

OceanWorks Shipyards Ltd.

2022 Annual Report – Navigating Towards Sustainable Maritime Solutions

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1. Message from the CEO: Captain Liam Shore

"2022 marked a pivotal year for OceanWorks Shipyards. We faced headwinds from supply chain challenges and market fluctuations but stayed on course, driven by a commitment to innovation and sustainability. Our goal is not only to build ships but to chart a new path in sustainable maritime solutions. We're proud of our advancements in green technology, safety, and compliance, aligning closely with EU Taxonomy standards."

2. Company Overview

Founded in 1950, OceanWorks Shipyards Ltd. is one of the world's leading shipbuilders, specializing in the construction of commercial, military, and green-energy vessels. Our shipyards, located in Europe and Asia, produce a wide range of vessels, from cargo and container ships to LNG carriers, offshore support vessels, and eco-friendly cruise ships.

3. Financial Highlights and Analysis

2022 was a year of growth and resilience, with OceanWorks achieving solid financial performance despite global economic challenges. Below are key financial figures from 2021 and 2022, along with projections for 2023.

Metric	2021 (€M)	2022 (€M)	2023 Forecast (€M)	Change 2021-2022 (%)
Total Revenue	10,200	11,500	12,600	+12.7%
Gross Profit	2,200	2,500	3,000	+13.6%
Operating Expenses	1,500	1,750	1,900	+16.7%
Net Profit	600	700	850	+16.7%
R&D Investment	450	500	600	+11.1%
Capital Expenditure (CapEx)	750	900	1,100	+20.0%

OceanWorks increased revenue by 12.7% through diversified contracts and investments in green technologies. Net profit rose by 16.7%, driven by improved cost efficiency and high demand for sustainable maritime solutions. The company anticipates further growth in 2023, particularly in eco-friendly vessels.

4. Industry Overview and Market Trends

2022 saw significant shifts in the shipbuilding industry, as the push for environmentally sustainable ships intensified. Key trends include:

- Increased Demand for LNG and Hydrogen Vessels:** Growing interest in LNG-fueled and hydrogen-powered ships to reduce emissions.
- Focus on Energy-Efficient Vessels:** Demand for low-emission, fuel-efficient ships surged as regulatory pressures increased.
- Digital Integration in Vessels:** Increased adoption of AI and IoT to optimize performance and enhance safety.

OceanWorks is positioned to lead these trends, with a portfolio that includes energy-efficient vessels and advanced digital technologies.

5. Project Portfolio and Key Contracts

Current and Recent Projects

- EcoWave LNG Carrier:** A state-of-the-art LNG vessel for global shipping routes, featuring hybrid propulsion for reduced emissions.

- **Blue Horizon Wind Farm Installation Vessels:** Specialized ships supporting offshore wind farm construction, powered by renewable sources.
- **Green Seas Cruise Line:** A luxury cruise vessel designed with solar panels, waste management, and energy-efficient systems, aligned with EU environmental standards.

OceanWorks secured several high-value contracts in 2022, worth a combined €1.8 billion, with clients in the commercial, energy, and government sectors.

6. Operational Performance and Shipbuilding Capabilities

OceanWorks operates three advanced shipyards, with integrated design, engineering, and manufacturing capabilities:

1. **European Shipyard (Main Facility):** Focuses on large-scale commercial and military vessels.
2. **Asian Shipyard:** Specializes in offshore and renewable-energy-supporting vessels.
3. **Innovation Hub (Germany):** A smaller facility dedicated to R&D and prototyping eco-friendly ship designs.

Production Capacity and Efficiency

- **Output:** 55 vessels completed in 2022
 - **Productivity:** Achieved a 10% increase in productivity through automation and digital tools.
 - **Waste Reduction:** Reduced waste by 18% through recycling and sustainable materials.
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7. Innovation and Technology

In 2022, OceanWorks made substantial advancements in green ship technology and digital solutions, reinforcing our role as an industry innovator.

- **Hybrid Propulsion Systems:** Developed hybrid engines for LNG and hydrogen, cutting emissions by up to 40%.
 - **AI-Driven Maintenance:** Introduced predictive maintenance using AI to prevent breakdowns and extend vessel life.
 - **Smart Navigation:** Equipped vessels with smart navigation, reducing fuel consumption by optimizing routes.
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8. Sustainability and Environmental Initiatives

OceanWorks is committed to reducing the environmental impact of shipbuilding and is dedicated to achieving net-zero emissions by 2040. Our sustainability initiatives are aligned with EU Taxonomy criteria, with an emphasis on renewable energy, waste reduction, and resource efficiency.

