| Mr D Roberts | 328,306 | 11,429 | - | 21,694 | - | 5,834 | 49,270 | 416,533 |
| Total | 1,580,994 | 60,642 | 85,940 | 67,610 | - | 14,767 | 402,083 | 2,212,036 |

(1) These salaries & fees are only for part of the financial year as Ms S Murphy was appointed as a Non-executive Director of the Company on 30 April 2021; Ms S Langer was appointed as a Non-executive Director of the Company on 6 May 2021; Mr D Roberts ceased to be Company Secretary on 10 January 2022; and Mr T Muirhead was appointed as Company Secretary on 10 January 2022.

(2) The value of the rights granted to key management personnel as part of their remuneration is calculated as at the grant date using the binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from the grant date to the vesting date (i.e. 3 years).

(3) 2022 STIP amounts are paid through performance rights

The table below sets out the relative proportions of the elements of statutory remuneration of key management personnel that are linked to performance:

| | Fixed Remuneration | | Remuneration linked to Performance | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Non-Executive Directors** | | | | |
| Mr I Macliver | 100% | 100% | 0% | 0% |
| Mr CG Heng | 100% | 100% | 0% | 0% |
| Mr P Kennan | 100% | 100% | 0% | 0% |
| Ms S Murphy | 100% | 100% | 0% | 0% |
| Ms S Langer | 100% | 100% | 0% | 0% |
| **Executive Directors** | | | | |
| Mr D Ross | 58% | 69% | 42% | 31% |
| **Key Management Personnel** | | | | |
| Mr D Cavanagh | 63% | 76% | 37% | 24% |
| Mr D Roberts[1] | 128% | 85% | (28%) | 15% |
| Mr T Muirhead[2] | 60% | - | 40% | - |

(1) Ceased on 10 January 2022

(2) Appointed on 10 January 2022

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.



## Bonus and Share-based payments granted as compensation for the current financial year

*STI (Cash Bonuses)*

During the financial year the new Company Secretary (Mr Tim Muirhead) received a cash bonus of $20,000 (which is repayable if the Company Secretary departs the Company prior to 30 April 2023).

*STI (Performance Rights)*

As noted above, in order to retain and motivate the Managing Director, key management personnel and other senior personnel of the Company, the Board maintained the STI component for the 2022 financial year.

The FY2022 STI had a 12-month measurement period (i.e. from 1 July 2021 to 30 June 2022) and, if the performance conditions were met, was payable (either in cash or shares at the absolute discretion of the Board) 12-months after end of the measurement period (i.e. from 1 July 2023) and subject to the individual remaining employed by the Company on 30 June 2023.

The performance hurdles under this FY2022 STI component related to identified Group EBIT Targets (80% weighting) and identified Group Safety Targets (20% weighting).

The Company's performance against each of these metrics resulted in a 95.4% of the total 2022 STI vesting.

Having exercised its discretion, the Board has decided that the vested 2022 STI award will take the form of deferred rights (which shall convert into ordinary, fully paid shares in the Company) on completion of an additional 12-months of service by the participant (i.e. on 1 July 2023). If required, Shareholder approval will be obtained prior to the issue of any deferred rights to the Managing Director under this FY2022 STI component.

*LTI (Performance Rights)*

During the financial year key management personnel were issued with a bonus retention package comprising deferred rights which shall convert into ordinary, fully paid shares in the Company, subject to the key management personnel remaining employed at the Company on 31 December 2023.

During the financial year the Managing Director and key management personnel were issued with the FY2022 LTI Performance Rights. Each right under the FY2022 LTI converts to one ordinary share of MMA Offshore Limited on vesting. No amounts are paid or payable by the recipient upon the grant of rights under the FY2022 LTI Plans. The rights carry neither a right to a dividend nor a voting right. Please refer to the table below for details of the performance criteria for the rights granted during the 2022 financial year under the FY2022 Plans.

(A) Managing Director and Chief Financial Officer

| Performance Criteria | Performance Period | Percentage of LTI subject to Performance Criteria | Performance Criteria Targets | Percentage of Performance Rights which vest if Target met |
|---|---|---|---|---|
| Share Price Target | Beginning 1 July 2021 and ending 30 June 2024 | 100% | **0% vesting** if Company's share price is less than 65 cps at the end of the LTI Performance Period.<br><br>**50% vesting** if Company's share price is equal to 65 cps at the end of the LTI Performance Period.<br><br>**Pro-rata vesting** (on a straight-line basis) if Company's share price is greater than 65 cps but less than 96 cps at the end of the LTI Performance Period.<br><br>**100% vesting** if Company's share price is 96 cps or greater at the end of the LTI Performance Period. | 100% |

(B) Other Key Management Personnel

| Performance Criteria | Performance Period | Percentage of LTI subject to Performance Criteria | Performance Criteria Targets | Percentage of Performance Rights which vest if Target met |
|---|---|---|---|---|
| Share Price Target | Beginning 1 July 2021 and ending 30 June 2024 | 70% | Same as Share Price Target for Managing Director and Chief Financial Officer (See (a) above). | 100% |
| Retention Hurdle | Beginning 1 July 2021 and ending 30 June 2024 | 30% | **100% vesting** if the employee remains employed by the Company on 30 June 2024. | 100% |

*LTI (Retention Performance Rights)*

During the financial year key management personnel were granted one off deferred rights which, subject to the personnel remaining employed at the Company on 31 December 2023, shall vest and convert into ordinary, fully paid shares in the Company.

| Performance Criteria | Performance Period | Percentage of LTI subject to Performance Criteria | Performance Criteria Targets | Percentage of Performance Rights which vest if Target met |
|---|---|---|---|---|
| Retention Hurdle | Beginning 1 July 2022 and ending 31 December 2023. | 100% | **100% vesting** if the employee remains employed by the Company on 31 December 2023. | 100% |

During the financial year, the following rights schemes were in existence:

| Series | Number issued | Grant date | Vesting date | Exercise price $ | Fair value at grant date $ | Expiry date (for vested rights) |
|---|---|---|---|---|---|---|
| 2018 Senior Management LTI Performance Rights (a) | 1,062,563 | 19 Oct 2018 | Did not vest | 0.00 | 0.11 | N/A |
| 2018 MD LTI Performance Rights (a) | 258,144 | 21 Nov 2018 | Did not vest | 0.00 | 0.10 | N/A |
| 2019 Senior Management LTI Performance Rights (b) | 1,846,954 | 29 Nov 2020 | 1 Jul 2022 | 0.00 | 0.16 | 1 Jul 2024 |
| 2019 Managing Director Performance Rights (b) | 351,145 | 21 Nov 2019 | Did not vest | 0.00 | 0.16 | 1 Jul 2024 |
| 2020 Senior Management LTI Performance Rights (MD and CFO) (c) | 1,758,356 | 28 Jan 2021 | 1 Jul 2023 | 0.00 | 0.14 | 1 Jul 2025 |
| 2020 Senior Management LTI Performance Rights (c) | 4,905,329 | 28 Jan 2021 | 1 Jul 2023 | 0.00 | 0.20 | 1 Jul 2025 |
| 2020 MD & CFO LTI Performance Rights (d) | 4,616,666 | 28 Jan 2021 | 1 Nov 2023 | 0.00 | 0.17 | 1 Nov 2025 |
| 2021 Staff STI Performance Rights (e) | 329,000 | 30 Sept 2021 | 1 July 2022 | 0.00 | 0.38 | 1 July 2024 |
| 2021 Senior Management STI Performance Rights (f) | 1,297,904 | 24 Sept 2021 | 1 July 2022 | 0.00 | 0.38 | 1 July 2024 |
| 2021 MD STI Performance Rights (g) | 172,400 | 10 Nov 2021 | 1 July 2022 | 0.00 | 0.38 | 1 July 2024 |
| 2021 MD LTI Performance Rights (h) | 1,518,829 | 10 Nov 2021 | 1 July 2024 | 0.00 | 0.20 | 1 July 2026 |
| 2021 Executive Management LTI Performance Rights (i) | 2,050,414 | 23 Dec 2021 | 1 July 2024 | 0.00 | 0.23 | 1 July 2026 |
| 2022 Senior Management Retention Performance Rights (j) | 1,750,001 | 30 May 2022 | 31 Dec 2023 | 0.00 | 0.56 | 31 Dec 2025 |

(a) **2018 Senior Management and MD LTI Performance Rights;** The Board has determined that none of the performance rights vested on 1 July 2021 and, as such, as announced to the ASX on 13 December 2021, these performance rights lapsed in accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2018.

(b) **2019 Senior Management and MD LTI Performance Rights;** Issued in accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2019 (issued by the Board on 29 November 2019 and 19 May 2020) and the MMA Offshore Limited Managing Director's Performance Rights Plan – 2019 (as approved by the shareholders at the Company's Annual General Meeting on 21 November 2019). The performance rights issued to the Managing Director Key Management Personnel and other senior managers of the Company. For the Managing Director and Key Management Personnel none of the performance rights vested and on 17 August 2022, as such, as announced to the ASX on 18 August 2022, 1,158,730 performance rights lapsed in accordance with the Performance Rights Plan. For Senior managers who remained employed with the Company or a wholly owned subsidiary of the Company on 30 June 2022, a portion of the performance rights linked to the retention hurdle (totalling approximately 134,000) vested on 1 July 2022 and will be converted to ordinary shares in the Company in August or September 2022

(c) **2020 Senior Management LTI Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2020 (issued by the Board on 4 March 2021 and as approved by the shareholders at the Company's Annual General Meeting on 28 January 2021) the number of LTI Performance Rights which vest on 1 July 2023 will depend on: (A) in the case of the Managing Director and Chief Financial Officer:- the Company achieving the Share Price to Net Tangible Assets (NTA) Target (100% weighting) as set out in note 5.2 of the Financial Statements; and (B) in the case of other Key Management Personnel and Senior Management (i.e. other than the Managing Director and Chief Financial Officer):- the Company achieving the Share Price to Net Tangible Assets (NTA) Target (70% weighting) and the Retention Hurdle (30% weighting) as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 July 2023, the vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 1 July 2025) or such other time as determined by the Board in its sole and absolute discretion.

(d) **2020 MD & CFO LTI Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2020 (issued by the Board on 4 March 2021 and as approved by the shareholders at the Company's Annual General Meeting on 28 January 2021) the number of Retention Incentive Performance Rights which vest in favour of the Managing Director and Chief Financial Officer on 1 November 2023 will depend on the Company achieving the Share Price Hurdle (i.e. 100% vesting if the Company's share price is ≥ 90 cps at the end of the Retention Incentive Performance Period) (70% weighting) and the Retention Hurdle (30% weighting) as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 November 2023, the vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 1 November 2025) or such other time as determined by the Board in its sole and absolute discretion.

(e) **2021 Staff STI Equity Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2020 (issued by the Board on 4 March 2021 and as approved by the shareholders at the Company's Annual General Meeting on 28 January 2021) the STI Performance Rights Retention only vest in favour of an employee subject to the employee remaining employed by the Company or a wholly owned subsidiary of the Company on 30 June 2022 (100% Retention Hurdle).

(f) **2021 Senior Management STI Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2020 (issued by the Board on 4 March 2021 and as approved by the shareholders at the Company's Annual General Meeting on 28 January 2021) the STI Performance Rights Retention only vest in favour of an employee subject to the employee remaining employed by the Company or a wholly owned subsidiary of the Company on 30 June 2022 (100% Retention Hurdle).

(g) **2021 Managing Director STI Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2021 (as approved by the shareholders at the Company's Annual General Meeting on 10 November 2021) 100% of the STI Performance Rights vested on 1 July 2022 as the Managing Director continued to be employed by the Company or a wholly owned subsidiary of the Company on 30 June 2022. The vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 1 July 2024) or such other time as determined by the Board in its sole and absolute discretion.

(h) **2021 Managing Director LTI Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2021 (as approved by the shareholders at the Company's Annual General Meeting on 10 November 2021) the number of LTI Performance Rights which will vest in favour of the Managing Director on 1 July 2023 will depend on the Share Price Target (100% weighting) as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 July 2024, the vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 1 July 2026) or such other time as determined by the Board in its sole and absolute discretion.

(i) **2021 Executive Management LTI Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2021 (as approved by the shareholders at the Company's Annual General Meeting on 10 November 2021) the number of 2021 Executive Management LTI Performance Rights which vest in favour of the Key Management Personnel and other Senior Managers on 1 July 2024 will depend on the Company achieving the Share Price Target (70% weighting) and the Retention Hurdle (30% weighting) as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 July 2024, the vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 1 July 2026) or such other time as determined by the Board in its sole and absolute discretion.

(j) **2022 Senior Management Retention Performance Rights;** In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2021 (as approved by the shareholders at the Company's Annual General Meeting on 10 November 2021) the Retention Incentive Performance Rights were issued in order to motivate and retain senior management personnel within the Company. The Performance Rights only vest in favour of an employee subject to the employee remaining employed by the Company or a wholly owned subsidiary of the Company on 31 December 2023 (100% Retention Hurdle). Subject to the performance rights vesting on 31 December 2023, the vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 31 December 2025) or such other time as determined by the Board in its sole and absolute discretion.

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

The following share-based payments were granted as compensation to the Managing Director and key management personnel during the current financial year:

| Name | Performance rights issued | Number granted | Number vested | % of grant vested | % of grant forfeited | % of compensation for the year consisting of share-based payment |
|---|---|---|---|---|---|---|
| Mr D Ross | 10 Nov 2021<br>10 Nov 2021 | 172,400<br>1,518,829 | - | - | - | |
| Mr D Cavanagh | 24 Sept 2021<br>23 Dec 2021<br>30 May 2022 | 86,616<br>675,000<br>267,857 | - | - | - | |
| Mr D Roberts[(1)] | - | - | - | - | - | |
| Mr T Muirhead[(2)] | 24 Sept 2021<br>23 Dec 2021<br>30 May 2022 | 17,874[(3)]<br>316,458<br>53,571 | - | - | - | |

[(1)] Ceased on 10 January 2022 with the result that none of the performance rights issued will vest.

[(2)] Appointed on 10 January 2022.

[(3)] Issued prior to appointment as Company Secretary.

During the financial year, no performance rights vested in favour of the Managing Director or other key management personnel.

The following table summarises the value of performance rights to key management personnel which were granted or vested during the financial year as part of their remuneration:

| Name | Value of rights granted at grant date $ | Value of rights at vesting date $ |
|---|---|---|
| Mr D Ross | 373,834 | - |
| Mr D Cavanagh | 319,939 | - |
| Mr D Roberts[1] | 22,857 | - |
| Mr T Muirhead[2] | 94,240 | - |

(1) Ceased on 10 January 2022 with the result that none of the performance rights issued will vest.

(2) Appointed on 10 January 2022.

