



Delivering value and **future growth**

ANNUAL REPORT AND ACCOUNTS 2023



Our Purpose

To leverage our expertise and experience to secure sustainable returns and mitigate risk for our clients in the volatile worlds of shipping and energy.

Our Vision

To enable more prosperous, secure and sustainable global trade within the shipping and energy industries.

We are a leading provider of expert advice in shipping investment, chartering and risk management.



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Making strategic progress



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The implementation of our strategy has delivered excellent results for the Group.

James Gundy
Group Chief Executive Officer

16–17

Delivering growth



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Highlights

Delivering growth



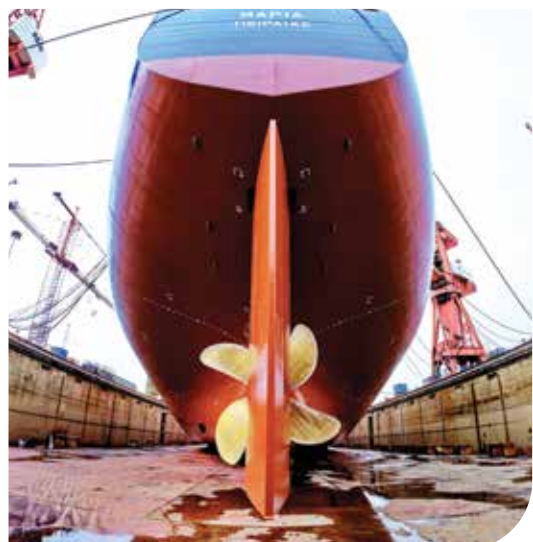
Financial highlights

- 51% increase in revenue from continuing operations to £152.9m (FY22: £101.3m)
- 100% increase in underlying operating profit to £20.1m (FY22: 10.1m)
- Cashflow from operating activities in the year increased by 8% to £22.0m (FY22: £20.5m)
- Reported profit after tax for the year down by 67% to £4.6m (FY22: £13.9m)
- Underlying earnings per share increased by 65% to 46.22 pence (FY22: 27.95 pence)
- Final dividend of 8.0 pence per share. Total dividend for the year of 12.0 pence per share (FY22: 9.0 pence)



Strategic highlights

- Successful implementation of shipbroking-focused growth strategy
- Acquired two new tanker desks: in Madrid, Spain, and in Florida, USA
- Launched new Natural Gas derivatives and Oil derivatives desks
- Opening of Corporate Finance desk in Athens, Greece
- Launch of our inaugural Trainee Shipbroker Scheme in London
- On track to double the Group's FY21 underlying operating profit by FY25



Braemar at a Glance

Who we are

Braemar provides expert advice in investment, chartering, and risk management to enable its clients to secure sustainable returns and mitigate risk in the volatile worlds of shipping and energy.

How we operate

Our experienced brokers work in tandem with specialist professionals to form teams tailored to our customers' needs, and provide an integrated service supported by a collaborative culture.

What we do

The business is structured in three divisions, reflecting our operations

Investment Advisory

The global shipping market is a volatile and cyclical business. Evolving regulations combined with an increased focus on compliance and accountability means that shipping companies are under more pressure than ever before. We help them to make careful, informed and justifiable decisions.

Chartering

Our specialists pool resources, knowledge and industry-leading expertise to build long-term relationships between shipowners and charterers. Heavy investment in technology and databases allows us to provide customised, cost-saving solutions that create and protect the best deals for our clients.

Risk Advisory

Our integrated corporate finance and brokerage teams help protect our clients against the turbulent price movements and cyclical liquidity crunches that are commonplace in shipping markets.



Investment Case



Prepared for tomorrow, achieving high-performance today.

By streamlining our key services towards our core expertise, shipbroking, we have, over the last two years, transformed the Group's balance sheet and delivered strong positive cashflow, with £6.9 million net cash at 28 February 2023, compared to net bank debt of £9.3 million at 28 February 2022.

We are investing for growth, and we remain on track to achieve our stated goal of doubling the Group's FY21 underlying operating profit by FY25. Braemar is led by an experienced board and management team who are well positioned to continue the execution of our growth strategy and each bring a wealth of experience to the board.

Braemar has a clear and focused growth strategy that is orientated around organic and acquisitive expansion, and we have a strong platform to act as a consolidator in a fragmented shipbroking market.

Unique proposition

As one of only two shipbroking companies listed on the London Stock Exchange, Braemar offers an attractive, diversified opportunity to invest in the shipping industry, without the need to invest directly in vessels. Our proven, future-facing strategy is delivering sustainable profit and growth, progressive dividends, and we remain focused on delivering quality returns for our shareholders.

Global, diversified operations

With offices in 12 countries, including the pivotal locations of London, Singapore and Athens, Braemar is well-positioned to serve key industry players globally, across many different time zones and cultures. Our operations are diversified, including Tankers, Dry Cargo, Sale & Purchase, Securities, Corporate Finance, and Offshore, supporting our goal of creating a scalable business, with resilient profit and cash flow generation across the economic cycle.

Facilitating climate-smart shipping

Our global teams have proven track records, delivering expert advice in Chartering, Corporate Finance, Research and Analytics, Operations, and Risk Management. We leverage our strong networks to secure the best prices and performance for our clients. In line with our commitment to UN SDG 8.4 – decoupling economic growth from environmental degradation – the Group is endeavouring to promote inclusive and sustainable economic growth across the industry by incorporating climate-smart expertise into its client services. In April 2023, the Group's ESG efforts and future commitments were recognised by the Financial Times and Statista, who named Braemar one of 'Europe's Climate Leaders'. This title reflects the progress Braemar has made to reduce its Scope 1 and 2 emissions.

Chairman's Statement



I am delighted to report an outstanding year of revenue generation and underlying operating profitability for Braemar. The Group achieved substantial revenue growth, significantly expanded transaction volumes, and generated impressive earnings, whilst building a strong balance sheet and ample financial liquidity. With a streamlined and simplified business model now in place, the Group is making excellent progress towards its strategic, operational, and Environmental, People, Social & Governance (“EPSG”) goals.

The markets in which the Group operates were generally favourable during this financial year. While the Group is cautiously optimistic about market conditions in its key sectors in the years ahead and has taken numerous steps to make the business more resilient, as shipping is an inherently volatile and cyclical business. Factors such as a weaker global economy, increased environmental regulation, or commodity export bans could dampen demand for seaborne trade, whereas geopolitical tensions and conflict can increase market prices leading to higher revenue.

I was appointed in May 2021 with a mandate to help Braemar's new management team in two areas: to streamline and simplify the Group's operations and to develop and execute an ambitious, shipbroking-focused, growth strategy.

I am pleased to report that we have made strong progress on both objectives. The simplification of the Group is now complete: we have disposed of all non-core businesses and assets, and have transformed the Group's balance sheet from net debt of £9.3 million on 28 February 2022 to a net cash position of £6.9 million as at 28 February 2023.

Staff numbers and transaction volumes increased in line with our expectations, augmented by several bolt-on acquisitions, and the development and execution of our growth strategy is also progressing well. During this past financial year, the Group acquired a leading US shipbroker in Southport Maritime Inc. in Florida, USA; a 10-strong tanker desk in Madrid, Spain and a Natural Gas desk; and an Oil Derivatives desk in London. I am pleased to report that the Group's clients have responded positively to the services we have added to our operations and all of the additional services are performing well.

Our targeted hiring strategy also proved successful in the year. The total number of people working at Braemar increased by 6% to 384 (28 February 2022: 362), with an increase in fixtures of 18%. It is important to note that this growth in fixtures was proportionately much greater than the increase in the Group's broker headcount, and demonstrates the Group's ability to achieve non-linear growth, with average revenue per head increasing by 42% to £398,000.

Strong trading performance

It is well reported that the period corresponding to FY23 was one of strong trading in the global shipping and energy industries. Trading in both sectors is predominantly in US dollars, but the Group's major costs are in sterling. This meant that the Group reaped the rewards of a well-structured FX hedging strategy as well as benefiting from favourable foreign exchange rates.

Revenue from continuing operations rose by 51% to £152.9 million (2022: £101.3 million), generating a 100% increase in underlying operating profit from continuing operations of £20.1 million (2022: £10.1 million). Primarily as a result of specific items, including £9.1 million of goodwill impairment, reported profit after tax decreased by 67% to £4.6 million (2022: £13.9 million). Underlying earnings per share increased by 65% to 46.22 pence (2022: 27.95 pence), and the Group's reported earnings per share decreased by 65% to 15.85 pence (2022: 45.56 pence).

Progressive dividend policy

In my statement last year, I was pleased to announce the introduction of a progressive dividend policy to supplement the Group's growth strategy. The introduction of this policy demonstrated the board's confidence in the growing financial strength and prospects of the Group, its belief in the importance of dividends for shareholders, and its intention to include the payment of progressive dividends in the Group's growth agenda.

As a result of the exceptional cash-generation by the Group's activities in the year, I am pleased to announce that the board is recommending a final dividend for FY23 of 8.0 pence per share for approval by shareholders at the Group's reconvened AGM on 18 December 2023, to be paid on 9 February 2024. This final dividend together with the interim dividend already paid of 4.0 pence per share, represents a total dividend for the year of 12.0 pence, an increase of 33% over last year (2022: 9.0 pence per share).

I am also pleased to report that the Capital Reduction process was completed as planned on 5 June 2023, addressing the historic payment of unlawful dividends and increasing the Group's capacity to pay future dividends.

Chairman's Statement continued

The final dividend will be paid on 9 February 2024 to shareholders who are on the register at the close of business on 5 January 2024, with a corresponding ex-dividend date of 4 January 2024. The last date for Dividend Reinvestment Plan ("DRIP") elections will be 19 January 2024.

Enabling climate-smart shipping

I am proud to be the Chairman of a business which believes that taking care of the environment, treating colleagues and clients fairly, and maintaining ethical business practices is not only the right thing to do, but is also good for business.

Our corporate operations have been globally carbon neutral for six years. This has, to date, been achieved by investing in offset programmes. I am pleased to report that the Group made continued progress in the year by further reducing its carbon footprint and adopting more environmentally friendly practices across its operations. In April 2023, the Group's ESG efforts and future commitments were recognised by the Financial Times and Statista, who named Braemar one of 'Europe's Climate Leaders'. This title reflects the progress Braemar has already achieved to reduce its Scope 1 and 2 emissions. There is more to be done to enhance the Group's measurement and reduction of Scope 3 emissions, and I look forward to reporting on progress in this area in the coming years.

Braemar is incorporating climate-smart expertise throughout its client service offering, and, as a business, we are committed to exploring new ways to enable our clients to achieve their sustainability ambitions. Over the last year, we have developed our sustainability offering further. As well as being able to service the voluntary carbon market via Braemar Offset, the Group is now providing clients with the access to the mandatory carbon credits they need to fulfil their obligations under the EU's Emissions Trading System ("ETS").

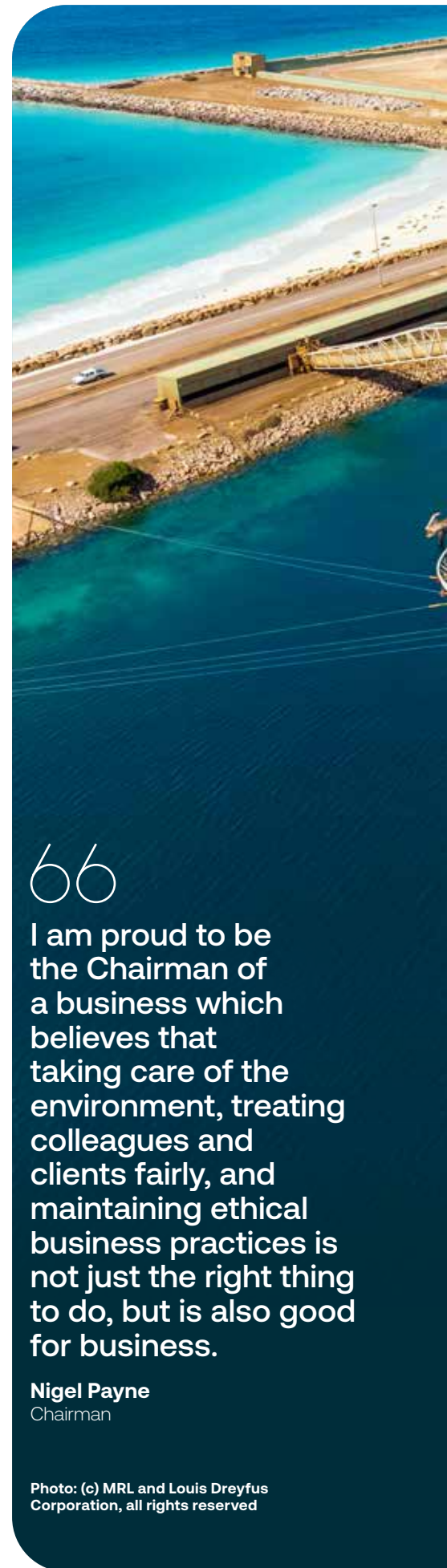
The Braemar board

The Braemar board is functioning well. We have a well-balanced team of executives and non-executives, with wide ranging experience, skills and expertise from diverse sectors, who are united in their approach to the business.

On 31 January 2023, Stephen Kunzer, non-executive director, stood down from the board to take up the position of Chief Executive Officer of Lila Global. Stephen played a supportive role in developing the Group's new growth strategy and we wish him well in his new executive role in the industry.

Cat Valentine joined the board, as an independent non-executive director, with effect from 16 May 2023. She is a member of both the Remuneration Committee and Audit & Risk Committee. Cat is a communications professional with extensive knowledge of the small-cap growth companies' market and considerable M&A transaction experience. As the Group continues to develop and implement its expansion and growth agenda, her expertise will add considerable value to the board and will help the Group to further deliver on its strategic ambitions.

Grant Foley joined the board as Group Chief Financial Officer on 1 August 2023. Grant has more than 25 years' experience in leading public and private financial services and technology businesses, and joined the Company from ClearScore, the UK's leading credit marketplace, where he served as Chief Financial Officer. At ClearScore, Grant drove significant improvements across the finance function, implementing new systems, processes and reporting as the business scaled. Grant also brings additional transaction experience to the board, and his other roles have included CMC Markets Plc where, as Group Chief Financial Officer and Chief Operating Officer, he was instrumental in the company's successful IPO. The board thanks Nick Stone, who stepped down as Group Chief Financial Officer on 31 July 2023, for his contributions during his four years at Braemar.

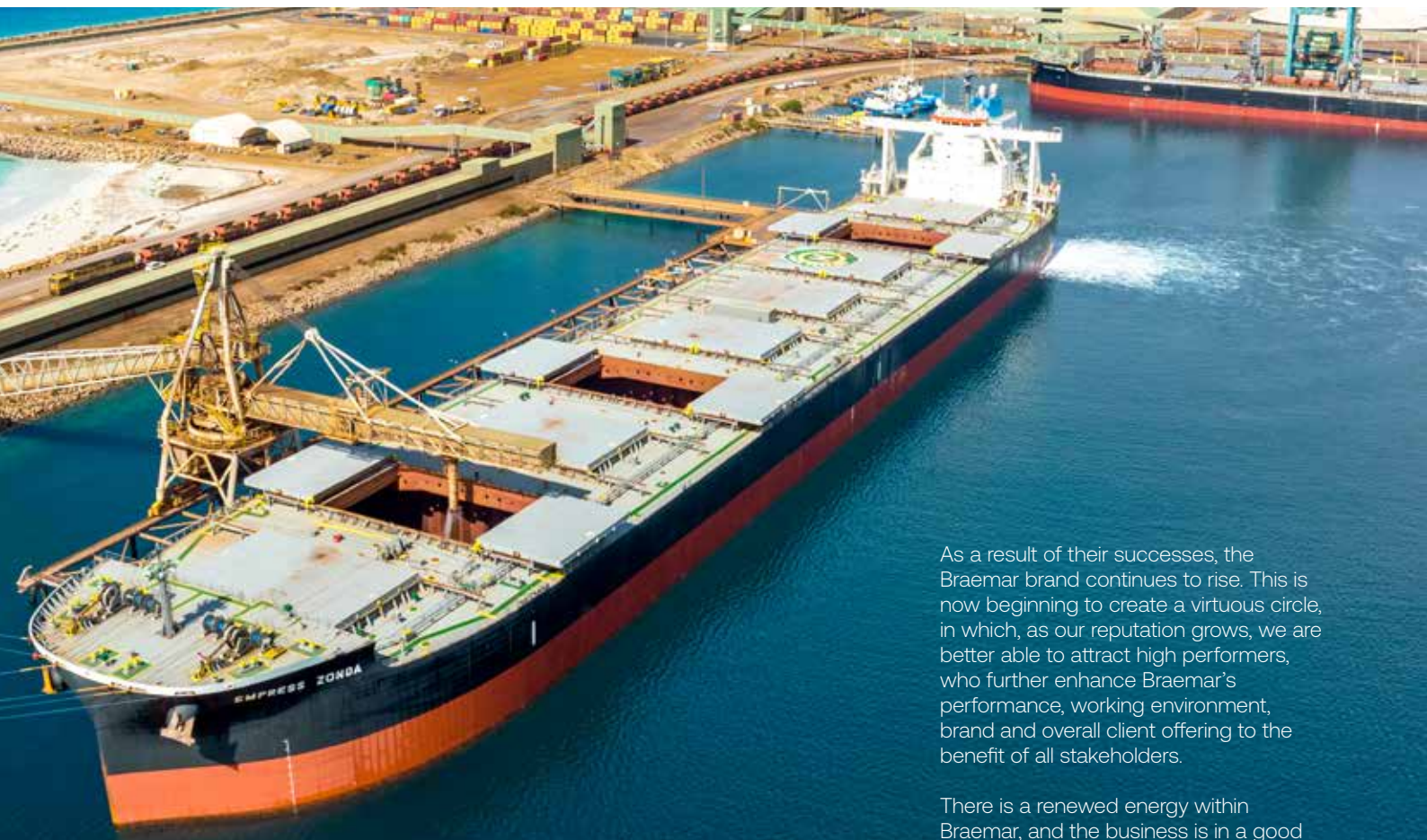


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I am proud to be the Chairman of a business which believes that taking care of the environment, treating colleagues and clients fairly, and maintaining ethical business practices is not just the right thing to do, but is also good for business.

Nigel Payne
Chairman

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Internal independent investigation

As announced on 26 June 2023, the board commenced an internal independent investigation into an historical transaction dating back to 2013. As a result, the publication of these financial results was delayed, and the Group was not able to publish its FY23 results by 30 June 2023 as required under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules. Consequently, the Company requested that trading in its ordinary shares be suspended, this request was granted and suspension in the trading of the Company's ordinary shares took effect on 3 July 2023. The investigation was overseen by an Investigation Committee, chaired by myself and solely comprising the independent non-executive directors. The investigation was conducted by FRP Advisory Trading Limited, an independent specialist forensic accounting firm, and independent external counsel. The investigation was complex, it was comprehensive and ultimately focused on a review of several transactions between 2006 and 2013.

The investigation has now been completed. The board and the Group have acted promptly to address the process and control areas that were identified as requiring improvement, including taking key remedial actions and the necessary steps to comply with the Group's legal and regulatory obligations. The board is committed to maintaining a high standard of corporate governance and will ensure the remedial actions are tracked through to completion. The Group has recognised a provision in relation to these transactions, which is primarily historical unsettled commissions payable and is treated as a balance sheet reclassification as detailed in the Financial Review, which the board considers appropriate at this time.

Our most valuable assets

On behalf of the board, I would like to thank every one of the Group's employees for their hard work and dedication; our clients for their trust and support; and our shareholders for their continued confidence in our Company.

Over the past year, the Group continued to invest in its people. We expanded our teams across the globe, implemented new programmes to attract and retain top talent, and our strong performance is due to their hard work and creativity.

As a result of their successes, the Braemar brand continues to rise. This is now beginning to create a virtuous circle, in which, as our reputation grows, we are better able to attract high performers, who further enhance Braemar's performance, working environment, brand and overall client offering to the benefit of all stakeholders.

There is a renewed energy within Braemar, and the business is in a good place, led by our excellent Group CEO, James Gundy, and his experienced executive management team. The energy, drive and focus within the business is there to be seen.

Outlook

The market conditions in the Group's core sectors, shipping and energy, generally remain healthy, and the long-term outlook for the Group remains favourable.

Trading in FY24 to date has been good (and in line with the board's expectations), as the benefits of Braemar's increased breadth, depth, and scale continue to compound. As expected, the investments made in the last year have increased the cost base for the new financial year, but also provide a platform for further growth in future years. The Group remains on-track to double FY21's operating profit by FY25, delivering strong returns and creating long-term value for our stakeholders.

With this growth-focused strategy delivering strong results, the board looks to the future with confidence.

Nigel Payne

Chairman
15 November 2023

Business Model and Strategy

Strategic direction

Focused on shipbroking



Our business model

Who we are

Expert advisers in investment, chartering and risk management for the shipping and energy markets.

Our integrated teams deliver creative solutions and tailored support for customers around the world, placing Braemar at the forefront of the shipbroking industry.



Why Braemar

Purpose

To leverage our expertise and experience to secure sustainable returns and mitigate risk in the volatile worlds of shipping and energy.

How we operate

Experienced brokers work in tandem with specialist professionals to offer an integrated service supported by a collaborative culture.

Management structure

Our team draws on a wealth of diverse sector experience to provide the most advanced market intelligence in the shipping industry.

Vision

To enable more prosperous, secure and sustainable global trade within the shipping and energy industries.



What we do

Investment Advisory

The right vessels, at the right price, at the right time. Our team combines years of commercial, financial, technical and operational expertise with the most comprehensive market analytics in the industry to create investment opportunities that are both protected and maximised for sustainable returns.

Chartering

Customised chartering solutions built around the specific needs of our clients. By investing in cutting-edge technology and bespoke databases, our brokers and analysts create innovative strategies that deliver long-term gains over short-term fixes.

Risk Advisory

Volatile price movements are commonplace in shipping markets. Our Securities desk helps our clients manage their exposure by providing a liquid marketplace, while our Corporate Finance desk assists those facing liquidity crunches with loan portfolio pricing, management and restructuring.



Our strategic priorities will enable us to take advantage of future growth opportunities.



01 Grow Shipbroking breadth and market share

- Continue to diversify and grow our geographical presence
- Expand our activities into growth sectors including renewables, as well as regulated and voluntary carbon offsetting
- Further growth of our capabilities in existing areas of business
- Further integrate Corporate Finance activities globally

02 Technology-driven innovation

- Develop technology solutions through our Digital Transformation programme that enhance our offering as a broker
- Delivering a carbon offsetting solution with Braemar Offset
- Continue to develop Braemar Screen in partnership with Zuma Labs Limited
- Deliver market-leading digital solutions to the shipping industry
- Future-proof our business

03 Continue to build our brand

- Use our upgraded brand as a bedrock for growth
- Use our upgraded brand as a springboard for cross-desk and cross-country collaboration
- Launch of our inaugural Trainee Shipbroker Scheme

How we operate



Expertise

Information can empower – but only when you know how to use it. Our specialists know exactly how market intelligence can be applied to give our clients the best advantages.



Values

We are committed to proactive, measurable Environmental, People, Social & Governance (“EPSG”) initiatives and the facilitation of climate-smart shipping. We set high standards for our team and give them clear frameworks and policies within which to operate.



Experience

We draw on in-depth knowledge and a wide breadth of coverage to help clients navigate a complicated landscape.



Collaboration

By sharing knowledge and resources across desks, our team can anticipate our clients' needs and provide prompt, informed solutions.

01

Enhancing
our Securities
offering

A new chapter for Braemar

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There are clear synergies for Natural Gas with our shipping desks. We have similar client bases, and there are big opportunities to expand the breadth of activities.

Marc Jarvis

Head of Natural Gas,
Braemar Securities


Enhancing our Securities offering and diversifying into the energy broking space

In late 2022 Braemar acquired a talented and resourceful Natural Gas derivatives team with a long track record of success.

The acquisition was a response to a clear need in the energy market for assistance navigating volatile rate changes and price fluctuations, and, the Nat Gas desk additionally complements our market-leading Risk Advisory function.

Nat Gas fits with our profile of seeing the synergies with the products that our clients are transporting, and capitalising on the opportunities provided by the overlap with our Chartering operations.



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The desk is primarily dealing in EU gas, UK National Balancing Point (“NBP”) gas, and LNG. They are also able to broker EU Allowances (“EUAs”), which are carbon credits used in the European Union’s Emissions Trading Scheme (“EU ETS”).

From 2024 all ships greater than 5,000GT transporting cargo or passengers for commercial purposes will be subject to these rules, and the vessels’ owners will be required to account for their carbon emissions. Due to the partnership between our Chartering and Energy Derivatives desks, we’re uniquely able in the shipbroking industry to help our clients manage their EU ETS compliance via physically delivered, and exchange cleared EUAs.

The desk serves a sophisticated and demanding client base, including many of Europe’s leading energy companies as well as banks and hedge funds, and we are pleased to see that it has become profitable for Braemar ahead of our expectations.

Strategy in Action

02

Technology-driven innovation

Facilitating climate-smart shipping

Ships will remain the most cost and energy efficient method to transport freight for the foreseeable future.

However, due to ships transporting approximately 90% of global trade, the industry is cumulatively responsible for 3% of worldwide greenhouse gas emissions.

As a Company which is primarily a shipbroker, Braemar's environmental footprint is a tiny percentage of the shipping industry's emissions. However, we work in an industry that is not currently on course to meet its 2050 and 'Net Zero' commitments. As an adviser, this presents a huge opportunity for us to provide access to solutions that help our clients to achieve their sustainability ambitions. We want to be a driver and influencer of that change, and over the last year we have invested further in expanding our sustainability offering.

Further details on what this means for our business are as follows:

Neutralising our historical emissions via carbon offsets

We recognise that there are steps which we can take to remediate our historical emissions from our operations. Through Braemar Offset and our partner, CHOOOSE, we have completely offset our reported corporate carbon footprint since 2017. We are pleased to be continuing to invest in projects which bring substantial benefits to underprivileged communities, protect fragile ecosystems, and create more diverse and inclusive workforces.

Developing a "green" mindset

As a business, we are committed to reducing our carbon footprint and playing our part in the shipping industry's drive to 'Net Zero'. We are doing this by becoming more energy efficient, making greener commercial choices, and incorporating sustainability into our client services and our decision making at a desk and Group level.



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Providing access to voluntary and mandatory emission reduction solutions

We have invested in solutions that enable our clients to fulfil their voluntary ambitions, as well as to ensure their full compliance with the European Union's ETS ("Emissions Trading Scheme").

Braemar Offset enables our clients to fulfil their voluntary sustainability ambitions, by directly connecting them with some of the most impactful and verified climate projects available today. In partnering with Braemar Offset, companies can proactively play a role in improving their green credentials and helping to accelerate climate action.

Through our new Natural Gas derivatives desk, we can offer direct access to European Union Allowances ("EUAs"). The EU ETS is a cornerstone of the EU's policy to combat climate change, and from 2024 it will apply to ships calling at EU ports above 5,000 GT transporting cargo or passengers for commercial purposes.

Enhancing our renewables offering

We are investing in our renewables offering, as part of our overall growth-orientated strategy. We are positioning the business to support the transition to a low carbon economy and for future growth in renewable energy and low carbon fuels.

While transporting fossil fuels is a key part of our clients' businesses today, we expect and are planning for major change on this front as the industry transitions to 'Net Zero'.

Helping our clients navigate new regulations

Braemar sees ships throughout their lifecycle, and this presents opportunities for collaboration and value creation. We see them when they start life on our Newbuilding desk; through changes of ownership via our Sale & Purchase desk; as they voyage around the globe under instructions from our Chartering desks; and finally, as they reach the end of their working lives, with our Recycling desk. By working in partnership with our clients, we use our expertise and experience to maximise that vessel's potential, while minimising its aggregate environmental footprint.

The rules which govern shipping are increasing year-on-year, and the primary focus is environmental improvement. Regulations, such as the EU ETS, as well as major new technical measures such as the Energy Efficiency Existing Ship Index ("EEXI") and the Carbon Intensity Indicator ("CII"), are changing the way ships trade and making it much less viable to operate inefficient ships. Across our Chartering and Shipping Investment desks, we are focused on helping our clients to ensure that their assets and future investments are cleaner, safer, and more productive.

Group Chief Executive Officer's Statement



I am delighted to present our Annual Report for FY23. This is my second year as Group CEO, and I am extremely proud to announce such a strong set of results.

My key focus upon becoming CEO was to return to our core expertise, shipbroking, as this has always been at the centre of our success. We have simplified the business and returned it to growth, which in turn has placed Braemar firmly back on a growth trajectory. We have achieved this by capitalising on strong markets, selling non-core businesses, reducing our debts and subsequently investing in the long-term resilience of the Group.

The successful implementation of this strategy has achieved excellent results for the Group in FY23. Underlying operating profit rose by 100% to £20.1 million (FY22: £10.1 million), and revenue increased by 51% from £101.3 million to £152.9 million, as revenue and fixture volumes increased on almost every Shipbroking desk. It is worth emphasising that the growth the Group has achieved in terms of revenue and profit are from a business that has a much lower headcount (compared with the headcount prior to the Cory Brothers sale in March 2022) and has been hugely simplified since I became CEO in 2021. Average revenue per head for FY23 was £398,000, an increase of 42% on the prior year.

We have a deeply experienced leadership team that knows this industry inside and out, and a strong balance sheet that is built for growth.

Together they are enabling us to be a platform for consolidation in the fragmented shipbroking market, and we expect to continue diversification within shipbroking, in addition to growing organically and through M&A.

As part of the execution of our shipbroking-focused growth strategy we achieved significant milestones in FY23 including the acquisitions of Southport Maritime in the US, and a new tanker desk in Madrid. We also continued to enhance our Securities offering with the launch of new Oil derivatives and Natural Gas derivatives desks, which strongly complement our existing Tanker and Dry Cargo FFA desks. Our clients are responding favourably to our enhanced and diversified offering and the synergies which they provide.

Internal independent investigation

As detailed in the Chairman's Statement, the internal independent investigation commenced in late June 2023 has now been completed. It was time consuming and complex and I would like to thank the independent Investigation Committee for overseeing the process. I would also like to thank our clients and shareholders for their patience and understanding during this period. Braemar and its people have shown considerable resilience throughout this period, and I want to thank all our employees for their hard work and focus.

Braemar's growth and achievements this year would not have been possible without the relentless hard work and dedication of our global team, whose commitment to excellence continues to drive our performance and inspires me every day.

Building on strong foundations

Throughout a year of many challenges for the global economy, we remained firmly focused on delivering value to all our stakeholders. Our commitment to innovation and operational excellence has enabled us to remain agile and responsive in the constantly evolving shipping and energy landscapes.

As I outlined last year, our main ambition over the medium-term is to achieve a sustainable annual underlying operating profit, that regardless of market factors, is double the £8.9 million underlying operating profit in FY21.

In FY23, we achieved 51% revenue growth and increased our underlying operating margin from 10% to 13% over FY22. In the

year under review, we delivered further gains in revenue and profitability. Net bank cash at 28 February 2023 was £6.9 million, helped by the initial proceeds of the sale of Cory Brothers (£6.5 million) in March 2022 but after cash outflows for acquisitions totalling £7.3 million (Southport for £6.3 million, and a new tanker desk in Madrid for £1.3 million upfront) – a substantial improvement on the net bank debt of £9.3 million at 28 February 2022. Profit after tax was £4.6 million (FY22: £13.9 million), largely lower due to the impairment of goodwill relating to the Corporate Finance business.

Over this financial year, trading has been good across our Chartering and Sale & Purchase desks, as well as on our Investment and Risk Advisory desks. Chartering fixture volumes were up 18% across all desks, Risk Advisory revenues increased 42%, and Sale & Purchase transactions volume grew 23%.

Buoyant shipping and energy markets

In our industry, earnings are determined by the relationship between the supply of ships and the demand for ships. At its simplest, shipping is 'Economics 101'. While there are variations from sector to sector, the key positive supply factors were shared across the industry: longer voyage distances, minimal fleet growth, and supply-chain inefficiencies. All these factors will remain in FY24 although they are likely to moderate and the demand picture in most sectors supports a positive rate floor.