2022 Sustainability Achievements

- **Renewable Energy Use:** 40% of operational power sourced from renewables, targeting 60% by 2025.
- **Water Conservation:** Reduced water usage by 30% through advanced water recycling systems.
- **Sustainable Materials:** 25% of materials used are recyclable or sustainably sourced.

9. EU Taxonomy Compliance

OceanWorks’ activities are aligned with the EU Taxonomy framework for sustainable economic activities. Below is a breakdown of eligible and aligned activities for turnover, capital expenditure (CapEx), and operating expenditure (OpEx) in 2022.

Metric	Eligible (€M)	Aligned (€M)	Eligible (%)	Aligned (%)
Turnover	11,500	7,820	100%	68%
Capital Expenditure (CapEx)	900	585	100%	65%
Operating Expenditure (OpEx)	1,750	1,050	100%	60%

Breakdown by Activity

- **Turnover:** Primarily from eco-friendly vessel contracts, renewable energy solutions, and waste reduction in manufacturing.
- **CapEx:** Investment in green manufacturing technology, sustainable shipyard upgrades, and renewable energy.
- **OpEx:** Operating expenses include maintenance of eco-friendly equipment, resource conservation, and waste management initiatives.

OceanWorks is committed to further increasing its alignment with EU Taxonomy standards, targeting a 75% alignment in CapEx by 2023.

10. Supply Chain and Logistics

Our supply chain strategy focuses on sourcing sustainable materials and working with vendors who meet rigorous environmental standards.

- **Sustainable Sourcing:** Over 80% of materials are sourced from suppliers with certified sustainability practices.
- **Supplier Audits:** Conducted 40 supplier audits in 2022, with 90% meeting OceanWorks’ environmental and social standards.

11. Research and Development (R&D)

R&D is central to OceanWorks' mission of leading the industry in sustainable innovation. In 2022, we increased R&D spending to €500 million, focusing on eco-friendly propulsion, advanced hull design, and digital integration.

- **Green Propulsion Systems:** Developed prototype engines for hydrogen-powered vessels.
 - **Digital Innovation:** Created digital twins for predictive maintenance and real-time performance monitoring.
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12. Human Resources and Workforce Development

Our workforce of 10,000 employees is critical to our success. In 2022, we launched several initiatives to support skill development, diversity, and safety.

- **Skill Development:** 1,500 employees received training in sustainable shipbuilding practices.
 - **Diversity:** Women represent 30% of the workforce, and we aim for 35% by 2025.
 - **Safety Record:** Reduced incidents by 25% with enhanced safety protocols.
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13. Corporate Governance

OceanWorks is committed to transparency and accountability, with strong governance practices that ensure ethical operations and regulatory compliance.

- **Board Composition:** 12 members, including 5 independent directors.
 - **Committees:** Audit, Sustainability, and Risk Management Committees.
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14. Risk Management

OceanWorks employs a proactive approach to risk management, addressing financial, operational, and environmental risks.

- **Environmental Risks:** Mitigated through compliance with EU environmental standards.
 - **Supply Chain Risks:** Managed by diversifying suppliers and implementing digital tracking.
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15. Corporate Social Responsibility (CSR)

OceanWorks engages in a variety of CSR activities, supporting local communities, education, and environmental conservation.

- **Community Engagement:** Donated €2 million to marine conservation projects.
- **Educational Programs:** Sponsored STEM programs for 5,000 students in local communities.

16. Health, Safety, and Environmental Compliance

Health and safety are core values at OceanWorks. In 2022, we implemented enhanced HSE protocols, leading to a 25% reduction in incidents.

- **ISO 45001 Certification:** Achieved for occupational health and safety.
- **Environmental Compliance:** Fully compliant with EU and international environmental regulations.

17. Stakeholder Engagement

OceanWorks maintains open communication with stakeholders, including investors, employees, clients, and communities, through regular updates, meetings, and reports.

18. Outlook and Strategic Goals for 2023

In 2023, OceanWorks aims to continue growth with a focus on sustainability, innovation, and operational efficiency. Our objectives include:

- **Increasing EU Taxonomy Alignment:** Targeting 75% CapEx alignment.
- **Expanding Green Ship Portfolio:** Launching two new eco-friendly vessel lines.
- **Revenue Growth:** Forecasting 10% growth, driven by demand for sustainable shipping solutions.

"Our path forward is clear: to lead the maritime industry toward a sustainable future. With continued investment in green technology and compliance with EU standards, we are setting sail toward a brighter, cleaner, and more resilient world."

For a full report and additional details, please visit:
<https://www.oceanworksshipyards.com/annualreport2022>.