The following table summarises the performance rights that lapsed during the financial year in relation to performance rights granted to key management personnel as part of their remuneration:

| Name | Financial year in which performance rights were granted | No. of performance rights which lapsed during the current year |
|---|---|---|
| Mr D Ross | 2018 | 160,026 |
| Mr D Cavanagh | 2018 | 107,483 |
| Mr D Roberts[1] | 2018 | - |
| Mr T Muirhead[2] | - | - |

(1) Ceased on 10 January 2022

(2) Appointed on 10 January 2022

## Key Management Personnel Equity Holdings

Details of the fully paid ordinary shares of the Company held by key management personnel are as follows:

| 2022 | Balance at 1 July 2021 | Granted as compensation | Received on vesting of Performance Rights | Net other change | Balance at 30 June 2022 | Balance held nominally |
|---|---|---|---|---|---|---|
| Mr I Macliver | 100,000 | - | - | - | 100,000 | - |
| Mr P Kennan | 29,706,815 | - | - | - | 29,706,815 | 29,706,815 |
| Mr CG Heng | 83,157 | - | - | - | 83,157 | - |
| Ms S Murphy | - | - | - | 100,000 | 100,000 | - |
| Ms S Langer | - | - | - | - | - | - |
| Mr D Ross | 475,593 | - | - | - | 475,593 | - |
| Mr D Cavanagh | 6,521 | - | - | - | 6,521 | - |
| Mr T Muirhead[1] | - | - | - | - | - | - |

(1) Appointed on 10 January 2022

| 2021 | Balance at 1 July 2020 | Granted as compensation | Received on vesting of Performance Rights | Net other change | Balance at 30 June 2021 | Balance held nominally |
|---|---|---|---|---|---|---|
| Mr I Macliver | - | - | - | 100,000 | 100,000 | - |
| Mr P Kennan | 18,240,815 | - | - | 11,466,000 | 29,706,815 | 29,706,815 |
| Mr CG Heng | 20,000 | - | - | 63,157 | 83,157 | - |
| Ms S Murphy | - | - | - | - | - | - |
| Ms S Langer | - | - | - | - | - | - |
| Mr D Ross | 153,157 | - | - | 322,436 | 475,593 | - |
| Mr D Cavanagh | 2,100 | - | - | 4,421 | 6,521 | - |
| Mr T Muirhead[1] | - | - | - | - | - | - |

(1) Appointed on 10 January 2022

During the financial year the Company developed a policy requiring Non-Executive Directors to accumulate a minimum shareholding in the Company. Directors are expected accumulate (over a period of five years from their appointment date) shares in the Company equal in value to the annual fees (excluding committee fees) payable by the Company to the Non-Executive Director. Notwithstanding the minimum holding expectation, the policy is not intended to financially disadvantage Non-Executive Directors and it is recognised that exceptional circumstances may require Non-Executive Directors to sell and hold less than the minimum requirement from time to time.

Details of the performance rights held by key management personnel are as follows:

| 2022 Executives | Balance at 1 July 2021 | Granted as compensation | Vested | Net other change (lapsed) | Balance at 30 June 2022 | Vested but not exercisable | Rights vested during year |
|---|---|---|---|---|---|---|---|
| Mr D Ross | 5,031,527 | 1,691,229 | - | 160,026 | 6,562,730 | - | - |
| Mr D Cavanagh | 2,132,949 | 1,029,473 | - | 107,483 | 3,054,939 | - | - |
| Mr T Muirhead[1] | - | 370,029 | - | - | 543,209 | - | - |

| 2021 Executives | Balance at 1 July 2020 | Granted as compensation | Vested | Net other change (lapsed) | Balance at 30 June 2021 | Vested but not exercisable | Rights vested during year |
|---|---|---|---|---|---|---|---|
| Mr D Ross | 511,171 | 4,520,356 | - | - | 5,031,527 | - | - |
| Mr D Cavanagh | 278,283 | 1,854,666 | - | - | 2,132,949 | - | - |
| Mr T Muirhead[1] | - | - | - | - | - | - | - |

(1) Appointed on 10 January 2022

All performance rights issued to key management personnel during the financial year were made in accordance with the terms of the respective performance rights plans. As discussed above, no performance rights vested during the financial year.

Further details of the share-based payment arrangements during the 2022 and 2021 financial years are contained in note 5.2 of the Financial Statements.

## Share Trading Restrictions

The Company's Share Trading Policy requires key management personnel proposing to enter into arrangements that limit the economic risk of a vested holding in the Company's securities to first obtain approval from the Chairman of the Board (for directors), approval of the Chairman of the Audit and Risk Committee (for the Chairman of the Board), and approval from the Managing Director (for other executives), and subsequently provide details of the dealing within five business days of the dealing taking place. Any breach of the Share Trading Policy is taken very seriously by the Company and is subject to disciplinary action, including possible termination of a person's employment or appointment. A copy of the Company's Share Trading Policy can be found on the Corporate Governance page of our website at www.mmaoffshore.com/investor-centre/corporate-governance.

## Key Terms of Employment Contracts

As at the date of this report, the Managing Director and other executive key management personnel are all employed by the Company under an employment contract, none of which are of fixed-term duration.

These employment contracts may be terminated by either party giving the required notice and subject to termination payments as detailed in the table below:

| Name | Termination notice period | Termination benefits payable |
|---|---|---|
| Mr D Ross | 6 months | Yes[(1)] |
| Mr D Cavanagh | 12 weeks | Yes[(2)] |
| Mr T Muirhead | 12 weeks | No |

(1) If the employee is made redundant as a result of a material diminution in the nature and level of responsibilities or functions of the employee's position including, without limitation, through a change in control of the Company, the employee will be entitled to an aggregate payment equivalent to the maximum amount that may be paid to the employee under the Corporations Act and ASX Listing Rules without prior shareholder approval.

(2) If the employee is made redundant as a result of a material diminution in the nature and level of responsibilities or functions of the employee's position including, without limitation, through a change in control of the Company, the employee will be entitled to a payment equal to 0.5 times the Fixed Annual Remuneration in the relevant year (excluding any short-term incentives or long-term incentives).

Under these employment contracts, the remuneration package for the Managing Director and other key management personnel consists of an annual base salary and statutory superannuation contributions. Participation in the Company's incentive schemes is at the absolute discretion of the Board.

## Loans to Key Management Personnel

There were no loans to key management personnel during the 2022 financial year.

## Other transactions with Key Management Personnel

There were no other transactions with key management personnel during the 2022 financial year.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act* 2001 (Cth).

On behalf of the Directors,

Ian Macliver
Chairman
Perth, 24 August 2022



# Auditor's Independence **Declaration**

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Brookfield Place
Tower 2
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

The Board of Directors
MMA Offshore Limited
12 The Esplanade,
Perth WA 6000

24 August 2022

Dear Board Members

**Auditor's Independence Declaration to MMA Offshore Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of MMA Offshore Limited.

As lead audit partner for the audit of the financial report of MMA Offshore Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

**Deloitte Touche Tohmatsu**

**Vincent Snijders**
Partner
Chartered Accountants
Perth, 24 August 2022

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

# Independent Auditor's Report to the members of MMA Offshore Limited

## Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of MMA Offshore Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Deloitte.

| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| **Carrying value of the Vessel - Continuing Operations Cash Generating Unit**<br><br>As disclosed in Note 3.7, included in the Group's consolidated statement of financial position at 30 June 2022 are non-current assets associated with the Vessel – Continuing Operations Cash Generating Unit ("Vessel CGU") of $361 million. The assessment of the recoverable amount of the Vessel CGU requires management to exercise judgement and has been based on a Fair Value Less Cost of Disposal ("FVLCD") approach.<br><br>The Group appointed external valuers to perform a valuation of the Vessel CGU.<br><br>Key assumptions used in assessing the recoverable amount include current and forecast economic conditions including potential movements in the market as a consequence of commodity prices and the application of an 'en bloc' discount to the vessel fleet. | Our procedures included, but were not limited to:<br><br>• Understanding the process management undertakes to evaluate the recoverability of the Vessel CGU;<br>• Assessing management's determination of the Vessel CGU based on our understanding of the nature of the Group's business and the economic environment in which the segments operate;<br>• Assessing the objectivity and competence of the external valuers;<br>• Evaluating the external valuations obtained by the Group by assessing the valuation methodology adopted and the assumptions used;<br>• Comparing actual sales prices, including 'en bloc' discounts, of vessels during and post the reporting period to evaluate the reasonableness of the valuation; and<br>• Assessing the appropriateness of the disclosures in Note 3.7 to the financial statements. |
| **Carrying value of the Subsea Cash Generating Unit**<br><br>As disclosed in Note 3.7, included in the Group's consolidated statement of financial position at 30 June 2022 are non-current assets associated with the Subsea Cash Generating Unit ("Subsea CGU") of $15.9 million.<br><br>Management undertakes an assessment as to whether any non-current asset or cash generating unit may be impaired at balance date.<br><br>The assessment requires significant judgement due to assumptions and estimates involved in preparing a value in use model ('VIU') to estimate recoverable amount, including:<br><br>- Forecast future cash flows; and<br>- Discount rates. | Our procedures included, but were not limited to:<br><br>• Obtaining management's impairment assessment carried out for the Subsea CGU, and assessing the work performed against the requirements of the relevant accounting standard;<br>• In conjunction with our internal valuation specialists we specifically assessed the recoverable value modelling for the Subsea CGU, as it demonstrated characteristics suggesting impairment testing was required, by:<br>➢ Inquiring of management and the directors in relation to forecasting assumptions within the VIU model and agreeing these to approved budgets;<br>➢ Assessing the mathematical accuracy and modelling integrity of the value-in-use (ViU) model;<br>➢ Challenging the assumptions contained in the cash flow forecasts, including the revenue and expense projections, forecast gross margins and capital expenditures including the impact of COVID-19 and the outlook for easing of restrictions in relevant regions; and<br>➢ Performing sensitivity analysis on key assumptions within the model, including the expected revenues, margins, growth rates and discount rate.<br>• Assessing the appropriateness of the disclosures in Note 3.7 to the financial statements. |

Deloitte.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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.

*Auditor's Responsibilities for the Audit of the Financial Report*

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



Deloitte.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in on pages 44 to 56 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of MMA Offshore Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

**Deloitte.**

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vincent Snijders
Partner
Chartered Accountants
Perth, 24 August 2022

# Directors' **Declaration**

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached Financial Statements are in compliance with International Financial Reporting Standards, as stated in note 1.1 to the Financial Statements;

(c) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001 (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001 (Cth).

At the date of this declaration, the Company is within the class of companies affected by *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company, which is party to the deed, guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in note 1.2 to the Financial Statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001 (Cth).

On behalf of the Directors,

Ian Macliver
Chairman
Perth, 24 August 2022




# Financial Report 2022

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

### For the year ended of 30 June 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Revenue | 2.1 | 283,766 | 237,507 |
| Finance income | | 82 | 99 |
| Other income | 2.2 | 4,948 | 23,678 |
| Share of results of associate | 3.8 | (248) | - |
| Vessel expenses | | (149,940) | (147,316) |
| Subsea expenses | | (65,667) | (67,866) |
| Project Logistics expenses | | (56,954) | (20,650) |
| Administration expenses | | (10,048) | (10,094) |
| Impairment reversal | 3.7 | 35,304 | - |
| Finance costs | 2.2 | (6,383) | (11,996) |
| Profit before tax | | 34,860 | 3,362 |
| Income tax expense | 2.5 | (1,030) | (971) |
| Profit for the Year | | 33,830 | 2,391 |
| Other Comprehensive Income, net of tax | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | 2.3 | 21,228 | (30,183) |
| Share of other comprehensive income of associates | | - | 289 |
| Gain/ (Loss) on hedge of net investment in a foreign operation | 2.3 | (4,920) | 12,912 |
| Other comprehensive income/(loss) for the year, net of tax | | 16,308 | (16,982) |
| Total comprehensive income/(loss) for the Year | | 50,138 | (14,591) |
| Profit/(loss) for the year attributable to: | | | |
| Owners of the parent | | 33,393 | 2,424 |
| Non-controlling interests | 4.3 | 437 | (33) |
| | | 33,830 | 2,391 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the parent | | 49,712 | (14,575) |
| Non-controlling interests | 4.3 | 426 | (16) |
| | | 50,138 | (14,591) |

| | | Cents Per Share | Cents Per Share |
|---|---|---|---|
| Earnings per share | | | |
| From continuing operations | | | |
| Basic | 2.4 | 9.29 | 0.87 |
| Diluted | 2.4 | 8.91 | 0.86 |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

### As at 30 June 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Current Assets | | | |
| Cash and cash equivalents | 3.1 | 73,864 | 96,226 |
| Trade and other receivables | 3.2 | 63,536 | 49,864 |
| Inventories | 3.3 | 1,696 | 2,691 |
| Prepayments | | 8,166 | 3,679 |
| Assets classified as held for sale | 3.4 | - | 30,682 |
| Total Current Assets | | 147,262 | 183,142 |
| Non-Current Assets | | | |
| Property, plant and equipment | 3.5 | 370,338 | 333,399 |
| Right-of-use assets | 3.6 | 9,520 | 9,938 |
| Investment in associate | 3.8 | 1,782 | - |
| Loan to associate | 3.9 | 6,515 | - |
| Intangibles | | 560 | 765 |
| Total Non-Current Assets | | 388,715 | 344,102 |
| Total Assets | | 535,977 | 527,244 |
| Current Liabilities | | | |
| Trade and other payables | 3.10 | 43,136 | 36,230 |
| Unearned revenue | 3.11 | 12,256 | 3,152 |
| Borrowings | 3.12 | 12,500 | 15,568 |
| Lease liabilities | 3.13 | 3,055 | 3,502 |
| Provisions | 3.14 | 14,431 | 23,218 |
| Current tax liabilities | | 305 | 1,242 |
| Total Current Liabilities | | 85,683 | 82,912 |
| Non-Current Liabilities | | | |
| Borrowings | 3.12 | 102,919 | 147,932 |
| Lease liabilities | 3.13 | 6,455 | 6,635 |
| Provisions | 3.14 | 31 | 112 |
| Deferred tax liabilities | 3.15 | 140 | 56 |
| Total Non-Current Liabilities | | 109,545 | 154,735 |
| Total Liabilities | | 195,228 | 237,647 |
| Net Assets | | 340,749 | 289,597 |
| Equity | | | |
| Issued capital | 4.1 | 742,265 | 742,247 |
| Reserves | 4.2 | 141,484 | 124,105 |
| Accumulated losses | | (543,377) | (576,548) |
| Equity attributable to owners of the company | | 340,372 | 289,804 |
| Non-controlling interest | 4.3 | 377 | (207) |
| Total Equity | | 340,749 | 289,597 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity
### For the year ended of 30 June 2022