Oil demand growth is back to where it was pre-Covid, and the IEA predicted in May 2023 that global oil demand in 2023 would be two million barrels per day higher than in 2022. Despite oil companies wanting newer ships to reduce the risks of accidents, the average age of the global fleet is becoming much older than it has been historically. Low scrapping and an unusually low orderbook is expected to further shrink the availability of modern ships over the next few years. This puts a high floor under tanker rates during a period when energy security concerns have increased voyage distances and tanker demand growth has accelerated relative to oil export volume.

The average age of the bulk carrier fleet is also increasing, while the orderbook for new ships is very small by historical standards – and it is a similar story in sectors such as Offshore.

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Our strategy of focusing on shipbroking is undoubtedly the key to our success. We've taken the business back to its basics, put it on an even keel, and now we're seeing the results of the strategy.

James Gundy

Group Chief Executive Officer

With demand for green energy and dry cargo commodities growing globally, combined with increased consumer demand now that China's Zero Covid policy has been revoked, we can expect to see positive returns over the medium term.

It is worth noting that not all markets are strong at the same time, and events impact shipping sectors in different ways. For example, in broad terms, Covid was good for dry cargo, and bad for tankers. This is why we are prioritising diversification in our shipbroking operations: and this is a key strength of the Group. Resilience through diversification is what will enable Braemar to be successful throughout the business and shipping cycles.

Investing in our EPSG

As I said in my report last year and have emphasised since, we remain committed to delivering sustainable growth and value to our shareholders and contributing to the communities and environments in which we operate. We are proud of the positive impact that our business has, and it will always be a Group priority to operate ethically.

Our sustainability strategy focuses on minimising our environmental impact, encouraging diversity and inclusion, and supporting local initiatives that drive positive change. We believe that shipping has a critical role to play in shaping a more sustainable world, and we are committed to doing our part.

Outlook: A stronger, more resilient business

Our resilience and adaptability have been tested over the last year, but our commitment to our strategic vision and values enabled us to emerge stronger than ever. A year on since my first CEO statement, I am delighted to be able to say that we have achieved the results we promised across every metric, and now we are a much more diversified and resilient shipbroking business.

We have invested in our people, expanded our product portfolio, and entered new markets and locations to diversify our revenue streams and mitigate risk. The investments that we have made, as we implemented our growth strategy, have enabled us to stay ahead of the curve in a rapidly changing industry, and will provide the foundations for an even stronger business in the years to come.

It is an exciting time to be at Braemar. Shipping is undergoing huge changes: in fuels, in trade patterns, and in the global regulations that govern how we operate. Thanks to these types of developments, the markets in which we operate are facing major volatility, and to achieve success in them requires the highest levels of expertise and practical experience. The investments that we have made since I became CEO have all been in the service of ensuring that we are able to continue to be able to deliver best-in-class advice, and to maximise the value we create for our clients.

The Group has traded well in FY24 to date and we are on track to achieve the sustainable doubling of FY21's underlying operating profit by FY25. Given our investments, costs will be higher in FY24 and we have incurred non-recurring costs of c£2.5m in relation to the investigation. However, we have built strong foundations in my first two years as CEO and there is much more work to be done to achieve the Group's full potential. I look forward with confidence to the remainder of the year, as we relentlessly continue to execute our clear, growth-focused strategy.

I would like to express my gratitude to our shareholders, employees, clients, and partners for their continued support. Our successes would not have been possible without the hard work and dedication of our talented teams, or the trust and loyalty of our clients and partners. I look forward to another successful year ahead and remain committed to delivering exceptional results for all our stakeholders.

James Gundy

Group Chief Executive Officer
15 November 2023

01

Grow
Shipbroking
breadth and
market share

Continued growth through acquisition

Southport Maritime is one of the highest volume US-based shipbroking tanker companies.

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These combined locations provide the ideal platform for us to fully penetrate the North and South American markets and add beneficial scale to the Group's activities.

Tris Simmonds
Group Chief Operating Officer



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Southport Maritime increases Braemar's presence in the Americas

Enhancing Braemar's coverage in the Americas has been an important strategic goal of Braemar, since the board launched its growth agenda in November 2021.

In Southport, we have acquired one of the leading tanker shipbrokers in the USA, and strongly enhanced our presence in the Americas.

Southport Maritime Inc. is recognised as a specialist for crude and refined products in the North American export market, as well as in the Latin American and Caribbean markets.

With a particular focus on spot tanker fixtures, Southport's 18-strong team has a reputation for high performance within the industry. Since it was founded, Southport has enabled its clients to transport billions of barrels of liquid petroleum and oil products worldwide, helping them to benefit from both short-term volatility and long-term industry trends.

Working from offices in Florida, the Southport team complements Braemar's existing Tanker desks in London, Singapore, Madrid, Houston, and Geneva, as well as significantly enhancing Braemar's presence in the Americas.

These combined locations provide the ideal platform for us to fully penetrate the North and South American markets and add beneficial scale to the Group's activities.

Enhancing Braemar's Security Offering



An interview with Group Chief Operating Officer, Tris Simmonds

Building on five years of progress

Over the last year, Braemar has continued to build its Securities offering with the arrival of a ten-strong Natural Gas derivatives desk, and a new Oil Derivatives desk.

These desks are complementary additions to Braemar's Securities offering, which has substantially grown revenue and market share in recent years. Braemar's Securities desks now employ almost 40 people.

The new Natural Gas derivatives and Oil derivatives desks follow the successful acquisition and integration of Atlantic Brokers – which Tris Simmonds led – in 2018, the launch of BraemarScreen in 2020 that brought new levels of price transparency to dry freight derivatives, and a highly successful two-decade Tanker FFA partnership with GFI.

Tris Simmonds began his career as an oil broker at Spectron Energy, before moving to GFI and co-starting its Oil Derivatives desk, as well as subsequently helping to launch its European Power, Gas and Coal desks, and helping to set up Braemar's Tanker FFA JV with GFI. Between 2001 and 2012, Tris was the Head of Coal and the Head of EMEA Physical Commodities at GFI. In 2013, Tris co-founded Atlantic Brokers, a business that he subsequently sold to Braemar in 2018. Tris has been an Executive Committee Member of Braemar for five years, and Braemar's Chief Operating Officer since 2021.



Why did Braemar choose to invest more in its Securities offering?

A – Providing access to more energy products was always part of our growth strategy. There are clear synergies with our chartering desks, and many of our clients have told us that they need better market access.

When I worked at GFI, it was clear that their Coal desk existed because of their European Power and Gas desks, and that, in turn, supported the work of their EU Allowances (“EUA”)/EU Emissions Trading System (“EU ETS”) desk. There’s a complementary crossover of derivatives traders in shipping and the kind of products they trade. Not only are they trading freight, but because of the nature of how freight prices are dictated they’re often trading the underlying products as well.

The most notable ones have historically been iron ore and coal, and we’ve seen consistently strong value from our Coal desk and our Dry Cargo desks, so we recognised that there were clear opportunities for us to develop similar synergies across our Investment Advisory and Chartering operations.

What are the benefits to having greater access to a derivatives offering for Braemar’s clients?

A – We’re simplifying the process of execution, and we’re providing intelligence value well beyond just providing a screen to check on prices and execute a deal.

We’ve been able to do this because we’ve brought in talented teams with good track records, strong customer bases, and deep product knowledge. They’re natural collaborators that work closely with our Chartering desks. This makes them more attractive brokers because of how their knowledge and understanding of their market – whether it’s price, volume flow, or cargo volumes – is improved.

Over the last five years, Securities’ share of Braemar’s revenue has quadrupled. Why have these desks been so successful?

A – In Sander Bots and Andy Hill, Michael Griffin, and, latterly, Jay Lovell we’ve had strong, capable desk leaders who have built very talented teams. Marc Jarvis and Rebecca Reed-Sperrin are at different stages of their desks’ development, but I expect to see them grow in a similar way.

Our Tanker FFA desk is a strategic agreement with GFI that’s more than 20 years old, and the value that it creates for Braemar continues to compound year after year.

On our Dry Cargo FFA desk, we have found a niche by supplying products to a marketplace that – for all intents and purposes – didn’t exist. There have been attempts to create a trading screen for the dry FFA market, but they provided incomplete solutions. Braemar Screen has enabled customers to simplify their internal workflows, and the provision of liquidity, coverage, and pricing removed the friction from their ability to execute trades.

What can Braemar’s clients expect from its Securities desks in the coming years?

A – In the coming years there will be substantial change in how shipping must account for its greenhouse gas emissions. The European Union’s Emissions Trading System (“EU ETS”) is one of the first to attempt this, but it won’t be the last. We’re investing in the solutions and expertise required to enable our clients to achieve their regulated and voluntary sustainability ambitions.

To date, the only option that charterers and owners had for managing their EU ETS risk was to go to a specialist EU ETS provider. However, we can now provide that access directly, via our new Natural Gas desk. They’ve been executing clean spark spreads (this is the difference between the wholesale market price of electricity and its cost of production using natural gas) – buying natural gas as well as the required number of carbon allowances to offset the gas’s emissions – for their customers using EU ETS for several years.

This is going to be particularly attractive because most of our Chartering clients don’t want to have to execute a futures contract every time they fix a ship. If you do that in-house you then have to deal with the initial margining and the variation margining challenges. In addition, the physical charter versus the possible hedge that you’re doing with your EU ETS can become two totally different risks to control. Managing these challenges requires very specialist skillsets as well as large balance sheets, because if you execute your own futures contracts they will quickly become capital intensive.

EU ETS is a complex mechanism, and it carries risks that are not correlated to shipping. If you don’t have the right experience to manage its challenges, you’re going to struggle to handle it efficiently and cost-effectively.

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The Natural Gas desk is another addition to our Securities offering, which has substantially grown revenue and market share in recent years.

Tris Simmonds
Group Chief Operating Officer

Exceeding expectations



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Braemar continued to trade well throughout FY23.

The performance of our Shipbroking business was very strong, with revenue and profit well ahead of our expectations and the preceding financial year's results.

The success we have realised this year is due in large part to our decision to divest non-core assets and streamline our operations in FY22. Thanks to our greater focus on Shipbroking, we were able to capitalise more effectively on the opportunities in the market and to create substantially enhanced value for our clients.

We have realised total revenue growth of 40% in Investment Advisory, 57% in Chartering, and 42% in Risk Advisory, as well as an 8% increase in cash generated from operations.

All KPIs relate to continuing operations.

Cash generated from operations



£22.1m

2022: £20.5m

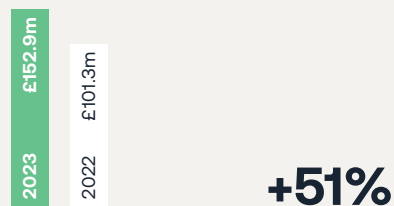
Number of offices



17

2022: 14

Revenue



£152.9m

2022: £101.3m

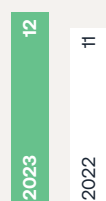
Underlying operating profit



£20.1m

2022: £10.1m

Number of locations



12

2022: 11

Reported EPS



15.85 pence

2022: 45.56 pence

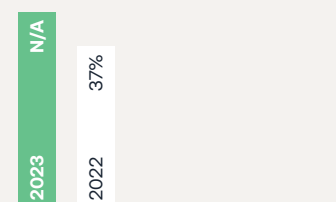
Number of employees (average across the year)



384

2022: 362

Equity scheme participation



N/A – no new scheme, no new joiners

2022: 37%

Underlying EPS



46.22 pence

2022: 27.95 pence

Full-year dividend per share



12 pence

2022: 9 pence

Market Review

During FY23, shipping markets performed well. Earnings across the Container, Gas, and Tanker markets were some of the highest recorded in the last 20 years, and Dry Cargo revenues were close behind.

As we look ahead, we are cautiously optimistic. Sentiment in the short and medium term, as measured by time charter rates, is broadly positive, and the vessel supply and freight demand pictures for the shipping markets look promising in our two biggest markets – Tankers and Dry Cargo – over the foreseeable future.

The delivery schedule of ships in almost all sectors remains manageable; many inefficiencies in global supply chains remain post-Covid; large parts of the tanker and dry cargo fleets are travelling much longer voyage distances due to sanctions; and vessel scrapping is likely to pick up ahead of a stricter regulatory environment and an increased focus on ESG-criteria for investments.

We now present a FY23 summary of our three business segments: Investment Advisory, Chartering, and Risk Advisory.



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Operating Review

Investment Advisory



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Investment Advisory's revenue increased by 40% from £26.3 million in FY22 to £36.8 million in FY23 and represented 24% of Braemar's total revenue.

Corporate Finance

Strong earnings in 2022 and the start of 2023 across most sectors have meant that many shipowners have achieved significant profits and accumulated large cash reserves. Many owners decided to use their profits to opt for more conservative financing structures. As a result, the diversity of Corporate Finance's mandates has varied considerably. These diverse projects have included the disposal process for the Cruise Ship Global Class One out of the insolvency of the German yard MV Werften, restructuring in the Offshore space, disposals in the Container market, and inland waterway M&A advisory. Despite these successes, revenue and profits were down compared to the previous year. Corporate Finance successfully launched a new office in Athens, Greece, and expanded its Singapore office.

Sale & Purchase/Newbuildings

Sale and Purchase activity has remained strong with a record number of second-hand sales across all sectors and desks. The strong spot tanker market has contributed hugely to a significant rise in tanker asset prices, and the tail-end of the strongest container market in decades has created many high asset value transactions. The desk has continued to grow its forward orderbook in many sectors, including LNG, Bulk carriers and Tankers. Newbuilding berths have been at a premium, and the desk's strong relationships with leading shipyards have reaped benefits for its clients. However, with strong freight markets across the board, ship recycling volumes have remained light. The desk is optimistic about the outlook for the wet and dry freight markets in FY24 and expects this to continue to translate into a good volume of transactions.

Chartering

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Chartering's revenue increased by 57% from £63.0 million in FY22 to £99.2 million in FY23 and represented 65% of Braemar's total revenue. Fixture volumes increased by 18% compared with the previous year.

Tankers

Vessel earnings increased across all classes of Deep Sea Tankers. The increase in long-haul voyages because of changes to crude trade flows was the major driver for Aframax and VLCC earnings were driven by increased activity in the US Gulf. However, VLCC demand was limited by the economic restrictions in China which were removed only recently. The acquisitions of Southport and the new desk in Madrid have already created several productive cross-office collaborations, and further enhanced and complemented the quality of Braemar's global coverage, particularly for the Spanish clean markets and US Gulf's crudes and oil products.

Supply chain challenges prompted by the pandemic and a resurgence of interest in nearshoring and reinvigorating American manufacturing put the Jones Act in the spotlight this year. Demand is likely to remain strong, and further use of its waterways to transport freight looks increasingly likely. The US Flag desk has seen strong rates in FY23 which look likely to continue, and recently launched an Inland desk to capitalise on opportunities in that market. The desk worked with three oil majors for the first time last year, and the desk is currently on track for 30% revenue growth.

Dry Cargo

Coal was the major theme of the year as natural gas prices soared and countries sought less expensive energy sources. The orderbook remains historically low, and new environmental regulation arriving in 2023-24 – with more on the horizon – is likely to set the tone for a favourable vessel supply/demand balance in the coming years. Dry Cargo has continued to strengthen its presence in strategic bases such as Athens, Greece, and Sao Paulo, Brazil. The desk has already seen positive results from its ability to leverage those enhanced local relationships. In Australia, major gains have been seen in the grains market, and solid Contract of Affreightment ("COA") cover – an agreement to transport a given quantity over a fixed period – for 2023 has strengthened relationships with key charterers.

The Dry Cargo desk has also been instrumental in helping the United Kingdom's Ministry of Defence department fulfil its multipurpose vessel ("MPP") requirements, and it worked closely with the UN's World Food Programme to help ship fertiliser to Malawi to help it reduce the costs of crop production.

Offshore Energy Services

The Renewables and Oil & Gas markets delivered growth throughout the year. Vessel supply was insufficient to meet demand, and charter rates increased substantially. A lack of newbuilding orders in recent years increases the likelihood that these rate levels are going to remain elevated for a prolonged period. This shortage of vessels has led to substantially increased S&P activity for the desk, particularly in the Platform Supply Vessels ("PSV") and Subsea sectors. The desk's forward order book growth to March 2023 was double that of March 2022, and the outlook for the year ahead is positive with the volume of term fixtures increasing, and spot and term rates likely to continue to improve.

Specialised Tankers

FY23 saw the strongest chemical and European coastal products tanker market for many years. This was primarily caused by reduced ship supply – increasing ton-miles, swing tonnage exiting chemicals, and a reduced order book –, and these tailwinds are unlikely to completely disappear in FY24. The desk continued to grow, and it is capitalising on its investment in research, and geographical expansion to Dubai, Houston, and Melbourne which strongly complement the main desk in London. This growth has enabled Specialised Tankers to expand its reach and market share, and to realise further intra-desk synergies.

LNG

The elimination of Russian pipeline gas supply to Europe, in large part because of the war in Ukraine had profound effects on the LNG market. Long established trade routes switched from West to East as US gas volumes were directed to Europe to replace Russian volumes. Gas prices soared and with it demand for medium and long-term LNG shipping, with rates for certain vessels peaking at approximately USD 500k per day. In line with Braemar's growth strategy, the LNG desk has grown to six people, split between London and Geneva. Revenue continues to be well diversified across the desk's activities, and there is further growth planned into in FY24.

LPG & Petrochemicals

Prospects for the freight market look positive as Very Large Gas Carrier ("VLGC") shipowners expect increased vessel demand, despite the current forward order book of approximately 20% of the existing fleet. Similarly, in the Medium Gas Carrier ("MGC") market the outlook remains good; mostly due to the projected expansion in liquid ammonia shipments in the near future. From a shipping perspective the Petrochemical segment had a reasonably strong year, and the Pressurised segment had a solid year with improved results from both spot and time charter coverage. Braemar's LPG & Petrochemicals desk has enhanced its MGC and VLGC presence with the recruitment of an ex-bunker broker, and concluded two new long-term petrochemical COAs as well as renewing another. The desk has realised increased time charter coverage and grown its customer base this year, with several promising long-term projects on the horizon for FY24.



Photo: (c) Kyklades Maritime Corporation, all rights reserved

Risk Advisory (Securities)

Risk Advisory's revenue increased by 42% from £12.0 million in FY22 to £17.0 million in FY23 and represented 11% of Braemar's total revenue.

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Braemar's Securities business consists of four derivatives markets: Dry Cargo, Natural Gas, Oil, and Tanker.

Dry Cargo Derivatives

The FFA market reflected the volatility of the Dry Cargo market over the last 12 months, but the outlook for the next year and beyond is looking likely to be fertile. Volumes across the market have grown dramatically, and continue to increase, with more non-traditional financial capital increasingly finding its way into the FFA market. The Dry Cargo FFA desk has also started to reap the benefits of Braemar's investment in its Securities businesses, including through the launch of Dry Cargo FFA operations for Asia in Singapore, as well as hiring several brokers. The addition of the Natural Gas and Oil Derivatives desks has led to cross-desk synergies as the business is able to service customers across asset classes, and Braemar Screen continues to provide the market's leading technology platform.

Natural Gas Derivatives

The Natural Gas market is returning to price normality after the major shock it endured when Russia invaded Ukraine in 2022. Substantial pressure on Nat Gas availability led to record high spot prices, and gas import markets remain sensitive to further supply restrictions. Braemar's Natural Gas desk started operations in January 2023, and is already profitable. It has successfully launched a new product - Trade At Heren ("TAH") - that the market hasn't previously traded, and the desk is receiving significant interest in its ability to broker European Union Allowances ("EUA") for compliance with the EU's Emissions Trading System ("ETS").

Oil Derivatives

In the oil markets the last 12 months have been marked by high volatility and low trading volumes in swap markets. Although these trends have been softened by war in Ukraine and the post-Covid recovery of global demand. 2023 has brought renewed activity, and traded volumes are steadily increasing. The desk's initial focus on fuel oil and middle distillates is progressing steadily, and Braemar's new ability to help its clients hedge their bunker fuel exposure through swap and option markets has been warmly received.

Tanker Derivatives

The Tanker FFA market was extremely volatile throughout 2022, primarily because of the Russia-Ukraine conflict. That volatility led to a historical dealing high across the Dirty, Clean and LPG FFA sectors. This year has continued in a similar fashion with growing requirements to hedge and opportunities to speculate on prices. As a result, the Tanker FFA market is expected to continue to thrive in FY24. The acquisition of Southport has enabled the desk to create a stronghold on US Gulf FFA routes, and the desk remains the leading global facilitator of Clean, Dirty and LPG FFAs.



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Financial Review



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Another excellent trading year, together with the first steps on the growth plan.

Grant Foley
Group Chief Financial Officer

A strong trading performance and the successful execution of our strategic objectives.

Summary Income Statement FY23

The strong trading and higher revenues have delivered significant increases across all continuing profit measures.

- Statutory operating profit increased by 22% to £11.7 million (FY22: £9.5 million).
- Underlying operating profit increased by 100% to £20.1 million (FY22: £10.1 million).
- Statutory profit before tax increased by 11% to £9.5 million (FY22: £8.5 million).
- Underlying profit before tax increased by 103% to £18.0 million (FY22: £8.9 million).

Statutory profit in FY23 was impacted by the impairment of the goodwill on acquisition of Naves (now Braemar Corporate Finance), which was completed by the previous management team in 2017.

	Underlying			Statutory		
	FY23 £'000	FY22 £'000	% Inc/ (Dec)	FY23 £'000	FY22 £'000	% Inc/ (Dec)
Revenue	152,911	101,310	51%	152,911	101,310	51%
Operating profit	20,075	10,060	100%	11,669	9,546	22%
Profit before tax	18,040	8,885	103%	9,451	8,543	11%
Profit	13,399	8,539	57%	4,596	13,919	(67)%
Earnings per share	46.22p	27.95p	65%	15.85p	45.56p	(65)%

Continuing operations

Revenue

Revenue from continuing operations grew by 51% from £101.3 million to £152.9 million, as revenue and fixture volumes across almost every Shipbroking desk increased, with the exception of Corporate Finance.

The US dollar exchange rate moved from US\$1.34/£1 at the start of the year to US\$1.21/£1 at 28 February 2023 with an average of US\$1.21. A significant proportion of the Group's revenue is earned in US dollars. Revenue growth was positively impacted by the strong US dollar, which contributed around 24% of the overall increase. US dollar revenue increased by 48% in the period.

To protect the future sterling value of those revenues, at 28 February 2023, the Group held forward currency contracts to sell US\$123 million at an average rate of US\$1.22/£1.

Operating costs

Due to the substantial increase in revenue and the considerable hard work, which was put into its generation, there was a corresponding increase in profit-related bonuses paid to the brokers. This was the main contributor to the increase in operating costs, compared to the prior year. As planned, salary costs also increased, due to the investment in new brokers and desks, the new office in Madrid and the acquisition of Southport in the US. Travelling and entertaining expenditure increased to £6.4m from £2.1m, as a result of a full year largely free from Covid restrictions. As a result of all these factors, underlying operating costs increased by 46% from £90.5m to £132.6m.

Central costs

Central costs increased in total by 49% from £4.2 million to £6.2 million. This was the result of increased share-based payment charges, linked in part to the improved performance in the year and higher levels of expected vesting of awards, higher staff costs and non-recurring costs related to the delayed year-end audit process.

Net finance costs

Net finance costs for the year increased by 123% to £2.2 million (2022: £1.0 million). The cost has three elements: the revolving credit facility provided by HSBC, which provides the working capital needed by the business as well as the core indebtedness; the convertible loan notes associated with the acquisition of Braemar Naves; and the interest charge on the liability associated with right-of-use assets accounted for under IFRS 16. Average net debt improved versus FY22 and average borrowing is largely in line with FY22, but costs have increased in the year as a result of the increases in interest rates with average SONIA increasing from 0.1% in FY22 to 1.9% in FY23. In addition, there has been an adverse movement in foreign exchange rates, causing an increase of £0.5 million to finance costs largely in relation to the euro denominated Naves liabilities.

Included within the net finance costs in FY22 is a credit of £0.2m, which did not recur in FY23. This was in respect of the accounting for the restructuring of deferred consideration owed in relation to the acquisition of Braemar Naves.

Finance income includes a credit of £0.1 million, relating to the revaluation of amounts due for the sale of Cory Brothers that took place in the previous year.

	FY23 £'000	FY22 £'000
Underlying operating profit before specific items	20,075	10,060
Specific items – Acquisition and disposal-related expenditure	(1,999)	(122)
Specific items – Other operating costs	(10,253)	(392)
Specific items – Other income	3,846	0
Operating profit	11,669	9,546

Specific items and discontinued operations

Discontinued operations

In FY22, the board successfully executed several transactions with the aim of simplifying the Group's operations to concentrate on a new growth strategy centred around Shipbroking. As a result, the financial results of Wavespec, AqualisBraemar and Cory Brothers, which were disposed of during the year, have been presented as discontinued operations, together with the profits and losses on their disposal. In aggregate, all these items total a profit of £7.2 million.

Specific items

Alternative profit measures ("APMs")

Braemar uses APMs as key financial indicators to assess the performance of the Group. Management considers that the APMs used by the Group help to provide an alternate assessment of business performance, by excluding items which management does not believe relate to business performance in the period, and provide useful information to investors and other interested parties. We have separated the impact of individually material capital transactions, such as acquisitions and disposals, from ongoing trading activity to allow a focus on ongoing operational performance. Our APMs include underlying operating profit and underlying earnings per share.

Items that are not considered to be part of the ongoing trade of the Group have been presented as specific. These items are material in both size and/or nature and we believe may distort understanding of the underlying performance of the business if not identified separately. Details of these items can be found in Note 10 to these Financial Statements.

The most significant of these items is an impairment of goodwill. As a result of a weaker performance in FY23, a more negative outlook for the business and challenging market conditions, the Group has recognised an impairment of £9.1 million to the Goodwill which arose on the acquisition of Naves. Further details can be found in Note 15.

As a result of accounting requirements, a gain on bargain purchase on the acquisition of Southport of £3.6 million was recognised in the Group's Income Statement. This gain arises due to the recognition of acquired net assets, while for accounting purposes the consideration is treated as a post-acquisition employee expense.

Balance Sheet

Net assets at 28 February 2023 were £76.7 million (FY22 restated: £71.5 million). The year saw an increase in gross trade receivables of 28% to £32.0 million from £25.0 million, due to the 51% revenue growth in shipbroking during the period. Despite this rise in gross trade receivables, the provision for impairment of trade receivables only increased by 18%, reflecting strong working capital management and control over receivables ageing. A receivable of £5.0 million (FY22: £4.8 million) is included in other long-term receivables in respect of the VertomCory deferred and contingent consideration.

Capital expenditure

Total capital expenditure was £1.7m (FY22: £2.3m). The most significant item of capital expenditure relates to the treatment of office leases under IFRS 16 whereby the lease is treated as an asset addition. These lease additions were £0.9m in the year (FY22: £1.0m) and do not relate to cash payments in the year. The balance relates to capitalised expenditure on computer equipment/software of £0.5m (FY22: £0.8m) and other expenditure on fixtures and fittings of £0.3m (FY22: £0.3m).

Financial Review continued

Provisions (internal independent investigation)

In June 2023, the board commissioned an internal independent investigation into an historical transaction originating in 2013. The investigation was overseen by an Investigation Committee chaired by the Group's non-executive Chairman and was conducted by an independent specialist forensic accounting firm and independent external counsel. The investigation was comprehensive and complex and ultimately encompassed several transactions between 2006 and 2013, which required further investigation.

As a result of the investigation, the Group has recognised a provision of £2.0m in relation to the uncertain obligations connected to a number of the transactions and commission obligations identified as part of the investigation. Of the £2.0m, £1.7m relates to historical unsettled commission payable, which was recorded in 2017 upon completion of the relevant contracts, which originated in 2013. This balance has been reclassified from trade payables to provisions during the year. While the board cannot forecast with certainty final outcomes in respect of these obligations, based on the Group's current information, the amount recognised is the current best estimate of the amount required to settle the obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligations, including interpretation of specific laws and likelihood of settlement. Non-recurring costs of c£2.5m will be reported in FY24 regarding the investigation.

As the ultimate potential obligations and outcomes in relation to the transactions subject to the internal independent investigation are uncertain, there remains a risk that the final outcomes could materially impact the recognised balance. It is impracticable to provide sensitivity estimates of potential downside variances at this time.

Borrowings and cash

At the Balance Sheet date, the Group had a revolving credit facility with HSBC of £30.0 million. The facility also provides access to a global cash pooling facility in the UK, Germany and Singapore, which enables efficient management of liquidity between its main regional hubs. The Group operates a pooling arrangement for cash management purposes and at the end of the year the Group had net cash of £6.9 million (2022: net debt £9.3 million).

Retirement benefits

The Group has a defined benefit pension scheme, which was closed to new members during FY16. The scheme has a surplus of £1.1 million (FY22: deficit £2.1 million), which is recorded on the Balance Sheet as at 28 February 2023. The agreed annual scheme-specific funding, since the triennial valuation as at March 2020, was a cash contribution of £0.5 million per annum. As a result of the net asset position, these contributions were stopped from March 2023.

Taxation

The Group's underlying effective tax rate in relation to continuing operations in FY23 was a charge of 26% (FY22: 21%), which is broadly in line with the UK tax rate in the current year. The increase was largely driven by a benefit in the prior year relating to a change in applicable tax rate to an overseas entity, and additional non-deductible costs in the current year.

Capital management

The Group manages its capital structure and adjusts it in response to changes in economic conditions and its capital needs. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and debt instruments. The Group has a policy of maintaining positive cash balances, whenever possible, which can be supported by short-term use of its revolving credit facility. This is drawn down as required, to provide cover against the peaks and troughs in our working capital requirements.

ESOP Trust

During FY23, the Company requested that SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust, purchase shares in Braemar Shipping Services Plc. During the year a total of 2,795,000 shares in the Company were purchased by the Trustee and 1,877,473 shares were released; as a result, at 28 February 2023, the ESOP held 3,579,630 shares (FY22: 2,669,603 shares). The total cash outflow as a result of these share purchases was £8.0m (FY22: £7.0m). At FY23 year end, the ESOP contained sufficient shares as are expected to be needed to cover all current share awards described in Note 31 of the Financial Statements.

Dividend

The directors are recommending for approval at the reconvened AGM on 18 December 2023, a final dividend of 8.0 pence per share, to be paid on 9 February 2024. The interim dividend of 4.0 pence per share in respect of the six months to 31 August 2022 was paid 4 January 2023. The total dividend of 12.0 pence for the year is covered 3.6 times by the underlying earnings per share from continuing operations of 43.19 pence. The total cash outflow in respect of dividends paid during the year ended 28 February 2023 was £3.2m (2022: £2.1m).

Following a project started during the year to improve the level of distributable profits of the Company, it was discovered that certain dividends paid between 2016 and 2023 were paid by the Company without having sufficient distributable reserves from which to lawfully pay them. Having identified these issues, to rectify the gap in retained earnings and the unlawful payment of dividends, after the balance sheet date the Company completed a Capital Reduction and entered releases from liability for the benefit of shareholders and directors. For further details see Note 12.

Going concern

The strong trading cash flows generated during the year, combined with the cash consideration received for the sale of Cory Brothers on 2 March 2022 have placed the Group in a strong cash position, with a net cash position at the year end. The Group will maintain its prudent approach to working capital forecasting and credit controls. The Group's revolving credit facility was renewed in November 2022 on largely similar terms to the previous one it replaced and provides the seasonal working capital that is required. Accordingly, the accounts have been prepared on a going concern basis.

Grant Foley

Group Chief Financial Officer
15 November 2023



Section 172 Statement

The board is pleased to confirm that during the year ended 28 February 2023, the directors have discharged their duties to act in a way they believe promotes the long-term success of the Company for the benefit of its members as a whole. This statement sets out how the directors have done this whilst having regard to the matters set out in section 172 of the Companies Act 2006.

The board is responsible for ensuring that the principal decisions it takes promote Braemar's long term success for its members and in doing so, they must have regard to the:

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

The board has determined the Company's key stakeholders are its employees, clients and shareholders. The views of these stakeholders are considered by the board when principal decisions are taken. The board understands the importance of effectively engaging with the Company's key stakeholders, to better understand their views and interests, and to better consider the potential impact of the Directors' decisions on them. Information on how the Company engaged with various stakeholders during the year can be found in the ESG Report on pages 34 to 45 and the Corporate Governance Report on pages 54 to 57 of this Annual Report.