| Year Ended 30 June 2022 | Issued Capital $'000 | Employee Equity Settled Benefits Reserve $'000 | Hedging Reserve $'000 | Foreign Currency Translation Reserve $'000 | Accumulated Losses $'000 | Equity Holders of Parent $'000 | Non-controlling Interest $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 July 2021 | 742,247 | 3,949 | (56,511) | 176,667 | (576,548) | 289,804 | (207) | 289,597 |
| Profit for the year | - | - | - | - | 33,393 | 33,393 | 437 | 33,830 |
| Other comprehensive income/(loss) for the year | - | - | (4,920) | 21,461 | (222) | 16,319 | (11) | 16,308 |
| Total Comprehensive Income/(Loss) for the Year | - | - | (4,920) | 21,461 | 33,171 | 49,712 | 426 | 50,138 |
| Share issue costs | 18 | - | - | - | - | 18 | - | 18 |
| Recognition of share-based payments | - | 838 | - | - | - | 838 | - | 838 |
| Transactions with non controlling interest | - | - | - | - | - | - | 158 | 158 |
| Balance at 30 June 2022 | 742,265 | 4,787 | (61,431) | 198,128 | (543,377) | 340,372 | 377 | 340,749 |

| Year Ended 30 June 2021 | Issued Capital $'000 | Employee Equity Settled Benefits Reserve $'000 | Hedging Reserve $'000 | Foreign Currency Translation Reserve $'000 | Accumulated Losses $'000 | Equity Holders of Parent $'000 | Non-controlling Interest $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 July 2020 | 667,251 | 1,878 | (69,423) | 206,850 | (579,244) | 227,312 | (191) | 227,121 |
| Profit for the year | - | - | - | - | 2,424 | 2,424 | (33) | 2,391 |
| Other comprehensive income/(loss) for the year | - | - | 12,912 | (30,183) | 272 | (16,999) | 17 | (16,982) |
| Total Comprehensive Income/(Loss) for the Year | - | - | 12,912 | (30,183) | 2,696 | (14,575) | (16) | (14,591) |
| Issue of shares | 75,014 | - | - | - | - | 75,014 | - | 75,014 |
| Recognition of share-based payments | - | 2,071 | - | - | - | 2,071 | - | 2,071 |
| Non-controlling interest | (18) | - | - | - | - | (18) | - | (18) |
| Balance at 30 June 2021 | 742,247 | 3,949 | (56,511) | 176,667 | (576,548) | 289,804 | (207) | 289,597 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## Consolidated Statement of Cash Flows
### For the year ended of 30 June 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | | 292,128 | 249,761 |
| Government grants received | 2.2 | 176 | 9,403 |
| Interest received | | 83 | 99 |
| Payments to suppliers and employees | | (260,070) | (222,019) |
| Provisional payment under arbitration award | 3.14 | (10,520) | - |
| Income tax paid | | (599) | (1,640) |
| Interest and other costs of finance paid | | (6,040) | (8,691) |
| Net Cash Provided by Operating Activities | 3.1 | 15,158 | 26,913 |
| Cash Flows from Investing Activities | | | |
| Payments for property, plant and equipment | | (12,751) | (9,390) |
| Proceeds from sale of property, plant and equipment | | 2,423 | 2,701 |
| Proceeds from sale of assets classified as held for sale | 3.4 | 36,112 | 7,524 |
| Installment received in advance for disposal of subsidiaries | 3.11 | 2,173 | - |
| Deposit paid for business combination | 5.11 | (4,200) | - |
| Investment in associate | 3.8 | (2,075) | - |
| Loan to associate | 3.9 | (6,515) | - |
| Dividend received from associate | | 45 | - |
| Investment in subsidiary | | - | (631) |
| Net Cash Provided by Investing Activities | | 15,212 | 204 |
| Cash Flows from Financing Activities | | | |
| Repayment of borrowings | 3.12 | (53,001) | (81,762) |
| Payment for share issue costs | | - | (5,006) |
| Payment of debt restructure costs | | - | (426) |
| Proceeds from issue of equity securities | | - | 80,020 |
| Repayment of lease liabilities | 3.13 | (3,862) | (6,237) |
| Net Cash Used in Financing Activities | | (56,863) | (13,411) |
| Net increase/(decrease) in cash and cash equivalents | | (26,493) | 13,706 |
| Cash and cash equivalents at the beginning of the financial year | | 96,226 | 86,637 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 4,131 | (4,117) |
| Cash and Cash Equivalents at the End of the Financial Year | | 73,864 | 96,226 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## 1. General Notes

MMA Offshore Limited (MMA or the Company) is a for profit, listed public company incorporated in Australia. Its shares are traded on the Australian Securities Exchange.

### 1.1 Basis of Preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted. Transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at reporting date are translated at the exchange rate prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise except for certain hedging transactions and translation of foreign operations as described in note 4.2.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with this Corporations Instrument, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

#### Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

### 1.2 Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of expected credit losses – refer note 3.2

Useful lives of property, plant and equipment – refer note 3.5

Impairment of non-current assets – refer note 3.7

Provisions – refer note 3.14



Notes to the Financial Statements
For the year ended of 30 June 2022

## 2. Financial Performance

### 2.1 Segment Information

An operating segment is a component of a group that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the Chief Operating Decision Maker (Board of Directors) for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Information reported to the Board of Directors is focused on the category of services provided through the Groups operating activities.

The group's reportable segments are:

- Vessel Services - provision of specialised offshore support vessels; and
- Subsea Services – services to companies operating in subsea environments including inspection, maintenance and repair; and
- Project Logistics – project management of large marine spreads and complex marine logistics.

#### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

| | Vessel Services | Subsea Services | Project Logistics | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | 2022 $'000 | 2022 $'000 | 2022 $'000 | 2022 $'000 | 2022 $'000 |
| Revenue | | | | | |
| External sales | 140,611 | 66,365 | 58,756 | - | 265,732 |
| External sales – Assets classified as held for sale | 18,034 | - | - | - | 18,034 |
| Inter-segment sales | 18,685 | 4,421 | 1,529 | (24,635) | - |
| Total revenue | 177,330 | 70,786 | 60,285 | (24,635) | 283,766 |

Inter-segment sales are charged at prevailing market prices

| Result | | | | | |
|---|---|---|---|---|---|
| Segment profit before impairment | 8,705 | 698 | 1,802 | - | 11,205 |
| Share of results of associate | - | (248) | - | - | (248) |
| Impairment reversal/(charge) | 35,326 | (22) | - | - | 35,304 |
| Segment profit after impairment | 44,031 | 428 | 1,802 | | 46,261 |
| Finance income | | | | | 82 |
| Other income and expenses | | | | | 4,948 |
| Administration costs | | | | | (10,048) |
| Finance costs | | | | | (6,383) |
| Profit for the year before income tax | | | | | 34,860 |

## 2. Financial Performance (continued)

### 2.1 Segment Information (continued)

| | Vessels Services | Subsea Services | Project Logistics | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | 2021 $'000 | 2021 $'000 | 2021 $'000 | 2021 $'000 | 2021 $'000 |
| Revenue | | | | | |
| External sales | 134,099 | 63,039 | 14,694 | - | 211,832 |
| External sales – Assets classified as held for sale | 25,675 | - | - | - | 25,675 |
| Inter-segment sales | 6,064 | 7,511 | 1,755 | (15,330) | - |
| Total revenue | 165,838 | 70,550 | 16,449 | (15,330) | 237,507 |

Inter-segment sales are charged at prevailing market prices

| Result | | | | | |
|---|---|---|---|---|---|
| Segment profit/(loss) before impairment | 12,458 | (4,827) | (5,956) | - | 1,675 |
| Impairment charge | - | - | - | - | - |
| Segment profit/(loss) after impairment | 12,458 | (4,827) | (5,956) | - | 1,675 |
| Finance income | | | | | 99 |
| Other income and expenses | | | | | 23,678 |
| Administration costs | | | | | (10,094) |
| Finance costs | | | | | (11,996) |
| Profit for the year before income tax | | | | | 3,362 |

Segment profit/(loss) represents the profit/(loss) earned by the Vessels, Subsea Services and Project Logistics segments without allocation of finance income, other income, administration costs, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

#### Disaggregation of revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Revenue recognised over time: | | |
| Vessel hire | 126,657 | 129,750 |
| Vessel hire from vessels classified as held for sale | 17,671 | 25,675 |
| Equipment hire | 13,023 | 21,636 |
| Personnel | 10,922 | 14,557 |
| Mobilisation/Demobilisation | 31,176 | 11,356 |
| Project management | 56,942 | 8,871 |
| Fabrication | 8,579 | 9,324 |
| Materials | 1,253 | 2,383 |
| Mattresses | 727 | 2,053 |
| Facility lease | 2,048 | - |
| Other | 4,369 | 9,595 |
| | 273,367 | 235,200 |
| Revenue recognised at a point in time: | | |
| Fuel sales | 10,399 | 2,307 |
| Total | 283,766 | 237,507 |





## 2. Financial Performance (continued)

### 2.1 Segment Information (continued)

#### Revenue from charter of vessels

Revenue from the charter of vessels is an integrated service provided to customers and includes the vessel hire, mobilisation and demobilisation and fuel sales. Revenue is recognised over the period of time over which the customer utilises the vessel. Where the entity supplies goods, such as fuel, to the customer as part of the contract, revenue is recognised at a point in time when the customer obtains control of the goods.

#### Revenue from subsea services

Revenue from subsea services is derived from providing a variety of services to companies operating in subsea environments including the inspection, maintenance and repair of facilities and equipment including mobilisation and demobilisation into these contracts. Revenue is recognised over time based on the input method by reference to the period of time in which services are provided to the customer for each contract.

#### Revenue from project logistics

Revenue from project logistics relates to project management of large marine spreads and complex marine logistics also including mobilisation and demobilisation and fuel sales. Revenue is recognised over time based on the input method by reference to estimates of work completed for each contract.

The Group recognises other revenue as the promised goods and services are provided to customers in an amount that reflects the consideration expected to be received in exchange for those goods and services.

#### Segment Assets

The following is an analysis of the Group's assets by reportable segment:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Vessel Services (i) | 402,108 | 387,250 |
| Subsea Services (i) | 33,725 | 30,581 |
| Project Logistics | 7,379 | 2,761 |
| Unallocated assets | 92,765 | 106,652 |
| Total (ii) | 535,977 | 527,244 |

(i) Vessel and Subsea Services segments asset comparatives include assets classified as held for sale (refer note 3.4).

(ii) Segment assets are held in both A$ and US$ denominated currencies. The US$ assets are translated into A$ using exchange rates prevailing at the end of the reporting period. The movement in the exchange rate has resulted in an unrealised positive movement in the asset value of $30.1 million in A$ terms.

For the purposes of monitoring segment performance and allocating resources to a segment, all assets are allocated to a reportable segment other than cash and central administration assets.

#### Other Segment Information

| | Depreciation and amortisation | | Additions to non-current assets | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Vessel Services | 25,528 | 25,739 | 10,492 | 8,641 |
| Subsea Services | 1,942 | 3,291 | 1,718 | 2,208 |
| Project Logistics | 275 | 458 | - | 642 |
| Unallocated assets | 3,236 | 3,246 | 542 | 2,902 |
| Total | 30,981 | 32,734 | 12,752 | 14,393 |

## 2. Financial Performance (continued)

### 2.1 Segment Information (continued)

#### Impairment reversals/(charge)

In addition to the depreciation charges reported above, the Group also recognised impairment reversals/(charge) (see note 3.7) in respect of vessels and other assets as set out below:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Vessels held for continuing operations | 35,435 | - |
| Vessels classified as held for sale | (109) | - |
| Subsea Service assets classified as held for sale | (22) | - |
| Total | 35,304 | - |

#### Geographical information

The Group is based in two principal geographical areas – Australia (country of domicile) and Singapore. However, vessel services, subsea services and project logistics are provided around the world mainly in Australia, South East Asia, Europe and other locations.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed in the following table:

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| Location | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Australia/ New Zealand | 170,963 | 121,244 | 149,079 | 138,724 |
| Asia/ South East Asia | 69,463 | 67,160 | 165,529 | 137,357 |
| Europe | 22,125 | 22,952 | 2,677 | 37,788 |
| Other | 21,215 | 26,151 | 71,430 | 30,233 |
| Total | 283,766 | 237,507 | 388,715 | 344,102 |

For the purposes of monitoring segment performance and allocating resources to a segment, all assets are allocated to reportable segments other than cash and central administration assets.

#### Information about major customers for continuing operations

Included in vessel revenues there are approximately $32.5 million (2021: $31.2 million) which arose from sales to the Group's largest customer, revenues of approximately $31.8 million (2021: $nil) which arose from sales to the Group's second largest customer and revenues of approximately $19.7 million (2021: $20.6 million) which arose from sales to the Group's third largest customer.





## 2. Financial Performance (continued)

### 2.2 Other Income and Expenses

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Profit/(loss) for the year has been arrived at after recognising the following specific amounts: | | |
| Other income and expenses: | | |
| Government grants (i) | 176 | 8,251 |
| Other gains and losses: | | |
| Net foreign exchange losses | (63) | (743) |
| Profit on disposal of property, plant and equipment | 156 | 137 |
| Profit on disposal of assets classified as held for sale | 4,375 | 1,973 |
| Debt forgiveness on banking facility | - | 14,757 |
| Debt restructure costs | - | (426) |
| Revalue contingent consideration liability | - | (631) |
| Other | 304 | 360 |
| Total | 4,948 | 23,678 |

(i) The Group has received nil Government grants in Australia (2021: $7.3 million) and $0.2 million in Singapore (2021: $0.9 million) to assist in dealing with the impact of the COVID-19 pandemic. This support has been accounted for on a 'gross' basis with the income included in 'Other income and expenses' in the Statement of Profit & Loss. The related employee expenses are recorded in their respective operating segment. From 31 March 2021 onwards, the Group ceased to qualify for Australian government support. The Group continues to qualify and receive Singaporean job support grants.

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

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Depreciation and amortisation: | | |
| Leasehold buildings and improvements | 241 | 268 |
| Vessels | 25,406 | 24,295 |
| Plant and equipment | 1,996 | 2,807 |
| Computer Software | 213 | 213 |
| Right-of-use assets | 3,125 | 5,151 |
| Total | 30,981 | 32,734 |
| Impairment and loss allowance charges: | | |
| Loss allowance on trade receivables | 3,692 | 327 |
| Reversal of loss allowance on trade receivable recovery | - | (1,434) |
| Impairment reversal recognised on vessel services cash generating unit | (35,326) | - |
| Impairment charge recognised on subsea services cash generating unit | 22 | - |
| Employee benefits: | | |
| Post-employment benefits: | | |
| Defined contribution plans | 9,027 | 8,715 |
| Share based payments: | | |
| Equity settled share based payments | 838 | 2,071 |
| Other employee benefits | 114,741 | 112,618 |
| Total | 124,606 | 123,404 |

## 2. Financial Performance (continued)

### 2.3 Other Income and Expenses (continued)

| Finance Costs | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Interest on borrowings | 6,022 | 11,508 |
| Interest on lease liabilities | 343 | 476 |
| Other | 18 | 12 |
| Total | 6,383 | 11,996 |

### 2.3 Exchange rate movements

The AUD:USD exchange rate decreased significantly during the period, from $0.75 to $0.69. This has resulted in the current period having larger exchange movements on items within Other Comprehensive Income and Statement of Cash Flows.