The directors' duties under Section 172 of the Companies Act 2006 are embedded in all the decisions that the board and its Committees make, as are a range of other factors, including alignment with the board's strategy and values.

A summary is provided below of the principal decisions taken by the board during the year and how key stakeholders and other matters set out in section 172 were considered by the board in making these decisions:

Principal decisions of the board:

Decision	Section 172 and stakeholders
Acquisition of Southport Maritime Inc.	<ul style="list-style-type: none"> • consequences of decisions in the long term • interests of all stakeholder groups
Hiring of the tanker desk, in Madrid, Spain	<ul style="list-style-type: none"> • consequences of decisions in the long term • interests of all stakeholder groups
Enhanced Securities offering with new Natural Gas and Oil derivatives desks	<ul style="list-style-type: none"> • consequences of decisions in the long term • interests of all stakeholder groups
Recommended a final dividend of 8 pence per share for approval by shareholders at the 2023 AGM	<ul style="list-style-type: none"> • consequences of decisions in the long term • interests of stakeholders: shareholders • the need to act fairly as between members of the Company
Change of Audit & Risk Committee name	<ul style="list-style-type: none"> • consequences of decisions in the long term • reputation for high standards of business conduct

Board decision making in action Acquisition of Southport Maritime Inc.

- In December 2022, the Group announced the strategic acquisition of leading US shipbroker Southport Maritime Inc. The acquisition enhanced the Group's coverage in the Americas, which has been an important strategic objective since the board launched its growth agenda in November 2021. In considering the acquisition, the board considered the likely impact on all stakeholder groups. The Southport team complements Braemar's existing Tanker desks in London, Singapore, Madrid, Houston, and Geneva as well as significantly enhancing Braemar's presence in the Americas. The acquisition also enhanced the Group's existing coverage in Houston and Sao Paulo, these combined locations provide the ideal platform for the Group to penetrate the North and South American markets and add further scale to the Group's activities. Additionally, the board considered that the transaction was expected to enhance earnings for the year ending February 2024. More detail on this acquisition can be found on pages 16 to 17 of this Annual Report.

Hiring of the tanker desk, in Madrid, Spain.

- In December 2022, Braemar recruited a new tanker broking team, based in Madrid. The highly experienced team of ten brokers is renowned within the international tanker market having previously worked for Medco Shipbrokers SL. The team specialises in crude, dirty products, clean products, and period chartering. This new desk offering and client base complemented Braemar's existing tanker desks in London and Geneva, strengthened Braemar's global coverage and brought new commercial relationships to the Group. Expanding into new markets is a core tenet of the Group's strategy and the recruitment of this team was another step in the execution of the Group's growth plan.

Enhanced Securities offering with new Natural Gas and Oil derivatives desks

- In November 2022, Braemar launched a ten-strong Natural gas desk, the step was taken in response to a clear need in the Energy market for assistance navigating volatile rate changes and price fluctuations. The Natural Gas desk was another addition to Braemar's Securities offering and providing access to more energy products is a component of Braemar's growth strategy. Additionally, there were clear synergies with our shipping desks and there was client demand for greater market access. A talented team with a strong track record would provide a strong platform to add more products. More detail on this launch can be found on pages 10 to 11.

Recommending a final dividend of 8 pence for approval by shareholders at the 2023 AGM.

- In March 2023, the board agreed to recommend a well-covered final dividend of 8 pence per share for approval at the forthcoming AGM. The board is mindful of the importance of dividends to shareholders and this decision is in line with the Company's stated progressive dividend policy. Together with the interim dividend of 4 pence per share, this equates to total dividends per share for the year of 12 pence, a 33% increase over the prior year dividend of 9 pence per share.

Change of Audit & Risk Committee name

- During the year, the board approved the proposal to change the name of the Audit Committee to the Audit & Risk Committee. This step was taken to recognise the Committee's responsibilities with respect to risk management and to demonstrate the Company's continued commitment to strengthening risk oversight and internal control. The decision also supports our strategy which is aimed at long-term sustainable growth and development of the business. Further detail on the Group's corporate governance arrangements, the work of the Audit & Risk Committee and the Principal risks can be found on pages 60 to 64 and 47 to 53.



Environmental, People, Social and Governance (“EPSG”) Report

Making a positive impact

At Braemar, we recognise the importance of sustainability to our success as a business and we are committed to being a sustainable business, delivering growth whilst creating a positive impact on society. The environmental, social, and governance elements of traditional ‘ESG’ criteria help us to measure, manage, and demonstrate our contributions to fairer, more prosperous, and more sustainable way of doing business. However, we believe that because of the importance of people to our business, we need to explicitly recognise their contribution in


the title of our Framework and to ensure we maintain equal focus on our most important asset.

We are a people-focused Company, and without our people we would not have a sustainable business. Therefore, we place our people front and centre within our EPSG strategy to demonstrate the importance we place on them, and to ensure their continued growth and success. This year we have invested in our people, developing both their skills and capacity to enable our business to thrive. We report further on this in the People section below.

As a business within an industry that’s responsible for between 2-3% of the world’s GHG emissions we recognise that we can play a part in helping the industry with the green transition. We remain true to our EPSG purpose to facilitate climate-smart shipping and discuss in detail how we are doing that throughout our Report.

Ensuring effective governance and managing our business ethically are guiding principles for Braemar. Through our EPSG strategy we are committed to increasing the maturity and transparency of our reporting and strengthening board oversight in this area.

EPSG Framework

1 Purpose	We believe it takes expertise and experience to secure sustainable returns and mitigate risk in a volatile shipping world			
2 EPSG Objective	Facilitating climate-smart shipping			
	Environment	People	Society	Governance
4 EPSG Resources	 People Giving our people’s time, passion and experience to benefit society and the environment	 Profit Giving a percentage of our profit to support our ESG work	 Client offering Incorporating climate-smart expertise into our client services	 Value chain Collaborating with the maritime industry to achieve shared ESG goals
5 SDG Commitments	 Targets 6.3, 6.6	 Targets 8.4, 8.6	 Target 13.3	 Targets 14.1, 14.2
3 EPSG Goals	Reduce operational emissions. Achieve net zero emissions by 2050 Protect 10,000km ² of marine biodiversity areas by 2030 Facilitate responsible and sustainable shipping within the industry	Think globally to activate One Braemar Activate global programmes for bringing diverse talent into the workplace	Think globally, act locally to drive benefit for our communities	Collect data and report on ESG metrics aligned to strategy

Future Plans

In addition to the climate-smart initiatives already instigated, we are committed to implementing these plans by 2025:



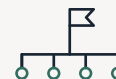
Strengthen our existing charity partnerships to focus on the key social issues affecting the countries in which we operate.



Identify new beneficiaries with a focus on the needs of maritime and seafaring communities.



Develop a strategy for transitioning to net-zero carbon emissions.



Collaborate with industry initiatives to expedite our environmental objectives.



Collaborate with expert organisations to protect marine biodiversity.



Strengthen our Executive and board supervision for all aspects of governance relating to our ESG work.



Develop a clear set of reportable metrics to evaluate our activities and show the progress of our ESG commitments for all our stakeholders, including employees, clients, communities and investors.

We have built the foundations we need to deliver our ESG strategy. Going forward, we will start to deliver on activities to reach the commitment we have made to reach our goals.



Clean water and sanitation

Ensure availability and sustainable management of water and sanitation for all

- Target 6.3** Improve water quality by reducing pollution ... minimising release of hazardous chemicals and materials ... and substantially increasing recycling and safe reuse globally
- Target 6.6** Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Target 8.4** Endeavour to decouple economic growth from environmental degradation
- Target 8.6** Reduce the proportion of youth not in employment, education or training



Climate action

Take urgent action to combat climate change and its impacts

- Target 13.3** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



Life below water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

- Target 14.1** Prevent and significantly reduce marine pollution of all kinds
- Target 14.2** Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans

Our environmental responsibilities



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Shipping is one of the most energy efficient ways to transport freight around the world.

Nevertheless, the international shipping industry accounts for approximately 2-3% of worldwide greenhouse gas emissions and faces significant challenges in the transition to a green economy. However, efforts to reduce shipping's greenhouse gas emissions have picked up pace in the last twelve months.

The International Maritime Organisation ("IMO") introduced regulations targeting emissions of existing ships in January 2023, the Carbon Intensity Indicator ("CII") and the Energy Efficiency Existing Ship Index ("EEXI"). The EEXI is a one-time requirement for existing vessels to demonstrate that they are as technically efficient as their new-build counterparts. The CII, on the other hand, looks at operational efficiency, with each vessel receiving an A-E efficiency rating based on their performance in the previous year.

The European Union is also bringing in its own rules targeting international shipping. The past year has seen preliminary deals reached on the EU Emissions Trading Scheme ("EU ETS") and FuelEU Maritime.

Alongside these regulations, companies are facing growing financial pressure to decarbonise. This is now translating into early adoption of alternative fuels; production is increasing, and infrastructure is being put in place in large EU ports. Methanol has emerged as a fuel option, and the first ammonia engines are expected by the end of 2024 or early 2025.

Developing an affordable and sustainable global supply of these fuels remains a momentous challenge, however. Efficiency improvements will therefore be key to meeting immediate emissions goals. A range of emissions saving devices are being used, with some even turning back to wind.

Optimising operations by taking advantage of the latest data and AI technologies can also offer considerable savings.

While there is a long road ahead, shipping is now taking solid steps towards a green energy transition, and we are well positioned to help our clients to achieve several of their sustainability ambitions.

Our direct impact

As a broker we seek to facilitate climate-smart shipping, aiming to reduce risk and seek opportunities to aid our clients in their green transitions.

We take care to reduce our carbon footprint, which is a result of energy use from our offices and business travel. In Aberdeen, for example, we have relocated to more energy efficient offices which have car chargers for electric vehicles, and we continue to work toward reducing the amount of paper we use in our offices.

As with the prior year, we have continued to offset our reported footprint through the purchase of carbon credits through Braemar Offset. We have invested in offset schemes that include wind power, solar photovoltaic projects, conservation initiatives, and biomass/landfill gas projects.

Streamlined Energy and Carbon Reporting 'SECR'

We measure and monitor our energy and calculate our greenhouse gas emissions based on the use of gas and electricity in our offices, car use for business purposes, and corporate travel, as shown in the table below. The data in this table represents the Group's GHG emissions and excludes associate- and joint ventures.

The Group's total emissions have increased by 54% to 830.72tCO₂e (2022: 469tCO₂e continuing operations only). This is mainly due to increases in corporate travel, specifically flights which have returned to the pre-Covid level. Other areas of energy and carbon emissions have remained on a level with the prior year except for a decrease in emissions related to employees working from home as they return to working in the offices. We continue to improve our management and reporting of emissions, as our systems develop and reporting accuracy increases, this may highlight a greater level of emissions– such as that seen in the increase in reporting Scope 1 gas emissions.

In line with the SECR requirements, we have calculated our Intensity Ratio based on our emissions per employee; an appropriate measure for a people-based business. Our carbon intensity for the reporting year is 2tCO₂e per FTE (2022: 1.3tCO₂e/fte), with the increase related to corporate travel. This is a material aspect of our carbon footprint and we aim to reduce and maintain this at lower levels over the long term.

The Group are committed to reaching the UK's net zero goal by 2050 and will set out our transition plan in the next reporting period.

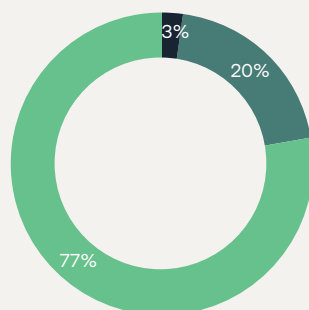
Scope 1 covers direct emissions from owned or controlled sources.

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the Group.

Scope 3 includes the following indirect emissions from the Group's value chain most material to our business: business travel, employee commuting and working from home, and transmission and distribution of electricity. Scope 3 emissions do not currently include purchased goods and services, waste disposal, investments, or leased assets.

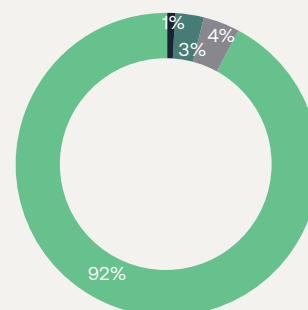
Our carbon footprint has been calculated using the GHG Protocol Corporate Standard guidelines, using the UK emission conversion factors produced for 2022 by the UK Department of Business, Energy and Industrial Strategy ("BEIS") and Department for the Environment, Food and Rural Affairs ("DEFRA"). The model used to calculate the Group's GHG emissions was developed by an independent consultant however the data used to populate this model has not been independently verified.

Scope 1, 2 and 3 emissions



- Scope 1
- Scope 2
- Scope 3

Scope 3 emission sources



- Transportation and distribution ("T&D") of electricity
- Employees working from home:
- Business travel in rental cars or employee-owned vehicles
- Emissions from flights




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Braemar Plc – Group energy usage and associated GHG emissions
SECR Reporting year – 1 March 2022 to 28 February 2023

	Year ended 28 February 2023			Prior year		
	UK	RoW	Total	UK	RoW	Total
Energy consumption (kWh)						
Gas	31,760	58,610	90,370	–	10,000	10,000
Electricity	377,581	210,762	588,343	313,063	263,338	576,401
Mileage	644	131,003	131,647	–	56,064	56,064
Total energy consumption	409,985	400,375	810,360	313,063	329,402	642,465
GHG Emissions (tCO₂e)						
Scope 1						
Emissions from combustion of gas	5.80	10.70	16.50	–	2.00	2.00
Emissions from combustion of fuel for the purposes of owned transport	0.16	8.75	8.91	–	9.00	9.00
Scope 2						
Emissions from purchased electricity (location-based)	73.02	93.77	166.79	66.00	126.00	192.00
Scope 3						
Emissions from transportation and distribution (“T&D”) of electricity	7.09	1.66	8.75	6.00	5.00	11.00
Emissions from employees working from home	5.10	14.61	19.71	40.00	49.00	89.00
Emissions from business travel in rental cars or employee-owned vehicles	–	25.27	25.27	–	5.00	5.00
Emissions from flights	352.92	234.30	587.22	70.00	91.00	161.00
Total gross emissions	444.09	389.06	833.15	183.00	286.00	469.00
FTE	138	246	384	174	188	362
Carbon intensity per FTE	3.22 tCO ₂ e/fte	1.57 tCO ₂ e/fte	2.16 tCO ₂ e/fte	1.10 tCO ₂ e/fte	1.50 tCO ₂ e/fte	1.30 tCO ₂ e/fte



Facilitating climate-smart shipping

The Group is clear that its EPSG purpose is to facilitate climate-smart shipping. This is the primary way that we can support our clients in navigating both the risks and opportunities associated with climate change.

Over the years we have developed several products and services to support our clients' transition to the green economy. These include our newbuild and ship recycling advisory services, which help shipowners to maximise the green potential of their vessels at the beginning and the end of their working lives.

Our Research desk provides analysis for our clients on the transition to the green economy. In the reporting year this has included topics such as green fuels, methanol and slow steaming. Braemar's representatives speak regularly at industry events on issues related to the green transitions. *For example, Braemar's Ian Metzger was the lead presenter at TradeWinds's Green Seas Fuels Forum in March 2023.*

Braemar Offset, our platform to enable carbon offsetting of our clients' corporate and operational emissions, is now in its second year. Braemar Offset directly connects our clients with impactful and verified climate projects which helps them play a proactive role to improve their sustainability and positively accelerate climate action. The Group is developing metrics to report on the success of Braemar Offset from FY23.

Developing carbon market

The European Union is bringing in rules which target the GHG emissions of international shipping. The past year has seen preliminary deals reached on the EU Emissions Trading Scheme ("EU ETS") and FuelEU Maritime.

The EU ETS will introduce what is effectively the world's first carbon tax for international shipping, requiring companies to purchase and annually surrender allowances for emissions on EU voyages from 2024.

FuelEU Maritime will bring further challenges from 2025, setting limits on the carbon intensity of marine fuels used on EU voyages and charging a monetary penalty for underperformance.

Targets ramp up every five years, starting at -2% in 2025 (compared to 2020) and working up to -80% by 2050, phasing out most fossil fuel use on EU routes.

These rules and increased legislation bring challenges but also opportunities to develop green products to develop the carbon transition market.

Task Force on Climate-related Financial Disclosures Report

The Group recognises that the international shipping industry accounts for approximately 2–3% of world-wide greenhouse gas emissions which presents significant risks and opportunities for our business.

We seek to incorporate the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations into our strategic decision making going forward. This is our second year of TCFD reporting, where we have built on the solid foundation of the first year and started to analyse the impacts of climate change on our business. While we are not yet fully compliant with the TCFD recommendations we are building towards full compliance with TCFD-recommended disclosures in future years.


In the table below, we have stated where we are fully, partially or not yet compliant against each disclosure.

The following summary sets out how the Group incorporates climate-related risks and opportunities into the four pillars set out by the TCFD: governance, strategy, risk management, and metrics and targets.

This summary includes references to other sections of this Annual Report where further disclosures are provided, and an explanation is given where the Group's compliance with TCFD disclosures is partial or omitted.

Governance		
Describe the board's oversight of climate-related risks and opportunities  Principal risks and uncertainties on pages 47 to 53  Audit & Risk Committee Report on pages 60 to 64	Full	<p>The board has overall responsibility and oversight of climate-related risks and opportunities. It is informed by the Audit & Risk Committee of risks and opportunities in relation to climate change.</p> <p>The Audit & Risk Committee reviews the impact of climate-change risks and opportunities and incorporates these risks and opportunities into the Group's Risk Management Framework.</p> <p>The Risk Committee reports to the Audit & Risk Committee via the Group Chief Operating Officer and the Group Chief Financial Officer, the latter having executive responsibility for this area. Further details on the roles and responsibilities of these two Committees can be found on page 48.</p>
Describe management's role in assessing and managing climate-related risks and opportunities  Principal risks and uncertainties on pages 47 to 53	Full	<p>During FY23, the Group Chief Financial Officer (with the support of the Risk Committee) had overall responsibility for assessing and managing climate-related risks and uncertainties. With the support of external consultants and internal industry experts the management team is kept updated on climate change risks and opportunities throughout the year. Going forward, once the scenario analysis is complete, management teams will discuss the likely climate risks and opportunities to decide those most material to the business.</p>
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term  Principal risks and uncertainties on pages 47 to 53	Partial	<p>The Risk Committee has considered the Group's climate-related risks and opportunities and has identified the following relevant timeframes:</p> <p>Short term: 0–2 years. Medium term: 3–10 years. Long term: Beyond 10 years</p> <p>Environment and Climate Change has been identified as a principal risk, although it is not expected to have an impact on financial performance in the short term.</p> <p>The Group has commissioned an external ESG advisory firm to support the Company to better identify climate-related risks and opportunities on the organisation's business, strategy and financial planning.</p> <p>Further detailed risks and opportunities will be presented on completion of the scenario analysis work in time for reporting in the FY24 Annual Report.</p>
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Non-compliant	<p>The commissioned external ESG advisory firm will also help quantify the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.</p> <p>The Risk Committee has been tasked with ensuring that the impacts of climate-related risks and opportunities are assessed in the Group's business, strategy and financial planning. We will continue to develop this area throughout the year and provide updates in future reports.</p>
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Non-compliant	<p>The Group has started to model climate-related scenarios and to assess the resilience of the organisation's strategy to these scenarios. It is considered that there is little or no negative impact in the short term, and this is balanced with possible opportunities.</p> <p>The Group incorporates various financial scenarios in its strategic modelling, including freight rates, commodity prices, and foreign exchange rates. In FY24, work will commence to incorporate climate change scenarios into the Group's financial modelling and expects to continue this work in future reporting years.</p> <p>When this initial work is complete the Group will be able to better quantify the impacts and assess the resilience of the Group's strategy. Updates will be provided in future reports.</p>

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks	Partial	During FY23 the Audit & Risk Committee, with support from the Risk Committee, had responsibility for identifying, assessing and managing climate-related risks and opportunities. The Audit & Risk Committee has responsibility for monitoring this as an ongoing risk.
Describe the organisation's processes for managing climate-related risks	Partial	The Audit & Risk Committee, with support from the Risk Committee, is responsible for identifying, monitoring and managing climate-related risks.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Full	The processes described above are fully integrated into the Group's overall risk management processes.
 Principal risks and uncertainties on pages 47 to 53		

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Non-compliant	Throughout FY24 we are working to develop a set of metrics to demonstrate how we will assess our climate-related risks. An update on this work will be published in future Annual Reports. These metrics will be aligned to the Group's specific climate-related risks as well as the Environment pillar of the Group's EPSG Framework.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Partial	<p>The Group has disclosed all mandatory Scope 1 and Scope 2 GHG emissions.</p> <p>The Group has also disclosed certain voluntary Scope 3 emissions, including the GHG emissions due to employees working from home.</p>
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Non-compliant	<p>The Group has committed to reach net zero by 2050 in line with the UK's objective for doing so.</p> <p>The Group continues to offset its carbon footprint on an annual basis through our Braemar Offset platform in partnership with CHOOOSE.</p> <p>Throughout FY24, we will develop the targets that will be used to manage climate-related risks and opportunities and performance against targets. An update on this work will be published in future Annual Reports.</p> <p>In its EPSG framework, the Group has committed to aligning its climate-related targets to certain references in the United Nations Sustainable Development Goals ("SDGs"). The references that are relevant to climate-related risks and opportunities are:</p> <p>SDG 8.4 Improve Resource Efficiency in Consumption and Production.</p> <p>The Group is developing targets to improve the energy-efficiency of its offices.</p> <p>SDG 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p> <p>The Group is developing targets to raise awareness of climate change and mitigations in our industry amongst both our team and our clients.</p>

The Braemar view on climate-related financial risks and opportunities

As we journey through this process, we are becoming more aware of both the risks associated with climate change, in terms of the physical and regulatory effects and, also, the opportunities this presents for a business like ours.

On the one hand, we know that climate change regulation will impact the selling and transportation of some of the goods that we help our clients ship around the world, such as coal. Over time some nations will ban this fossil fuel from entering their country, and we expect a downturn of the amount that will need to be transported over the long term.

On the other hand, we are presented with opportunities to broker ships that directly support the transition to green energy as well as for alternative goods needed for the green transition, the increase in the renewables markets and auxiliary services required to facilitate that, and chartering voyages via zero shipping routes, among others. We currently operate an offset provision service via Braemar offset.

The recent change to regulation with shipping now included in the European market Emissions Trading Scheme ("EU ETS") presents both a short-term risk and offers opportunities to the market.

On balance, we feel well prepared for both the possible risks and opportunities for the business. Over the next reporting year, we are developing climate scenarios and analysis based on the short, medium and long term and according to the Paris aligned commitments of both 1.5 and 2 degree scenarios. Further detail on our climate-related financial risk will be disclosed as a result of this ongoing work.

Our people



Building on the work started in early 2022, we are making continued progress on our commitment to develop our HR strategy and implement the infrastructure to provide a united and globally consistent experience for our people, which is critical to supporting our growth strategy.

We are rolling out a global HR platform which gives better visibility for all employee data and an improved employee experience. In the past year we have also implemented a new payroll system, and a new training platform. In FY23 the Group's continuing operations had an average of 384 employees (FY22: 362) located in 17 offices (FY22: 14) across 12 countries (FY22: 11).

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We continue to create one global Braemar experience across all our departments and offices by introducing new, more agile, systems, impeccable operations, and a balanced corporate structure. This will support growth and make us more competitive in retaining and rewarding our current talent, as well as attracting talent for the future.

Becki Mackay
Group Head of HR

Diverse talent development

We retain our strategic focus on recruitment and retention as well as mitigating the risk of losing highly specialised people within a relatively small industry. Shipbroking can be a job for life, and we are proud that so many of our people choose to stay with Braemar for significant parts of their career.

Our strategy is to maintain a compelling value proposition for our employees, and to be the employer of choice for top talent and the talent of the future. This approach is already enabling us to hire leading brokers from the industry. Our EPSG strategy, focused on facilitating climate-smart shipping, is creating opportunities to hire and train new talent. We know we need to attract the talent of the future, and we have created a Trainee Broker Scheme to provide opportunities for the next generation of shipbrokers and attract a greater diversity of people; many of whom might not have considered shipbroking as a career.

The Trainee Broker Scheme is open to anyone with the drive and curiosity to start a career in shipbroking: we are not an industry which only hires graduates or people with previous experience. We want to give jobs, training, and support to people of any age or background with the character, tenacity, and capability to benefit from the job satisfaction, personal growth, and long-term rewards that come from being a shipbroker.

Employee engagement

Our people have largely returned to working in our offices, and we continue to focus on creating a safe, healthy working environment. Our offices are increasingly environmentally friendly, with many of our teams engaging in recycling waste and energy reduction activities. We continue to support employees with their mental health and overall well-being. The ongoing exercise to benchmark employee remuneration and review employee incentive packages will be more easily achieved with the increased visibility of global pay and benefits afforded by our new HR system.

Gender diversity

As at 31 December 2022 women accounted for 23% of our global workforce (2022: 23%), with 2 female and 4 male directors on the board.

We remain committed to addressing the gender imbalance across our organisation, an integral part of our EPSG strategy, and we look forward to reporting our progress in this area. We are seeing more women joining the industry, and women are among Braemar's longest-retained employees. Our Trainee Broker Scheme is one of the first actions we have taken to attract more diverse talent to the industry.

Kay Woods

LPG & Petrochemicals desk for 35 years¹

Kay initially joined a team of 10 on the LPG & Petrochemicals desk, one of two women, and she has seen many changes over the years. 'The sector is far more regulated and professional, and there are many more women coming into the industry, both in operations and as brokers.'

While the LPG & Petrochemicals Desk is a smaller part of the shipping world it can be stressful. If something goes wrong with a ship, such as it running late, it can be worth millions of dollars, so relationships and trust are critical, and Kay has built these over many years.

¹ Kay initially joined Burbank, which was later acquired by Braemar.

"It's vital to be personable, to make connections and find commonalities with all kinds of people, to be solutions-focused, and to gain the trust of the charterers so you can ring them in the middle of the night to negotiate a compromise, solve an issue, or deliver bad news. It's the relationships which make things happen smoothly and keeps bringing clients back to Braemar – and leads to the mega-deals."

She uses her experience to support trainees as they learn about the world markets and how they're connected which, she says, often changes their view of the world. Covid was an eye-opener for many with the realisation of just how many products arrive by sea and the impact of delays to shipping.

If Kay could have known 35 years ago what she knows now, she would have told herself she was going down the right path:

"Shipping is dynamic, you're a critical part of the world market, working with different people in many places. You're never bored, there's always something to do or solve, or new projects to work on!"



66

Working at Braemar is exciting and dynamic. I love being at the forefront of big changes and world-leading innovation, and I'm always learning.

Kay Woods
LPG & Petrochemicals desk

Society



Photo: (c) Brouwersgracht, Spliethoff, all rights reserved

When we adopted our EPSG Framework in 2022 we committed to achieving several short, medium and longer-term goals by 2025, including:

- developing programmes to diversify our workforce;
- strengthening our existing charity partnerships;
- focusing on the key social issues affecting the countries in which we operate; and
- identifying new charitable beneficiaries with a focus on the environment and oceans, as well as the needs of maritime and seafaring communities.

We also set an objective to engage our employees in delivering our environmental and social goals alongside Company-initiated activities.

Strengthening charity partnerships

In the coming year we will be engaging our employees in reviewing and enhancing our social and environmental charity partnerships. While we work towards implementing a more strategic global approach to social and environmental partnerships, our offices have continued to help our long-term charity partners, as well as some new ones.

We have enjoyed a long relationship with shipping-related charities: in September our Deep Sea Tanker desk took part in Mercy Ships' Cargo Day, donating their commissions to provide free surgical and medical care to some of the most vulnerable people in sub-Saharan Africa.

One of our UK desks donated to the Mission to Seafarers which provides emotional and spiritual services as well as welfare and emergency support. And through our tanker FFA JV with GFI Group, we contributed to the BGC Partners Charity Day which, every year with the Cantor Fitzgerald Relief Fund, 'commemorates friends and colleagues who perished on September 11, 2001'.

This year we supported the Valero Benefit for Children to raise funds for children's charities across the U.S. And our Specialised Tanker desk donated a deal commission to the Turkey/Syria earthquake relief appeal.

In December 2022, we created an 'Advent Calendar of Charities' and donated a total of £25,000 to them. Each day during December we randomly selected a member of staff who could decide where to donate £1,000, and on 24 December £2,000. The charities staff chose included Floga who work in Greece to aid understanding about childhood cancer, Human Appeal for their Gaza Emergency Appeal, National Energy Action for their cost of living work to help people who can't afford to heat their homes, as well as UNICEF, Macmillan Cancer and several other hospices.

We also donated at least £500 each to more than 20 individual charities which employees are passionate about, including the Alzheimer's Society, Cancer Research UK, Dementia UK, Guide Dogs, RSPCA, and WWF.

Our team in Singapore have made donations, as well as volunteered their time, to support Willing Hearts for their soup kitchen which distributes 7,000 daily meals to over 70 locations, 365 days a year. The team also donate to and volunteer with Ronald McDonald House which enables families to stay close to their hospitalised child at no cost.



Governance

How EPSG is discussed at the board

We maintain a high standard of corporate governance, which is essential to enable our business to succeed in delivering its strategy. Moreover, it is integral to enhancing its reputation and maintaining the trust and support of its shareholders, clients, employees and other stakeholders.

Further details of the Group's compliance with the UK Corporate Governance Code can be found in the Corporate Governance Report on pages 54 to 59 of this Annual Report.

EPSG is overseen at the board level by Elizabeth Gooch, senior independent non-executive director. Managing the business in an ethical manner is an essential part of the ethos of Braemar driven by both our CEO, James Gundy, and our Chairman, Nigel Payne; both refer to our EPSG commitments in their respective reports on pages 5 to 7 and 14 to 15 of this Annual Report.

We set high standards for our team and give them clear frameworks and policies within which to operate, as set out in our Employee Handbook. This is supported by an externally provided telephone line to report any incidents under our whistleblowing policy, and by the Group's internal training programme which covers key policies.

Our Anti-Money Laundering ("AML") and Know Your Customer ("KYC") policies and procedures form a key component of Braemar's governance framework. Our Compliance team provides a Group-wide training program to help ensure our employees are aware and comply with all relevant legal and regulatory obligations including our AML and KYC policies and procedures.

We are committed to protecting human rights and ensuring there is no slavery or human trafficking in our business or supply chain. There is a clear statement of our intent on our website www.braemar.com.

Non-Financial Information Statement

Braemar presents its non-financial information statement in compliance with sections 414CA and 414CB of the Companies Act 2006. We explain here where you can find further information on how we act responsibly in relation to our employees, wider society and the environment.

Reporting requirement	Key policies and standards (which include relevant due diligence requirements)	Further information
Environmental matters	<ul style="list-style-type: none"> • Health, safety and environmental 	Refer to the EPSG Report on pages 34 to 45
Our employees	<ul style="list-style-type: none"> • Employee handbook • Whistleblowing • Health and safety 	Refer to the EPSG Report on pages 34 to 45
Social matters		Refer to the EPSG Report on pages 34 to 45
Human rights	<ul style="list-style-type: none"> • Anti-slavery • GDPR 	Refer to the EPSG Report on pages 34 to 45
Anti-bribery and corruption	<ul style="list-style-type: none"> • Anti-Bribery and Corruption • Anti-Tax Evasion • Anti-Fraud • Anti-Money Laundering/Know Your Customer • Entertainment, Meals and Gifts 	Refer to the EPSG Report on pages 34 to 45
Our business model		For more information, refer to pages 8 to 9
Principal risks – Risk management		For more information, refer to pages 47 to 53
Non-financial key performance indicators		Refer to page 21 for the non-financial key performance indicators

Principal Risks and Uncertainties

Risk management

Effective risk management forms an integral part of how we operate. It is essential for delivering our strategic objectives as well as protecting our relationships and reputation.

The Group's risk management framework

Risk awareness is a key element of Braemar's organisational culture at all levels and is key in managing risks to our business, helping to ensure the process of risk identification, assessment and response is embedded within daily operational and functional activities across the Group.