### 2.4 Earnings per Share

The calculation of basic earnings per share is based on the following data:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Profit for the year used in the calculation of basic earnings per share | 33,393 | 2,391 |

| | 2022 No.'000 | 2021 No.'000 |
|---|---|---|
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 359,328 | 276,337 |

The calculation of diluted earnings per share is based on the following data:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Profit for the year used in the calculation of diluted earnings per share | 33,393 | 2,391 |

| | 2022 No.'000 | 2021 No.'000 |
|---|---|---|
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 359,328 | 276,337 |
| Effect of dilutive potential ordinary shares | 15,418 | 1,774 |
| Weighted average number of ordinary shares used for purpose of diluted earnings per share | 374,746 | 278,111 |

The weighted average number of shares used for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the capital raising and subsequent share consolidation completed during the comparative period.



Notes to the Financial Statements
For the year ended of 30 June 2022

2. Financial Performance (continued)

### 2.5 Income Taxes

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Income tax recognised in profit or loss | | |
| Tax expense comprises: | | |
| Current tax expense in respect of the current year | 550 | 579 |
| Adjustment recognised in the current year in relation to tax provisions of prior years | 480 | 392 |
| Total income tax expense | 1,030 | 971 |
| The income tax expense for the year can be reconciled to accounting profit as follows: | | |
| Profit before tax | 34,860 | 3,362 |
| Income tax expense calculated at 30% | 10,458 | 1,009 |
| Effect of revenue that is exempt from taxation | (4,307) | (1,535) |
| Effect of expenses that are not deductible in determining taxable profit | 1,906 | 6,083 |
| Effect of tax deductible items not included in accounting profit | - | - |
| Effect of foreign income taxable in Australia | 1,183 | 566 |
| Effect of tax losses utilised | (1,980) | (5,149) |
| Effect of unused tax losses and temporary differences not recognised as deferred tax assets | (6,845) | (973) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 135 | 578 |
| | 550 | 579 |
| Adjustment recognised in the current year in relation to tax provisions of prior years | 480 | 392 |
| Total income tax expense | 1,030 | 971 |

The tax rate used for the reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

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

The tax currently payable is based on the taxable profit for the year in certain jurisdictions. Taxable profit differs from profit as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

### 2.6 Dividends Provided for or Paid

No dividends have been provided for or paid during the current year.

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Adjusted franking account balance | 47,589 | 47,589 |

## 3. Assets and Liabilities

### 3.1 Cash and cash equivalents

Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks.

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Cash and cash equivalents | 73,864 | 96,226 |

| Reconciliation of profit for the year to net cash flows from operating activities | | |
|---|---|---|
| Profit for the year | 33,830 | 2,391 |
| Depreciation of non-current assets | 30,981 | 32,734 |
| Impairment reversal of non-current assets | (35,304) | - |
| Gain on forgiveness of loan | - | (14,757) |
| Amortisation of borrowing costs | - | 2,827 |
| Gain on sale of property, plant and equipment | (156) | (137) |
| Gain on sale of assets classified as held for sale | (4,375) | (1,973) |
| Unrealised foreign exchange loss | 63 | 743 |
| Loss allowance on trade receivables | 3,692 | - |
| Equity settled share-based payment | 838 | 2,071 |
| Interest expense – leases | 349 | 479 |
| Share of results of associate | 248 | - |
| Non-controlling interest earnout consideration | - | 631 |
| Debt restructure costs | - | 426 |
| Change in net assets and liabilities: | | |
| (Increase)/Decrease in trade and other receivables | (14,756) | 2,565 |
| (Increase)/Decrease in prepayments | (4,487) | (857) |
| (Increase)/Decrease in inventories | 995 | (475) |
| Increase/(Decrease) in current tax balances | (937) | (1,442) |
| Increase/(Decrease) in provisions | (8,787) | 7,259 |
| Increase/(Decrease) in trade and other payables | 6,905 | (5,649) |
| Increase/(Decrease) in unearned revenue | 6,934 | 2,613 |
| Increase/(Decrease) in deferred tax liabilities | 85 | 1 |
| Effect of foreign exchange on net assets and liabilities | (960) | (2,537) |
| Net cash flows provided by operating activities | 15,158 | 26,913 |





## 3. Assets and Liabilities (continued)

### 3.2 Trade and Other Receivables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Trade receivables (i) | 59,306 | 66,409 |
| Allowance for expected credit losses (i) | (3,678) | (19,387) |
| Other receivables (ii) | 7,908 | 2,842 |
| Total | 63,536 | 49,864 |

(i) A review of long held trade receivables was undertaken during the year resulting in the write off of certain amounts as bad debts. Expected credit loss provisions had been raised for all these amounts in previous years.

(ii) Other receivables includes an amount of $4.2 million paid as a deposit for the acquisition of the Subcon business. This transaction settled after the end of the year and the deposit applied as part of settlement. Refer to note 5.11 for further details.

The credit period for customers is negotiated individually on a case by case basis. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past rendering of services.

The Group writes off a trade receivable when there is information indicating that the debtor is in significant financial difficulty and there is no realistic prospect of recovery. Subsequent recoveries of amounts previously written off are credited against the allowance account.

The Group measures the allowance for expected credit losses for trade receivables at an amount equal to lifetime expected credit losses ("ECL") using the simplified approach where

1. ECL's are collectively estimated using a provision matrix based on the Group's historical credit loss experience adjusted for factors that are specific to geographic region, general economic conditions and an assessment of current and forecast conditions at reporting date. This has resulted in ECL's being applied to debtors aged over 60 days in our international business.
2. In cases where there is specific information available, the ECL assessment is adjusted for factors that are specific to the debtor including their financial capacity to make payment, discussions with the debtor on the status of the receivable and any other information relevant to the assessment of the recoverability.

The ageing of trade receivables to which these measures were applied were:

| | Current $'000 | Over 30 days $'000 | Over 60 days $'000 | Over 90 days $'000 | Total $'000 |
|---|---|---|---|---|---|
| Trade receivables | 47,236 | 3,840 | 1,603 | 6,627 | 59,306 |

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in AASB 9:

| | Collectively Assessed $'000 | Individually Assessed $'000 | Total $'000 |
|---|---|---|---|
| Balance as at 30 June 2021 | 265 | 19,122 | 19,387 |
| Transfer to credit-impaired | 25 | 3,667 | 3,692 |
| Amounts written off | (265) | (18,077) | (18,342) |
| Foreign exchange gains and losses | - | (1,059) | (1,059) |
| Balance as at 30 June 2022 | 25 | 3,653 | 3,678 |

### 3.3 Inventories

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Fuel – at cost | 1,125 | 1,763 |
| Consumables – at cost | 483 | 796 |
| Work in progress – at cost | 88 | 132 |
| Total | 1,696 | 2,691 |

Inventories are stated at the lower of cost or net realisable value.

## 3. Assets and Liabilities (continued)

### 3.4 Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount or fair value less costs of disposal and no depreciation is recorded on these assets. An impairment loss is recognised for any initial write-down of the asset to fair value less costs of disposal. Information regarding the assets held for sale in the Statement of Financial Position is presented below.

At 30 June 2022, the Group has completed its vessel disposal program with no remaining vessels classified as held for sale. Of the eight vessels held for sale at the beginning of the year, seven have been sold with proceeds of $37 million applied to the repayment of the Group debt facility. As a result of newly identified opportunities for the remaining vessel, it has been transferred back into the core fleet as at 30 June 2022. In reassessing its recoverable value on the transfer, there was a $0.1 million reduction in its carrying value down to $1.5 million.

### 3.5 Property, Plant and Equipment

| | Buildings and Improvements at cost $'000 | Vessels at cost $'000 | Plant and Equipment at cost $'000 | Total $'000 |
|---|---|---|---|---|
| Year ended 30 June 2021 | | | | |
| At 1 July 2020 | | | | |
| Gross carrying amount | 16,739 | 687,527 | 17,165 | 721,431 |
| Accumulated depreciation and impairment loss | (14,682) | (326,090) | (7,998) | (348,770) |
| Carrying amount | 2,057 | 361,437 | 9,167 | 372,661 |
| Additions | - | 7,475 | 1,915 | 9,390 |
| Disposals | - | (5) | (187) | (192) |
| Depreciation | (268) | (24,295) | (2,807) | (27,370) |
| Effect of foreign currency exchange differences | (59) | (20,992) | (39) | (21,090) |
| Total movement | (327) | (37,817) | (1,118) | (39,262) |
| Balance at 30 June 2021 | | | | |
| Gross carrying amount | 15,370 | 654,494 | 19,397 | 689,261 |
| Accumulated depreciation and impairment loss | (13,640) | (330,874) | (11,348) | (355,862) |
| Carrying amount | 1,730 | 323,620 | 8,049 | 333,399 |



Notes to the Financial Statements
For the year ended of 30 June 2022

## 3. Assets and Liabilities (continued)

### 3.5 Property, Plant and Equipment (continued)

| | Buildings and Improvements at cost $'000 | Vessels at cost $'000 | Plant and Equipment at cost $'000 | Total $'000 |
|---|---|---|---|---|
| Year ended 30 June 2022 | | | | |
| At 1 July 2021 | | | | |
| Carrying amount | 1,730 | 323,620 | 8,049 | 333,399 |
| Additions | 43 | 7,998 | 2,492 | 10,533 |
| Disposals | (670) | (766) | (826) | (2,262) |
| Reclassified from held for sale | - | 1,508 | - | 1,508 |
| Depreciation | (241) | (25,406) | (1,996) | (27,643) |
| Impairment reversal recognised in profit and loss | - | 35,435 | - | 35,435 |
| Effect of foreign currency exchange differences | 47 | 19,179 | 142 | 19,368 |
| Total movement | (821) | 37,948 | (188) | 36,939 |
| Balance at 30 June 2022 | | | | |
| Gross carrying amount | 6,926 | 710,863 | 19,673 | 737,462 |
| Accumulated depreciation and impairment loss | (6,017) | (349,295) | (11,812) | (367,124) |
| Carrying amount | 909 | 361,568 | 7,861 | 370,338 |

Leasehold buildings and improvements, vessels and plant and equipment are stated at cost less, where applicable, accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the item.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. Buildings and improvements are depreciated over the period of the lease or estimated useful life using the straight-line method on the following bases,

| | |
|---|---|
| Leasehold building & improvements | 10% |
| Vessels | 4% |
| Vessel refits | 20% |
| Plant & equipment | 5%-50% |

#### Key source of estimation uncertainty

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. At the end of this reporting period, the Directors have determined that there was no adjustment required to the Group's property, plant and equipment's useful lives.

## 3. Assets and Liabilities (continued)

| 3.6 Right of use assets | Buildings and Improvements at cost $'000 | Vessels at cost $'000 | Plant and Equipment at cost $'000 | Total $'000 |
|---|---|---|---|---|
| Year ended 30 June 2021 | | | | |
| At 1 July 2020 | | | | |
| Gross carrying amount | 13,359 | 2,031 | 1,142 | 16,532 |
| Accumulated depreciation | (4,295) | (1,779) | (341) | (6,415) |
| Carrying amount | 9,064 | 252 | 801 | 10,117 |
| Additions | 3,778 | 1,094 | 131 | 5,003 |
| Depreciation | (3,392) | (1,310) | (449) | (5,151) |
| Other | (31) | - | - | (31) |
| Total movement | 355 | (216) | (318) | (179) |
| Balance at 30 June 2021 | | | | |
| Gross carrying amount | 17,137 | 3,125 | 1,273 | 21,535 |
| Accumulated depreciation | (7,718) | (3,089) | (790) | (11,597) |
| Carrying amount | 9,419 | 36 | 483 | 9,938 |
| Year ended 30 June 2022 | | | | |
| At 1 July 2021 | | | | |
| Opening carrying amount | 9,419 | 36 | 483 | 9,938 |
| Additions | 2,942 | - | - | 2,942 |
| Depreciation | (2,892) | (59) | (174) | (3,124) |
| Other | (24) | 23 | (234) | (235) |
| Total movement | 26 | (36) | (408) | (418) |
| Balance at 30 June 2022 | | | | |
| Gross carrying amount | 15,270 | 1,400 | 235 | 16,904 |
| Accumulated depreciation | (5,825) | (1,400) | (159) | (7,384) |
| Carrying amount | 9,445 | - | 75 | 9,520 |

The Group leases several assets including

- Subsea and operating premises at Welshpool, Australia which expires 30 April 2025, with an option to extend for two x five-year terms.
- Current head office premises in Perth which expires 30 November 2026, with an option to extend for one x five-years was entered into in the comparative financial year.
- Batam shipyard lease which expires in 2042.
- Various items of plant and equipment with an average lease term of five years.

| Amounts recognised in profit and loss | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Depreciation expense on right-of-use assets | 3,125 | 5,151 |
| Interest expense on lease liabilities | 343 | 479 |
| Income from sub-leasing right-of-use assets | 2,634 | 357 |





## 3. Assets and Liabilities (continued)

### 3.7 Impairment of Non-Current Assets

The Group performs a review of non-current asset values at each reporting period and whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may be impaired. Market conditions are monitored for indications of impairment for all of the Group's operating assets and where such indications are identified, a formal impairment assessment is performed.

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

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

#### Impairment testing

The carrying amount of the net assets of the Group is greater than the Company's market capitalisation which is an indicator of impairment at 30 June 2022. As a result, the Group assessed the recoverable amounts of the Vessels, Subsea and Project Logistics Cash-Generating Units ('CGU').

The assessment resulted in the following impairment reversals/(charges) included in profit or loss:

| | | | Impairment reversal/(charge) | |
|---|---|---|---|---|
| Segment/CGU | Class of asset | Method | 2022 $'000 | 2021 $'000 |
| Vessels | Property, Plant & Equipment | FVLCOD | 35,435 | - |
| Vessels | Assets classified as held for sale | FVLCOD | (109) | - |
| Subsea | Assets classified as held for sale | FVLCOD | (22) | - |
| Total | | | 35,304 | - |

The inputs used in deriving the recoverable amount of each CGU is categorised in accordance within the following levels of the fair value hierarchy:

| CGU | Level 3(i) $'000 | Recoverable Amount $'000 |
|---|---|---|
| Vessels | 360,758 | 360,758 |

(i) Level 3 inputs are unobservable inputs used to measure fair value. In our Vessels calculations, the inputs used are based on both observable and unobservable market data prepared by an independent valuation consultant. Due to the unobservable market data and internal valuation components of the valuations, the inputs are considered Level 3.