The board is responsible for managing the Group's risk, overseeing the internal control framework, and determining the nature and extent of the principal risks the Company is willing to take to achieve its long-term objectives. The Group's risk management and internal control frameworks are continually monitored and reviewed by the board and the Audit and Risk Committee, with support from the Risk Committee. The board is committed to maintaining the highest standards of conduct in all aspects of its business. Group policies and procedures have been designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and aligned with the Group's long-term strategy.

Reporting to the Chair of the Audit and Risk Committee and administratively to the Group Chief Financial Officer, the Head of Internal Audit and Risk leads the Internal Audit and Risk Management function.

Risk management process

The Group's Risk Management approach or framework incorporates both bottom-up and top-down identification, evaluation, and management of risks. Within our framework:

- Senior management have initial responsibility for identifying, monitoring, and updating business risks; while
- Group IT, HR, Legal, Compliance and Finance management also assess their respective functions for operational and functional risks.

The Group's Risk Management framework is managed via an online system which is accessible to the senior management team and operational and functional management teams globally. The system's functionality has allowed for enhanced monitoring and reporting automation. The system allows for:

- Group-wide real-time updating,
- Distribution and completion of periodic internal control self-assessment surveys;
- Ongoing monitoring of risks and mitigation activities at Group, Operational, and Functional levels; and
- Risk Management reporting at Group, Regional, and Company location levels.

The Group's risk management framework considers both the likelihood and the impact of identified risks materialising. Risks are mitigated, where possible, by the implementation of control activities, which are evaluated as part of the risk-based internal audit plan to determine their effectiveness in mitigating or reducing risk to acceptable levels.

All identified risks are aggregated and reviewed to assess their impact on the Group's strategic objectives and the resources required to manage them effectively. Principal risks are aggregated together with associated issues or areas of uncertainty. The extent of controls and mitigation as well as the potential for a material effect on the market value of the Group are then assessed. Inherent risks can be significant, but our control processes and management actions reduce the risk level.

The risk management process evaluates the timescale over which new or emerging risks may occur. The risk management process also considers the potential impact and likelihood of risks, as well as the timescale in which risks may occur. The outcome of this process is then reviewed with further consideration and assessment provided by the Risk Committee, the Audit and Risk Committee, and the board.

Oversight and evaluation of the effectiveness of Braemar's risk management framework is led by the Group Chief Financial Officer, supported by the Risk Committee whose membership includes the Group Chief Operating Officer, Company Secretary, Head of Internal Audit and Risk, Head of Compliance, and representatives of other functions and locations of the business. The Risk Committee monitors risks regularly, taking into consideration the appetite, tolerance, and potential impact for specific risks on the Group.

Principal Risks and Uncertainties continued

Principal risks

The principal risks which may impact the Group's ability to execute its strategic objectives have changed since 2022. Three risks previously disclosed as principal risks have been removed with two emerging risks added to the 2023 disclosure. The risks that follow, whilst not exhaustive, are those principal risks which we believe could have the greatest impact on our business and have been discussed at meetings of the board, the Risk Committee and the Audit and Risk Committee. The board reviews these risks in the knowledge that currently unknown, non-existent or immaterial risks could turn out to be significant in the future and confirms that a robust assessment has been performed. The Audit and Risk Committee review and approve the principal risks and any related mitigation plans.

Sanctions and trade restrictions (New principal risk)

Exacerbated by the ongoing conflict in Ukraine, the increased significance and prominence of sanctions and trade restrictions have been assessed as necessary to disclose separately as a principal risk in its own right.

Integration risk (New principal risk)

As outlined in the 2022 Annual Accounts, Braemar's primary medium-term ambition is, through strategic hires and acquisitions, to increase the size of the business. This means that integrating and aligning new acquisitions is an area of increased focus of the operational and financial functions of the Group.

Other changes

Three principal risks disclosed in 2022 have been omitted from the current year's disclosure. Whilst the related risk has not been mitigated in its entirety, they no longer reflect the most significant risk to which the board considers the Group is exposed to. These risks are namely: 'Change Management', 'Financial capacity' and 'Major business disruption'.

Risk mitigation

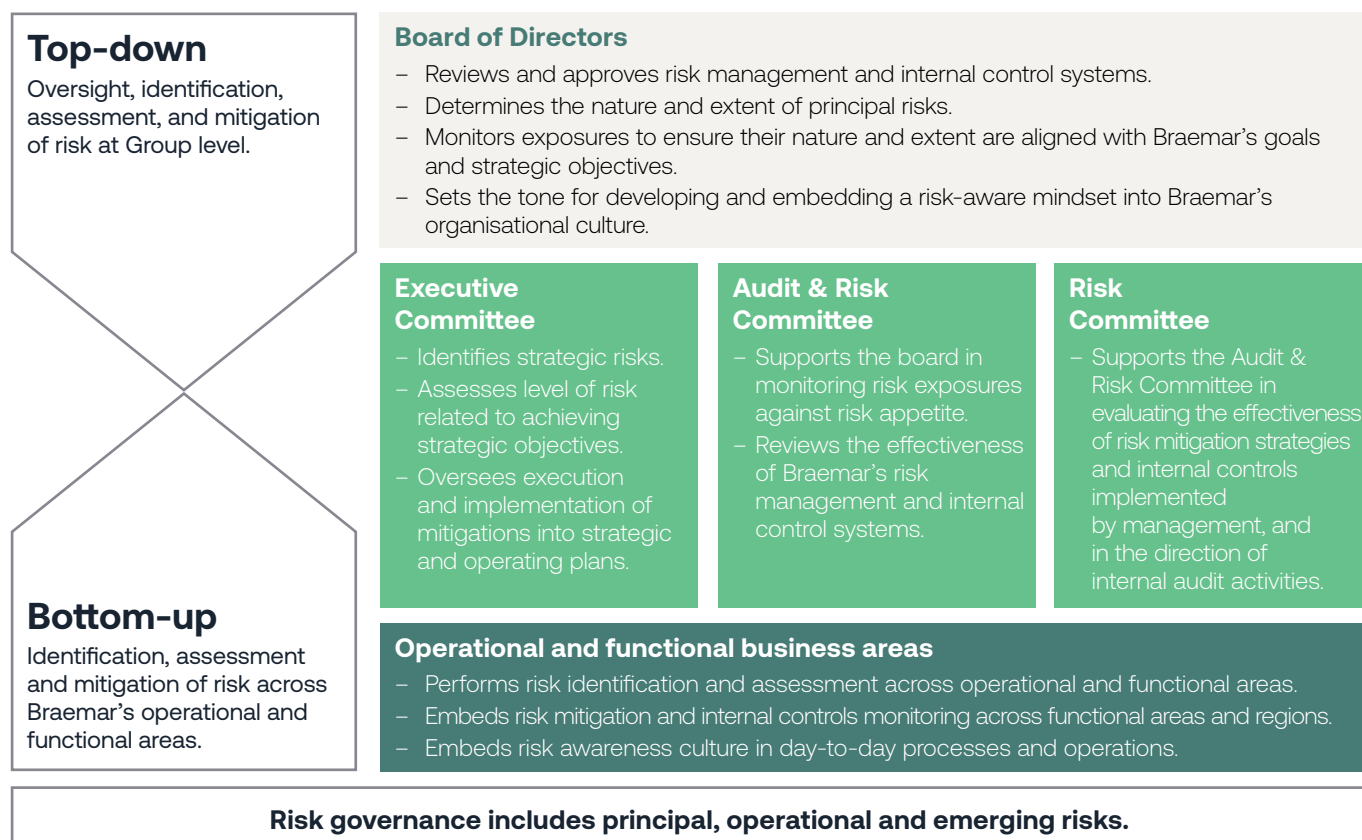
The Group takes various measures to mitigate risk. Key steps in our risk management process throughout the year included:

- Ongoing periodic review and updating of policies and procedures, including AML and KYC, to enhance/strengthen

the Group's governance framework, with ongoing monitoring of employee compliance by the Head of Internal Audit & Risk and Head of Compliance.

- A system of internal checks and authorisations, complemented by independent assurance activities.
- Usage of common finance, HR and operations systems across the Group supported by our IT team.
- Succession planning and strategic recruitment supported by the Group HR team.
- Establishment of board-approved Group budgets with ongoing performance monitoring against budgets/forecasts and independent investigation of significant variances.
- Regular reporting of Treasury management activity to the board by the Group Chief Financial Officer. (Note: the Group does not enter speculative treasury transactions.)
- Ongoing monitoring of contractual risk by the Group legal team.
- Operation of the Group's whistleblowing procedure.
- Maintenance of appropriate insurance cover.

Group risk governance



Key:



Increased



Decreased



No change



New

Group Risk Governance

Principal Risks

The directors have carried out an assessment of the principal and emerging risks facing the Company. The most significant risks to which the board considers the Group is exposed, based on the evaluation process described in the Group's Risk Management Framework are set out below.

Risk	Summary of impact	Mitigating control and management actions	Net risk change
<p>Sanctions and trade restrictions</p> <p>Braemar operates in a global landscape of trade and financial sanctions with a variety of associated compliance requirements.</p> <p>This has been assessed as a new Principal Risk for the 2023 financial year.</p>	<p>Conducting business with sanctioned entities, through sanctioned regions and facilitating transport of sanctioned goods will lead to non-compliance with sanctioned regimes resulting in financial penalties/fines and reputational damage.</p> <p>Note: Increased scrutiny from regulatory bodies and rising geopolitical and macroeconomic issues, including the continued Russia/Ukraine conflict, has increased the potential impact of risks associated with breaches of sanctions and trade restriction requirements.</p>	<ul style="list-style-type: none"> Enhanced KYC procedures performed and specialised legal team engage in constant monitoring of updates to applicable sanction regimes and regulations. Technology solutions used to optimise the efficiency of sanction screening performed. External assurance providers performing internal audit reviews over the sanctions process and providing recommendations which management intend to implement in the current financial year. 	NEW
<p>Integration risk</p> <p>As outlined in the 2022 Financial Year, Braemar's primary medium-term ambition is, through strategic hires and acquisitions, to increase the size of the business.</p> <p>Integrating and aligning any new acquisition with the Group poses various challenges from an operational and financial perspective.</p> <p>This has been assessed as a new Principal Risk for 2023 financial year.</p>	<p>Inefficiencies and/or reduced expected synergies realised after integrating new acquisitions into the Group and aligning them with the respective Group strategies.</p>	<ul style="list-style-type: none"> Performance of new business is monitored through regular dialogue with relevant business leaders. An integration strategy is monitored throughout the various stages of an acquisition. Compliance and legal mechanisms in place to ensure the purchase meets any relevant regulatory requirements and the target company aligns appropriately with the relevant Group values. Prioritisation of identified growth opportunities to ensure resources are appropriately allocated to opportunities with the best potential return on investment. 	NEW
<p>Loss of key personnel and weak organisational culture</p> <p>Braemar is a people-based business and people are vital to its success.</p> <p>Inadequate policies and reward structures could incentivise negative behaviours, create internal conflict, lead to reputational damage, and contribute to failure in attracting and /or retaining skilled personnel.</p> <p>Failure to adapt to, or align with, market expectations, including the offering of flexible or hybrid working arrangements, could result in the inability to attract and retain skilled personnel.</p> <p>Lack of appropriate consideration of environmental and wider social issues could also contribute to the inability to attract and retain skilled personnel.</p>	<p>Employee relations claims/litigation/tribunals attributed to negative behaviours or actions, increases the potential for reputational damage because of negative publicity in the public domain.</p> <p>Loss of key staff could result in reduced revenue if former staff attempt to take contacts and business with them. The restrictive covenants included in employment contracts help to mitigate this risk.</p> <p>Strategic growth objectives may not be achieved if Braemar fails to attract and retain skilled personnel.</p>	<p>Ongoing review of policies including Conflicts of Interest, Code of Conduct, and the Employee Handbook, to ensure behavioural expectations and employment practices for managers and employees are clearly defined.</p> <p>Organisation structure changes included the creation of associate director roles to identify key employees and to better define progression opportunities.</p> <p>Ongoing development of a culture of engagement and professional development, including implementation of performance management objectives, clearly defined pathways for career progression, and succession planning at senior management levels.</p> <p>Annual review of compensation with external benchmarking helps to ensure remuneration packages continue to be appropriate and competitive.</p> <p>Ongoing consideration of roles potentially suitable for hybrid and flexible working arrangements.</p>	—

Principal Risks and Uncertainties continued

Risk	Summary of impact	Mitigating control and management actions	Net risk change
Compliance with laws and regulations Braemar generates revenues from a global business that exposes the Group to risks associated with legal and regulatory requirements in multiple jurisdictions.	<p>Legal and regulatory breaches could result in fines, sanctions being imposed on our business, and the loss of Braemar's ability to continue operating.</p> <p>Failure to meet all reporting obligations could lead to reputational damage which could then lead to loss of revenue and staff.</p>	<p>Group-wide training program to help ensure employee awareness of, and compliance with, all relevant legal and regulatory obligations:</p> <ul style="list-style-type: none"> – Braemar corporate governance framework; – Braemar risk management methodology; – Compliance with our policies, including our AML/KYC policies' (enhanced) customer due diligence requirements; and – Compliance with relevant laws & regulations, including anti-bribery and corruption regulations. <p>Enhanced KYC procedures and ongoing monitoring of compliance with governance policies and legal/regulatory requirements across the Group.</p> <p>Ongoing monitoring to ensure insurance cover is maintained at adequate levels.</p>	
Currency fluctuations The Group is exposed to foreign exchange risk because of a large proportion of its revenue being generated in US dollars while the cost base is in multiple currencies.	<p>A change in exchange rates could result in a financial gain or loss.</p>	<p>The board sets the treasury policy which details the level of exposure the board is comfortable with and the Group hedges to the level stipulated in the treasury policy. Forward currency (US \$) contracts are entered into to mitigate the risk of adverse currency movements.</p>	
Cybercrime/data security Cybercrime could result in loss of business assets or disruption to the Group's IT systems and its business. Lack of appropriate data security could result in loss of data.	<p>Loss of service and associated loss of revenue. Reputational damage. Potential for loss of cash due to fraud or phishing.</p>	<p>Globally, cyber-attacks increased significantly during and post the COVID pandemic. To address the persistent threat, and to enhance security measures already in place, Braemar has embarked on a global Cyber Security programme. This programme includes the implementation of the NIST Cyber Security Framework and ISO 27001 as Braemar's controls catalogue. Our Security Operations Centre is fully operational with 24/7 monitoring and coverage.</p>	
Disruptive technology Shipbroking is still largely a business that is transacted via personal relationships dependent on quality service. Hence the risk of technological change, disintermediation and increased customer demands for enhanced technological offerings could render aspects of our current services obsolete, potentially resulting in loss of customers.	<p>Relationships could be devalued and replaced by disruptive technology platforms, resulting in increased competition, consequent price reductions, and loss of revenue.</p>	<p>Investment in technology through partnering with best-in-class providers, such as Zuma Labs, has effectively differentiated Braemar.</p> <p>Ongoing modernisation of our infrastructure to allow for focus on innovation and strategic direction.</p>	

Key:



Increased



Decreased



No change



New

Risk	Summary of impact	Mitigating control and management actions	Net risk change
Environment and climate change Seaborne transportation is estimated to create approximately 3% of the worlds carbon emissions and there will be increased pressure to reduce that in future years. Failure to monitor and address the risks associated with that reduction process could result in loss of revenue for Braemar and its customers and counterparties.	<p>The Group's P&L and liquidity could be negatively impacted if customers are lost as a result of Braemar not keeping pace with our peers and industry best-practice.</p> <p>Non-compliance with regulations or disclosure requirements could result in fines or penalties.</p> <p>Failure to appropriately monitor and mitigate these risks could lead to Braemar suffering serious reputational damage.</p> <p>Note: Management does not expect climate-related risks to have a material impact on the Group's short-term financial performance.</p>	<p>Investment in the offshore renewables market and technology to allow the Group and its clients to offset carbon emissions.</p> <p>Ongoing development of the EPSG strategy which allows the Group to monitor and report on environmental and climate-related risks.</p>	
Geopolitical and macroeconomic Braemar's business is reliant on global trade flows and as such may be negatively impacted by geopolitical and/or macroeconomic issues, such as changes in crude oil price, restrictions in global trade due to pandemics such as COVID, sanctions, and changes in supply and demand.	<p>A downturn in the world economy could affect transaction volumes, resulting in reduced revenue.</p> <p>Changes in shipping rates and/or changes in the demand or pricing of commodities could affect supply activity.</p> <p>Note: The continued conflict between Russia and Ukraine and related global sanctions has increased the potential impact of risks associated with both geopolitical and/or macroeconomic issues and compliance with relevant laws and regulations.</p>	<p>Diversification on a sector and geographic basis reduces dependency on individual business areas.</p> <p>Ongoing monitoring to ensure the Group is appropriately resourced across its activities and geographies.</p> <p>Ongoing management of costs based on current and reasonably foreseeable market conditions.</p> <p>Enhanced KYC procedures and ongoing monitoring of compliance with governance policies, sanctions, and other legal/regulatory requirements across the Group to help ensure laws and regulations are not breached.</p> <p>Braemar's diverse service offering, led by experts in their fields, means the Group is in the best position to find new opportunities in volatile market conditions and able to take advantage of market turnarounds.</p>	

Principal Risks and Uncertainties continued

Internal audit

The Group's internal audit function is monitored and reviewed by the Audit Committee, to ensure that the Group's risk management and internal controls processes are working effectively. A detailed description of the Group's internal audit function can be found on page 64 of this Annual Report.

Going concern

The Group generated strong underlying operational cash flow in the year of £22.1m, up from £20.5m in FY22, and has continued to do so in the first months of trading in the current year. The Group's Balance Sheet has strengthened significantly due to the strong trading and cash receipts and is in a stronger position than at February 2022, with net bank cash of £6.9m (2022 net bank debt: £9.3m). This is despite the investments that were made towards the end of the year in the new office in Madrid and the acquisition of Southport Maritime in the US that total £7.3m – £1.3m upfront for the new Madrid desk, and £6m for Southport. Therefore, the directors believe that the Group is well positioned to manage its risks. Whilst there are still uncertainties facing the business including those related to the conflict in the Ukraine, they are nothing like those that were the case in the previous two years due to the Covid disruptions.

A more detailed analysis of the risks facing the business is outlined in Note 1 (see pages 104 to 106). The analysis concludes that there is no material uncertainty relating to going concern, based on cash flow forecast for a 15-month period from the signing of these accounts to 28 February 2025. The directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for twelve months from the date of the approval of these Financial Statements and for this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Viability statement

In accordance with the UK Corporate Governance Code, the directors have assessed the prospects of the Group over a period of four years, which they believe is an appropriate period based on the Group's current financial position, banking facilities, budgets and forecasts, strategy, principal risks, and exposure to potentially volatile market forces.

In recent years and particularly during the COVID pandemic, the Group's bankers, HSBC, have been highly supportive and allowed relaxations of covenants to give the board the time to make alternative plans to ensure sufficient liquidity is available to continue the Group's plans. Those relaxations of covenant levels were never in fact required and the Group traded comfortably within the covenants relating to the facility during the last financial year and is confident that it will continue to do so.

During the year, the directors were successful in renewing facilities with HSBC with very similar terms to the previous one that expires in the first instance in November 2025 but that may be extended with lender approval by a further one or two years giving a maximum duration until November 2027. More detail can be found in Note 1 to the Financial Statements on pages 104 to 106 of this Annual Report. The viability assessment has been carried out over a four-year period from the balance sheet date to 28 February 2027, by which time new banking facilities will need to have been concluded. It therefore assumes that similar banking facilities will be made available to the Group for the whole of this time. The directors' assessment considers those current facility terms and includes a review of the financial impact of significant adverse scenarios.

In generating those scenarios, consideration was also given to the risks to the business that have been identified in this Annual Report on pages 47 to 51 as new or increasing:

Sanctions and trade restrictions –

Braemar operates in a global landscape of international and financial sanctions with a variety of associated compliance requirements. This has been assessed as a new Principal Risk for 2023 financial year. Although the degree of due diligence and legal reviews has increased in the period due to the enhanced sanctions regime resulting from the Ukraine war, there is little evidence of reduced volumes or values of commissions as a result.

Integration risk – the business made an acquisition in the US during the year and set up a new office in Madrid, in Spain toward the end of last year. It is still early days but there is no evidence currently of weaker revenues and profits from those offices than forecast, indeed both have traded well since coming into Braemar ownership.

Compliance with laws and regulation –

the risks to the business caused by the increasing degree of sanctions resulting from the conflict in the Ukraine have clearly increased over the last six months but have yet to manifest itself in reduced revenues. Exposure to sanctioned business isn't material to the Group and experience to date suggests that although freight patterns are changing as a result, overall volumes are not declining. The Group also has a number of reporting obligations that must be met. During 2023, the Group was late in delivering its Annual Report and accounts, however, this has not led to a material loss of revenue or staff. The Group is implementing measures to prevent any delays reoccurring and acknowledges that any future delays could have an impact on the reputation of the Group.

Environment and climate change – environmental and climate change factors will have a significant long-term impact on the Shipping industry and pose a risk to the Group if they aren't recognised and adapted to. In the short to medium term, these changes will also provide opportunities to provide additional support to the industry and for additional revenue generation. The longer-term risks are not expected to have an impact on the business during the period under review.

Geopolitical and macroeconomic – similar to the compliance with laws and regulation risk the conflict in the Ukraine war raised the risk level due to geopolitical and macroeconomic risk with a resultant global downturn or recession likely to have a negative impact on the business. Heightened tensions in other parts of the world such as Taiwan could also lead to further disruption, however the experience to date is that the shipping market volatility has if anything increased revenue generation rather than reduced it.

Revenue was chosen as the main variable in generating the adverse scenarios as there are no costs of sale within the business and the remaining costs are largely fixed or made up of bonus pools which will vary in line with the levels of revenue. Set against those falls in revenue is the likely effectiveness of potential mitigations that are reasonably believed to be available to the Group over this period.

In considering these potential mitigations, the board was mindful of its duties under Section 172 of the Companies Act 2006 and considered the potentially competing interests of different stakeholder groups and the potential long-term consequences of the actions, including the use of funds for employee remuneration (and the role this plays in the retention of staff), paying dividends, making investments and repaying debt.

The assessment involves the production of cash flow forecasts designed to assess the ability of the Group to operate both within the banking facility covenants and liquidity headroom. The main downside sensitivities used were annual revenue reductions of 7.5% and 15% from October 2023 to December 2024 and stabilised thereafter. Under the 7.5% cases the board concluded that with only very minor cost-saving or cash management mitigations available to it, the Group could continue to operate under the current banking facilities over the three- year period. Under the 15% case certain additional cost saving and cash mitigation actions were required to allow the Group to continue to operate within the current banking facilities, all of which were within the board's control.

The assessment also incorporated a "reverse stress test" which was designed to identify scenarios under which the Group's banking facilities would be inadequate to continue as a going concern despite using all the mitigating options available. The result of this test shows that all available mitigations would be exhausted, and facilities breached if there was approximately a 35% decrease in forecast revenue from October 2023 through to December 2024.

The directors have concluded that whilst future outcomes cannot be guaranteed or predicted with certainty the revenue and operating margin scenarios that would lead to such a failure are highly unlikely. This is especially so in the light of current trading where revenues are running in line with forecasts. They also noted that the facility headroom in terms of liquidity remained adequate even under the reverse stress test conditions and that it was the leverage covenant which would be breached if revenue fell by more than 35% and then only during 2024.

There is no evidence indicating that revenues will fall to levels indicated in this test and that the likelihood is therefore remote and that there is therefore no material uncertainty in this regard, nor any impact on the basis of preparation of the Financial Statements. There is also a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

This Strategic Report was approved on behalf of the board on 15 November 2023.

Grant Foley

Group Chief Financial Officer
15 November 2023

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On behalf of the board of directors, I am delighted to present the Corporate Governance Report which details the Company's governance arrangements, the operation of the board and its committees and how the board discharged its responsibilities during the year.

Nigel Payne
Chairman

Governance

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Corporate Governance Report



Dear shareholder

On behalf of the board of directors, I am delighted to present the Corporate Governance Report which details the Company's governance arrangements, the operation of the board and its Committees and how the board discharged its responsibilities during the year.

Braemar maintains a robust governance framework, designed to support the Company's long-term strategy and be in alignment with the Company's values and culture. The board remains highly engaged in fulfilling its role of leading the Company and overseeing the governance arrangements across the Group and continues to be committed to maintaining a high standard of corporate governance. Throughout the financial year ended 28 February 2023, the Company fully complied with all the provisions of the UK Corporate Governance Code ("Code"), except for provision 11 and we have provided a full explanation in the board composition and changes section below; the board is now fully compliant with provision 11.

Governance is a key pillar of our Environment, People, Social and Governance "EPSG" framework and a high standard of corporate governance is essential for the Group to succeed in delivering its strategy and is integral to enhancing its reputation and maintaining the trust of its shareholders, clients, employees and other stakeholders. More information on our EPSG framework can be found on pages 34 to 45 of this Annual Report.

Letter from our Chairman

This Corporate Governance report comprises this introduction (pages 55 to 57), the Audit & Risk Committee Report on pages 60 to 64, the Nomination Committee Report on page 65, together with the Directors' Remuneration Report on pages 66 to 85, describes how the board and its Committees operate and how the Company has applied the Code during the year ended 28 February 2023.

Board composition and changes

The board consists of the non-executive Chairman, the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Financial Officer and three independent non-executive directors. The Chairman leads the board and is responsible for its overall effectiveness in directing the Company, taking into account the interests of the Company's various stakeholders. The Group Chief Executive Officer leads the executive management in the development of strategy and the management of all aspects of the performance and operations of the Company and its subsidiaries. We have a strong board who bring diverse experience and personal skillsets, please refer to the skills section in the director biographies for more detail on each director's skills and experience. An internal board performance review was undertaken in 2022 which concluded that the board continues to operate effectively with each director contributing positively to the board's overall effectiveness.

Lesley Watkins stepped down from the board with effect from 31 March 2022. Stephen Kunzer stepped down from the board with effect from 31 January 2023 to take up a CEO position at Lila Global in Dubai. The board was pleased to welcome Cat Valentine as a non-executive director with effect from 16 May 2023. Cat is a communications professional with over 25 years' experience, advising quoted and privately-owned companies on investor and corporate communications. She has extensive knowledge of the small-cap growth companies' market and considerable M&A transactional experience, having advised a broad range of clients on both AIM and the Main Market. Cat's extensive experience has added considerable value to the board. On Cat's appointment to the board, she was also appointed to the Remuneration Committee and Audit & Risk Committee.

Provision 11 of the Code states that at least half of the board, excluding the chair, should be independent non-executive directors. As the board had little prior notice of Stephen's departure to take up a CEO position at Lila Global in Dubai, for a short time between Stephen's departure and Cat's appointment, while the recruitment process was underway, the board was not compliant with provision 11 though this was swiftly rectified following Cat's appointment. Further detail on the appointment process can be found in the Nomination Committee Report.

Further to the announcement on 20 June 2023, Grant Foley joined the board as Group Chief Financial Officer with effect from 1 August 2023, more detail on his appointment can be found in my Statement on pages 5 to 7.

The board has decided to voluntarily disclose against the targets set out in the new Listing Rule requirements, the targets dictate that:

- at least 40% of the board should be women;
- at least one of the senior board positions (Chair, Chief Executive Officer, Chief Financial Officer or senior independent director) should be a woman; and
- at least one member of the board should be from an ethnic minority background, excluding white ethnic groups (as categorised by the Office for National Statistics).

The board currently meets the first two targets, with 42% of the directors being women and Elizabeth Gooch as the senior independent director.

Corporate Governance Report continued

The non-executive directors, none of whom has ever fulfilled an executive role within the Company, are appointed for an initial three-year term subject to annual re-election at the Annual General Meeting in accordance with the Code. Prior to making director appointments, the board (supported by the Nomination Committee) considers other significant director appointments to assess whether the candidate will have sufficient time to undertake their role effectively. The board has considered the other commitments of the non-executive directors and the board continues to believe that all non-executive directors have sufficient time to continue undertaking their roles effectively. The non-executive directors are responsible for constructively challenging and scrutinising the strategies and performance of the executive directors using their independence and perspectives gained from their diverse experiences, as well as having broader oversight of the Group through the work of the board and its Committees.

Biographies of current board members, together with information on their skills, experience and their external appointments, are included in this Corporate Governance Report. In January 2023, the board appointed Rebecca-Joy Wekwete as Company Secretary. All directors have access to the Company Secretary for advice on all governance matters to help ensure that the board is able to discharge its duties and function effectively and efficiently. The Company Secretary ensures that the board receives the financial and operational information they require to enable them to appropriately discharge their duties and responsibilities and circulates board papers electronically in advance of meetings. Directors may also seek independent advice at the Company's expense where needed.

The board met 15 times during the year (FY22: 15) and the attendance by each of the Directors is set out below.

	Attended
Non-executive Directors	
Elizabeth Gooch	15/15
Stephen Kunzer ¹	12/13
Joanne Lake ²	14/15
Nigel Payne	13/15 ³
Lesley Watkins ⁴	1/1
Executive Directors	
Nicholas Stone	15/15
James Gundy	15/15
Tris Simmonds	12/15

1 Stephen Kunzer left the board on 31 January 2023.

2 Joanne Lake joined the board with effect from 1 March 2022.

3 In Nigel's absence, the meetings were chaired by Joanne Lake.

4 Lesley Watkins left the board on 31 March 2022.

Board committees

The board has three standing Committees: Audit & Risk, Nomination and Remuneration. Each of the board Committees comprises solely of independent non-executive directors. The composition and responsibilities of the board Committees are set out in each of the Committee reports, on pages 60 to 85 of this Annual Report. The Remuneration Committee Report on pages 66 to 85 of this Annual Report is incorporated into this Corporate Governance Report by reference. The terms of reference for each of the Committees can be found in the Investor section of the Company's website.

The Group also has an Executive Committee to support the Group Chief Executive Officer with the day-to-day management of the Group and the development and execution of the Group's strategy. The Executive Committee comprises the three executive directors.

The Group also has a Risk Committee. The Risk Committee reports to the Audit & Risk Committee on matters including: the risk management activities; risk appetite, emerging risks and other changes to the risk matrix, the work of the internal audit function, and the day-to-day monitoring of the Group's risk management framework. It comprises the Group Chief Financial Officer, Group Chief Operating Officer, Company Secretary, Group Financial Controller, Group Head of HR, Managing Director (Singapore), Group Director of Digital Transformation & IT and the Group Head of Compliance. The Chair of the Audit & Risk Committee has a standing invitation to attend meetings of the Risk Committee and other colleagues are invited from time to time to provide additional input on the Group's operations and potential risk exposure where considered appropriate.

Risk management, compliance and effective controls

The directors have a duty to the Company's shareholders to ensure that the information presented to them is fair, balanced, understandable, and provides shareholders with the necessary information to assess the Company's position, performance, business model and strategy. Further details of the directors' responsibilities for preparing the Company's Financial Statements are set out in the statement of directors' responsibilities on pages 88 to 89 of this Annual Report.

In fulfilling its responsibilities, the board has established procedures for identifying and evaluating any risks associated with its strategic objectives (including both emerging and principal risks) and considering how those risks can be managed effectively. The Audit & Risk Committee is responsible for the independent review and challenge of the adequacy and effectiveness of the Company's approach to risk management and reports its findings to the board.

The Audit & Risk Committee is supported by the Risk Committee and the Internal Audit function. More information on the work of the Audit & Risk Committee and the Internal Audit function can be found in the Audit & Risk Committee Report on pages 60 to 64 of this Annual Report, and more information on the Company's risk management processes, including a summary of the principal risks facing the Group and the procedures in place to identify emerging risks, is set out on pages 47 to 53 of this Annual Report.

Culture and values

The Company's ESG framework recognises the three pillars of environmental, social, and governance that have become the widespread definition of ESG, with the addition of a fourth pillar to recognise the people that are the foundation of our business and are integral to the communities we live and work in. As part of this framework, Braemar remains committed to providing its services to the highest standards and operating ethically, lawfully and with professional integrity at all times. The framework enables the Company to foster a culture and operating practices that incorporate our values. We believe that this will support the Group with its strategy to grow the Braemar brand in an increasing number of global markets. More information on our culture and values, what action has been taken during the year to ensure that policies, practices and behaviour across the Group are aligned with them, how we engage with, invest in and reward our workforce, and our commitment to diversity and inclusion can all be found in the ESG Report on pages 34 to 45 of this Annual Report.