Inputs in determining the classification level within the fair value hierarchy are reassessed at each reporting period as part of the impairment process. The inputs used within calculations are assessed and discussed internally to determine the extent to which they can be compared to observable market information and classified accordingly.

This financial year has seen improvements in overall market conditions in which the Group operates, evidenced by increases in the brent oil price from a starting point of US$74 to a high of US$122 before settling at US$106 at the end of the year combined with the focus on global energy security. As a result of the stronger price, there has been increased activity in offshore projects now and expected into the future (new FID for large Gas projects, especially in Australia) increasing demand for the Group services in all segments. For the vessels segment, this demand side pressure combines with a tightening supply of vessels in the offshore market resulting in improved prices in the industry.

The offshore renewables market is also gathering pace with significant projects committed to and under construction with potential to utilise the services of the Group.

Whilst COVID-19 continues to impact the world and the industry, the situation has improved significantly as a result of the lifting of restrictions in our operating regions.

## 3. Assets and Liabilities (continued)

### 3.7 Impairment of Non-Current Assets (continued)

#### Vessels

A group of non-core vessels in the fleet were classified as being held for sale as at 30 June 2020 and continued at 30 June 2021. This classification had resulted in two separate fair value assessments for the fleet, being those core vessels used for continuing operations and those non-core vessels that are classified as held for sale.

#### Vessels - Continuing Operations

The recoverable amount of the core vessels was determined using a market-based approach, reflecting the value which could be expected to be realised through the disposal of the vessels, in an orderly market, on an "as is where is" basis between a willing buyer and willing seller.

An independent valuation of the fleet was undertaken by a specialist marine valuation consultancy and shipbroking company. In preparing their valuation report, some of the factors they considered include the current market conditions in which the vessels operate, a review of recent market sales of similar vessels, consideration of the specification and earnings potential of each vessel and the inherent value and replacement cost of each vessel. As a result of the improving market conditions discussed above, the vessel valuation report reflected increases in values, leading to a partial reversal of prior year impairments.

A key input into the recoverable amount of the CGU was the application of a discount to the independent vessel valuation to reflect the amount which would be achieved if the core fleet was disposed of in one single transaction. The Board have decreased this discount to 15.0% for the current period. This rate is at the upper end of the range specified by the independent valuer. We are at the start of the recovery and as we work our way through this and more data points become available to prove up the longevity and sustainability of the recovery the Board will reassess and likely lower the en bloc discount over time. In the June 2021 impairment assessment, the company used a discount of 15.8%.

The following factors were taken into account in determining this value:

- the movement in the oil price during the period
- increased activity in the offshore industry
- tightening of supply in the offshore industry
- the adopted % being within the range provided by the valuer

Consistent with previous periods, selling costs are also assumed to be 2% (2021: 2%) of the vessel sales value.

#### Key assumptions and sensitivity

The FVLCOD method requires an estimate of the current market value of the assets and the costs that would be associated with a disposal of the assets. In estimating the current market value of the assets, the Group engaged experienced and qualified valuers to perform valuations. Estimates have also been made on the discount to the independent vessel valuation to reflect the amount which would be achieved if the fleet was disposed of in one single transaction, plus the selling costs associated with the sale.

The following provides information on the assumptions made in determining the fair value of the vessels, together with a sensitivity analysis showing the potential impact on the vessel carrying value based on the movement (increase or decrease) in the assumption.

| Assumption | Rate used | Sensitivity movement | Change in carrying value $'000 |
|---|---|---|---|
| En bloc discount | 15.0% | 2.5% | 10,610 |
| Selling costs | 2.0% | 0.5% | 1,840 |

#### Vessels - Classified as Held for Sale

As described in Note 3.4, Assets Classified as Held for Sale, the Group has completed its vessel disposal program during the year. At 30 June 2022, one vessel had not been sold and it was transferred back into the core fleet. This vessel has now been valued under the same methodology described above for Vessels – Continuing Operations. This has resulted in a $0.1m impairment charge on transfer.





## 3. Assets and Liabilities (continued)

### 3.7 Impairment of Non-Current Assets (continued)

#### Subsea

Items of plant & equipment from the Subsea CGU were classified as being held for sale as at 30 June 2020 and continued at 30 June 2021. This classification had resulted in two separate recoverable value assessments, being for the ongoing business and the plant & equipment that is held for sale.

#### Subsea - Continuing Operations

To assess the recoverable amount of the Subsea CGU, a ViU assessment was performed using five year cash flows and a terminal value.

There were no material changes in the underlying assumptions used for the assessment as at 30 June 2021, except for expected future cashflows being updated to reflect recent forecasts. In determining the forecast revenues and operating expenses, consideration has been given to the following:

- current and potential new contracts for the Subsea business
- current and expected tendering activities
- expected Subsea services activity in the region
- cost of running the business including labour and overheads
- project work has been budgeted by applying estimated gross margins, based on historical results, to the estimated revenues of projects
- in assessing future revenues, potential projects are identified with estimates of their total revenue. A likelihood of success % is then applied to the revenue to reflect a risk weighted likely revenue amount

A discount rate of 11.3% (2021: 10.9%) has been used for ViU assessments.

In the budget approved by the board, forecast revenues have been increased for the FY2023 to FY2025 years to reflect the improving market conditions. Nil revenue growth in FY2026 and FY2027 has been assumed, with terminal year growth of 2% (2021: 2%) reflecting a long term inflation rate estimate.

#### Key assumptions and sensitivity

The recoverable value of the Subsea assets in the current year was assessed using a ViU approach.

The estimation of future cashflows has been prepared based on approved group budgets with estimates and assumptions regarding future revenue growth rates, operating margins and discount rates.

The following provides information on the assumptions made in determining the recoverable value of the assets, together with a sensitivity analysis showing the potential impact on the carrying value based on the movement (increase or decrease) in the relevant estimate or assumption.

| Assumption | Rate used | Sensitivity movement | Increase/(Decrease) in recoverable value $'000 |
|---|---|---|---|
| Discount rate | 11.3% | +0.5% | (3,433) |
| | | -0.5% | 3,829 |
| Terminal year growth rate | 2.0% | +0.5% | 2,675 |
| | | -0.5% | (2,403) |

#### Subsea - Classified as Held for Sale

The remaining Subsea assets classified as held for sale were impaired to nil during the reporting period.

## 3. Assets and Liabilities (continued)

### 3.7 Impairment of Non-Current Assets (continued)

Project Logistics

To assess the recoverable amount of the Project Logistics CGU, a ViU assessment was performed using five year cash flows and a terminal value.

In determining the forecast revenues and operating expenses, consideration has been given to the following:

- current and potential new contracts for the Project Logistics business
- current and expected tendering activities
- expected Project Logistics services activity in the region
- cost of running the business including labour and overheads
- project work has been budgeted by applying estimated gross margins, based on historical results to the estimated revenues of projects
- in assessing future revenues, potential projects are identified with estimates of their total revenue. A likelihood of success % is then applied to the revenue to reflect a risk weighted likely revenue amount

A discount rate of 11.3% (2021: 10.9%) has been used for ViU assessments.

Total carrying value of the CGU is $2.0m with $0.8m being net working capital and $0.8m right of use asset resulting in low sensitivity to changes in assumptions.

### 3.8 Investment in Associate

In November 2021, the Group acquired a 49.9% interest in Global Aqua Survey (GAS) Ltd, a subsea company operating in Taiwan. The consideration for the investment was 42.5 million New Taiwan dollars ($2.1m). The investment is accounted for using the equity method in these consolidated financial statements.

| Name of Associate | Principal Activity | Principal place of business | Proportion of ownership interest and voting rights held by group 2022 | 2021 |
|---|---|---|---|---|
| MMA Global Aqua Survey Ltd (GAS) | Subsea | Taiwan | 49.90% | - |

Summarised financial information in respect of the associate is set out below:

| | 2022 $'000 |
|---|---|
| Financial position: | |
| Current assets | 4,878 |
| Non-current assets | 9,272 |
| Current liabilities | (6,098) |
| Non-current liabilities | (5,453) |
| Net assets | 2,599 |
| Group's share of associate net assets - 49.9% | 1,296 |
| Goodwill | 486 |
| Group's carrying amount of the investment | 1,782 |
| Financial performance: | |
| Total revenue | 721 |
| Total profit/(loss) before tax for the year | (496) |
| Group's share of associate profit before tax | (248) |
| Group's share of associate income tax expense | - |
| Group's share of associate profit after tax | (248) |





## 3. Assets and Liabilities (continued)

### 3.9 Loan to associate

A USD$4.25 million ($6.1 million) loan was made to our associate company, MMA Global Aqua Survey Ltd for the purchase of a vessel from the Group.

The loan is for a five year term at an interest rate of 4.8% with 60 equal monthly repayments and is secured with a registered mortgage over the vessel.

In addition, a 90 day working capital loan to the value of $0.4 million was provided in June 2022.

### 3.10 Trade and Other Payables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Trade payables | 12,086 | 8,675 |
| Other payables and accruals | 30,090 | 26,895 |
| Goods and services tax payable | 960 | 660 |
| Total | 43,136 | 36,230 |

The average credit period on purchases of all goods is 30 - 45 days. The Group monitors payments to ensure that payables are generally paid within the credit time frame.

### 3.11 Unearned revenue

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Unearned revenue – operations | 10,083 | 3,152 |
| Instalment received in advance for disposal of subsidiaries (i) | 2,173 | - |
| Total | 12,256 | 3,152 |

(i) During 2021 MMA granted WASCO an option to purchase the Group's subsidiaries holding the interest in the Batam shipyard facility for a purchase price of US$15 million. As part of this transaction they also entered in to an operating lease agreement for the facility. Please refer to Note 5.9 for details of the lease.

In April 2022 the option to purchase was exercised and an instalment of US$1.5 million received under the sale contract. The transaction has a number of conditions to be met prior to completion. As a result, control of the subsidiaries has not passed as at 30 June 2022 and the sale transaction has not completed.

### 3.12 Borrowings

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Secured – at amortised cost | | |
| Current | 12,500 | 15,568 |
| Non current | 102,919 | 147,932 |
| Total | 115,419 | 163,500 |

Summary of borrowing arrangements:

Repayments totalling $53.0 million were made during the year. Of this, $37.0 million was funded through the vessel disposal program, $0.9 million from other asset disposals and $15.1 million from cash reserves.

In addition, it was agreed with the banking syndicate to waive the interest cover ratio and leverage ratio covenants for the period from 1 July 2021 until 31 March 2022. This waiver of these debt covenants was agreed on the basis of the challenging trading conditions the offshore support vessel industry was facing due to the ongoing affects of the COVID-19 Delta variant. The covenant testing re-commenced from 1 April 2022 and the Group is in compliance with all requirements.

The interest payable on the US$ denominated loan is currently linked to LIBOR, which is being phased out globally. As such, MMA has engage with the banking syndicate to discuss the timeline for transition to a new interest rate mechanism to replace LIBOR and agreed to delay the commencement of discussions until 31 December 2022. At this time, the change in the interest rate benchmark is not expected to have any material effect on the loan amount, classification of the loan or the covenants other than a change in reference rate.

## 3. Assets and Liabilities (continued)

### 3.12 Borrowings (continued)

The Facility is fully secured by fixed and floating charges given by certain controlled entities within the Group, registered ship mortgages over a number of vessels owned by certain controlled entities and real property mortgages.

As at the end of the reporting period, the amounts owing under the facility comprises an A$ amount of $69.4 million and a US$ amount of $31.8 million. The US$ amount qualifies as an accounting hedge of a net investment in a foreign operation and the resulting foreign exchange movements are therefore included in Other Comprehensive Income offsetting the foreign exchange movements in the US$ denominated entities.

| Available borrowing facilities | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Secured loan facilities with various maturity dates through to 2025 and which may be extended by mutual agreement: | | |
| Amount used | 115,419 | 163,500 |
| Amount unused | - | - |
| Total | 115,419 | 163,500 |

There is no re-draw available on the existing facilities.

#### Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

| 2022 | Bank loans $'000 | Loan fees $'000 | Total $'000 |
|---|---|---|---|
| Balance at 1 July 2021 | 163,500 | - | 163,500 |
| Repayment of loan | (53,001) | - | (53,001) |
| Non-cash foreign exchange movement | 4,920 | - | 4,920 |
| Balance at 30 June 2022 | 115,419 | - | 115,419 |

| 2021 | Bank loans $'000 | Loan fees $'000 | Total $'000 |
|---|---|---|---|
| Balance at 1 July 2020 | 273,404 | (2,827) | 270,577 |
| Repayment of loan | (81,762) | - | (81,762) |
| Loan forgiveness | (14,757) | - | (14,757) |
| Non-cash foreign exchange movement | (13,385) | - | (13,385) |
| Amortised loan fees | - | 2,827 | 2,827 |
| Balance at 30 June 2021 | 163,500 | - | 163,500 |

Refer to note 3.13 for movements in lease liabilities.





## 3. Assets and Liabilities (continued)

| 3.13 Lease liabilities | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Opening Balance | 10,137 | 10,893 |
| Additions | 2,930 | 5,003 |
| Repayments | (3,862) | (6,237) |
| Interest expense | 343 | 478 |
| Net currency exchange differences | (38) | - |
| Balance at end of financial year | 9,510 | 10,137 |
| Current | 3,055 | 3,502 |
| Non-current | 6,455 | 6,635 |
| Total | 9,510 | 10,137 |
| Maturity analysis: | | |
| Year 1 | 3,055 | 3,723 |
| Year 2 | 2,992 | 2,227 |
| Year 3 | 2,610 | 2,150 |
| Year 4 | 1,012 | 1,868 |
| Year 5 | 508 | 567 |
| Onwards | - | 340 |
| | 10,177 | 10,875 |
| Less: unearned interest | (667) | (738) |
| Balance at end of the year | 9,510 | 10,137 |

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

| 3.14 Provisions | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current | | |
| Ongoing legal claims | 2,064 | 11,936 |
| Employee benefits – annual leave | 6,370 | 5,844 |
| Employee benefits – long service leave | 5,997 | 5,438 |
| Total | 14,431 | 23,218 |
| Non-current | | |
| Employee benefits – long service leave | 31 | 112 |

As disclosed by Australian Stock Exchange (ASX) announcement on 23 June 2021 and in the 2021 annual report, a final arbitration award was made against a wholly owned subsidiary of MMA on 22 June 2021.

MMA appealed that decision to the High Court of Singapore, and as previously announced to the ASX:

- the High Court of Singapore dismissed MMA's appeal; and
- as a result of the dismissal MMA is required to pay S$11.7 million (S$10.2 million of which was paid during 2022, with the remaining S$1.5 million due 22 June 2023).

MMA has lodged a final appeal against the decision of the High Court of Singapore.

#### Significant Estimates

In the current year, the Group has a total provision of $2.1 million (2021: $11.9 million) in relation to ongoing legal claims. This amount have been estimated by the directors as a possible outflow that may be required to settle these legal claims. As these legal claims have not been finalised, this provision is only an estimate and the actual liability may differ depending on the outcome of these hearings.

## 3. Assets and Liabilities (continued)

### 3.14 Provisions (continued)

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is performed.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### 3.15 Deferred Tax Balances

Deferred tax assets/(liabilities) arise from the following:

| 2022 | Opening Balance $'000 | Recognised in Profit or Loss $'000 | Closing Balance $'000 |
|---|---|---|---|
| Gross deferred tax liabilities: | | | |
| Property, plant and equipment | (27,469) | (7,075) | (34,544) |
| Inventory | (154) | 64 | (90) |
| Receivables | 3 | - | 3 |
| Other | (1,662) | 1,640 | (22) |
| | (29,281) | (5,371) | (34,653) |
| Gross deferred tax assets: | | | |
| Provisions | 2,024 | 2,064 | 4,088 |
| Unused tax losses and credits | 24,585 | 3,885 | 28,470 |
| Other | 2,616 | (661) | 1,955 |
| | 29,225 | 5,287 | 34,513 |
| Total | (56) | (84) | (140) |

| 2021 | Opening Balance $'000 | Recognised in Profit or Loss $'000 | Closing Balance $'000 |
|---|---|---|---|
| Gross deferred tax liabilities: | | | |
| Property, plant and equipment | (24,619) | (2,850) | (27,469) |
| Inventory | (117) | (36) | (154) |
| Receivables | (3) | 6 | 3 |
| Other | 121 | (1,783) | (1,662) |
| | (24,618) | (4,663) | (29,281) |
| Gross deferred tax assets: | | | |
| Provisions | 180 | 1,844 | 2,024 |
| Unused tax losses and credits | 24,334 | 251 | 24,585 |
| Other | 104 | 2,512 | 2,616 |
| | 24,618 | 4,607 | 29,225 |
| Total | - | (56) | (56) |



Notes to the Financial Statements
For the year ended of 30 June 2022

## 3. Assets and Liabilities (continued)

### 3.15 Deferred Tax Balances (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period(s) in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

| Unrecognised deferred tax assets | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: | | |
| Tax losses (revenue in nature) | 75,039 | 86,798 |
| Tax losses (capital in nature) | 19,034 | 19,727 |
| Deductible temporary differences | - | 4,474 |

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

#### Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, MMA Offshore Ltd and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if any entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

## 4. Capital Structure

### 4.1 Issued Capital

| Fully Paid Ordinary Shares | 2022 No.'000 | 2022 $'000 | 2021 No.'000 | 2021 $'000 |
|---|---|---|---|---|
| Balance at beginning of financial year | 359,328 | 742,247 | 925,730 | 667,251 |
| Issue of shares | - | - | 2,667,570 | 80,020 |
| Share issue costs | - | 18 | - | (5,024) |
| Share consolidation | - | - | (3,233,972) | - |
| Balance at end of financial year | 359,328 | 742,265 | 359,328 | 742,247 |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

#### Share Rights

As at 30 June 2022, executives and employees held rights over 20,596,998 ordinary shares (2021: 14,799,157).

Share rights granted under the employee share rights plans carry no right to dividends and no voting rights.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

### 4.2 Reserves

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Employee equity settled benefits | 4,787 | 3,949 |
| Hedging | (61,431) | (56,511) |
| Foreign currency translation | 198,128 | 176,667 |
| Balance at end of financial year | 141,484 | 124,105 |

The employee equity settled benefits reserve arises on the grant of share rights to executives and employees under the Company's share rights plans. Amounts are transferred out of the reserve and into issued capital when the rights vest or expire.

The hedging reserve is used to record gains and losses on hedges designated as cash flow hedges including hedges of net investments in a foreign operation. Gains and losses accumulated in the hedge reserve are taken to the profit or loss when the hedged transaction impacts the profit or loss, or is included as an adjustment to the initial carrying amount of the hedged item. For a net investment in a foreign operation any gains and losses are taken to profit or loss on disposal of the foreign operation.

The foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars.

The assets and liabilities of the Group's foreign operations are translated into Australian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised through other comprehensive income and recognised in equity.

On the disposal of the foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.





## 4. Capital Structure (continued)

### 4.3 Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

| MMA Global Projects Pte. Ltd | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current Assets | 9,518 | 2,747 |
| Non-current Assets | 96 | 89 |
| Current Liabilities | (3,946) | (3,870) |
| Non-current Liabilities | (3,731) | - |
| Net Assets | 1,937 | (1,034) |
| Equity attributable to owners of the Company | 1,560 | (827) |
| Non-controlling interests | 377 | (207) |
| Revenue | 16,569 | 10,958 |
| Expenses | (14,378) | 11,113 |
| Profit (loss) for the year | 2,191 | (155) |
| Profit/(loss) attributable to owners of the Company | 1,754 | (124) |
| Profit/(loss) attributable to the non-controlling interests | 437 | (31) |
| Profit/(loss) for the year | 2,191 | (155) |
| Total comprehensive income attributable to owners of the Company | 1,765 | (124) |
| Total comprehensive income attributable to the non-controlling interests | 426 | (31) |
| Total comprehensive income for the year | 2,191 | (155) |
| Net cash inflow/(outflow) from operating activities | 1,785 | 929 |
| Net cash inflow/(outflow) from investing activities | - | - |
| Net cash inflow/(outflow) from financing activities | - | - |
| Net cash inflow (outflow) | 1,785 | 929 |
| Non-controlling interest at beginning of year | (207) | (191) |
| Share of profit/(loss) for the year | 437 | (33) |
| Other | 147 | 17 |
| Non-controlling interest at end of year | 377 | (207) |

## 4. Capital Structure (continued)

### 4.4 Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the 2021 financial year.

The capital structure of the Group consists of net debt (borrowings as detailed in note 3.12 offset by cash at bank balances) and equity of the Group (comprising issued capital and reserves as detailed in notes 4.1 and 4.2 and accumulated losses).

The Group is not subject to any externally imposed capital requirements other than normal banking requirements. Refer to note 3.12.

Based on recommendations of management and the Board, the Group will balance its overall capital structure through new share issues as well as the establishment of new borrowing facilities or repayment of existing facilities. The Group uses its leverage ratio (measured as debt to property plant & equipment) to manage its capital. The ratio is monitored on a monthly basis by the Board and management.

#### Leverage Ratio

The leverage ratio at the end of the reporting period was as follows:

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Debt (i) | 115,419 | 163,500 |
| Cash and cash equivalents | (73,864) | (96,226) |
| Net debt | 41,555 | 67,274 |
| Property, plant & equipment (ii) | 370,338 | 364,080 |
| Leverage ratio | 11% | 18% |

(i) Debt is defined as gross long and short-term borrowings, as detailed in note 3.12.

(ii) Property, plant and equipment includes all fixed assets owned by the group, as detailed in note 3.5.





## 5. Other Notes

### 5.1 Commitments for Expenditure

| Capital expenditure commitments | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Plant and Equipment | 398 | 357 |
| Vessels | 2,458 | 710 |
| Total | 2,856 | 1,067 |

### 5.2 Share Based Payments

#### Share rights incentive plans

The Group has established ownership based compensation plans whereby executives and employees of the Group have been issued rights over ordinary shares of MMA Offshore Limited.

Upon exercise, each share right, converts into one ordinary share of MMA Offshore Limited. No amounts are paid or are payable by the recipient on receipt of the rights. The rights carry no entitlement to dividends and no voting rights. Holders of rights do not have the entitlement, by virtue of the right, to participate in any share issue of the Company. The rights may be exercised at any time from their vesting date to the date of their expiry. The rights are not quoted on the ASX.

The following share based payment arrangements were in existence during the current reporting period:

| Series | | Number issued | Grant Date | Expiry Date | Exercise price $ | Fair Value at Grant date $ |
|---|---|---|---|---|---|---|
| (1) | Issued 16 November 2018 | 1,062,563 | 19 Oct 2018 | 1 Jul 2023 | 0.00 | 0.11 |
| (2) | Issued 2 December 2018 | 258,144 | 21 Nov 2018 | 1 Jul 2023 | 0.00 | 0.10 |
| (3) | Issued 8 June 2020 | 1,846,954 | 29 Nov 2019 | 1 Jul 2024 | 0.00 | 0.16 |
| (4) | Issued 8 June 2020 | 351,145 | 21 Nov 2019 | 1 Jul 2024 | 0.00 | 0.16 |
| (5) | Issued 29 April 2021 | 1,758,356 | 28 Jan 2021 | 1 Jul 2025 | 0.00 | 0.14 |
| (6) | Issued 29 April 2021 | 4,905,329 | 28 Jan 2021 | 1 Jul 2025 | 0.00 | 0.20 |
| (7) | Issued 29 April 2021 | 4,616,666 | 28 Jan 2021 | 1 Nov 2025 | 0.00 | 0.17 |
| (8) | Issued 30 September 2021 | 329,000 | 30 Sep 2021 | 1 Jul 2024 | 0.00 | 0.38 |
| (9) | Issued 24 September 2021 | 1,297,904 | 24 Sep 2021 | 1 Jul 2024 | 0.00 | 0.38 |
| (10) | Issued 10 November 2021 | 172,400 | 10 Nov 2021 | 1 Jul 2024 | 0.00 | 0.38 |
| (11) | Issued 10 November 2021 | 1,518,829 | 10 Nov 2021 | 1 Jul 2026 | 0.00 | 0.20 |
| (12) | Issued 23 December 2021 | 2,050,414 | 23 Dec 2021 | 1 Jul 2026 | 0.00 | 0.23 |
| (13) | Issued 30 May 2022 | 1,750,001 | 30 May 2022 | 31 Dec 2025 | 0.00 | 0.56 |

The number of rights issued in Series 1,2,3 and 4 have been adjusted to reflect the impact of the 1 for 10 share consolidation undertaken during the comparative year.

#### 2019 Issues

Performance Rights issued during the 2019 financial year as part of Series 1 and 2 did not meet the required vesting conditions and have therefore lapsed in accordance with the terms of the plan.

## 5. Other Notes (continued)

### 5.2 Share Based Payments (continued)

#### 2020 Issues

Performance Rights issued during the 2020 financial year as part of Series 3 and 4 to executives and employees are subject to achievement of a number of vesting targets. For Key Management Personnel, 50% of the rights are subject to achieving a return on assets of greater than 10% at the end of the three-year vesting period and the remaining 50% are subject to the Company's Total Shareholder Return percentile ranking relative to a selected Peer Group over the three-year vesting period.

For other employees, 40% of the rights are subject to achieving a return on assets of greater than 10% at the end of the three year vesting period, 20% relate to a retention hurdle with the participant required to be employed the Group at the end of the three year vesting period and the remaining 40% are subject to the Company's Total Shareholder Return percentile ranking relative to a selected Peer Group over the three-year vesting period.

None of Key Management Personnel or Managing Director performance rights (totalling 1,158,730) vested on 1 July 2022 and these performance rights will lapse. The Board has determined that for senior managers who achieved the retention hurdle the performance rights vested and therefore 133,993 of the performance rights vested on 1 July 2022 will be converted to ordinary shares.

#### 2021 Issues

Performance Rights issued during the 2021 financial year as part of Series 5,6 and 7 to executives and employees are subject to achievement of a number of vesting targets.

For the Series 5 issue to Key Management Personnel, the number of rights vesting are subject to the company share price reaching a minimum level of $0.65, with pro rata vesting on a straight line basis up to 100% vesting if the share price is $0.96 or higher.

For the Series 6 issue to other employees, 30% relate to a retention hurdle with the participant required to be employed by the Group at the end of the three year vesting period and the remaining 70% are subject to the same share price hurdle as Series 5.

For the Series 7 issue to Key Management Personnel, 30% relate to a retention hurdle with the participant required to be employed by the Group at the end of the three year vesting period and the remaining 70% vests if the share price is larger than or equal to $0.90.

#### 2022 Issues

Performance Rights issued during the 2022 financial year as part of Series 8 to 13 to executives and employees are subject to achievement of a number of vesting targets.

The Series 8, 9 and 10 issues were short term incentive plans for the 2021 financial year. Performance conditions were met at 30 June 2021 with vesting subject to the employee remaining employed by the Group on 30 June 2022. These have all vested at the date of this report.

For the Series 11 issue to Key Management Personnel, the number of rights vesting are subject to the company share price reaching a minimum level of $0.65, with pro rata vesting on a straight line basis up to 100% vesting if the share price is $0.96 or higher.

For the Series 12 issue to other employees, 30% relate to a retention hurdle with the participant required to be employed by the Group at the end of the three year vesting period and the remaining 70% are subject to the same share price hurdle as Series 11.

The Series 13 issue is a Key Management Personnel retention plans and only vest subject to the employee remaining employed by the Group on 31 December 2023.

Please refer to the Remuneration Report on pages 44 to 56 for further details of Performance Rights issued to executives and employees.



Notes to the Financial Statements
For the year ended of 30 June 2022

5. Other Notes (continued)

5.2 Share Based Payments (continued)

#### Fair value of share rights granted during the year

The weighted average fair value of rights issued during the year are detailed in the above table. The rights in Series 11 and 12 were valued using the Monte Carlo simulation model.

Equity settled share based payments to employees are measured at fair value of the equity instrument at grant date.

The following shows the inputs into the valuation model for the rights granted during the year:

| Inputs into the model | Series 11 | Series 12 |
|---|---|---|
| Grant date share price | $0.405 | $0.405 |
| Exercise price | $0.00 | $0.00 |
| Expected volatility | 65% | 65% |
| Life of rights | 2.64 years | 2.64 years |
| Dividend yield | Nil | Nil |
| Risk free rate | 0.71% | 0.71% |

The fair value of the other share rights issued during the year, being Series 8,9,10 and 13, were based on the share price at the date of issuing, when all other vesting conditions had been met.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustment to the employee equity settled benefits reserve.