Shareholder relations

The board recognises the importance of maintaining good communication with key stakeholders of the Company's business and taking the interests of those stakeholders into consideration in its decision-making. Key stakeholders of the Company include its shareholders, with whom the board seeks to engage with regularly in order to fulfil its duties under Section 172 of the Companies Act 2006. The Company follows an active investor relations programme carried out mostly through regular meetings of the Group Chief Executive Officer and the Group Chief Financial Officer with existing and potential investors following the announcements of the interim and preliminary full year results of the Group.

The Company has also organised various opportunities and forums throughout the year to enable existing and prospective investors to hear more from the executive directors on the business and its strategy. From time to time, the non-executive directors and the non-executive Chairman will also consult with the Company's major shareholders. Feedback from the Company's shareholders is also received through the Group's corporate broker and corporate affairs team.

In accordance with legal and regulatory requirements, the Company ensures that shareholders are kept updated on material information, especially that of a potentially price sensitive nature, as soon as possible. This is done via corporate announcements which are made available on the Company's website and through announcements to the market.

The Company encourages participation at its AGM where each resolution is separately put to the meeting for a vote. The Company notes that at last year's AGM, all resolutions proposed were passed with the requisite majorities of votes. The Directors' Remuneration Report received more than 20% of the votes against, detail on the action taken to understand the reasons behind the result are set out in the Directors' Remuneration Report.

Internal independent investigation

As announced on 26 June 2023, the board commenced an internal independent investigation into an historical transaction dating back to 2013. The investigation was overseen by an Investigation Committee chaired by myself and comprised the independent non-executive directors. The investigation was conducted by FRP Advisory Trading Limited, an independent specialist forensic accounting firm, and independent external counsel. Although the investigation was complex, it was comprehensive and ultimately focused on a review of several transactions between 2006 and 2013.

The independent investigation has now been completed. The board and the Group have acted promptly to address the process and control areas that were identified as requiring improvement, including taking key remedial actions and the necessary steps to comply with the Group's legal and regulatory obligations. The board is committed to maintaining a high standard of corporate governance and will ensure the remedial actions are tracked through to completion.

Nigel Payne

Chairman
15 November 2023

Corporate Governance Report continued

Board of Directors

The board consists of the Non-executive Chairman, the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Financial Officer and three independent Non-executive Directors.



James Gundy
Group Chief Executive
Officer



Grant Foley
Group Chief Financial
Officer



Tris Simmonds
Group Chief Operating
Officer

Appointment date	1 January 2021	1 August 2023	1 August 2021
Background and relevant experience	James has over 35 years' Shipbroking experience specialising in Tankers and Sale and Purchase/New building projects. He joined the Company in 2014 as Chief Executive Officer of Shipbroking following the merger of Braemar Plc and ACM Shipping Group Plc, where James was the Chief Executive Officer of ACM Shipping. James was an integral part of the successful integration of the two businesses which led to his appointment as Group Chief Executive Officer in January 2021.	Grant has over 25 years' experience in leading public and private financial services and technology businesses. He joined the Company from ClearScore. As Chief Financial Officer at ClearScore, he drove significant improvements across the finance function, implementing new systems, processes and reporting as the business scaled. Grant also has additional transaction experience, and his other roles have included CMC Markets Plc where, as Group Chief Financial Officer and Chief Operating Officer, he was instrumental in the company's successful IPO.	Tris has over 30 years' experience in the commodities industry including 14 years at GFI Group where he became Head of European Commodities. Tris founded Atlantic Brokers in 2013 which was sold to Braemar Plc in 2018. Since the acquisition in 2018, Tris held the position of Managing Director of Braemar's derivative brokerage business and he was appointed as Group Chief Operating Officer in August 2021.
Committee Memberships	None	None	None
Skills	Shipbroking, leadership, mergers & acquisitions, business development, sales, marketing, investor relations, strategy	Finance, investor relations, mergers & acquisitions, strategy and risk management	Mergers & acquisitions, business development, compliance and sales
External appointments	None	None	None

The Chairman leads the board and is responsible for its overall effectiveness in directing the Company, taking into account the interests of the Company's various stakeholders. The Group Chief Executive Officer leads the executive and divisional management in the development of strategy and the management of all aspects of the performance and operations of the Company and its subsidiaries.



Nigel Payne
Chairman of the Board



Elizabeth Gooch MBE
Non-executive Director
& Senior Independent
Director (from 1 April 2022)



Joanne Lake
Non-executive Director



Cat Valentine
Non-executive Director

1 May 2021

Nigel joined the Company as non-executive Chairman in May 2021. Nigel has a proven record of enhancing shareholder value with over 30 years' experience on international public and private boards both as an executive and non-executive director. Nigel's board roles include organisations such as Sportingbet plc, Gateley Holdings plc, Sun International (JSE), BlueBet pty (ASX), GetBusy plc, Ascot Racecourse Betting and Gaming limited, EG Solutions plc, Stride Gaming plc, Hangar8 plc, Kwaalee Ltd and Green Man Gaming Ltd. Nigel is a qualified Chartered Accountant.

Chair of the Nomination Committee

Leadership, strategy, business development, mergers and acquisitions, investor relations, finance and governance

Non-executive Chairman of Gateley Holdings Plc and Green Man Gaming Ltd.

Non-executive director of: Sun International Ltd, GetBusy plc, Ascot Racecourse Betting and Gaming Ltd, Kwaalee Ltd and Blue Bet pty

1 August 2021

Elizabeth has over 18 years' experience in governance, compliance and financial reporting of publicly listed companies, having founded and run EG Solutions plc.

Elizabeth works with founders of UK Tech Startups and Scaleups to help them grow and scale their businesses. She is an angel investor, non-executive director and Mentor to tech companies in a wide range of sectors including secure messaging, cyber security, artificial intelligence, robotic process automation and e-commerce.

Chair of the Remuneration Committee
Member of the Nomination and Audit & Risk Committees

Governance, compliance, financial reporting, investor relations, equity fundraising

Director of Turnkey Group (UK Holdings) Limited and Howarths HR and Employment Law Limited

1 March 2022

Joanne has over 30 years' experience in financial and professional services – both in investment banking, with firms including Panmure Gordon, Evolution Securities and Williams de Broe, and in audit and business advisory services with Price Waterhouse. Joanne is a chartered accountant and fellow of the Chartered Institute for Securities & Investment.

Chair of the Audit & Risk Committee
Member of the Nomination and Remuneration Committees

Capital markets, equity fundraising, mergers & acquisitions, strategy and growth companies

Non-executive Chair of Made Tech Group Plc

Non-executive director and Senior independent director of Henry Boot Plc

Non-executive director of Gateley (Holdings) Plc, Pollen Street Plc and Morson Group Limited

16 May 2023

Cat was appointed to the board in May 2023. She is a communications professional with over 25 years' experience, advising small cap growth companies on investor and corporate communications. She joined the strategic communications advisory business, Belvedere Communications, in 2017, where she is director and co-owner.

Member of the Audit & Risk Committee and the Remuneration Committee

Corporate communications, investor and media relations, equity capital markets, and organisational development

Director of Belvedere Communications

Report of the Audit & Risk Committee



Meeting attendance

	Attended
Lesley Watkins ¹	1/1
Stephen Kunzer ²	9/9
Elizabeth Gooch	9/9
Joanne Lake ³	9/9

- 1 Lesley Watkins left the Committee on 31 March 2022.
- 2 Stephen Kunzer left the Committee on 31 January 2023.
- 3 Joanne Lake joined the Committee with effect from 1 March 2022.

The Committee name was changed to the 'Audit & Risk Committee' to explicitly reflect the Committee's risk management oversight responsibilities. The Committee comprises three independent non-executive directors and its terms of reference can be found in the Investors section of the Company's website. The Committee is chaired by non-executive director Joanne Lake, who was appointed to the board with effect from 1 March 2022 and succeeded Lesley Watkins as Chair of the Committee, following Lesley's departure on 31 March 2022. Joanne is a highly experienced chartered accountant with a strong financial background and with the complementary skills of the other members, continues to ensure that the Committee has a sufficient level of both financial and relevant sector experience. With respect to other membership changes, Stephen Kunzer left the Committee on 31 January 2023. Cat Valentine joined the Committee upon her appointment to the board on 16 May 2023. The qualifications and experience of the members of the Committee can be found in the director biographies on pages 58 to 59 of this Annual Report.

The overall role of the Audit & Risk Committee (the "Committee") during the financial year was largely unchanged from previous years.

Only members of the Committee had the right to attend meetings however, standing invitations were extended to the Chairman, Group Chief Executive Officer, Group Chief Operating Officer, Group Chief Financial Officer, Company Secretary, Head of Internal Audit and Risk Management and representatives of the external auditor. The Company Secretary acted as secretary to the Committee. The internal and external auditors attended Committee meetings and periodically met in private with the Committee Chair to discuss matters relating to the Committee's remit and issues arising from their work. The Committee held nine meetings during the year, the attendance of which can be found to the left.

The key function of the Committee is to address the following specific responsibilities, while adapting its activities as appropriate to address changing priorities within the business:

- Financial reporting: reviewing the published half-year and annual Financial Statements and reports, and any other formal announcement relating to the Group's financial performance, and advising the board on whether such information represents a fair, balanced and understandable assessment of the Company's position and prospects; monitoring compliance with relevant statutory reporting and listing requirements; reviewing and considering any changes in accounting standards; and considering the suitability of, and any changes to, accounting policies used by the Group, including the use of estimates and judgements.
- Internal control and risk management: reviewing the adequacy of the Group's internal controls; assisting the board in conducting a robust assessment of the Company's emerging and principal risks; and monitoring the scope and effectiveness of the activities of the Group's internal audit activities in the context of the Group's overall risk management framework.

- As part of this responsibility, the Committee receives reports from the Risk Committee and regularly reviews the Group's compliance policies and procedures, including those relating to whistleblowing, the prevention of bribery, corruption and fraud, and the Group's KYC processes.
- Reviewing and monitoring the effectiveness of the external audit process and the independence of the external auditor: conducting the tender process to appoint an external auditor and making recommendations to the board on the appointment, reappointment and removal of the external auditor; planning with the external auditor the half-year review and full-year audit programme, including agreement as to the nature and scope of the external audit as well as the terms of remuneration in the context of the overall audit plan; monitoring the ongoing effectiveness of the external auditor; monitoring the objectiveness and independence of the external auditor; and approving and monitoring any non-audit services undertaken by the external auditor, together with the level of non-audit fees.

The following sections describe the work of the Committee during the year ended 28 February 2023.

Review of Financial Statements

The Committee monitors the integrity of the Company's Financial Statements and has reviewed the presentation of the Group's interim and annual results. As part of this review, it considered matters raised by the Group Chief Financial Officer, together with reports presented by the external auditor summarising the findings of their annual audit and interim reviews.

The key areas of estimates and judgements considered for the year ended 28 February 2023 are:

Estimates

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation estimates the present value of future cash flows expected to arise for the cash-generating unit. The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units ("CGU") depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit. Climate change risk has been taken into account in determining the underlying inputs used in calculations used for impairment reviews and is not considered to have a material impact on the value-in-use calculations.

The Committee considered the work done to support the discount rate, the growth assumptions and the potential impact of climate change and are satisfied these estimates are appropriate. The result of this work indicated that the Goodwill relating to the acquisition of Naves in 2017 was impaired and further work was carried out to determine the extent of that impairment.

Following the completion of this work, the Committee concluded that an impairment of £9.1 million was required to bring the carrying value into line with the value in use. This work is described in Note 10 to these Financial Statements.

Acquisition accounting

Following the acquisition of Southport Maritime in December 2022, the fair values of the assets and liabilities acquired at the acquisition date were estimated with the support of a third-party expert valuer. This valuation of acquired intangibles is subject to estimation of future cash flows and the discount rate applied to them. Determination of the useful economic lives of intangible assets requires assumptions about future market trends and future risk of replacement or obsolescence of those assets.

The Committee reviewed the work of the third-party expert, the forecast cashflows and the discount rate applied and are satisfied that they are appropriate. The consideration is being treated as post combination remuneration expense due to the requirement for the recipients to continue working for the business for a 3-year period. As a result of the purchase price not being treated as consideration, the Committee was satisfied that the appropriate treatment was to recognise a gain on bargain purchase arising from the recognition of the net assets acquired.

Fair value of VertomCory contingent consideration

The estimate at the balance sheet date of the fair value of the earnout payments is £1.4 million, an increase of £0.1 million from the estimate in the previous year. The fair value of the earnout payments involves two critical estimates; the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on an updated business plan prepared by the combined VertomCory business following the first ten months of trading as a combined entity. The discount rate was used to calculate the net present value which was based on the credit risk of Vertom Agencies BV following a credit check performed by management.

The Committee reviewed the assumptions on future profitability and considered the most recent budget provided by the combined VertomCory business. The Committee concluded that management's estimates are appropriate and that the carrying value of the earnout payment is reasonable.

Recoverability of deferred tax assets

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

The Committee considered the expected future taxable profits of the Group and are satisfied that these are sufficient to allow the deferred tax asset to be recovered.

Share option vesting

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 the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions.

The Committee is satisfied that the processes to determine the effect of non-market based vesting conditions are appropriate.

Provision for impairment of trade receivables and accrued income

The provision for impairment of trade receivables and accrued income represents management's best estimate at the Balance Sheet date. Several judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position. Further details can be found in Note 22 to the Financial Statements.

The Group reviewed the impact of the conflict in the Ukraine on the Financial Statements at 28 February 2023 to ascertain if there was any evidence to suggest that the Group's trade receivables may be at a higher risk of becoming credit impaired as a result of the conflict. There was no evidence of any material impact and therefore, no impairment allowance was made.

The Committee reviewed management's process for determining the provision and considered the likelihood of the conflict in the Ukraine impacting the collection of trade receivable and were satisfied that the judgements are appropriate.

Valuation of defined benefit pension scheme

The Group uses an independent actuary to provide annual valuations of the defined benefit pension scheme. The actuary uses a number of estimates in respect of the scheme membership, the valuation of assets and assumptions regarding discount rates, inflation rates and mortality rates.

Report of the Audit & Risk Committee continued

The membership details are provided by an independent trustee while the valuation of assets is verified by an independent fund manager. The discount rates, inflation rates and mortality rates are reviewed by management for reasonability. Further details can be found in Note 29 to the Financial Statements.

The Committee considered the review work performed by management in respect of the estimates made by the independent actuary and the information provided by the independent trustee and are satisfied with the process.

Judgements

Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" requires judgement to determine whether revenue is recognised at a "point in time" or "over time", as well as determining the transfer of control for when performance obligations are satisfied.

The Committee considered the work done to validate the accuracy of revenue transactions and is satisfied that management's judgement on the timing of revenue recognition is materially correct.

Classification and recognition of specific items

The Group excludes specific items from its underlying earnings measure; management judgement is required as to what items qualify for this classification. Each item reported as specific is either directly related to acquisitions or not expected to be incurred on an ongoing basis. Further details can be found in Note 10 to the Financial Statements.

The Committee reviewed the items for reasonableness and consistency and are satisfied with management's classification.

Recoverability of defined benefit pension scheme net asset

As a result of actuarial movements during the period, including an increase in the discount rate from 2.65% at 28 February 2022 to 4.90% at 28 February 2023, the UK defined benefit scheme is in an actuarial surplus position, net of tax, at 28 February 2028 (measured on an IAS 19 "Employee Benefits" basis) of £1.1 million (28 February 2022: liability of £2.1 million).

The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme.

The Committee reviewed the terms of the scheme and the discount rate used to estimate the value of the assets and liabilities of the scheme and have concluded that the recognition of the surplus was reasonable.

Assessment of business combinations

During the year, the Group acquired the entity Madrid Shipping Advisors S.L. Management concluded that the transaction did not meet the definition of a business combination, and as a result, treated the transaction as the recruitment of a team of brokers with associated sign on bonuses.

The Committee considered the key terms of the transaction and the nature of the arrangement as a whole. As part of the transaction, no assets were acquired, nor were any liabilities assumed. The Committee agreed with management's view that the transaction did not meet the definition of a business combination because the acquired entity only held service contracts for key employees and was a newly incorporated company, set up specifically for the acquisition.

Climate-related risks

Management have considered the impact of climate-related risks in respect of impairment of goodwill, and recoverability of receivables in particular and do not consider that climate-related risks have a material impact on any key judgements, estimates or assumptions in the consolidated Financial Statements. The potential impact of climate change has been reviewed by the Risk Committee and has been identified as an emerging risk for the shipping and energy sectors within which the Group operates, but not one which is likely to have an impact on the business in the short to medium term.

The Committee has also assessed the short-to-medium-term impact relating to climate change risks and it is not expected that climate-related risks will have a material impact on the Group's short-term financial performance.

Going concern and viability

The Group has drawn up its accounts on a going concern basis and the directors have assessed the viability of the Group over a four-year period. Four years is used because the Group's revolving credit facility will need renewing after this four-year period.

The Committee received reports to support these matters and considered the assumptions made, the sources of liquidity and funding, the risks and sensitivities to the forecasts and the stress tests used, including the potential impact from the independent investigation. The Committee concluded that the application of the going concern basis for the preparation of the Financial Statements is appropriate. More detail can be found in the Principal risks and uncertainties section of this Annual Report.

Internal independent investigation provision

In June 2023, the board commissioned an internal independent investigation into an historical transaction from 2013. The investigation was overseen by an Investigation Committee chaired by the Group's non-executive Chairman and was conducted by an independent specialist forensic accounting firm, and independent external counsel. The investigation was comprehensive and complex and ultimately focused on a review of several of transactions between 2006 and 2013.

As a result of the investigation, the Group has recognised a provision of £2.0 million in relation to the uncertain obligations connected to a number of the transactions and commission obligations reviewed as part of the investigation. Of the £2.0 million, £1.7 million relates to historical unsettled commission payable, which has been reclassified from trade payables to provisions during the year. While the board cannot forecast with certainty final outcomes in respect of these obligations, based on the Group's current information, the amount recognised is the current best estimate of the amount required to settle the obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligations, including interpretation of specific laws and likelihood of settlement.

Capital reduction and dividend rectification process

In December 2022, the Company commenced a project to research options for increasing the distributable reserves available to the Company in order to support the Group's stated progressive dividend policy. The initial focus was on short term options that would increase the distributable reserves as at 28 February 2023 in order to allow a final dividend recommendation with the publication of year end results later in 2023. A review of these short-term options identified that charges taken to retained earnings in recent years for the impairment of the value of certain preference shares held by the Company represented unrealised losses and could therefore potentially be excluded from the calculation of distributable reserves. Whilst reviewing the possibility that the impairment losses could be determined as unrealised losses for the purpose of measuring distributable reserves, a broader review of other gains and losses that had been recorded in retained earnings in recent years was carried out.

This review identified certain gains that had been recorded regularly relating to share-based payments charges. The gains in question arose when shares were awarded to employees of other Group companies and the cost of those shares increased the cost of investment of those Group companies and retained earnings. This review led the Company to identify that a significant balance within retained earnings (that was not previously identified as created by unrealised gains) was incorrectly used by the Company in the calculation of its distributable reserves. This meant that the Company paid several dividends between 2016 and 2023 without having sufficient distributable reserves from which to lawfully pay such dividends. Full details of the historic relevant dividends are set out in the circular posted to shareholders dated 28 March 2023. The Company convened a General Meeting which was held on 18 April 2023 where shareholders voted in favour of all the capital reduction and dividend rectification special resolutions put forward by the board. With the confirmation of the Court, the Company cancelled its share premium account and capital redemption reserve. The Company then applied the sums resulting from this cancellation reduction to its distributable reserves.

Review of the control environment and financial processes

The audit for the previous year highlighted weaknesses in some of the Group's accounting processes and resources. The Committee reviewed the causes of the weaknesses and the associated control environment and concluded that the Finance Team did not have sufficient qualified and experienced members. A plan was therefore developed to strengthen the resources in the Finance team and to make the changes required to ensure the weaknesses do not re-occur.

The plan is in the process of being implemented and additional resources have been recruited into Finance team, including a new experienced Group Financial Controller and additional qualified accountants in different areas within the team. Work is ongoing to strengthen the regular review and financial control processes and improve the use of the financial systems available. A particular focus is being given to the consolidation system as several of the weaknesses identified related to the consolidation of the Group's results in the context of disposals and acquisitions rather than ongoing trading.

This work has identified additional prior period adjustments required in the current year to the Financial Statements as are described in Note 35 and the Committee has reviewed the reasons why they were not identified previously. This review has provided the Committee with stronger assurance and confidence that the improved control environment will reduce the risk of similar adjustments in the future. The Audit & Risk Committee is keeping under review the further process of improvement to ensure that the plan is continues to be appropriately progressed.

Internal independent investigation

The internal independent investigation referenced in the Chairman's Statement on pages 5 to 7 highlighted improvements that were required in the Compliance function, particularly around 'Know Your Customer' ("KYC") checks and ongoing monitoring. The Group has acted promptly to address the weaknesses identified and has implemented new procedures and an ongoing improvement plan.

External audit

BDO LLP was reappointed as external auditor at the 2022 AGM for their fifth year as auditor to the Group. The lead audit partner at BDO LLP responsible for the external audit is Oliver Chinneck. Oliver was a key audit partner in the previous four years but has taken over the lead role in the current year and has, therefore, served five years following the conclusion of the 2023-year end audit.

In line with the independence requirements Oliver should rotate after five years. However following the matters arising in the current year audit and the change in Chief Financial Officer, to maintain audit quality, the Audit & Risk Committee wrote to BDO's ethics partner to request that Oliver's tenure as lead audit partner be extended by a year. Following review, BDO agreed to the one-year extension for the FY24 audit and put in place effective safeguards to maintain Independence.

The Group has a clear policy for the approval of non-audit services, which sets a limit on the level of fees for non-audit services at 70% of the external audit fee. The external auditor is only appointed to perform a non-audit service when doing so would not compromise the independence and effectiveness of the external audit function, and when its skills and expertise make it the most suitable supplier. The Group policy for the approval of non-audit services requires the Committee's prior approval of all non-audit services. This year, the external audit fee represents 81% of the total fee paid to BDO LLP (FY22: 91%). The Committee also continues to agree the scope and related fee for the annual external audit. The non-audit services performed during the year related to the half-year review.

The Committee additionally monitors the independence of the external audit function, as well as its objectivity and effectiveness, through the annual schedule of meetings (at which it discusses the auditor's reports and performance), through inviting feedback from those involved with the external auditor's work across the business, and through additional meetings between the Chair of the Committee and the lead audit partner.

Report of the Audit & Risk Committee continued

Review by the Financial Reporting Council

The Financial Reporting Council ("FRC") carried out a review of Braemar's interim results for the six months to 31 August 2022 in accordance with Part 2 of the FRC Reporting Review Operating Procedures. Based on their review, there were no questions or queries they wished to raise with the Company. They did however highlight items where they believed that the readers of the accounts would benefit from improvements in disclosure which, to the extent applicable, have been addressed in the year-end Financial Statements.

Internal audit

Internal audit is an independent assurance function which supports Braemar in improving its overall control framework. The work of the internal audit function supports Braemar to evaluate and improve the design and effectiveness of the risk management framework, internal control, and governance processes. The Audit & Risk Committee defines the responsibility and scope of the internal audit function and approves its annual plan. Reporting to the Chair of the Audit & Risk Committee and administratively to the Group Chief Financial Officer, the Head of Internal Audit and Risk leads the Internal Audit and Risk Management function.

The Audit & Risk Committee monitors the delivery of the internal audit plan throughout the year and provides challenge to ensure that management is sufficiently responsive to any audit findings.

Business functions, processes and areas forming part of the rolling three-year risk-based Group internal audit plan are based on assessment of risks to the business, as described on pages 47 to 53 of this Annual Report. The plan is reviewed and updated at least annually to help ensure key Group and new or emerging risks receive appropriate and timely audit focus. Updates or changes to the audit plan, and internal audit reports, are reviewed by the Audit & Risk Committee during the year.

The Group's operational and functional management teams are engaged and involved in the risk assessment process and in the development of the internal audit plan by way of the following activities:

- Risk Committee meetings to agree and coordinate compliance, risk management, and to provide input into internal audit activity;
- submission of operational and financial senior management confirmations that the results of their respective business areas are accurate, that stated levels of debtors and accrued income are recoverable, adequate provisions have been made for uncollectible amounts, and that the business complies with the Group's position on the UK Bribery Act and there have been no breaches of applicable sanctions;
- completion of semi-annual control self-assessment questionnaires by all Group entities to help ensure that adequate controls are in place. Completed questionnaires are reviewed and discussed with senior management for their respective business areas; and
- suggestions for internal audit activity are sought from each business area, and operational and functional departments.

Audits were conducted this year on sanctions, Braemar Corporate Finance and employee expenses. Management action plans were developed and agreed with action implementation dates for identified control gaps or deficiencies. Progress against agreed management actions from audits is monitored through regular updates to the Audit & Risk Committee.

Risk and internal control framework

During the year, the Audit & Risk Committee continued its focus on review and enhancement of the Group's risk and internal control framework. Braemar is committed to the highest standards of conduct in all aspects of its business.

In reviewing and improving this framework of policies, processes and procedures, the directors remained mindful of the potentially competing interests of the Company's stakeholders, particularly the need to balance cost, resource, and the interests and perspectives of clients and other market participants with the need to maintain its reputation for integrity and to comply with international laws and best practice. This review, and the Audit & Risk Committee's ongoing responsibilities in this area, saw the Audit & Risk Committee involved in:

- reviewing the work of the Risk Committee, particularly on matters such as the regular reviews of the Group's emerging and principal risks and the development of its enhanced Risk Management Framework;
- reviewing and improving the Group's framework of compliance policies and procedures, including in relation to sanctions, bribery and corruption, conflicts of interest, know your customer, entertainment, meals, gifts, tax evasion, and whistleblowing;
- reviewing the design of a comprehensive programme of compliance training for all staff;
- reviewing the financial reporting framework and improving the processes for regular reporting of key financial judgements and estimates, as well as other elements of risk management across the business;
- reviewing the Group's IT cyber security monitoring and planning programme;
- reviewing the Group's insurance coverage; and
- reviewing the Group's foreign exposure and hedging strategy.

More information on the Group's emerging and principal risks, including a summary of the principal risks facing the Group and how these are managed can be found on pages 47 to 53 of the Annual Report.

Joanne Lake

On behalf of the Audit & Risk Committee
15 November 2023

Report of the Nomination Committee



The primary responsibilities of the Nomination Committee are to ensure that the board and its committees have the right composition, to lead the process for appointments to the board, and to ensure that the Company has appropriate plans in place for succession to the board and senior management roles. The Committee's terms of reference can be found in the Investors section of the Company's website.

The Nomination Committee comprises three independent non-executive directors and is chaired by the Company's non-executive Chairman, Nigel Payne. Following on from an extensive reorganisation of the board and the board committees in the previous financial year and with the present board being therefore largely new in their roles, aside from the appointment of Joanne Lake on 1 March 2022 (which the Nomination Committee had met and approved in the previous financial year), it was not deemed necessary to hold any review meetings during this financial year. The Nomination Committee did meet in February 2023 to discuss the appointment of a new non-executive director to replace Stephen Kunzer.

Board changes

Lesley Watkins stepped down as a Director with effect from 1 March 2022 and was replaced by Joanne Lake. Stephen Kunzer also stepped down from the board with effect from 31 January 2023. When Stephen stepped down from the board, the Committee led the search to appoint a non-executive director to the board. This search comprised a review across a wide-ranging number of industry sectors from both internal and external sources.

In considering the optimum criteria and attributes for this role, the Committee considered the existing structure and diversity of the board and senior management, the culture of the organisation and the focus of the Group's future strategy. The Committee agreed that it was important to add incremental skills to the board. In May 2023, the Committee was delighted to recommend Cat Valentine for appointment to the board; Cat was duly appointed to the board for a three-year term subject to annual re-election by shareholders with effect from 16 May 2023. In June 2023, the Committee was pleased to recommend the appointment of Grant Foley as Group Chief Financial Officer. Grant joined the board with effect from 1 August 2023, more detail on his appointment can be found in my Statement on pages 5 to 7. Nick Stone left the business on 31 July 2023 and on behalf of the board, we thank Nick Stone for his contributions and wish him well for the future.

Succession planning

The Nomination Committee's succession planning has two key areas of focus: firstly, to ensure that the board has the right combination of skills, experience, knowledge and independence; and secondly, to ensure that the Company has plans in place for orderly succession. This includes the development of a diverse talent pipeline for the Company's senior management and more broadly across the Group. The Committee manages the former through its rigorous and formal approach to new board appointments and regularly challenges the directors to consider the size and composition of the board and the appropriate range of skills and balance between executive and non-executive directors through an evaluation process.

The Committee manages the second area through the review of the succession plans in place for senior management across the Group. As part of this, the Committee challenges the executive directors and senior management across the business to present detailed insights into the organisational structures and personnel profiles of the businesses and how they look to develop key talent and mitigate succession risk.

More information on how the Company invests in the training and development of its people can be found on pages 34 to 45 of this Annual Report. Where necessary, the Company also considers how best to fill potential vacancies with external candidates.

In both of these areas, the Committee ensures that the directors and senior management remain mindful of the Group's diversity policy. Braemar recognises the importance of diversity in all respects, including (but not limited to) gender, skills, age, experience, ethnicity and background. The Committee believes that diversity and an inclusive culture are important contributors to a company's ability to achieve its strategic objectives and deliver long-term, sustainable success. As at the date of this Report, approximately 26% of the Group's Executive Committee and its members' direct reports are female (FY22: 10%) and three of the seven board positions are occupied by female board members. More information on the Group's policies and approach on diversity can be found in the "Culture and values" section earlier in this Corporate Governance Report and in the ESG Report on pages 34 to 45 of this Annual Report.

Board evaluation

The board carries out regular self-evaluations to monitor and improve on its performance and address any weaknesses. As with the prior year, it was decided that the formal annual evaluation could be effectual without the need for any external facilitation, with the process being led by the Chairman with the assistance of the Company Secretary. An important component of this process was the completion of a set of questionnaires by the directors to record their views on a range of matters and to act as a catalyst for broader feedback. The Committee has considered the actions from the evaluation exercise conducted in 2022. At the time the evaluation was carried out, most of the directors were new to the board and it was therefore agreed that an evaluation should be carried out the following year once the board had been working together for a substantive period time. The Chairman continues to work with the other directors and the Company Secretary to improve the effectiveness of the board and its Committees.

Nigel Payne

On behalf of the Nomination Committee
15 November 2023

Directors' Remuneration Report



Meeting attendance

	Attended
Stephen Kunzer ¹	5/5
Elizabeth Gooch	6/6
Joanne Lake	6/6

¹ Stephen Kunzer left the Board on 31 January 2023.

On behalf of the board, I am pleased to introduce the Directors' Remuneration Report for the year ended 28 February 2023. As in past years, the first section of this introductory statement details the work of the Committee together with our remuneration philosophy, which remains unchanged. I will then go on to describe how we paid our executive directors in the year in the context of Company performance, and to introduce the remuneration items for which we are seeking shareholder approval at our 2023 AGM. This year this includes the three-yearly renewal of our Directors' Remuneration Policy.

The Remuneration Committee and its work

The Remuneration Committee is appointed by the board and comprises three independent non-executive directors. The non-executive Chairman is not a member of the Committee. The Committee is chaired by Elizabeth Gooch and its terms of reference can be found in the investors section of the Company's website. The Committee's main responsibilities are to:

- determine the policy and framework for executive remuneration;
- set the remuneration for the executive directors, the Chairman and the Group's senior management;
- review remuneration and related policies for employees across the Group; and
- approve the design of, and determine targets for, performance-related incentive schemes and/or equity participation schemes across the Group.

In discharging these responsibilities, the Committee may call for information and advice from advisers inside and outside the Group. During the year, the Committee took advice from the Chairman of the board, the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Financial Officer and the Company Secretary, who all attended various meetings at the invitation of the Committee, but did not participate in any decision making, nor were they present for any discussions, regarding or affecting their own remuneration.

The Committee received independent remuneration advice from FIT Remuneration Consultants LLP "FIT" on a range of matters within the Committee's remit, for which fees of £32,679 (excluding VAT and disbursements and calculated on a time-spent basis) were charged during the year. FIT are members of the Remuneration Consultants Group and, as such, voluntarily operate under the Code of Conduct in relation to executive remuneration consulting in the UK. FIT was also engaged to provide advice in relation to the operation of the Company's share plans, and the Committee is comfortable that the FIT team continues to provide objective and independent advice.