#### Movement in share rights during the period

The following reconciles the outstanding share rights at the beginning and end of the financial year:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Employee Share Right Plans | Number of rights | Weighted average exercise price $ | Number of rights | Weighted average exercise price $ |
| Balance at the beginning of the financial year | 14,799,157 | 0.00 | 35,188,068 | 0.00 |
| Adjustment for share consolidation | - | - | (31,669,263) | - |
| Issued during the financial year | 7,118,548 | 0.00 | 11,280,352 | 0.00 |
| Expired during the financial year | (1,320,707) | 0.00 | - | - |
| Balance at the end of the financial year | 20,596,998 | 0.00 | 14,799,157 | 0.00 |
| Exercisable at end of the financial year | - | - | - | - |

## 5. Other Notes (continued)

### 5.2 Share Based Payments (continued)

#### Share rights outstanding at the end of the year

The following share rights were outstanding at the end of the financial year:

| Series | | Number | Exercise price $ | Expiry Date |
|---|---|---|---|---|
| (3) | Issued 8 June 2020 | 1,846,954 | 0.00 | 1 July 2024 |
| (4) | Issued 8 June 2020 | 351,145 | 0.00 | 1 July 2024 |
| (5) | Issued 29 April 2021 | 1,758,356 | 0.00 | 1 July 2025 |
| (6) | Issued 29 April 2021 | 4,905,329 | 0.00 | 1 July 2025 |
| (7) | Issued 29 April 2021 | 4,616,666 | 0.00 | 1 Nov 2025 |
| (8) | Issued 30 September 2021 | 329,000 | 0.00 | 1 July 2024 |
| (9) | Issued 24 September 2021 | 1,297,904 | 0.00 | 1 July 2024 |
| (10) | Issued 10 November 2021 | 172,400 | 0.00 | 1 July 2024 |
| (11) | Issued 10 November 2021 | 1,518,829 | 0.00 | 1 July 2026 |
| (12) | Issued 23 December 2021 | 2,050,414 | 0.00 | 1 July 2026 |
| (13) | Issued 30 May 2022 | 1,750,001 | 0.00 | 31 Dec 2025 |
| Total | | 20,596,998 | | |

### 5.3 Key Management Personnel Compensation

Please refer to the Remuneration Report for details of key management personnel.

The aggregate compensation made to the Directors and other key management personnel of the Company and the Group is set out below:

| | 2022 $ | 2021 $ |
|---|---|---|
| Short-term employee benefits | 2,276,746 | 3,279,417 |
| Post-employment benefits | 109,382 | 183,141 |
| Other long-term benefits | 13,744 | 32,938 |
| Share based payments | 416,319 | 612,072 |
| Total | 2,816,191 | 4,107,568 |

During the financial year, following a review by the Company of its delegation of authority and internal approval practices, the Company determined that in addition to directors, only the Chief Financial Officer and Company Secretary fall within definition of 'key management personnel' and have therefore removed some employees from being identified as such.



Notes to the Financial Statements
For the year ended of 30 June 2022

## 5. Other Notes (continued)

### 5.4 Related Party Transactions

The immediate parent and ultimate controlling party of the Group is MMA Offshore Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

#### Trading transactions

During the year, the Group entities did not enter into any trading transactions with related parties that are not members of the Group.

There were no outstanding balances due from related parties that are not members of the Group (2021: Nil)

#### Other related party transactions and loan to associate

During the year, a Group entity disposed of a vessel to a 100% owned subsidiary of an associate company, MMA Global Aqua Survey Ltd for USD$5.0 million.

As part of the sale, a Group entity also provided a loan to fund a portion of the sale. The loan value is USD$4.25 million with a five year term and interest charged at 4.8% per annum and is to be repaid with 60 equal monthly repayments. The loan is secured with a registered mortgage over the vessel.

Other transactions that occurred during the financial year between entities in the wholly owned Group were the charter of vessels and subsea services. These are all provided at commercial rates.

### 5.5 Remuneration of Auditors

| | 2022 $ | 2021 $ |
|---|---|---|
| Deloitte and related network firms | | |
| Audit or review of financial reports: | | |
| - Group | 278,865 | 254,625 |
| - Subsidiaries and joint operations | 338,262 | 324,571 |
| | 617,127 | 579,196 |
| Other assurance and agreed-upon procedures under other legislation or contractual arrangements | - | 4,860 |
| | 617,127 | 584,056 |

There were no non-audit services provided by the external auditor during the year.

## 5. Other Notes (continued)

### 5.6 Subsidiaries

The Group's material subsidiaries at the end of the reporting period are as follows:

| | Note | Country of Incorporation | Ownership Interest 2022 % | Ownership Interest 2021 % |
|---|---|---|---|---|
| Parent Entity | | | | |
| MMA Offshore Limited | (i) | Australia | | |
| Subsidiaries | | | | |
| MMA Offshore Vessel Operations Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| MMA Offshore Charters Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| MMA Offshore Supply Base Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| MMA Offshore Asia Pte Ltd | | Singapore | 100 | 100 |
| MMA Subsea Services Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| MMA Offshore Vessel Holdings Pte Ltd | (ii) | Singapore | 100 | 100 |
| MMA Offshore Malaysia Sdn Bhd | | Malaysia | 100 | 100 |
| MMA Offshore Shipyard and Engineering Services Pte Ltd | | Singapore | 100 | 100 |
| Airia Jaya Marine (S) Pte Ltd | | Singapore | 100 | 100 |
| MMA Offshore Asia Vessel Operations Pte Ltd | | Singapore | 100 | 100 |
| JSE Offshore Shipping Pte Ltd | | Singapore | 100 | 100 |
| PT Jaya Asiatic Shipyard | | Indonesia | 100 | 100 |
| MMA Subsea Services Pte Ltd | | Singapore | 100 | 100 |
| MMA Subsea Engineering Services Pte Ltd | | Singapore | 100 | 100 |
| Neptune Asset Integrity Services Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| Neptune Subsea Engineering Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| Neptune Geomatics Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| Neptune Subsea Stabilisation Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| Neptune Diving Services Pty Ltd | (ii) (iii) | Australia | 100 | 100 |
| Neptune Offshore Services (PNG) Ltd | | PNG | 100 | 100 |
| Neptune Subsea Stabilisation Pte Ltd | | Singapore | 100 | 100 |
| Neptune Marine Pacific Pte Ltd | | Singapore | 100 | 100 |
| Neptune Subsea Engineering Ltd | | UK | 100 | 100 |
| Neptune Offshore Services Ltd | | UK | 100 | 100 |
| Neptune Subsea Inc | | USA | 100 | 100 |
| MMA Global Projects Pte Ltd | | Singapore | 80 | 80 |
| Premium Project Services Pte Ltd | | Singapore | 100 | 100 |
| B&R Marine Pte Ltd | | Singapore | 100 | 100 |
| Premium Project Services Middle East LLC | | UAE | 100 | 100 |
| Premium Project Services Limitada | | Mozambique | - | 100 |
| MMA Offshore Services Malaysia Sdn Bhd | | Malaysia | 30 | 30 |
| MMA Clean Energy Co Ltd | | Taiwan | 100 | 100 |

(i) MMA Offshore Limited is the ultimate holding company and head entity within the tax consolidated group.

(ii) These companies are members of the tax consolidated group at 30 June 2022.

(iii) Pursuant to ASIC Corporations (Wholly – owned Companies) Instrument 2016/785, relief has been granted to these wholly owned controlled entities from the Corporations Law requirements for preparation, audit and lodgement of the financial report. As a condition of the Class Order, MMA Offshore Limited and the controlled entities entered into a Deed of Cross Guarantee on 15 February 2012 which was updated on 8 November 2019.





## 5. Other Notes (continued)

### 5.6 Subsidiaries (continued)

The consolidated statements of comprehensive income and financial position of entities which are party to the deed of cross guarantee are as follows:

| Statement of Comprehensive Income | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Revenue | 182,057 | 149,201 |
| Finance income | 21 | 17 |
| Other losses | (5,546) | 15,765 |
| Vessel expenses | (103,731) | (80,263) |
| Subsea expenses | (42,794) | (38,978) |
| Project Logistics expenses | (41,787) | (403) |
| Administrative expenses | (3,170) | (19,877) |
| Impairment Reversal | 35,303 | (9,717) |
| Finance costs | (6,317) | (11,875) |
| Profit/(Loss) before income tax expense | 14,036 | 3,870 |
| Income tax expense | (478) | 2 |
| Profit/(Loss) for the Year | 13,558 | 3,872 |
| Total Comprehensive Income/(Loss) for the year | 13,558 | 3,872 |

| Statement of Financial Position | | |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | 37,277 | 22,429 |
| Trade and other receivables | 54,031 | 69,487 |
| Inventories | 369 | 582 |
| Prepayments | 1,619 | 1,714 |
| Assets classified as held for sale | - | 4,605 |
| Total Current Assets | 93,296 | 98,818 |
| Non-Current Assets | | |
| Other financial assets | 231,892 | 256,149 |
| Property, plant and equipment | 98,267 | 87,258 |
| Right-of-use assets | 5,720 | 7,834 |
| Total Non-Current Assets | 335,879 | 351,241 |
| Total Assets | 429,175 | 450,059 |
| Current Liabilities | | |
| Trade and other payables | 61,893 | 48,558 |
| Unearned revenue | 193 | 305 |
| Borrowings | 12,500 | 15,568 |
| Lease liabilities | - | 2,101 |
| Provisions | 11,554 | 10,187 |
| Current tax liabilities | 454 | 238 |
| Total Current Liabilities | 86,594 | 76,958 |
| Non-Current Liabilities | | |
| Borrowings | 102,919 | 147,932 |
| Lease liabilities | 6,524 | 6,303 |
| Provisions | - | 112 |
| Total Non-Current Liabilities | 109,443 | 154,347 |
| Total Liabilities | 196,037 | 231,304 |
| Net Assets | 233,138 | 218,755 |
| Equity | | |
| Issued capital | 742,285 | 742,298 |
| Reserves | 4,787 | 3,949 |
| Accumulated losses | (513,934) | (527,492) |
| Total Equity | 233,138 | 218,755 |
| Accumulated losses | | |
| Accumulated losses at beginning of the financial year | (527,492) | (531,364) |
| Net profit/(loss) | 13,558 | 3,872 |
| Accumulated losses at end of the financial year | (513,934) | (527,492) |

## 5. Other Notes (continued)

### 5.6 Subsidiaries (continued)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

| Name of Subsidiary | Principal place of business | Proportion of ownership interest held by NCI | | Profit/ (loss) allocated to NCI for the year | | Non-controlling interests | |
|---|---|---|---|---|---|---|---|
| | | 2022 % | 2021 % | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| MMA Global Projects Limited | Singapore | 20 | 20 | 437 | (33) | 377 | (207) |

The Group owns 80 percent of the equity shares of MMA Global Projects Pte Ltd and has the power to appointment and remove the directors of the company. Therefore the directors of the Group concluded that the Group has control over MMA Global Projects Pte Ltd, and the company is consolidated in these financial statements.

### 5.7 Parent Company Information

| Statement of Financial Position | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Assets | | |
| Current Assets | 17,760 | 10,759 |
| Non-Current Assets | 445,373 | 447,398 |
| Total Assets | 463,133 | 458,157 |
| Liabilities | | |
| Current liabilities | 12,517 | 15,585 |
| Non-current liabilities | 107,962 | 152,974 |
| Total liabilities | 120,479 | 168,559 |
| Net Assets | 342,654 | 289,598 |
| Equity | | |
| Issued capital | 742,285 | 742,285 |
| Retained earnings/(accumulated loss) | (513,893) | (566,949) |
| Profit reserve - 2016 | 114,122 | 114,122 |
| Employee equity settled benefits reserve | 140 | 140 |
| Total Equity | 342,654 | 289,598 |
| Financial Performance | | |
| Profit/(loss) for the year | 53,056 | (12,544) |
| Other comprehensive gain | - | - |
| Total comprehensive gain/(loss) | 53,056 | (12,544) |
| Guarantees provided under the deed of cross guarantee | 75,558 | 62,745 |
| Commitments for the acquisition of property, plant and equipment by the parent entity | - | - |





## 5. Other Notes (continued)

### 5.8 Financial Instruments

| Categories of Financial Instruments | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents | 73,864 | 96,226 |
| Trade and other receivables | 63,536 | 49,864 |
| Loan to associate | 6,515 | - |
| Financial liabilities | | |
| Trade and other payables | 38,018 | 30,318 |
| Lease liabilities | 9,510 | 10,137 |
| Borrowings | 115,419 | 163,500 |

The Group's treasury function includes the management of the Group's financial assets and commitments including ensuring adequate procedures and controls are in place to manage financial risks. These risks include market risk (including currency and interest rate risk) credit risk and liquidity risk.

A Treasury Policy has been approved by the Board and provides guidelines for conducting treasury activities. Compliance with this Policy is monitored through internal audit procedures and subsequent reporting to the Audit and Risk Committee.

The Group seeks to minimise the effects of these risks, by using, where considered appropriate, derivative financial instruments to hedge these risk exposures. The allowable financial derivatives and conditions for their use are documented in the Treasury Policy. The Group does not enter into or trade financial instruments including derivative financial instruments for speculative purposes.

#### Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Where required, the Group can enter into a range of derivative financial instruments to manage its exposure to these risks.

At a Group level, these market risks are managed through sensitivity analysis. There is no change in the manner in which these risks are managed and measured in the current year.

#### Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts, when it is considered appropriate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| US Dollars | 63,063 | 110,267 | 62,091 | 87,442 |
| Singapore Dollars | 1,705 | 1,418 | 2,072 | 556 |
| British Pound Sterling | 2,902 | 1,492 | 8,555 | 4,675 |
| Malaysian Ringgits | 103 | 106 | 7,837 | 5,989 |
| New Zealand Dollars | 963 | 18 | 2,229 | 513 |
| Other | 107 | 1,321 | 2,661 | 1,687 |

## 5. Other Notes (continued)

### 5.8 Financial Instruments (continued)

#### Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies in the below table.

The following table details the Group's sensitivity to a 10% increase in the Australian Dollar against the relevant foreign currencies. The 10% sensitivity represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian Dollar against the relevant currency, there would be an equal and opposite impact on the profit or equity.

| | Profit or Loss | | Equity (i) | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| US Dollar Impact | (912) | (645) | 1,000 | 2,719 |
| Singapore Dollar Impact | 45 | 3 | (78) | 75 |
| British Pound Sterling Impact | 2 | 2 | (516) | (288) |
| Malaysian Ringgit Impact | - | - | (703) | (535) |
| New Zealand Dollar Impact | (115) | (45) | - | - |

(i) The current and comparative year USD impact relates to the translation from the functional currencies of the Group's foreign entities into Australian Dollars.

The AUD:USD exchange rate decreased significantly during the period, from $0.75 to $0.69. This has resulted in the current period having larger exchange movements on items within Other Comprehensive Income and Statement of Cash Flows.

#### Interest rate risk management

The Group is exposed to interest rate risk because it borrows funds primarily at floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts when considered appropriate. Hedging activities are evaluated regularly to align with interest rate views ensuring the most cost-effective hedging strategies are applied, if required. At this point in the interest rate cycle the Group is unhedged.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher / lower and all other variables were held constant, the impact on the net profit of the Group would be a decrease/increase in net profit of: $1,154,188 (2021: decrease / increase by $1,634,997). The decrease in the exposure to interest rates on its variable borrowings is attributable to the $48m reduction in the loan facility during the current financial year.

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit worthiness of each customer is assessed to ensure minimal default risk. The Group's exposures to its counterparties are continuously monitored by management. Where appropriate, the Group obtains guarantees from customers. Cash terms, advance payments or letters of credit are requested from customers of lower credit standing.

Trade receivables consist of a large number of customers spread across the offshore oil and gas exploration, development and production industries, renewables industries, governments and defence and across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.





## 5. Other Notes (continued)

### 5.8 Financial Instruments (continued)

Debtor concentration risk is low with the top three customers of the Group making up only 28% (2021:22%) of the total debtor balance. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on the three largest receivables is managed through regular meetings with the customers, on-going contractual arrangements and regular receipts for the balances outstanding.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The table below details the credit quality of the Group's financial assets.

| | Note | 12-month or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|---|---|---|---|---|---|
| Trade receivables (i) | 3.2 | Lifetime ECL (simplified approach) | 59,306 | (3,678) | 55,628 |

(i) For trade receivables, the Group has applied the simplified approach in AASB 9 to measure the loss allowance at lifetime ECL (refer to note 3.2).

#### Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves, borrowing facilities, continuously monitoring forecast and actual cash flows and managing credit terms with customers and suppliers.

#### Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from current interest rates at the end of the reporting period.

| | Weighted average effective interest rate % | Less than 1 month $'000 | 1-3 months $'000 | 3 months to 1 year $'000 | 1-5 years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| 30 June 2022 | | | | | | |
| Non-interest bearing | | 28,770 | 8,721 | 527 | - | 38,018 |
| Variable interest rate instruments | 5.38 | 496 | 1,038 | 17,016 | 111,070 | 129,620 |
| Fixed interest rate instruments | 4.01 | 255 | 541 | 2,259 | 7,223 | 10,278 |
| Total | | 29,521 | 10,300 | 19,802 | 118,293 | 177,916 |
| 30 June 2021 | | | | | | |
| Non-interest bearing | | 18,736 | 10,714 | 868 | - | 30,318 |
| Variable interest rate instruments | 3.83 | 4,021 | 1,047 | 17,067 | 152,458 | 174,593 |
| Fixed interest rate instruments | 4.00 | 457 | 793 | 2,472 | 7,153 | 10,875 |
| Total | | 23,214 | 12,554 | 20,407 | 159,611 | 215,786 |

## 5. Other Notes (continued)

### 5.8 Financial Instruments (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

| | Weighted average effective interest rate % | Less than 1 month $'000 | 1-3 months $'000 | 3 months to 1 year $'000 | 1-5 years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| 30 June 2022 | | | | | | |
| Non-interest bearing | | 51,610 | 6,818 | 4,407 | 953 | 63,788 |
| Variable interest rate instruments | 0.29 | 73,882 | - | - | - | 73,882 |
| Fixed interest rate instruments | 4.80 | 115 | 231 | 1,041 | 5,549 | 6,936 |
| Total | | 125,607 | 7,049 | 5,448 | 6,502 | 144,606 |
| 30 June 2021 | | | | | | |
| Non-interest bearing | | 38,757 | 8,841 | 599 | 1,668 | 49,864 |
| Variable interest rate instruments | 0.19 | 96,241 | - | - | - | 96,241 |
| Total | | 134,998 | 8,841 | 599 | 1,668 | 146,105 |

#### Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

### 5.9 Operating Lease Arrangements

Operating leases, in which the Group is the lessor, relate to the hire of vessels owned by the Group and sub lease of yard and office facilities with lease terms of between one month to five years, with a range of one day to five years extension options.

During the comparative year the Group entered a contract to sublease a substantial portion of the Company's shipyard facility in Batam, Indonesia. The sublease commenced on 15 April 2021 and was for a firm period of three years. The Group also granted WASCO an option to purchase the interest in the Facility for a purchase price of US$15 million. When WASCO exercised the option in April 2022, the terms of the lease were renegotiated with total rent payable under the sublease now being A$0.8 million. Please refer to Note 3.11 Unearned Revenue for further details. The sublease will terminate upon completion of the purchase.

Maturity analysis of operating lease receipts:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Year 1 | 32,090 | 39,159 |
| Year 2 | 16,582 | 11,766 |
| Year 3 | 9,851 | 4,793 |
| Year 4 | 4,645 | - |
| Year 5 and onwards | 3,122 | - |
| Total | 66,290 | 55,718 |





5. Other Notes (continued)

### 5.10 Contingent Liabilities

The Group has been in discussions regarding the interpretation of casual employee entitlement to long service leave (LSL) entitlements, and in particular the years of service required to be able to access LSL. The Company is currently evaluating its long service leave arrangements for its casual employees to determine whether the Company has any contingent liability in this regard.

Guarantees given to third parties in respect of dealings, are in the normal course of business. Total amount of the guarantee facility is $20.0 million (2021: $20.0 million) with total drawn amounts of $2.0 million (2021:$2.8 million)

### 5.11 Events After the Reporting Period

Other than described below, there has not been any matter or circumstance that occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

#### Acquisition of Subcon International Pty Ltd

On 28 July 2022, the Group acquired 100% of Subcon International Pty Ltd which in turn owns all of the subsidiaries within the Subcon group.

Established in 2011 and headquartered in Perth, Subcon provides innovative stabilisation, coastal erosion and engineered reef solutions to the oil and gas, offshore wind, coastal infrastructure and tourism sectors both in Australia and internationally.

The acquisition is strongly aligned with the Group strategy to extend and diversify our service offering in a sustainable manner. It enhances our service offering to our existing oil & gas and offshore wind markets by combining our capability, whilst Subcon also bring a number of new solutions to expand our reach into coastal erosion management and the tourism sectors.

| | $'000 |
|---|---|
| Issued capital (7,131,941 shares) in MMA Offshore Ltd | 4,350 |
| Cash (deposit paid June 2022) | 4,200 |
| | 8,550 |

The number and fair value of the ordinary shares issued as part of the consideration paid was determined based on the Volume Weighted Average Price for the 60 days prior to completion of $0.589. The market value of the shares at completion date was $0.61.

Acquisition costs totalling $0.1 million have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the half year, within the 'Administration expenses' line item.

## 5. Other Notes (continued)

### 5.11 Events After the Reporting Period (continued)

| Assets acquired and liabilities assumed at the date of acquisition | $'000 |
|---|---|
| Current assets | |
| Cash | 1,600 |
| Trade and other receivables | 1,286 |
| Inventories | 74 |
| Current tax asset | 600 |
| Other | 530 |
| Non-current assets | |
| Property, plant and equipment | 352 |
| Right of use asset | 848 |
| Current liabilities | |
| Trade and other payables | (1,327) |
| Employee entitlements | (357) |
| Lease liabilities | (126) |
| Non-Current liabilities | |
| Lease liabilities | (820) |
| Total identifiable assets acquired and liabilities assumed | 2,660 |
| Goodwill | 5,890 |
| Total Consideration | 8,550 |

The initial accounting for the acquisition has only been provisionally determined at the time of signing this report. The necessary review of final balances and other calculations had not been finalised and the fair value of trade & other receivables, property plant and equipment have therefore only been provisionally determined based on the directors' best estimate of the likely fair value.

The Goodwill arising from the acquisition is considered to consist of the enhanced capability to service our existing markets through combination of service offerings, access to new markets with significant potential for growth, benefits of market consolidation through the combination of MMA's existing subsea stabilisation business with Subcon and cost synergies arising.

The gross contractual value of receivables acquired was $1.3 million, with the full fair value amount expected to be collected.

The $4.2 million cash consideration was paid as a deposit on the transaction on 22 June 2022.



Notes to the Financial Statements
For the year ended of 30 June 2022

## 5. Other Notes (continued)

### 5.12 Other Accounting Policies

#### Adoption of New and Revised Accounting Standards and Interpretations

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in the company's 2021 annual financial report for the financial year ended 30 June 2021.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year. None of these had a material impact on the entity or information to be disclosed.

#### Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

| New or revised requirement | Description | Effective |
|---|---|---|
| AASB 2020-3 Amendment to AAS – Annual improvements 2018-2020 and Other Amendments. | AASB1, Subsidiary as First Time Adopter | 1 January 2022 |
| | AASB3, Reference to Conceptual Framework | |
| | AASB9, Fees in the'10 per cent' test for Derecognition of Financial Liabilities | |
| | AASB116, Property Plant & Equipment: Proceeds before Intended Use | |
| | AASB137, Onerous Contracts – Cost of Fulfilling a Contract | |
| | AASB1141, Taxation in Fair Value Measurements | |
| AASB 2020-1 | Classification of Liabilities as Current or Non current | 1 January 2023 |
| AASB 2021-2 Disclosure of Accounting Polices and Definition of Accounting Estimates | AASB 7 Financial Instruments | 1 January 2023 |
| | AASB 101 Presentation of Financial Statements | |
| | AASB 108 Accounting Policies | |
| | AASB 134 Interim Financial Reporting | |
| | AASB Practice Statement 2 Making Materiality Judgements | |
| AASB 2021-5 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| AASB 2014-10 | Sale or Contribution of Assets between an Investor and its Associates or Joint Venture | 1 January 2025 |

The amendments to the individual Standards may be applied early, separately from the amendments to the other Standards, where feasible.

The directors of the Company do not anticipate that the amendments will have a material impact on the Group but may change the disclosure of accounting policies included in the financial statements.

## Ordinary Share Capital (as at 16 August 2022)

366,460,176 fully paid ordinary shares are held by 3,568 individual shareholders. All issued ordinary shares carry one vote per share.

| Substantial shareholders (as at 16 August 2022) | Number of Shares | % of Issued Capital |
|---|---|---|
| Thorney Opportunities Ltd | 50,071,891 | 13.93% |
| Allan Gray Australia Pty Ltd / Orbis Group | 44,083,775 | 12.27% |
| Black Crane Asia Opportunities Fund | 29,706,815 | 8.27% |
| Halom Investments Pte Ltd | 29,248,195 | 8.14% |
| Wilson Asset Management Group | 28,095,635 | 7.67% |
| Total | 181,206,311 | 50.28% |

## Distribution of Holders of Ordinary Shares (as at 16 August 2022)

| Size of Holding | Number of ordinary shareholders |
|---|---|
| 1 to 1,000 | 421 |
| 1,001 to 5,000 | 1,527 |
| 5,001 to 10,000 | 546 |
| 10,001 to 100,000 | 897 |
| 100,001 and over | 177 |
| Total | 3,568 |

## Twenty Largest Shareholders (as at 16 August 2022)

| | | Number of Shares | % of Issued Capital |
|---|---|---|---|
| 1 | CITICORP NOMINEES PTY LIMITED | 97,580,710 | 26.63 |
| 2 | UBS NOMINEES PTY LTD | 48,620,904 | 13.27 |
| 3 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 46,112,103 | 12.58 |
| 4 | SANDHURST TRUSTEES LTD <COLLINS ST VALUE FUND A/C> | 15,741,714 | 4.30 |
| 5 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 13,109,649 | 3.58 |
| 6 | NATIONAL NOMINEES LIMITED | 10,692,653 | 2.92 |
| 7 | SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C> | 9,785,738 | 2.67 |
| 8 | FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C> | 6,994,291 | 1.91 |
| 9 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 6,955,984 | 1.90 |
| 10 | BLOSSOMVALE INVESTMENTS PTE LTD | 5,887,840 | 1.61 |
| 11 | BNP PARIBAS NOMS PTY LTD <DRP> | 4,874,795 | 1.33 |
| 12 | HISHENK PTY LTD | 4,460,000 | 1.22 |
| 13 | WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C> | 4,340,000 | 1.18 |
| 14 | MATTINA INVESTMENTS PTY LTD | 2,987,845 | 0.82 |
| 15 | ORPHEO PTY LIMITED <THE ERIC LUCAS A/C> | 2,303,666 | 0.63 |
| 16 | MASFEN SECURITIES LIMITED | 1,753,508 | 0.48 |
| 17 | FLST PTY LTD | 1,410,789 | 0.38 |
| 18 | MR JOHN PATERSON | 1,400,000 | 0.38 |
| 19 | NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT> | 1,189,989 | 0.32 |
| 20 | MS JENNIFER ANN WEBER + MR JEFFREY ANDREW WEBER <JAWS FAMILY A/C> | 1,184,942 | 0.32 |
| Total | | 287,387,120 | 78.42 |



Additional Securities Exchange Information
For the year ended of 30 June 2022

## Unquoted Rights (as at 16 August 2022)

17,931,654 unlisted rights held by 191 individual rights holders.

## Distribution of Holders of unquoted Performance Rights (as at 16 August 2022)

| Size of Holding | Number of performance right holders |
|---|---|
| 1 to 1,000 | 0 |
| 1,001 to 5,000 | 124 |
| 5,001 to 10,000 | 3 |
| 10,001 to 100,000 | 37 |
| 100,001 and over | 28 |
| Total | 192 |

## Unmarketable Parcels (as at 16 August 2021)

The number of holders holding less than a marketable parcel of the Company's shares is as follows:

| Minimum Parcel Size | Number of ordinary shareholders | Number of shares |
|---|---|---|
| 827 | 314 | 79,831 |

## Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of shareholders, all ordinary shares carry one vote per share (on a show of hands or a poll) and each shareholder entitled to vote may vote in person or by proxy. The performance rights do not carry any right to vote.

## Other

As at the date of this report 7,131,940 of the company's securities are subject to voluntary escrow expiring on 28 July 2024.

The Company does not have a current on-market buy-back.

There are no securities approved for the purposes of item 7 section 611 of the Corporations Act which have not yet completed.

No securities were purchased on-market for the purposes of an employee incentive scheme during the reporting period.

## Shareholder Enquiries

Shareholders can obtain information about their shareholding by contacting the Company's share registry, and all registers of securities, registers of depositary receipts and other facilities for registration or transfer are kept at:

Computershare Investor Services Pty Ltd

GPO Box 2975
Melbourne
Victoria 3000 Australia

Enquiries:

(within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
Facsimile: 61 3 9473 2500
web.queries@computershare.com.au
www.computershare.com.au

## Change of Address

Shareholders should notify the share registry immediately if there is a change to their registered address.

## Stock Exchange Listing

Shares in MMA Offshore Limited are listed on the Australian Securities Exchange with the code MRM. The Company's securities are not listed on any other stock exchange.

## Publications

The Annual Report is the main source of information for shareholders.

# Corporate Directory

## Directors

Ian Macliver
*Chairman*

David Ross
*Managing Director*

Peter Kennan
*Non-Executive Director*

Chiang Gnee Heng
*Non-Executive Director*

Susan Murphy AO
*Non-Executive Director*

Sally Langer
*Non-Executive Director*

## Company Secretary

Tim Muirhead

## Registered Office

EQ12, Level 10
12-14 The Esplanade
PERTH WA 6000

Telephone: +61 8 9431 7431
www.mmaoffshore.com

## Auditors

Deloitte Touche Tohmatsu
Chartered Accountants
Brookfield Place, Tower 2
123 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9365 7000
Facsimile: +61 8 9365 7001

## Solicitors

Thomson Geer
Exchange Tower, Level 27,
PERTH WA 6000

Telephone: +61 8 9366 8000
Facsimile: +61 8 9366 8111

MMA OFFSHORE

mmaoffshore.com

Insight Communication & Design