Remuneration philosophy

The Committee's approach to executive remuneration remains unchanged. The pay structures in our sector are atypical compared with the norm of executive pay. However, they are proven to work within Braemar as well as being accepted practice across the shipbroking sector and other commission based businesses. The board carefully analysed whether the business would be better served by a non-shipbroking CEO and COO and unanimously concluded that it would not.

The Committee is focused on retaining our executive directors and appropriately incentivising them to deliver shareholder value, whilst also being mindful of best practice and market trends (including the guidelines of investor bodies). In FY23, the Committee worked within the existing shareholder approved policy to reward our executive directors.

Our framework is based on five core principles:

- **Market competitiveness:** the success of our business is entirely dependent upon the experience and skills of our employees and management team, the specialist advice they offer, and the relationships that they develop with our clients. The structures, designs and quantum of our remuneration arrangements must be sufficient to allow us to retain our team and compete in highly competitive global talent markets.
- **Proportionality and alignment to performance:** we seek to pay no more than is necessary and also ensure that a substantial portion of executive reward is aligned to both profitability and delivery of strategy. In line with our competitors, we operate profit sharing arrangements for those individuals engaged in broking activities.
- **Simplicity and transparency:** our executive remuneration structures must be clear and understandable for participants and other stakeholders.
- **Alignment with shareholders:** we align long-term rewards with the long-term value of our shares through share ownership guidelines and share-based remuneration.

- **Alignment with culture and risk appetite:** we ensure that remuneration drives the right behaviours to support our strategy and reflects our values, including the identification and mitigation of any risks that could arise from our incentive plans.

Our performance in FY23 and our review of the Directors' Remuneration Policy

Wider context – our performance in FY23

As more fully detailed in the Chairman's introduction to this Annual Report, FY 2022/23 was a second year of very strong performance for Braemar:

- We achieved record revenue (£152.9 million) and record profitability (£20.1 million underlying operating profit).
- The Group's cash generation has also been strong.
- We maintained our progressive dividend policy with total dividends per share for the year of 12 pence, a 33% increase over the prior year dividend of 9 pence per share.
- Our share price performance remained strong in FY23, our TSR grew by 25.1%, which compares favourably to the performance of the FTSE SmallCap (ex IT) in the same period (minus 4.1%).

The Committee believes that the performance of the Company is testament to the strong execution of our clear strategy which is focused on our core shipbroking activities. This has been the strategy of the business since January 2021 when our Group Chief Executive Officer, James Gundy was appointed, with his combined role as both leader of our shipbroking business and CEO.

Performance and reward in FY23

Given the positive Group performance and shareholder experience in the year, the Committee approved bonuses for our CEO of £2.95 million and for our COO of £1.25 million.

FY23 was also the end of the three-year performance period for the Long Term Incentive Plan "LTIP" awards granted in July 2020. These awards vested in full as the relevant performance measures were satisfied. The underlying operating profit for the previous Shipbroking Division and Group EPS reported for the period to 28 February 2023 were higher than the maximum target as explained further in this Report.

Before confirming the outcomes for FY23 annual bonuses and the LTIP vesting referred to above, the Committee considered the nature of the matters which were investigated following the financial year end and which necessitated the delay of the Annual Report publication and the related suspension of the Company's shares from trading. The Committee determined that the nature of the matters investigated should not impact incentive plan outcomes given both their historical nature and the steps taken by the current management team to rectify and resolve these issues when they became apparent.

Review of our Directors' Remuneration Policy

In preparing for the renewal of our Directors' Remuneration Policy by shareholders at the 2023 AGM, the Committee reviewed the operation of the policy and its continued ability to support the Company in executing its strategy and to drive performance which will benefit our shareholders.

The Committee acknowledged that the structure of remuneration packages designed in this way differs from the norm for most UK PLCs. However, the Committee also concluded that the impact of the policy, which reflects the norms and practices of the shipbroking industry, had been significantly to shareholders' benefit since the appointment of our CEO and COO and therefore it was unanimously agreed that the policy should be continued.

In short, the rationale for maintaining the current remuneration package structures for our executive directors is that:

- The model whereby our CEO and COO are paid on a continuing basis for their shipbroking business activities has served the Company well since James' appointment as our CEO in January 2021 and Tris' appointment as our COO in August 2021.
- The board believes it is in the interest of all stakeholders to retain the services of James and Tris.
- By maintaining the current pay arrangements for James and Tris, we are maintaining the integrity of their packages from before they joined the board and honouring commitments is at the core of Braemar's values.

For completeness, we are making two changes to the operation of James' bonus which we consider to be appropriate following the last two years' demonstration of his combined PLC CEO and leading broker role. These changes have clarified that the initially expressed annual cap for James' brokers' bonus (£4 million per annum) is not relevant (this is, we believe, is shown to be the case by this year's bonus outcome which is beneath this level despite the strong performance). We will also remove the underpin requirement on the first £425,000 of bonus which required specific consideration of Group performance before that amount could be paid. Our practical experience of the way James approaches his role has demonstrated that he appropriately balances both overall Group activities and personal front-line broking work to the benefit of all stakeholders.

Other changes to our policy are highlighted in the introduction to the remuneration policy section of this Report. These include certain changes in remuneration practice previously advised to shareholders (for example, changes in our policy of having a portion of bonus outcomes deferred into shares).

Directors' Remuneration Report continued

Implementation of our policy in FY24

In short, our intention is for our Directors' Remuneration Policy to continue to apply consistently in FY24. This will involve the following:

- **Base salaries:** the base salaries of our CEO and COO will remain frozen at the same levels as applied in FY23.
- **Annual Bonus:** our CEO and COO will again participate in the brokers' bonus which is driven by the profitability of the broking desks and their respective contributions towards this. In addition, part of the COO's bonus will be judged against non-financial metrics (relating to his leadership of Group central functions and leadership on acquisitions and other strategic projects); the weighting of non-financial metrics for the COO will likely vary year to year depending on the needs and priorities of the business. Our COO plays a key role in identifying, developing and delivering opportunities for the business to grow through strategic hires and team acquisitions which complement our core business. Successful and prudent pursuit of such opportunities will benefit our shareholders in the long-term by adding further resilience, strength and depth to our business.
- **LTIPs:** we will again operate our LTIP plan in FY24, with each of our executive Directors receiving an LTIP award over shares worth up to 100% of base salary.

Applying a consistent approach to our pay arrangements provides clarity to our executive directors and has over time led to both our CEO and COO building significant shareholdings in the Company (shares worth almost five-times salary for the CEO and shares worth almost three-times salary for the COO, reflecting FY23 year-end share prices). This provides very clear alignment of interests between our executive directors and our shareholders.

In early 2023, following a benchmarking exercise, the Chairman's fee was reviewed and from 1 March 2023 increased to £135,000 (£108,000 in FY23). This was the first increase of the Chair's fee since 2019 and no other changes are proposed to NED fees for FY24.

As announced on 20 June 2023, Grant Foley joined the Company on 1 August 2023 as Group Chief Financial Officer, with Nicholas Stone standing down on 31 July 2023. Details of the new package arrangements for Grant and of Nick's leaving terms are summarised later in this Report.

Format of the Report and matters to be approved at our 2023 AGM

The remainder of this Report comprises two sections:

1. Our proposed new Directors' Remuneration Policy. This is being proposed for approval by shareholders at the reconvened 2023 AGM and if approved will take effect from the date of the reconvened 2023 AGM and may apply for a period of up to three years, unless a different policy is approved by shareholders in the interim; and
2. The Annual Report on Remuneration, which sets out the details of how our policy was implemented during FY23 and the decisions taken in relation to the prospective application of the policy in FY24. The Directors' Remuneration Report (comprising both the annual report on remuneration and this introductory statement) will be subject to an advisory vote by shareholders at the AGM.

We trust that our shareholders will recognise the outstanding year of performance delivered by our executive team and vote in favour of the resolutions to approve the new Directors' Remuneration Policy and the Directors' Remuneration Report at our 2023 AGM.

Finally, the Committee would like to put on record its thanks to our former Committee member, Stephen Kunzer, for his work and his contribution to the business of the Committee. Stephen stepped down as a member of the Committee on 31 January 2023. With respect to other membership changes, I am delighted to welcome Cat Valentine, who was appointed to the board in May 2023 and to the Committee at the same time. More details on Cat's appointment can be found in the corporate governance statement on pages 54 to 57.

Elizabeth Gooch

On behalf of the Remuneration Committee
15 November 2023

Remuneration Policy

This part of the Report sets out the Directors' Remuneration Policy (the "Policy") as determined by the Remuneration Committee.

The Policy will be submitted to the 2023 AGM for shareholder approval. If approved by shareholders, the Policy will formally take effect from the date of the reconvened 2023 AGM and will apply for three years beginning with the date of its approval, unless a new policy is presented in the interim.

How the Policy was determined and changes from the 2020 Policy

In preparing the Policy for approval at the 2023 AGM, the Committee has approved a number of changes. These all reflect the reality of changes in remuneration practices at the Company since the approval of the previous Directors' Remuneration Policy at the 2020 AGM, together with matters that have been advised to our shareholders in subsequent Directors' Remuneration Reports. The changes accordingly reflect the following:

- **Changes in our executive team since 2020** – James Gundy, our CEO, took up his role in January 2021 and Tris Simmonds, our COO, took up his role in August 2021. These executives perform dual roles as both (i) the typical roles of a listed company executive director, and (ii) being leading operational executives in the core shipbroking business. James and Tris have held these roles in the core shipbroking business for several years. In line with the Directors' Remuneration Policy in force at the time of their appointment as executive directors and as both James and Tris were internal appointments, they have maintained the pay structures which they participated in prior to their appointments to the board. The proposed new Policy therefore includes these structures, principally the "Brokers' Bonus", in which both James and Tris will continue to participate.
- **2022 Review of firm-wide deferred equity plans** – As we explained in the 2022 Directors' Remuneration Report, during the prior year we reviewed our policy on deferral of variable remuneration for brokers in which relatively high amounts of total annual bonus outcomes were being deferred into shares each year resulting in a negative impact on the liquidity of the Company's stock. Whilst still recognising the benefits of alignment to the longer-term experience of shareholders, we reduced bonus deferral requirements across shipbroking in order to address this liquidity issue. The policy was amended to defer 5% of brokers' annual bonus outcomes as opposed to the previous 10%. However, we maintained the 10% deferral for our executive team. These ongoing deferral requirements will be reflected in the new Policy.

The Committee is satisfied that all of the proposed changes in the Policy continue to align with our remuneration philosophy, as set out on pages 66 to 67.

Remuneration Policy continued

Policy table for Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes from prior Policy
Base Salary To provide an element of fixed remuneration as part of a market-competitive remuneration package to attract and retain the calibre of talent required to deliver the Group's strategy.	<p>Base salaries are determined by the Committee, taking into account:</p> <ul style="list-style-type: none"> – skills and experience of the individual; – size, scope and complexity of the role; – market competitiveness of the overall remuneration package; – performance of the individual and of the Group as a whole; and – pay and conditions elsewhere in the Group. <p>Base salaries are normally reviewed annually with changes effective from the start of the financial year.</p>	<p>While there is no defined maximum, salary increases are normally made with reference to increases for the wider employee population.</p> <p>The Committee retains discretion to award larger increases where considered appropriate, to reflect, for example:</p> <ul style="list-style-type: none"> – Where an executive director has had an increase in responsibility. – Where an executive director has been promoted or has had a change in scope. – An individual's development or performance in role (e.g. to align a newly appointed executive director's salary with the market over time). – Where an executive director's salary is no longer market competitive (e.g. due to an increase in size and complexity of the business). <p>Increases may be implemented over such time period as the Committee deems appropriate.</p>	None.	No material changes.
Benefits To provide a market-competitive benefits package for the nature and location of the role.	<p>Incorporates various cash/ non-cash benefits which are competitive in the relevant market, and which may include such benefits as a car (or car allowance), club membership, healthcare, life assurance, income protection insurance, and reimbursed business expenses (including any tax liability).</p> <p>Where relevant, other benefits on broadly the same terms as provided to the wider workforce or to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances may also be provided.</p> <p>Any reasonable business-related expenses can be reimbursed (and any tax thereon met if determined to be a taxable benefit).</p> <p>Executive directors may also participate in the Company's Save As You Earn ("SAYE") scheme on the same basis as other employees and subject to statutory limits.</p>	<p>Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role.</p>	None.	No material changes.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes from prior Policy
Pension To provide a post-retirement benefit to attract and retain talent.	<p>The Committee may offer participation in a defined contribution pension scheme or provide a cash allowance.</p>	<p>The maximum contribution for any executive director will be in line with the level available for the majority of UK employees at any given time (currently 5% of salary).</p>	<p>None.</p>	<p>No material changes.</p>
Annual Bonus To incentivise and reward annual performance aligned with the long-term objectives of individuals and the delivery of strategy. Deferral into shares strengthens long-term alignment with shareholders.	<p>Executive directors are eligible to participate in the annual bonus at the discretion of the Committee each year.</p> <p>Where executive directors undertake broking activities they may, at the discretion of the Committee, be eligible to participate in the Brokers' Bonus arrangements.</p> <p>The Brokers' Bonus is non-contractual and is currently calculated as a percentage of profits from either personal and/or desk revenues depending on the role fulfilled.</p> <p>Where executive directors do not undertake broking activities, they may participate in an annual bonus for which appropriate performance targets are set at the outset of the year in accordance with this policy.</p> <p>Payout levels for all executive directors are determined by the Committee after year-end.</p> <p>A portion of the annual bonus will be deferred into shares under the Deferred Bonus Plan ("DBP"), described in more detail in the section below.</p> <p>Clawback provisions will also apply, as explained on page 74.</p>	<p>In line with market practice for the Company's peers, there is no cap on individual Brokers' Bonus awards. However, the Brokers' Bonus is funded by broking profitability, and therefore any amount is capped by the profits generated by broking activities, as well as the profitability and financial position of the Group as a whole.</p> <p>Where executive directors do not undertake broking activities, the maximum annual bonus opportunity is 100% of base salary p.a.</p>	<p>Where executive directors participate in the Brokers' Bonus, this is currently calculated as a percentage of profits which, depending on the individual's role may reflect either personal broking and/or desk revenues.</p> <p>However, the Committee may also make a portion of the Brokers' Bonus for executive directors subject to the attainment of specific non-financial or personal metrics.</p> <p>Where executive directors do not participate in the Brokers' Bonus, the performance measures applied may be financial or non-financial, corporate or individual, and in such proportions as the Remuneration Committee considers appropriate for any financial year.</p> <p>For all executive directors, the Committee retains discretion to override any formulaic bonus outcome, if it considers it appropriate to do so, to take account of overall or underlying Group or personal performance or such other factors as it considers relevant. The Committee may also set "gateways" or "underpins" for elements of an executive director's bonus which must be attained before that part of the bonus is paid, should the Committee consider this appropriate.</p>	<p>Clarified the continued participation in the Brokers' Bonus for those executive directors who undertake broking activities.</p> <p>Clarified that during the life of this Policy, non-financial metrics may be applied for part of the Brokers' Bonus.</p> <p>Clarified that where executive directors do not undertake broking activities, they will continue to participate in a normal executive Directors' annual bonus, with a range of performance measures set annually.</p> <p>The Committee has the ability to override formulaic bonus outcomes for all executive directors.</p>

Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes from prior Policy
Long-Term Incentive Plan (“LTIP”)				
<p>To provide a variable element which aligns the reward of all executive Directors with long-term performance delivered for shareholders.</p>	<p>Awards are made under the 2014 Long-Term Incentive Plan (“LTIP”) as approved by shareholders at the 2014 Annual General Meeting.</p> <p>Awards vest subject to performance measured over a period of at least three years.</p> <p>Vested awards are subject to an additional holding period, which unless the Committee determines otherwise will run up to the fifth anniversary of the date of grant.</p> <p>All executive directors are eligible to participate each year at the discretion of the Committee.</p> <p>The Committee retains the discretion to override formulaic vesting outcomes downward, if it considers it appropriate to do so, to take account of overall or underlying Group or personal performance or such other factors as it considers relevant.</p> <p>Awards are subject to clawback provisions, as described in more detail on page 74.</p>	<p>The usual maximum award opportunity in respect of a financial year is 100% of base salary.</p> <p>However, in circumstances that the Committee considers to be exceptional, awards of up to 200% of base salary may be made.</p>	<p>Vesting is based on the achievement of performance targets set in respect of key performance measures aligned to the strategy and shareholder value (currently underlying earnings per share).</p> <p>Up to 25% vests for threshold performance.</p> <p>The Committee retains discretion to set alternative measures and weightings for awards over the life of the Policy.</p> <p>Targets for performance measures are set and assessed by the Committee in its discretion.</p>	<p>No material changes.</p>
Shareholding Requirements				
<p>In-employment shareholding requirement.</p> <p>To create greater alignment between executive Directors and shareholders.</p>	<p>Executive directors are required to build a shareholding of 100% of base salary. Shares subject to unvested or vested but unexercised awards under the DBP and vested but unexercised LTIP awards may be included, in all cases on a net of tax basis.</p> <p>Executive directors will be required to retain all of the shares (net of tax) that vest under the DBP and the LTIP until the shareholding requirement is met.</p> <p>The Committee shall retain a discretion to waive the requirements, in whole or in part, in exceptional circumstances such as critical illness or personal financial hardship (including divorce).</p>	<p>Not applicable.</p>	<p>Not applicable.</p>	<p>No material change.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Changes from prior Policy
Shareholding Requirements continued				
Post-employment shareholding requirement. To ensure continued alignment of the long-term interests of executive Directors and shareholders post-cessation.	<p>Executive directors are required to maintain a shareholding equivalent to the in-employment shareholding requirement immediately prior to departure (or the actual share and award holding on departure, if lower) for two years post-cessation. Shares subject to unvested awards under the DBP and vested but unexercised LTIP awards may be included, in both cases on a net of tax basis.</p> <p>The requirement will only apply to shares vesting under DBP and LTIP awards made from the 2020 AGM onwards and will not apply to shares acquired either from awards granted before this date or from shares purchased directly by the executive director.</p>	Not applicable.	Not applicable.	Clarified the introduction date for this policy from the 2020 AGM.

Discretions retained by the Committee in operating the incentive plans

The Committee operates the Company's various incentive plans according to their respective rules and in accordance with HMRC rules where relevant. To ensure the efficient administration of these plans, the Committee may apply certain operational discretions including those described below.

Awards under any of the Company's share plans referred to in this Report may:

- be granted (if at all) at such times and within the limits of the plans and policy as conditional share awards or nil-cost options or in such other form that the Committee determines has broadly the same economic effect;
- have any performance conditions applicable to them amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy. Any such changes to performance conditions would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders. This ability to amend or substitute performance conditions will also apply to the annual bonus plan;
- incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vests up to the time of vesting (or where the award is subject to a holding period, release). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;
- be settled in cash at the Committee's discretion and in exceptional cases (for example where there are tax or regulatory issues which make it impracticable to settle in shares, to enable the Company to cash settle part of the award to cover any tax withholding requirements or on a change of control at the request of the acquirer); and
- be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

Furthermore, operational discretions are also retained as described in the policy table above and in respect of:

- determining the extent of vesting on the assessment of performance;
- determining "good leaver" status, the extent of vesting and related determinations in the case of share-based plans or the annual bonus;
- determining the extent of vesting and/or exchanges under share-based plans in the event of a change of control and other material corporate events;
- approving arrangements to meet tax withholding obligations and in respect of exercise periods and processes;
- weighting of performance measures and setting targets for the annual bonus and LTIP from year to year; and
- in the case of DBP awards only (other than the CSOP element) the redesignation of conditional awards to nil-cost options and vice versa.

Remuneration Policy continued

Bonus deferral

A portion of the annual bonus will be deferred into shares under the DBP, the latest plan rules for which were approved by the Company's shareholders at the 2021 AGM. Such awards will vest, unless the Committee determines otherwise, after three years from the date of grant, subject to continued employment with the Group.

For executive directors, the Company's policy is to defer 10% of annual bonus outcomes each year under the DBP.

The Committee may determine that DBP awards are made in conjunction with the Company Share Option Plan ("CSOP") to enable UK tax resident individuals to benefit from the growth in value of the shares subject to the awards in a tax-efficient manner. In such circumstances, when DBP awards are granted, a corresponding market value option will be granted under the terms of the CSOP, the maximum, aggregate face value of which may be up to £60,000. The options will vest on the same terms as and on the same date as the corresponding DBP awards. Under the terms of a CSOP, no income tax or employee's or employer's National Insurance contributions will be payable, on exercise, on the growth in value of the shares. The number of shares in respect of which the DBP awards will vest will be reduced to take account of the gain in value, as at exercise, of the corresponding CSOP options. CSOP awards would only be made in conjunction with the DBP as described above, and not on a stand-alone basis.

Clawback

Under the DBP and the LTIP, the Committee may reduce the number of shares subject to unvested awards and/or impose further conditions on unvested awards (effectively "malus") and/or require payments in cash or shares be made in certain circumstances which include:

- a material misstatement or restatement of any financial results of the Company;
- a material failure of risk management by the Company or a relevant business unit;
- serious reputational or financial damage to the Company or a relevant business unit as a result of the participant's misconduct or failure of supervision;
- the discovery of facts that could have led to the dismissal of the participant prior to the vesting of the award;
- an error of calculation;
- the Company suffering corporate failure; or
- such other exceptional circumstances as the Committee considers relevant.

These terms may also apply in the case of the cash element of the annual bonus.

The relevant recovery periods are until the time of vesting of the relevant award in the case of DBP awards and at any time prior to the second anniversary of vesting or payment of the award (as relevant) in the case of awards made under the LTIP and in the case of the cash element of an annual bonus.

Performance measures and target setting

As set out in the policy table, the Brokers' Bonus is non-contractual and is currently calculated as a percentage of profits from either personal and/or desk revenues depending on the role fulfilled. A portion may also be subject to non-financial or personal metrics.

The annual bonus where executive directors do not participate in the Brokers' Bonus is typically based largely on the financial performance of the Group during the year. When setting the financial performance targets each year, the Committee considers a number of factors including the board's business plan. Targets will be appropriately stretching and aligned to delivery of the Group's business plan and strategy.

Performance measures and targets for the LTIP are determined by the Committee to reflect the Group's strategy and to align executive directors with long-term value creation for shareholders. The Committee sets long-term performance targets that require appropriately stretching levels of performance, taking into account internal and external expectations.

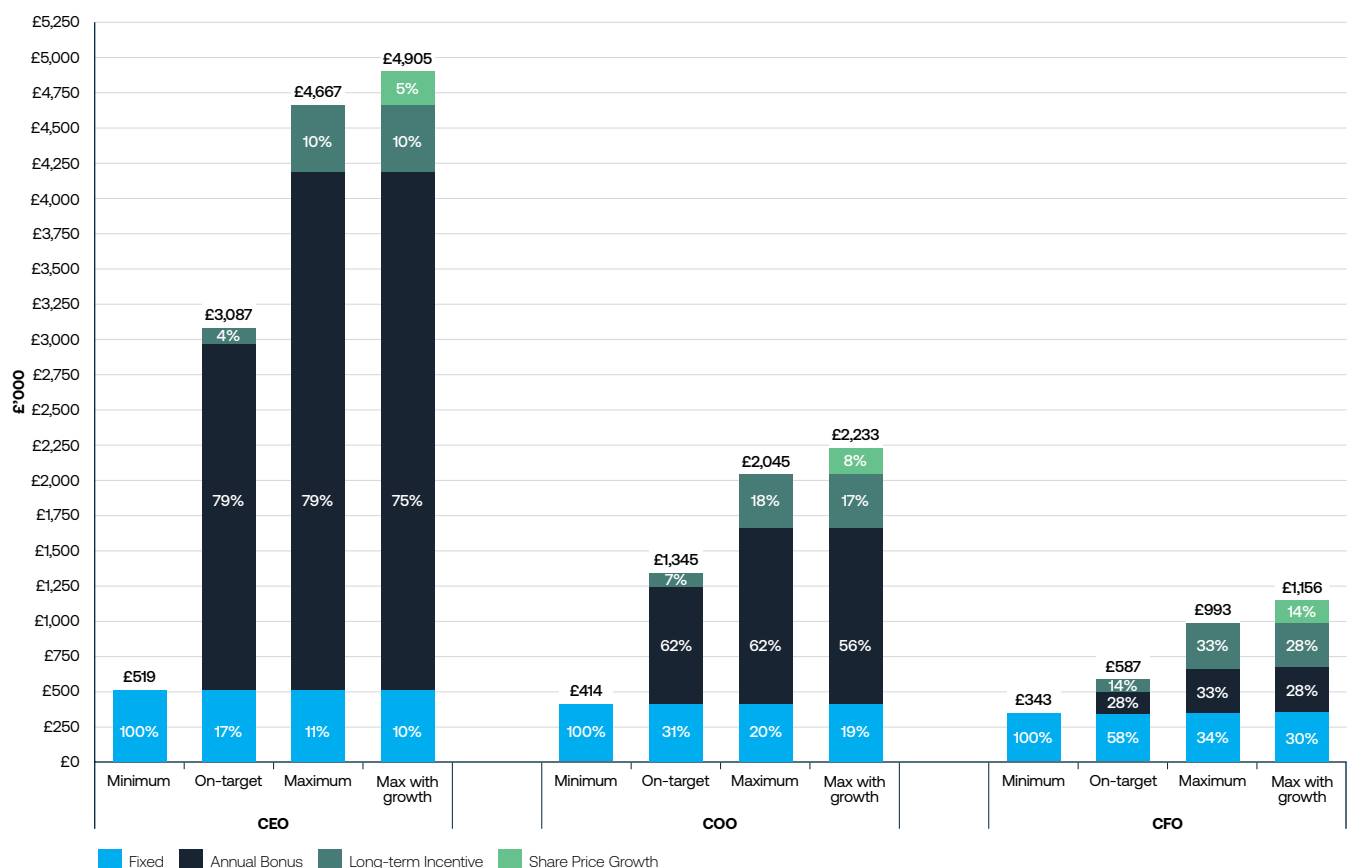
Existing remuneration arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretion available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were agreed either (i) before this new Policy comes into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes, "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Illustration of the Remuneration Policy

An illustration of the application of the remuneration policy for 2023 is set out below. The charts below give an indication of the level of remuneration that would be received by the executive director in accordance with the Directors' Remuneration Policy.

	Fixed pay	Annual bonus	LTIP (annual award level)
Minimum performance	Fixed elements of remuneration only (being FY24 salaries; 5% employer pension contributions; plus an estimate for 2023/24 benefits).	No annual bonus award.	No vesting.
Performance in line with expectations		For participants in Brokers' Bonuses, the average of the last 2 year's bonuses. For the CFO, 50% of base salary.	25% of maximum award vesting (equivalent to 25% of salary) for achieving expected performance.
Maximum performance		For participants in Brokers' Bonuses, the in line with expectation bonus plus 50%. For the CFO, 100% of salary.	100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance.
Maximum performance plus 50% share price growth			100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance plus hypothetical share price growth of 50%.



Remuneration Policy continued

External appointments

The Committee recognises that executive directors may be invited to become non-executive directors in other companies (including at the request of the Company). Such additional external appointments should not be undertaken without the prior approval of the board. The Committee will consider whether a Director should be permitted to retain any fees paid for such service on a case-by-case basis.

Policy table for the Chairman and Non-executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Changes from prior Policy
To provide market-appropriate fees to recruit and retain individuals of the calibre required to deliver the strategy.	<p>The remuneration of the Chairman is determined by the Committee and the remuneration of the non-executive directors is determined by the board (excluding the non-executive Directors).</p> <p>Fees are normally reviewed on an annual basis.</p> <p>Where the Chairman is a non-executive Chairman, they will receive a single fee encompassing all duties. Where the Company has an Executive Chairman, they may be eligible for additional elements in line with the executive director policy table.</p> <p>Non-executive directors receive a basic fee and may also receive additional fees for Committee or other board duties.</p> <p>Fees are payable in cash, although the Company may retain the right to make payment in shares.</p> <p>Expenses reasonably incurred in the performance of the role may be reimbursed or paid for directly by the Company, as appropriate, including any tax due on the benefits.</p> <p>A non-executive Chairman and non-executive directors do not participate in any of the Group's bonus arrangements, share plans or pension schemes.</p>	<p>While there is no maximum fee level, fees are set considering:</p> <ul style="list-style-type: none"> – market practice for comparative roles; – the time commitment and duties involved; and – the requirement to attract and retain the quality of individuals required by the Company. 	No material changes.

Approach to recruitment remuneration

In respect of the appointment of a new executive director, the overall approach of the Committee would be to provide remuneration arrangements sufficient to facilitate the appointment of individuals of sufficient calibre to lead the business and deliver the strategy, whilst seeking to pay no more than it considers necessary to secure the required talent.

The Committee would normally seek, as far as practicable, to align the remuneration package with that set out in the policy table for executive directors. Base salary would be set at an appropriately competitive level to reflect skills and experience and, where considered appropriate, may be set at a level which allows future above-average salary progression to reflect performance in role. If the individual was UK based, pension contributions or a cash allowance in lieu of pension would be payable at a rate not greater than that available to the majority of the UK workforce. Currently this is 5% of salary. Participation in the annual bonus and the LTIP would be in line with the structure and maximum opportunities set out in the policy table, other than as referred to below.

Where an individual forfeits remuneration arrangements with a previous employer as a result of appointment to the Company, the Committee may offer compensatory payments or awards to buy-out the awards forfeited and so facilitate recruitment. Such payments or awards could include cash as well as performance and non-performance related share awards, and would be in such form as the Committee considers appropriate considering all relevant factors such as the form, expected value, anticipated vesting and timing of the forfeited remuneration. There is no limit on the value of such buy-out awards, but the Committee's intention is that the value awarded would be no higher than the estimated value forfeited. Such awards may be made under the Company's existing annual bonus, DBP and LTIP plans or under arrangements established under 9.4.2(2) of the Listing Rules.

Where an executive director is appointed from within the Group, any legacy arrangements may be honoured in line with the original terms and conditions. Similarly, if an executive Director is appointed following an acquisition of or merger with another company, the Committee may determine that legacy terms and conditions are honoured.

The remuneration package for a newly appointed Chairman or non-executive director would be in line with the structure set out in the policy table for the Chairman and non-executive directors.

Service contracts and letters of appointment

The policy for executive directors is for them to have rolling service contracts that provide for a notice period by either party. The notice period may range between six and twelve months. The Company may terminate the executive director's contract by making a payment in lieu of notice of the unexpired notice period equivalent to a value comprising salary, pension and contractual benefits. There is no provision in any of the service contracts of the executive directors for any ex-gratia payments.

A non-executive Chairman and non-executive directors are appointed pursuant to a letter of appointment. The policy is that non-executive directors are appointed for an initial term of three years which may be extended for further three-year periods on the recommendation of the Nomination Committee and with the board's agreement, subject to annual re-election at the AGM. The non-executive directors' letters of appointment are to be terminable on one month's notice from either party.

Executive	Appointment date	Notice period
Grant Foley	1 August 2023	6 months
James Gundy	10 November 2020	6 months
Tris Simmonds	21 July 2021	6 months
Non-executive		
Elizabeth Gooch	21 July 2021	1 month
Joanne Lake	2 February 2022	1 month
Nigel Payne	6 April 2021	1 month
Cat Valentine	16 May 2023	1 month

Loss of office payment policy

In the event that the employment of an executive director is terminated, any compensation payable will be determined in accordance with the terms of the service contract as well as the rules of any share or incentive plans.

In the event of termination, the following will normally apply:

Payment in lieu of notice	As set out above in the previous section, the Company may terminate employment by making a payment in lieu of notice of the unexpired notice period which shall comprise base salary, pension entitlements and other contractual entitlements (or an amount in lieu of them).
Annual bonus	There is no automatic entitlement in respect of the year of cessation, although the Committee retains the discretion to make an award for good leavers, taking into account the circumstances of departure. Any such award would remain subject to performance and the maximum opportunity would normally be reduced pro-rata to reflect the period of the year worked.
DBP awards	<p>If cessation of employment is by reason of death, ill-health, injury or disability (certified to the satisfaction of the Committee), retirement, redundancy or the employing entity no longer being part of the Group, unvested DBP awards shall vest in full (subject to the normal reduction if the corresponding CSOP option is exercised) on the original vesting date, unless the Committee decides to accelerate vesting.</p> <p>If cessation of employment is for any other reason, then the Committee retains discretion to apply good leaver treatment. To the extent the Committee does not exercise this discretion, unvested and vested but unexercised DBP awards will lapse in full.</p>
LTIP awards	<p>If cessation of employment is by reason of death, injury, disability or ill-health (certified to the satisfaction of the Committee), the employing entity no longer being part of the Group or at the discretion of the Committee any other reason, unvested awards will continue and vest on the normal vesting date, unless the Committee decides to accelerate vesting.</p> <p>For all other reasons, unvested awards will lapse on cessation. The extent to which unvested awards vest in these circumstances will be determined by the Committee, taking into account the extent to which the original performance conditions are satisfied and, unless the Committee determines otherwise, the period of time that has elapsed since the award was granted until the date of cessation.</p> <p>Vested but unexercised awards held on cessation ordinarily remain exercisable for a limited period.</p> <p>For LTIP awards which have vested at time of cessation but have not yet been released from a holding period, the vested awards will continue and ordinarily be released on the original release date.</p>

In the event that a buy-out award is made on recruitment, then the relevant leaver provisions would be determined at the time of the award.

Remuneration Policy continued

The Committee reserves the right to make any other payments in connection with a director's cessation of office or employment where the payments are made in good faith, in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a director's office or employment. Any such payments may include, but are not limited to, paying any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with their cessation of office or employment.

Remuneration arrangements across the Group

The Group operates in a number of different sectors and geographies and therefore remuneration practices vary widely across the employee population. Differences in remuneration practices for executive directors, senior management and other employees in the Group generally reflect differences in market practice taking into account role, seniority and geographical location. The Committee is also mindful of the importance of executive remuneration being aligned and proportionate with wider remuneration practices and policies at all levels across the Group.

Remuneration arrangements must be capable of attracting, retaining and engaging the calibre of talent needed to deliver the strategy in the specific talent markets in which the Group competes. The involvement of employees in the Group's performance is encouraged through participation in incentive plans, appropriate for the markets in which the Group operates. In particular, our shipbrokers, including any relevant executive directors, may participate in commission-based profit-sharing arrangements which reflect market practice in industry peers. Alignment with shareholders through share ownership is widely encouraged through participation in share-based incentive schemes.

When making decisions in respect of the executive director remuneration arrangements, the Committee takes into consideration the pay and conditions for employees throughout the Group, including levels of salary increase and the operation of key incentive plans.

Engagement with shareholders

The Committee remains committed to and encourages open and constructive dialogue directly with shareholders. The Committee monitors investors' views, best practice developments and market trends on executive remuneration. The Company encourages shareholders to contact the Committee Chair with any questions regarding the Policy. Shareholders also have the opportunity to engage with the Committee at the Company's Annual General Meetings.

Annual Report on Remuneration

Implementation of the Policy for FY24

This part of the Report sets out details of how the Remuneration Committee intends to apply the Directors' Remuneration Policy (the "Policy") to the current Directors in FY24.

Base salary

The base salaries for the current executive directors are shown below.

	FY23 £'000	FY24 £'000	Change
Grant Foley	N/A	325	N/A
James Gundy	475	475	0%
Tris Simmonds	375	375	0%

Benefits and pension

James Gundy, Grant Foley and Tris Simmonds receive benefits and pension in line with the Policy.

Annual bonus

In line with the Policy, as James Gundy and Tris Simmonds continue to undertake broking activities, they continue to be eligible to participate in the Brokers' Bonus arrangements. This bonus is non-contractual and is based on profits generated through broking activities as described in the Policy.

The annual bonus for Tris Simmonds will additionally have an element subject to the attainment of non-financial metrics, depending on the needs of the business which can reflect the Group's strategy and operational objectives for the year, including driving efficiencies and growth across the Group.

The annual bonus for Grant Foley is based on a combination of performance measures linked to Group financial performance and the achievement of the Group's strategy and operational objectives for the year. In FY24, Grant Foley's participation will be on a pro-rata basis.

A portion of the annual bonus awarded to the CEO, CFO and COO will be deferred into shares under the Deferred Bonus Plan, and the deferral level will be at 10% of bonus outcome.

The board believes annual bonus targets to be commercially sensitive and, consequently, does not publish details of them on a prospective basis. However, it will consider a fuller disclosure on a retrospective basis when it reports on the performance against them in the following year's Annual Report.

LTIP

The Committee proposes to grant LTIP awards to our executive directors for FY24 at normal policy levels of 100% of salary (although on a pro-rata basis for Grant Foley). All awards will take the form of nil cost options to acquire ordinary shares of 10 pence each in the Company following a three-year vesting period subject to meeting the performance criteria set by the Committee and the rules of the LTIP. More detail on the performance metrics and targets will be disclosed in the related announcement when the awards are made. Any vested awards will be subject to a further two-year holding period.

Chairman and non-executive directors' fees

During the year, the Committee reviewed the Chairman's fee and this was increased to £135,000 with effect from 1 March 2023.

A summary of NED fees is set out in the table below.

	FY23 £'000	FY24 £'000
Chairman fee	108	135
Non-executive director fee	50	50
Audit & Risk Committee Chair fee	10	10
Remuneration Committee Chair fee	10	10
Committee membership fee ¹	N/A	5

¹ Cat Valentine receives an additional fee of £5,000 for her membership on the Remuneration and Audit & Risk Committees.

Annual Report on Remuneration continued

Implementation of the Policy in FY23

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2023. Those sections that have been audited have been identified below.

Single total figure of remuneration for FY23 (audited)

The remuneration of the executive Directors in respect of FY23 is shown in the table below (with the prior year comparative).

	James Gundy		Nicholas Stone		Tris Simmonds ¹	
	FY23 £'000	FY22 £'000	FY23 £'000	FY22 £'000	FY23 £'000	FY22 £'000
Base salary ²	450.0	425.0	250.0	250.0	333.3	145.8
Benefits ³	2.6	3.6	1.6	2.2	2.7	2.1
Pension ⁴	22.9	21.3	12.5	12.5	16.7	7.3
Annual bonus ⁵	2,950	1,948.0	0.0	44.0	1,250.0	250.0
LTIP ⁶	678.1	479.0	484.4	106.0	–	–
SAYE ⁷	7.9	–	4.6	–	–	–
Total	4,111.5	2,877.0	753.1	414.0	1,602.7	405.2
Total Fixed	475.5	449.9	264.1	264.7	352.7	155.2
Total Variable	3,636.0	2,427.0	489.0	150.0	1,250.0	250.0

1 Tris was appointed as Group Chief Operating Officer on 1 August 2021 and his data for 2021/22 represents his remuneration for the year as a director and does not include his remuneration as an employee for his role prior to his promotion. His bonus for FY22 in that period was the £250,000 amount shown above. This corrects a disclosure of £145,000 made in this table last year in error (which had further pro-rated an already pro-rated number).

2 James' base salary was increased from £425,000 to £475,000 in September 2022. Tris' base salary was increased from £250,000 to £375,000 in July 2022.

3 Benefits include private healthcare.

4 Pension includes the value of pension contributions to the Company's defined contribution scheme (or an equivalent cash allowance) in response of the relevant year.

5 Annual bonus represents the full value of the annual bonus awarded in respect of the relevant financial year, including the portion that is deferred into shares pursuant to the DBP.

6 LTIP represents the value of the LTIP award that vests in respect of a performance period ending in the relevant financial year.

7 SAYE represents the gain on the exercise of shares purchased through the save as you earn scheme.

The fees of the non-executive Directors are shown in the table below.

	Fixed fee	
	FY23 £'000	FY22 £'000
Lesley Watkins	3.5	52.5
Stephen Kunzer	40	42.5
Elizabeth Gooch	60	–
Nigel Payne	108	90
Joanne Lake	60	–

Additional fees for non-executive directors

In FY23, Elizabeth Gooch and Joanne Lake each received a fee of £5,000 for additional work on behalf of the board in the management and resolution of reporting issues which delayed the publication of the FY22 accounts. This work involved a significant number of additional meetings in Summer 2022. This £5,000 fee was in addition to their base NED fees and fees for chairing the Remuneration Committee and Audit & Risk Committee respectively.

Payments to past directors and payments for loss of office (audited)

There were no payments to past directors in the year. A summary of Nicholas Stone's leaving arrangements is set out below:

- A payment in lieu of notice, totalling £51,630.50, was paid in his final salary, inclusive of basic salary and pension contribution entitlement.
- No bonus was paid in respect of FY23 or FY24.
- With respect to outstanding LTIP awards, Nicholas Stone received a payment of £51,630.50 in lieu of 36,653 vested 2019 LTIP awards and retained all 156,250 vested 2020 LTIP awards, subject to the terms of the LTIP including continued holding periods. All 2021 LTIP awards (88,495) were lapsed in full.
- All outstanding DBP awards and linked CSOP options (55,180 in total), which were granted in 2020, 2021 and 2023 were lapsed in full.

Annual bonus for FY23 (audited)

The following bonus payments have been provided for:

- James continues to participate in the Brokers' Bonus, which delivered an outturn of £2,950,000 from a successful year. This represented a percentage of profits derived from personal broking revenues and a percentage of other revenues generated across the business based on his involvement and leadership across all desks. The relevant revenues were then reduced for agreed costs and an agreed profit share percentage was applied.
- Tris' bonus delivered an outturn of £1,250,000 from a successful year. The annual bonus for Tris Simmonds in FY23 was determined with reference to the successful acquisitions made during the year and revenues of the broking desks across the Group with a portion of this revenue allocated to Tris for the purposes of bonus calculation. An agreed profit share percentage was then applied to this calculation.

As disclosed, Nicholas Stone did not receive a bonus for FY23; accordingly we have not disclosed the original profit metrics that were set for this item.

LTIP award – granted during FY23 (audited)

The Committee granted LTIP awards to James Gundy during the period at a level of 100% of salary and an exceptional 200% of salary award for Tris Simmonds in his first year as COO. The awards have performance criteria based on the Company's growth in Earnings per Share "EPS", measured over a three-year performance period ending on 28 February 2025.

The underlying EPS measure will be adjusted to eliminate 50% of the estimated impact of changes in foreign exchange rates over the performance period.

The performance targets require a 3-year CAGR growth of 25% or more for full vesting (100% of the award), with threshold vesting (25% vesting of the award) at 15% CAGR. For attaining 3-year growth between these points, vesting will be pro-rata on a straight-line basis.

2020 LTIP award – vesting in respect of FY23 (audited)

- The 2020 LTIP awards were granted in July 2020 and were based on performance over a three-year performance period ending 28 February 2023 against the following adjusted EPS targets set when the award was granted: 25% vesting for underlying EPS of 30 pence in FY23 (the final year of the performance period for the award), rising on a straight-line basis for 100% vesting for adjusted EPS of 42 pence.

As James Gundy's award was granted prior to his becoming Group Chief Executive Officer, his award also included a performance condition linked to the underlying operating profit achieved by the previous Shipbroking Division, with 35% of the award vesting by reference to underlying EPS (with the same thresholds as Nicholas Stone's award) and 65% vesting by reference to the components making up the previously reported Shipbroking Division's underlying operating profit achieved in FY23 (the final year of the performance period for the award) with 25% of this portion vesting for underlying operating profit of £13.8 million rising on a straight-line basis for 100% vesting for underlying operating profit of £18 million.

With an underlying EPS outturn of 43.19 pence and a Shipbroking Division underlying operating profit outturn of £25.67 million, the vesting outturn for each of Nicholas and James was 100%. The awards that vested are now subject to a two-year holding period, following which they will be released and become exercisable.

Shareholding guidelines and share interests (audited)

Under the shareholding guidelines, executive Directors are required to build and retain a shareholding in the Group at least equivalent to 100% of their base salary.

Non-executive directors are not subject to a shareholding guideline. The following table sets out the shareholdings (including by connected persons) of the directors in the Company as at 28 February 2023. This shows that James Gundy and Tris Simmonds have met the shareholding guideline.

	Number of shares beneficially held at 28 February 2023	Shareholding as a % of salary ¹	Guideline met
Executive directors			
James Gundy	772,165	515%	Yes
Nicholas Stone	14,500	17%	No
Tris Simmonds	348,447	279%	Yes
Non-executive directors			
Stephen Kunzer	10,000		
Nigel Payne	8,258		
Elizabeth Gooch	–		
Joanne Lake	–		

¹ Shareholding as a percentage of salary is calculated using the base salary/fee and the closing share price on 28 February 2023.

Annual Report on Remuneration continued

The table below provides details of the interests of the executive directors in incentive awards during the year.

	Awards held at 1 Mar 2022	Grant date	Share price on grant £ ¹	Granted	Exercised/ released	Lapsed	Awards held at 28 Feb 2023	Exercise price £	Exercisable from	Exercisable to
James Gundy										
2018 LTIP	33,294	29 Oct 18	2.30	–	–	117,243	33,294 ²	–	26 May 23	29 Oct 28
2019 DBP	194,000	17 Jun 19	2.10	–	194,000	–	194,000	–	30 Aug 22	30 Aug 22
2019 LTIP	184,210	1 Jul 19	1.855	–	–	18,010	166,200	–	1 Jul 24	1 Jul 29
2019 SAYE	5,625	5 Jul 19	1.80	–	5,625	–	–	1.60	1 Aug 22	1 Feb 23
2020 DBP	386,195	9 Jul 20	1.21	–	–	–	386,195	1.22 ¹	9 Jul 23	9 Jul 23
2020 LTIP	218,750	24 Jul 20	1.23	–	–	–	218,750	–	24 Jul 25	24 Jul 30
2021 DBP	169,925	8 Jun 21	2.66	–	–	–	169,925	2.66	8 Jun 24	8 Jun 24
2021 LTIP	300,884	14 Jun 21	2.91	–	–	–	300,884	–	14 Jun 26	14 Jun 31
2023 LTIP	–	16 Feb 23	3.14	164,360	–	–	164,360	–	15 Feb 26	16 Feb 33
Nicholas Stone³										
2019 LTIP	105,263	1 Jul 19	1.855	–	–	68,610	36,653	–	1 Jul 24	1 Jul 29
2019 SAYE	4,500	5 Jul 19	1.80	–	–	–	4,500	1.60	1 Aug 22	1 Feb 23
2020 DBP	28,245	9 Jul 20	1.21	–	–	–	28,245	1.22 ⁴	9 Jul 23	9 Jul 23
2020 LTIP	156,250	24 Jul 20	1.23	–	–	–	156,250	–	24 Jul 25	24 Jul 30
2021 DBP	–	8 Jun 21	2.66	–	–	–	25,398	2.66	8 Jun 24	8 Jun 24
2021 LTIP	–	14 Jun 21	2.91	–	–	–	88,495	–	14 Jun 26	14 Jun 31
Tris Simmonds										
2019 DBP	50,000	17 Jul 19	2.035	–	–	–	50,000	2.00	30 Aug 22	1 Sep 22
2020 DBP	34,511	9 Jul 20	1.22	–	–	–	34,511	–	9 Jul 23	9 Jul 23
2021 DBP	–	8 Jul 21	2.66	26,315	–	–	26,315	–	8 Jun 24	8 Jun 24
2023 LTIP	–	16 Feb 23	3.14	259,516	–	–	259,516	–	15 Feb 26	16 Feb 33

¹ Share price included is the market price on the date of grant. When calculating the number of awards to be made, the Company uses the middle market quotations for the three trading days prior to grant.

² James Gundy's 2018 LTIP award vested in regard to 33,294 shares on 26 May 2021, with the remainder lapsing. The award that vested was now subject to a two-year holding period which ended on 26 May 2023.

³ Details of Nicholas Stone's leaving arrangements are set out earlier in this report.

⁴ James Gundy and Nicholas Stone were also given corresponding options under the Company Share Option Plan ("CSOP") over 24,650 shares, which will vest on the same date as the DBP award. Tris Simmonds was given corresponding options under the CSOP over 15,000 shares, which will vest on the same date as the DBP award. The number of shares in respect of which the DBP award will vest will be reduced to take account of any gain in value, as at exercise, of the CSOP options.

The performance conditions attached to the outstanding LTIP awards are as follows:

- 2019 LTIP: Nicholas Stone's 2019 LTIP award is tested solely on adjusted EPS in FY22 (the final year of the performance period for the award) with 25% vesting for adjusted EPS of 35 pence rising on a straight-line basis for 100% vesting for adjusted EPS of 46 pence. As James Gundy's award was granted prior to his becoming Group Chief Executive Officer, his award included a performance condition linked to the underlying operating profit achieved by the previous Shipbroking Division with 15% of the award vesting by reference to adjusted EPS (with the same thresholds as Nicholas Stone's award) and 85% vesting by reference to the previous Shipbroking Division's underlying operating profit achieved in FY22 (the final year of the performance period for the award) with 25% of this portion vesting for underlying operating profit of £11.25 million rising on a straight-line basis for 100% vesting for underlying operating profit of £15 million. Detail on the outcome of these awards is set out in the 2022 Directors' Remuneration Report forming part of the Group's Annual Report and Accounts 2022.
- 2020 LTIP: Nicholas Stone's 2020 LTIP award is tested solely on underlying EPS in FY23 (the final year of the performance period for the award) with 25% vesting for underlying EPS of 30 pence rising on a straight-line basis for 100% vesting for underlying EPS of 42 pence. As James Gundy's award was granted prior to his becoming Group Chief Executive Officer, his award again included a performance condition linked to the underlying operating profit achieved by the previous Shipbroking Division with 35% of the award vesting by reference to underlying EPS (with the same thresholds as Nicholas Stone's award) and 65% vesting by reference to the previous Shipbroking Division's underlying operating profit achieved in FY23 (the final year of the performance period for the award) with 25% of this portion vesting for underlying operating profit of £13.8 million rising on a straight-line basis for 100% vesting for underlying operating profit of £18 million. Detail on the outcome of these awards is set out above.
- 2021 LTIP: Both James Gundy's and Nicholas Stone's 2021 LTIP awards had performance criteria based on the Company's growth in absolute TSR measured over a three-year performance period ending on 13 June 2024, as follows: the maximum possible opportunity will vest if growth in TSR is equivalent to a CAGR of 22% or more per annum over the three-year performance period; if CAGR over the performance period is less than 12% per annum, none of the awards will vest; if CAGR is 12% per annum, 25% of the award will vest; and if CAGR is between 12% and 22% per annum, the vesting outcome will be calculated on a straight-line basis between 25% and 100%.

- 2022/23 LTIP: Both James Gundy's and Tris Simmonds 2022/23 LTIP awards had performance criteria based on the Company's growth in EPS measured over a three-year performance period ending on 28 February 2025 as follows: the maximum possible opportunity will vest if growth in EPS is equivalent to a CAGR of 25% or more per annum over the three-year performance period; if CAGR over the performance period is less than 15% per annum, none of the awards will vest; if CAGR is 15% per annum, 25% of the award will vest; and if CAGR is between 15% and 25% per annum, the vesting outcome will be calculated on a straight-line basis between 25% and 100%.

Percentage change in remuneration of the directors compared with average UK employees

The following table shows the year-on-year percentage change in the salary, benefits and annual bonus of the directors and the employees of the Company for FY23. The table also includes a comparison against the average for the Group's UK employees for FY23 compared to FY22. The Company considers that the Group's UK employees is the more representative comparator group, as the majority of the Group's employees are not employed by the Company itself, and as the Group Chief Executive Officer and the majority of the Group's workforce are UK-based.

	% Change in base salary		% Change in benefits		% Change in annual bonus	
	FY22 to FY23	FY21 to FY22	FY22 to FY23	FY21 to FY22	FY22 to FY23	FY21 to FY22
All UK employees	12%	6%	0%	0%	104%	13%
All Plc employees	7%	10%	0%	-20%	66%	119%
Executive directors						
James Gundy ¹	6%	N/A	0%	N/A	51%	N/A
Nicholas Stone	0%	3%	0%	22%	–	-78%
Tris Simmonds ²	50%	N/A	0%	N/A	194%	N/A
Non-executive directors						
Joanne Lake ³	N/A	N/A	N/A	N/A	N/A	N/A
Lesley Watkins ⁴	0%	0%	N/A	N/A	N/A	N/A
Stephen Kunzer	0%	0%	N/A	N/A	N/A	N/A
Nigel Payne ⁵	0%	N/A	N/A	N/A	N/A	N/A
Elizabeth Gooch ⁶	18%	N/A	N/A	N/A	N/A	N/A

1 James Gundy joined the board on 1 January 2021, so there is no prior year comparison in respect of FY20 and FY21.

2 Tris Simmonds was appointed as Group Chief Operating Officer on 1 August 2021, so there is no prior year comparison.

3 Joanne Lake joined the board on 1 March 2022, so there is no prior year comparison.

4 Lesley Watkins resigned on 31 March 2022.

5 Nigel Payne joined the board on 1 May 2021, so there is no prior year comparison.

6 Elizabeth Gooch joined the board on 1 August 2021, so there is no prior year comparison.

CEO pay ratio

The table below shows how the Group Chief Executive Officer's single-figure remuneration for FY23 compares to the equivalent single-figure remuneration for the Group's UK employees ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	74:1	40:1	18:1
2022	Option A	80:1	54:1	21:1
2021	Option A	21:1	13:1	5:1

	25th percentile pay £	Median pay £	75th percentile pay £
2023			
Total pay and benefits	55,500	102,000	230,000
Salary element of total pay and benefits	48,500	78,462	120,000

Annual Report on Remuneration continued

The Company has again selected Option A as the method for calculating the CEO pay ratio. Option A calculates a single figure for every UK-based employee in the year to 28 February 2023 and identifies the employees that fall at the 25th, 50th and 75th percentiles. This method was chosen as it is considered the most accurate way of identifying the relevant employees and aligns to how the single figure table is calculated.

The Company has included the following elements of pay in its calculation: annual basic salary, allowances, bonuses, share awards, employer's pension contributions, and P11D benefits. These pay elements were separated into recurring and non-recurring components. The recurring components were scaled relative to the proportion of the financial year worked by each individual employee before being added to the non-recurring elements such as bonus and share awards.

This resulted in a single figure for each employee, from which the individuals at the 25th, 50th and 75th percentiles could be identified.

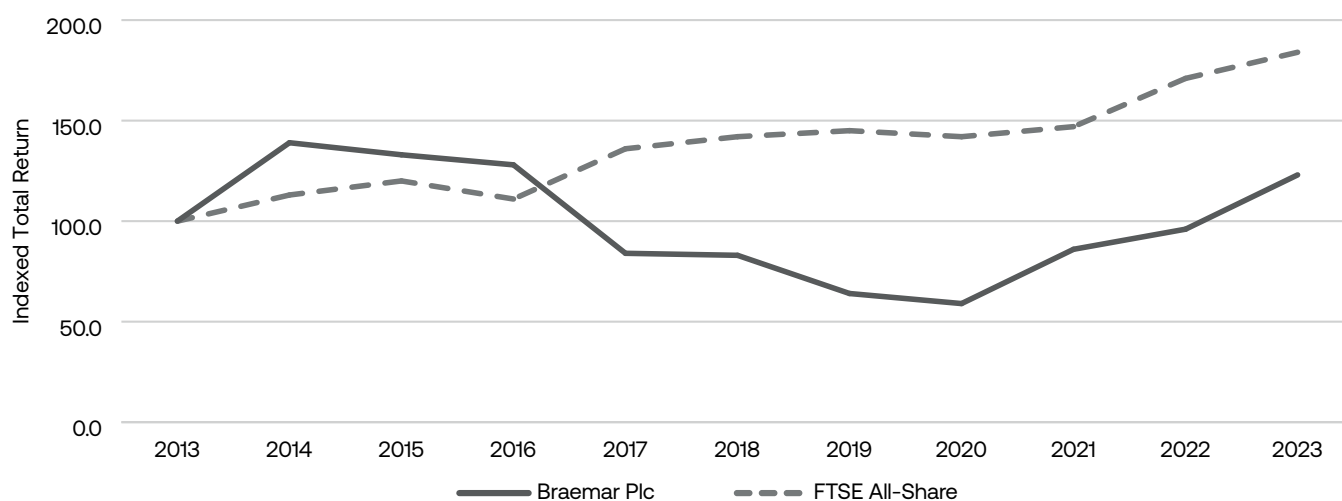
Relative importance of spend on pay

The chart below shows total employee remuneration and distributions to shareholders paid during FY23 and FY22 (and the difference between the two).

	FY23 £ million	FY22 £ million	Change (%)
Total employee remuneration	98.3	72.0	36.5%
Distributions to shareholders	2	2	0%

Performance graph and table

The chart below shows the Total Shareholder Return of the Company against the FTSE All-Share Index over the last ten years. The Committee believes the FTSE All-Share Index is the most appropriate index against which the Total Shareholder Return of the Company should be measured.



Source: Datastream (a Refinitiv product).

The table below provides remuneration data for the role of the CEO for the current and each of the last ten financial years over the equivalent period.

CEO	FY23 James Gundy £'000	FY22 James Gundy £'000	FY21 Ronald Series/ James Gundy £'000	FY20 James Kidwell/ Ronald Series £'000	FY19 James Kidwell £'000	FY18 James Kidwell £'000	FY17 James Kidwell £'000	FY16 James Kidwell £'000	FY15 James Kidwell £'000	FY14 James Kidwell £'000
Single total figure of remuneration	4,112	2,830	714	324	404	579	404	577	549	438
Annual bonus (% of maximum)	74%	49%	34%	10%	0%	50%	0%	60%	55%	23%
LTIP vesting (% of maximum)	100%	90%	18	0%	0%	0%	0%	N/A ⁴	0%	0%

Statement of voting at AGM

The following table sets out the votes cast (including those cast by proxy) at the 2022 AGM in respect of the Committee's Report for the year ending 28 February 2022 and at the 2020 AGM in respect of the prior Directors' Remuneration Policy (which was the last general meeting of the Company at which a resolution was moved by the Company in respect of the Policy).

Resolution	Votes for		Votes against		Total votes cast	Votes withheld
	#	%	#	%		
Approval of Remuneration Report for year ending 28 February 2022	4,348,717	71.24	1,755,702	28.76	6,104,419	1,143,182
Approval of Remuneration Policy	7,623,464	97.50	195,386	2.50	7,818,850	1,540,245

The Committee noted and considered the voting outcomes for the resolution to approve the Remuneration Report at our 2022 AGM. However, as the Company disclosed in the announcement regarding the results of the 2022 AGM, the board considers that the operation of its remuneration practices are very clearly in the best interests of all stakeholders of the business and that the Remuneration Committee has discharged its duties properly.

The board further notes that some of the votes against the Directors' Remuneration Report were cast as a result of "vote against" recommendations being received from certain proxy shareholder advisory services. From the Company's perspective, these recommendations did not take account of the Company's specific business model and governance structures and were not informed by any direct engagement with the Company.

The board and the Remuneration Committee encourage an open and constructive dialogue directly with its shareholders and continue to be willing to engage with any shareholder on any relevant topics should they so wish, including all remuneration topics within the Committee's remit.

Elizabeth Gooch

On behalf of the Remuneration Committee
15 November 2023

Directors' Report

for the year ended 28 February 2023



Rebecca-Joy Wekwete
Company Secretary

This section contains additional information that the directors are required to include within the Annual Report. Together with the Strategic Report on pages 2 to 53, it forms the Management Report for the purposes of DTR 4.1.5R. Other information that is relevant to this Directors' Report, and which is incorporated by reference into this Directors' Report, can be found elsewhere in this Annual Report, as follows:

- Results and decisions relating to dividends on pages 5 to 6.
- Important events during the year ended 28 February 2023 and likely future developments in the business of the Company or its subsidiaries on pages 5 to 7 and 14 to 15.
- Going concern on page 30.
- Greenhouse gas emissions on page 38.
- Employee engagement and diversity on page 43.
- Engagement with clients and other key stakeholders on pages 32 to 33.
- Corporate Governance Report on pages 54 to 89.
- Section 172 Statement on pages 32 to 33.
- Risk and compliance framework review on pages 47 to 53.
- Principal decisions taken during the year on pages 2, 14 to 15 and 32 to 33.
- EPSG Report on pages 34 to 45.
- Non-Financial Information Statement on page 46.

Principal activity

Braemar Plc (registered number 02286034) is the ultimate holding Company for the Braemar Group, a global provider of expert investment, chartering, and risk management advice to the shipping and energy markets.

Review of the business

A more detailed review of the business for the year is included in the Chairman's Statement, the Group Chief Executive Officer's Statement and the Financial Review.

Amendment of Articles of Association

The Company's shareholders may amend the Company's Articles of Association by special resolution.

Branches outside the United Kingdom

The Group has branches and/or representative offices in China, Switzerland and Greece.

Change of control – significant agreements

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

The Convertible Loan Notes that are summarised below carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The Convertible Loan Notes shall automatically convert or be redeemed in the event that any person or persons acting in concert holds more than 50% of the issued share capital of the Group or an impairment charge in excess of €50 million is reflected in the audited Financial Statements of the Group.

There are a number of ordinary course of business agreements that take effect, alter or terminate following a change of control of the Company, but none of these are considered to have a significant potential impact on the business of the Group as a whole.

Convertible Loan Note Instruments

On 26 September 2017, the Company completed the acquisition of Braemar Naves. A new class of convertible loan note instruments (the "Convertible Loan Notes") formed a core part of the consideration for this transaction. The Company has issued all of the Convertible Loan Notes to be issued in connection with this acquisition, of which €4,448,956 worth remain outstanding.

These Convertible Loan Notes are unsecured and unlisted. The Convertible Loan Notes are denominated in euros and, as part of the restructuring, it was agreed that they would carry a 5% per annum coupon from September 2025, increasing from 3%. The conversion prices were fixed at 390.3 pence for management note holders and 450.3 pence for non-management note holders. For more information on the Convertible Loan Notes, please see Note 27 to the Financial Statements.

Political contributions

There were no political contributions during the year ended 28 February 2023 (2022: £nil).

Share capital and voting rights

As at 28 February 2023, the Company's total issued ordinary share capital was 32,924,877 shares of 10 pence each (28 February 2022: 32,200,279 shares). All of the Company's shares are fully paid up and quoted on the London Stock Exchange plc's Official List. The rights and obligations attaching to the Company's ordinary shares (as well as the powers of the Company's directors and any rules relating to their appointment and replacement) are set out in the Company's Articles of Association, copies of which can be found online at Companies House, or by writing to the Company Secretary. There are no restrictions on the voting rights or the transfer restrictions attaching to the Company's issued ordinary shares.

At the AGM held on 9 August 2023, shareholders passed a resolution to renew the directors' authority to allot shares in the Company. Further details are provided in the Notice of the AGM.

Share schemes

Details of long-term incentive schemes are provided in the Directors' Remuneration Report on page 72.

Purchase of own ordinary shares

The Company is authorised to make market purchases of the Company's ordinary shares pursuant to the authority granted by its shareholders at the AGM held on 9 August 2023. This authority will expire at the end of the 2024 AGM. The Company did not use this authority in either the year ended 28 February 2022 or the year ended 28 February 2023.

The directors proposed that this authority be renewed at the 2023 AGM in accordance with the Company's Articles of Association and this resolution was passed. In accordance with the ABI Investor Protection Guidelines, the maximum number of ordinary shares which may be acquired under such authority is 10% of the Company's issued ordinary shares. The directors will only make a purchase of shares using this authority if it is expected to result in an increase in earnings per share and will take into account other available investment opportunities, appropriate gearing levels and the overall position of the Company. Any shares purchased in accordance with this authority will subsequently be cancelled.

Options and ESOP Trust

The total number of options to subscribe for shares in the Company that were outstanding as at 28 February 2023 was 2,754,003, being 8.36% of the issued share capital.

During the year ended 28 February 2023, 2,795,000 of the Company's ordinary shares were purchased by SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust (2022: 2,740,164). The Trustee had absolute discretion and independence in respect of any trading decisions it made in respect of these purchases. As at 28 February 2023, the ESOP held 3,579,630 shares.

Directors and their interests

The directors of the Company as at the date of this Directors' Report are shown on pages 58 to 59. Lesley Watkins served as a director of the Company during the year ended 28 February 2023 and until 31 March 2022. Stephen Kunzer also served as a director of the Company during the year ended 28 February 2023 and until 31 January 2023. Nicholas Stone also served as a director of the Company until 31 July 2023.

The directors' beneficial interests in the ordinary shares and share options of the Company as at 28 February 2023 are disclosed in the Directors' Remuneration Report on page 81. There have not been any changes in such interests between 28 February 2023 and 31 October 2023.

As at 28 February 2023, the executive directors, in common with other employees of the Group, also have an interest in 3,579,630 (2022: 2,669,837) ordinary 10 pence shares held by SG Kleinwort Hambros Trust Company (CI) Ltd on behalf of the Employee Share Ownership Plan and in 62,290 (2022: 62,290) ordinary 10 pence shares held by Computershare Trustees (Jersey) Limited on behalf of the ACM Shipping Limited Employee Trust.

The directors held no material interest in any contract of significance entered by the Company or its subsidiaries during the year ended 28 February 2023.

During the year, the Company maintained cover for its directors and officers and those of its subsidiary companies under a directors' and officers' liability insurance policy, as permitted by the Companies Act 2006.

Directors' Report continued

for the year ended 28 February 2023

Significant shareholdings

As at 28 February 2023, the Company was aware of approximately 33.4% of its ordinary shares being held by Group employees and the ESOP Trust. The working vendors of Braemar Naves Corporate Finance GmbH currently hold €4,448,956's worth of Convertible Loan Notes.

As at 28 February 2023, the Company was aware of the following significant direct or indirect shareholdings of 3% or more:

Name	Number of shares	Percentage of issued ordinary share capital ¹
SG Kleinwort Hambros Trust Company (CI) Limited as Trustee of the Braemar Shipping Services Plc ESOP	3,641,920	11.06%
Hargreaves Lansdown Asset Management	2,871,688	8.72%
Interactive Investor	2,357,228	7.16%
Quentin Soanes	1,288,990	3.91%
Barclays Wealth	1,185,936	3.60%
National Financial Services	1,127,906	3.43%
Magnus Halvorsen	1,000,000	3.04%

¹ Percentages are shown as a percentage of the Company's total voting rights as at 28 February 2023.

Financial instruments

The Group's financial risk management objectives and policies are set out in the Corporate Governance Report on pages 56 to 57 and in the Strategic Report on pages 47 to 53.

Statement of Directors' responsibilities

The directors are responsible for preparing this Annual Report and the Group and Company Financial Statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under such law, they are required to prepare the Group Financial Statements in accordance with international accounting standards in conformity with the Companies Act 2006. Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group Financial Statements are required to be prepared in accordance with UK adopted IAS and the requirements of the Companies Act 2006.

Under company law, the directors must not approve the Group Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- in respect of the Group Financial Statements, state whether UK adopted IAS and the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- in respect of the Parent Company Financial Statements, state whether UK adopted IAS in conformity with the Companies Act have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is appropriate to presume that the Company and the Group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy the financial position of the Company and the Group and enable them to ensure that the Company and the Group Financial Statements comply with Section 403 of the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and corporate governance statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual Financial Report

Each of the directors, whose details can be found on pages 58 to 59, to the best of their knowledge confirm that the:

- consolidated Financial Statements, prepared in accordance with UK adopted IAS and the requirements of the Companies Act 2006 give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and undertakings included in the consolidation taken as a whole;
- Annual Report, including the Strategic Report and the Directors' Report, together includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;
- Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Disclosure of information to the auditors

In accordance with Section 418 of the Companies Act 2006, each person who is a Director at the date of approval of this Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Forward-looking statements

Where this Annual Report contains forward-looking statements, these are based on current expectations and assumptions and only relate to the date on which they are made. These statements should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward-looking information. The Group cautions investors that a number of factors, including matters referred to in this Annual Report, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed on pages 47 to 53 of this Annual Report.

Forward-looking statements in this Annual Report include statements regarding the intentions, beliefs or current expectations of our directors, officers and employees concerning, among other things, the Group's results, financial condition, liquidity, prospects, growth, strategies and the business. Neither the Group, nor any of the Directors, officers or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Annual Report will actually occur. Undue reliance should not be placed on these forward-looking statements. Other than in accordance with our legal and regulatory obligations, the Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Appointment of the auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of BDO LLP as auditor of the Company was proposed and passed at the AGM held on 9 August 2023.

Annual General Meeting

The 2023 AGM of the Company was held on 9 August 2023 at the Company's offices; only those resolutions that did not relate to the 2023 Annual Report and accounts were dealt with and the meeting was adjourned to a later date. The reconvened AGM will be held at 10 a.m. on 18 December 2023 at the Company's offices at One Strand, Trafalgar Square, London, WC2N 5HR. The reconvened meeting will deal with resolutions 1 to 4 (inclusive), as set out in the Notice of Meeting that was sent to shareholders on 17 July 2023.

By order of the board

Rebecca-Joy Wekwete

Company Secretary
15 November 2023

Independent auditor's report

to the members of Braemar Plc

Opinion on the Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 February 2022 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Braemar Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 28 February 2023 which comprise:

	Composition	Financial reporting framework
Group	<ul style="list-style-type: none"> • Consolidated Income Statement • Consolidated Statement of Comprehensive Income • Consolidated Balance Sheet • Consolidated Statement of Changes in Total Equity • Consolidated Cash Flow Statement • Notes to the financial statements, including a summary of significant accounting policies. 	Applicable law and UK adopted international accounting standards.
Parent Company	<ul style="list-style-type: none"> • Company Balance Sheet • Company Statement of Changes in Total Equity • Notes to the financial statements, including a summary of significant accounting policies. 	Applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were appointed by the board of directors on 2 October 2018 to audit the financial statements for the year ended 28 February 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 28 February 2019 to 28 February 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the directors' going concern assessment and forecasts, including assessing the underlying base case cash flow forecasts by obtaining supporting documents, including current forward order book and considering other impacts such as:
 - geo-political conflict on the business and the shipping industry;
 - current economic matters;
 - climate-change; and
 - the impact of the legally privileged independent internal investigation (led by independent external legal counsel and supported by independent forensic accountants) (the "Internal Investigation") and associated share suspension, both of which were announced by the directors on 26 June 2023;
- Evaluating the stress tests performed by the directors, (including additional stress tests and sensitivities identified by the directors following the Internal Investigation and impact of the matter disclosed in Note 28 to the financial statements) to determine whether they are appropriate based on our knowledge of the business and industry and whether further stress tests should be performed;
- Reviewing the reverse stress test forecast to assess the point at which covenants would be breached or a liquidity event triggered;
- Considering the directors' conclusion that the likelihood of the reverse stress case scenario materialising is remote and the ability of the directors to undertake further mitigating actions that are within their control should this be required;

- Assessing the Group's covenant compliance calculations (actual at year-end and forecast post year-end) with the terms of the facility agreement;
- Assessing the post year end covenant waivers received from the provider of the banking facilities following the delay in approval of the financial statements;
- Assessing the impact on the banking facilities as a result of the findings of the Internal Investigation and observing covenant waiver correspondence;
- Assessing the impact of prior period adjustments on retrospective covenant compliance submissions; and
- Assessing the financial statement disclosures regarding going concern to determine whether they are complete and accurate.

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

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

Coverage	93% (2022: 98%) of Group revenue and 98% (2022: 95%) of Group total assets		
Key audit matters		2023	2022
1. Acquisition of Southport Maritime Inc		✓	
2. Disposal of Cory Brothers Division*			✓
3. Cut-off on revenue recognition and compliance with the requirement of IFRS 15 revenue recognition**			✓
4. Impairment of goodwill in respect of the Corporate Finance Division (Naves) Cash Generating Unit ("CGU")		✓	
5. Accounting treatment of certain legacy transactions subject to Internal Investigation		✓	
* The accounting treatment for the disposal of Cory Brothers Division is no longer considered to be a key audit matter for the 2023 audit on the basis that the transaction completed in 2022.			
** Cut-off on revenue recognition is no longer considered to be a key audit matter due to reduced assessed risk in the current year.			
Materiality	Group financial statements as a whole £901,000 (2022: £450,000) based on 5% (2022: 5%) of underlying profit before tax		

An overview of the scope of our audit

The Group has diverse international operations. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the Financial Statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We designed an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion. Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of group balances on which to base our audit opinion.

Independent auditor's report continued

to the members of Braemar Plc

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

Significant components	<ul style="list-style-type: none"> • We focussed our Group audit scope primarily on the audit work at four significant components including the Parent Company, which were subject to full scope audit procedures. • The significant components comprise 79% of Group Revenue and 77% of Group assets. • The Group audit team audited two significant components with the Singapore and Australia components being audited by local BDO member firms in the respective countries. • The Group audit team issued the Group instructions, oversaw the risk assessment process and the overall audit approach and strategy with the component auditors at the planning stage. The Group audit team performed remote reviews of the significant components working papers. The Group audit team attended several virtual conference meetings with the component auditors throughout the planning, fieldwork and completion stages of the audit.
Other full scope audits and Specified audit procedures	<ul style="list-style-type: none"> • There were three components for which full scope audits were carried out in order to provide additional audit coverage. • There were two further components which were considered for specified audit procedures. • Specified audit procedures were performed to address the risk of material misstatement limited to the significant risk in relation to revenue recognition and certain other financial statement areas within these components. All other balances were scoped in for analytical review procedures. • The additional full scope audits and specific scope audit testing was performed on components that contribute an aggregate of 14% of the Group revenue and 21% of Group assets. • These procedures were performed by a component team within BDO LLP, a BDO member firm in Germany and a UK non-BDO Member firm. The Group audit team directed the work for the specified procedures through the issuance of detailed instructions, briefings and performing a review of selected working papers.
Remaining components	<ul style="list-style-type: none"> • The remaining 17 components were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information. • Certain financial statement areas of the 17 components were subject to unpredictability testing. • All of the analytical reviews were completed by the Group audit team or BDO member firms.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the Annual Report;
- Our own qualitative risk assessment taking into consideration the shipping sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of board and Audit and Risk Committee meeting and other papers related to climate change; and
- We challenged the extent to which climate-related considerations, including the expected cash flows, where appropriate, in the directors' going concern assessment and viability assessment.

We also assessed the consistency of management's disclosures included as 'Statutory other Information' within the Annual Report (including the disclosures in the Task Force on Climate-Related Financial Disclosures ("TCFD") section) within the financial statements and with our knowledge obtained from the audit. Our responsibility over other information is further described in the Reporting on other information section of our report.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Acquisition of Southport Maritime Inc.</p> <p>(See Note 14 and the accounting policy in Note 3a)</p>	<p>On 16 of December 2022, the Group acquired the entire share capital of Southport Maritime Inc ("Southport"). The purchase price amounted to £6.6 million in up-front cash (subject to claw backs) and £2.5 million in deferred consideration in the form of shares of Braemar Plc. All consideration is subject to future employment conditions.</p> <p>In line with IFRS 3 Business Combinations the Group is required to record identifiable assets and liabilities at fair value.</p> <p>The purchase price allocation performed requires significant judgement and estimates, specifically in relation to the valuation of acquired intangible assets. Changes in these assumptions may have a material impact on the fair values. Due to all consideration being contingent on future service, and therefore treated as remuneration, the fair value of consideration was £nil resulting in a gain on bargain purchase being recorded in the consolidated income statement of £3.6 million.</p> <p>Key assumptions were particularly noted in the cash flow forecast and discount rate.</p> <p>There is also a risk that the disclosures are not complete and accurate.</p> <p>Due to the matters described, we considered this business combination and in particular the purchase price allocation as a key audit matter.</p>
<p>Impairment of goodwill in respect of the Corporate Finance Division (Naves) Cash Generating Unit ("CGU")</p> <p>(See Note 15 and the accounting policy in Note 3k)</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Review of the share purchase agreement and confirmation of key terms including confirmation that all consideration was subject to future employment conditions; • With the support of our internal valuation experts and through interactions with the management team of Southport, we assessed the completeness of intangible assets identified, appropriateness of valuation methodologies utilised and assessed the key assumptions including revenue growth rate and discount rate applied; • Recalculating the gain on bargain purchase recorded in the consolidated income statement based on the consideration and net assets acquired; • Obtaining supporting evidence for all other material acquired assets and liabilities, on a sample basis, other than for cash which was tested in total; and • We have also assessed the note disclosure (Note 14) under the requirements of IFRS 3 for completeness and accuracy. <p>Key observations:</p> <p>Based on the procedures performed, we are satisfied that the acquisition accounting for Southport meets the requirements of IFRS 3 and that the disclosures comply with the requirements of the accounting framework.</p>
	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Challenging management's assumptions in respect of the cash flow forecasts including obtaining supporting documents for revenue growth such as current pipeline, considering historic forecasting accuracy, analysing industry trends and using our knowledge of the business; • Challenging management on any significant changes in assumptions from prior year, including changes to short term revenue growth rates, earnings margins, long term growth rates and discount rates; • Utilising our own internal valuation experts to assess the adequacy of the discounts rates and long-term growth rates applied, and to assess the mechanics and mathematical accuracy of the value in use models; and • Considering management's sensitivities and performing our own sensitivities where considered necessary in respect of the key assumptions. <p>Key observations:</p> <p>Based on the procedures performed, we are satisfied that the assumptions made by management in the impairment review are appropriate and therefore also that the impairment recognised is within an acceptable range.</p>

Independent auditor's report continued

to the members of Braemar Plc

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Accounting treatment of certain legacy transactions subject to Internal Investigation</p> <p>(See Note 28, Chairman's Statement pages 5 to 7, Financial Review pages 28 to 30, Corporate Governance Report pages 54 to 89 and the Report of the Audit & Risk Committee pages 60 to 64)</p>	<p>As announced by the directors on 26 June 2023, with further updates announced on 22 September 2023 and 26 October 2023, the directors engaged external forensic accountants and external legal advisers to undertake the Internal Investigation, which ultimately encompassed review of several legacy transactions.</p> <p>The 26 June 2023 announcement stated that the Internal Investigation related to "a particular transaction of circa \$3 million, which originated in 2013, and involves payments being made through to 2017".</p> <p>Following the completion of the Internal Investigation which was announced by the directors on 26 October 2023, a provision of £2.0 million was recorded on the Consolidated Balance Sheet as set out in Note 28. The £2.0 million provision results from a £1.7 million reclassification from trade payables where the balance was recorded in the prior year financial statements, and an additional charge of £0.3 million to the Consolidated Income Statement charge.</p> <p>There is a risk that the accounting is not in line with the results of the Internal Investigation, that further accounting entries are required such that the provision is not complete and/or accurate, and that disclosures are not complete and/or accurate.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • With the support of our internal forensic specialists, assessing the nature, scope and objectives of the Internal Investigation to ensure that it was appropriately designed to address the potential issues raised; • reading the output from the Internal Investigation including and considering management's assessment of the associated impact on the financial statements in terms of the appropriate accounting treatment and disclosures; • assessing associated documents, including minutes of meetings held by the Group's Investigation Committee, and holding discussions with the firms undertaking the Internal Investigation; • discussing the accounting treatment and quantum of the provision with management and the Group's external legal advisers; and • assessing the completeness and accuracy of the disclosures included in Note 28.

Key observations:

Based on the procedures performed, we are satisfied that the accounting adopted in respect of the transactions is in compliance with the accounting framework adopted, and that the disclosures are complete and accurate based on the requirements of the accounting framework adopted.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group	Parent Company
Materiality	£901,000 (2022: £450,000)	£810,000 (2022: £405,000)
Basis	5% (2022: 5%) of underlying profit before tax	Based on 90% (2022: 90%) of Group materiality
Rationale	Underlying profit before tax is considered the most appropriate benchmark based on the nature of the trading business where in our judgement the stakeholders would be most interested in the performance of the business and underlying profit being a key performance measure in this regard. We also consider this to be consistent with market practice and investor expectations.	Capped materiality at 90% (2022: 90%) of Group given the assessment of component aggregation risk.

Further materiality measures applied in the conduct of the audit include:

	Measure	Application
Performance materiality	Group: £585,000 (2022: £283,000) Parent: £526,000 (2022: £252,000)	Performance materiality was set at 65% (2022: 63%) based on the history of misstatements identified in the prior years and the number of accounts subject to high degrees of estimation and judgement.
Component materiality	The range of materiality used for components ranged from £430,000 to £810,000 (2022: £120,000 to £405,000)	Our audit work at each component has been executed at levels of materiality applicable to each individual entity based on its size and risk as approved by the Group audit team and in each case, lower than that applied to the Group. We set materiality for each component of the Group based on a percentage of between 48% and 90% (2022: 27% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. In the audit of each component, we further applied performance materiality levels of 65% (2022: 62% to 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.
Reporting threshold	Group: £18,000 (2022: £8,000) Parent: £16,000 (2022: £8,000)	All audit differences in excess of the 'reporting threshold' are reported to the Audit and Risk Committee, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.
Quantitative & qualitative disclosures	We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.	

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> The directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 52; and The directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 105.
Other Code provisions	<ul style="list-style-type: none"> Directors' statement on fair, balanced and understandable set out on page 88; Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 49; The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 64; and The section describing the work of the Audit & Risk Committee set out on page 60.

Independent auditor's report continued

to the members of Braemar Plc

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or certain disclosures of directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, through discussion with management and the Audit and Risk Committee and our knowledge of the industry;
- We focused on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules of the Financial Conduct Authority, UK adopted international accounting standards for the Group and United Kingdom Generally Accepted Accounting Practice for the Parent Company, Health and Safety legislations, the Bribery Act 2010 and tax legislations;
- We considered compliance with these laws and regulations through discussions with management, and in-house legal counsel, reviewing internal audit reports and discussing with the Audit and Risk Committee. Our procedures also included reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations as well as attending Audit and Risk Committee meetings;
- With support from our internal forensic specialists, and pursuant to agreeing an appropriate limited waiver of legal professional privilege, we read and assessed the report in respect of the Internal Investigation and associated documents, including minutes from the Investigation Committee, and held discussions with the firms undertaking the Internal Investigation – our Key Audit Matter "Accounting treatment of certain legacy transactions subject to Internal Investigation" above, contains further details;

- With the support of our internal tax specialists, we reviewed the Group's tax computations against the requirements of the relevant tax legislation and where applicable, reviewed correspondences with relevant taxation authorities;
- We reviewed the financial statements disclosures against the requirements of the applicable accounting framework; and
- We reviewed documentation in relation to the Capital Reduction process that was completed to address the payment of unlawful dividends historically, and increase the Group's capacity to pay future dividends, as disclosed in Note 12.

Fraud

- With the support of our forensic specialists we assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We considered the fraud risk areas to be management override of controls and revenue recognition, as well as certain matters arising from the Internal Investigation. We performed a robust risk assessment and obtained an understanding of the design and implementation of relevant controls surrounding the revenue recognition process for each revenue stream and the relevant controls over the financial reporting close process (FRCP) such as controls over the posting of journals and the consolidation process and obtained an understanding of the segregation of duties in these processes;
- In addressing the risk of fraud including management override of controls we tested the appropriateness of journal entries made throughout the year by applying specific criteria to select a sample, verified to supporting documents and obtained an understanding of the business rationale for each of the journal entries;
- In relation to the improper revenue recognition fraud risk, on a sample basis, we tested revenue recognised in relation to new build and second-hand ship sales by obtaining evidence to support the satisfaction of the performance obligation and that revenue was recorded in the correct period. We also tested material manual journals that impacted all revenue streams by obtaining supporting documents and assessing the business rationale and validity of the journals;
- We performed a detailed review of the Group's year end adjusting and consolidation entries and investigated any that appeared unusual as to nature or amount through inquiry with management on the nature of the adjustment and verification to supporting evidence; assessed whether the judgements made and accounting estimates were indicative of a potential bias particularly on one-off transactions such as the acquisition of Southport Maritime Inc. which involved judgements and estimates (refer to the key audit matter section above); Specifically, we considered the facts and circumstances in respect of the Internal Investigation and accounting referred to in Note 28;
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, who were deemed to have the appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- The component teams also considered the susceptibility of the financial statements due to fraud in respect of the relevant components. Testing of management override was completed by the component teams through testing the appropriateness of a sample of journal entries in line with the journal testing procedures as detailed above and assessment of risk of management bias on the significant judgements and estimates as detailed in Note 2;
- We applied professional scepticism in our audit procedures and performed randomised procedures to include a level of unpredictability; and
- We performed an assessment of the Group's IT and the wider control environment and as part of this work obtained an understanding of the design and implementation of IT access controls.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Oliver Chinneck (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
15 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

For the year ended 28 February 2023

		28 Feb 2023			28 Feb 2022		
		Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Continuing operations	Notes						
Revenue	4	152,911	–	152,911	101,310	–	101,310
Other operating income	10	–	3,846	3,846	–	–	–
Operating expense:							
Operating costs	5, 10	(132,598)	(355)	(132,953)	(90,503)	(392)	(90,895)
Acquisition-related expenditure	10	–	(1,999)	(1,999)	–	(122)	(122)
Impairment of financial assets ¹	5, 10	(238)	(848)	(1,086)	(747)	–	(747)
Impairment of goodwill	10	–	(9,050)	(9,050)	–	–	–
Total operating expense		(132,836)	(12,252)	(145,088)	(91,250)	(514)	(91,764)
Operating profit		20,075	(8,406)	11,669	10,060	(514)	9,546
Share of associate loss for the year	20	(23)	–	(23)	(19)	–	(19)
Finance income	8, 10	119	83	202	81	172	253
Finance costs	8, 10	(2,131)	(266)	(2,397)	(1,237)	–	(1,237)
Profit before tax from continuing operations		18,040	(8,589)	9,451	8,885	(342)	8,543
Taxation	9	(4,641)	(214)	(4,855)	(1,839)	–	(1,839)
Profit from continuing operations		13,399	(8,803)	4,596	7,046	(342)	6,704
Profit net of tax from discontinued operations	10, 11	–	–	–	1,493	5,722	7,215
Profit attributable to equity shareholders of the Company		13,399	(8,803)	4,596	8,539	5,380	13,919
Total		Underlying		Total	Underlying		Total
Earnings per ordinary share							
Basic	13	46.22p		15.85p	27.95p		45.56p
Diluted	13	38.52p		13.25p	22.78p		37.13p
Continuing operations							
Earnings per ordinary share							
Basic		46.22p		15.85p	23.06p		21.94p
Diluted		38.52p		13.25p	18.79p		17.88p

1 The 2022 operating costs have been restated to show impairment of financial assets separately on the income statement. Impairment of financial assets was previously within operating costs.

The accompanying notes on pages 104 to 165 form an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 28 February 2023

	Notes	28 Feb 2023 £'000	28 Feb 2022 £'000
Profit for the year		4,596	13,919
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
– Actuarial gain on employee benefit schemes – net of tax	29	2,361	1,318
<i>Items that may be reclassified to profit or loss:</i>			
– Foreign exchange differences on retranslation of foreign operations		2,522	538
– Investment hedge		(124)	–
– Cash flow hedges – net of tax	32	291	(1,968)
Other comprehensive income/(expense) from continuing operations		5,050	(112)
<i>Discontinued operations:</i>			
– Share of other comprehensive income/(expense) of associates		–	52
– Recycling of foreign exchange reserve	11, 20	–	408
Other comprehensive income from discontinued operations		–	460
Total comprehensive income attributable to equity shareholders of the Company		9,646	14,267

The accompanying notes on pages 104 to 165 form an integral part of these Financial Statements.

Consolidated Balance Sheet

As at 28 February 2023

	Note	As at 28 Feb 2023 £'000	Restated As at 28 Feb 2022 £'000	Restated As at 1 March 2021 £'000
Assets				
Non-current assets				
Goodwill	15	71,407	79,891	83,955
Other intangible assets	16	3,980	997	2,129
Property, plant and equipment	17	5,320	7,078	9,841
Other investments	19	1,780	1,780	1,962
Investment in associate	20	701	724	3,763
Derivative financial instruments	24	30	8	200
Deferred tax assets	9	4,794	3,713	2,900
Pension surplus	29	1,120	–	–
Other long-term receivables	21	8,554	5,636	1,888
		97,686	99,827	106,638
Current assets				
Trade and other receivables	22	43,323	35,792	33,416
Financial assets	24	–	–	746
Derivative financial instruments	24	1,224	54	1,573
Current tax receivable		973	–	–
Cash and cash equivalents	25	34,735	13,964	14,111
Assets held for sale		–	–	436
		80,255	49,810	50,282
Total assets		177,941	149,637	156,920
Liabilities				
Current liabilities				
Derivative financial instruments	24	1,122	688	–
Trade and other payables	26	57,310	39,183	47,833
Current tax payable		4,141	1,608	1,318
Provisions	28	2,575	486	307
Convertible loan notes	27	699	1,416	4,461
Liabilities directly associated with assets classified as held for sale		–	–	125
		65,847	43,381	54,044
Non-current liabilities				
Long-term borrowings	27	29,919	28,331	31,634
Deferred tax liabilities	9	344	–	174
Derivative financial instruments	24	1,022	335	56
Trade and other payables	24	542	–	–
Provisions	28	734	797	690
Convertible loan notes	27	2,852	2,755	2,681
Deferred consideration	27	–	495	882
Pension deficit	29	–	2,052	3,819
		35,413	34,765	39,936
Total liabilities		101,260	78,146	93,980
Total assets less total liabilities		76,681	71,491	62,940
Equity				
Share capital	30	3,292	3,221	3,174
Share premium	30	53,796	53,030	52,510
ESOP reserve	31	(10,607)	(6,771)	(1,362)
Other reserves	32	28,819	26,130	27,100
Retained earnings/(deficit)		1,381	(4,119)	(18,482)
Total equity		76,681	71,491	62,940

The Balance Sheets as at 1 March 2021 and 28 February 2022 have been restated for a prior period adjustment, see Note 35 for more detail.

The Financial Statements on pages 104 to 165 were approved by the board of directors on 15 November 2023 and were signed on its behalf by:

James Gundy

Group Chief Executive Officer

Grant Foley

Group Chief Financial Officer

Registered number: 02286034

Consolidated Cash Flow Statement

For the year ended 28 February 2023

	Notes	28 Feb 2023 £'000	Restated 28 Feb 2022 £'000
Profit before tax from continuing operations		9,451	8,543
Profit before tax from discontinued operations	11	–	8,081
<i>Adjustment for:</i>			
Depreciation and amortisation charges	16, 17	3,364	3,483
Loss on disposal of intangible assets		87	–
Net loss on disposal of PPE		20	10
Share scheme charges		4,520	2,894
Net foreign exchange gains with no cash impact		(1,157)	–
Gain on acquisition of Southport	14	(3,643)	–
Gain on disposal of shares in AqualisBraemar	10, 11	–	(3,375)
Gain relating to disposal of Cory Brothers	10, 11	(203)	(4,134)
Gain on disposal of Wavespec	10, 11	–	(594)
Loss on impairment of Wavespec receivable	10, 11	–	2,381
Impairment of Naves goodwill		9,050	–
Impairment of property, plant and equipment	10	150	392
Impairment of intangible assets		60	–
Impairment of financial asset	10	848	–
Reversal of dilapidations provision		(124)	–
<i>Adjustment for non-operating transactions included in profit before tax:</i>			
Net finance cost	8	2,195	984
Share of loss/(profit) in associate from continuing and discontinued operations	20	23	(56)
<i>Adjustment for cash items in other comprehensive income/expense:</i>			
Contribution to defined benefit scheme	29	(450)	(450)
Operating cash flow before changes in working capital		24,191	18,159
Increase in receivables		(14,857)	(7,577)
Increase in payables		16,836	12,571
Increase in provisions		2,081	285
Cash flows from operating activities		28,251	23,438
Interest received		119	112
Interest paid		(1,925)	(921)
Tax paid, net of refunds		(4,381)	(2,161)
Net cash generated from operating activities		22,064	20,468

Consolidated Cash Flow Statement continued

For the year ended 28 February 2023

	Note	28 Feb 2023 £'000	Restated 28 Feb 2022 £'000
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(695)	(652)
Purchase of other intangible assets	16	(90)	(515)
Investment in associate	20	–	(326)
Acquisition of business (cash acquired)	14	349	–
Disposal of Cory Brothers, net of cash disposed	11	6,500	(12,353)
Disposal of Wavespec, net of cash disposed	11	–	(53)
Proceeds from disposal of investment in associate	20	–	7,232
Principal received on finance lease receivables	18	607	799
Net cash generated from/(used in) investing activities		6,671	(5,868)
Cash flows from financing activities			
Proceeds from RCF loan facility ¹		7,694	8,292
Repayment of RCF loan facility ¹		(3,000)	(8,000)
Repayment of principal under lease liabilities	18	(3,865)	(3,621)
Cash proceeds on issue of new shares	30	694	–
Cash proceeds on exercise of share awards settled by release of shares from ESOP		477	–
Dividends paid	12	(3,190)	(2,109)
Purchase of own shares	31	(7,963)	(7,043)
Settlement of convertible loan notes	27	(1,448)	(2,596)
Net cash used in financing activities		(10,601)	(15,077)
Increase/(decrease) in cash and cash equivalents		18,134	(477)
Cash and cash equivalents at beginning of the year	25	13,964	14,164
Foreign exchange differences		2,637	277
Cash and cash equivalents at end of the year	25	34,735	13,964

¹ The 2022 cash proceeds and repayment from the RCF facility have been restated as they were previously reported as £292,000 on a net basis.

The accompanying notes on pages 104 to 165 form an integral part of these Financial Statements.

Consolidated Statement of Changes in Total Equity

For the year ended 28 February 2023

Group	Notes	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained (deficit)/ earnings £'000	Total equity £'000
At 1 March 2021		3,174	52,510	(1,362)	28,094	(15,906)	66,510
Prior period adjustment	35	–	–	–	(994)	(2,576)	(3,570)
At 1 March 2021 (restated)		3,174	52,510	(1,362)	27,100	(18,482)	62,940
Profit for the year		–	–	–	–	13,919	13,919
Actuarial gain on employee benefits schemes – net of tax		–	–	–	–	1,318	1,318
Foreign exchange differences		–	–	–	538	–	538
Cash flow hedges – net of tax		–	–	–	(1,968)	–	(1,968)
Other comprehensive income from discontinued operations		–	–	–	460	–	460
Other comprehensive income		–	–	–	(970)	1,318	348
Total comprehensive income		–	–	–	(970)	15,237	14,267
<i>Transactions with owners in their capacity as owners:</i>							
Dividends	12	–	–	–	–	(2,109)	(2,109)
Shares issued	27, 30, 31	47	520	(25)	–	–	542
Acquisition of own shares		–	–	(7,043)	–	–	(7,043)
ESOP shares allocated		–	–	1,659	–	(1,659)	–
Share-based payments	30	–	–	–	–	2,894	2,894
		47	520	(5,409)	–	(874)	(5,716)
At 28 February 2022 (restated)		3,221	53,030	(6,771)	26,130	(4,119)	71,491
Profit for the year		–	–	–	–	4,596	4,596
Actuarial gain on employee benefits schemes – net of tax		–	–	–	–	2,361	2,361
Foreign exchange differences		–	–	–	2,522	–	2,522
Cash flow hedges – net of tax		–	–	–	291	–	291
Net investment hedge		–	–	–	(124)	–	(124)
Other comprehensive income		–	–	–	2,689	2,361	5,050
Total comprehensive income		–	–	–	2,689	6,957	9,646
<i>Transactions with owners in their capacity as owners:</i>							
Deferred tax income on share awards		–	–	–	–	863	863
Dividends	12	–	–	–	–	(3,190)	(3,190)
Shares issued	27, 30	71	766	–	–	–	837
Acquisition of own shares		–	–	(7,963)	–	–	(7,963)
ESOP shares allocated		–	–	4,127	–	(3,650)	477
Share-based payments	30	–	–	–	–	4,520	4,520
		71	766	(3,836)	–	(1,475)	(4,456)
At 28 February 2023		3,292	53,796	(10,607)	28,819	1,381	76,681

The accompanying notes on pages 104 to 165 form an integral part of these Financial Statements.

Notes to the Financial Statements

General information

Braemar plc (the “Company”, previously Braemar Shipping Services plc) is a public company limited by shares incorporated in the United Kingdom under the Companies Act. The Company is registered in England and Wales and its registered address is 1 Strand, Trafalgar Square, London, United Kingdom, WC2N 5HR. The consolidated Financial Statements of the Company as at and for the year ended 28 February 2023 comprise the Company and its subsidiaries (together referred to as the “Group”).

The Group Financial Statements of Braemar Plc for the year ended 28 February 2023 were authorised for issue in accordance with a resolution of the directors on 15 November 2023.

1 Basis of preparation

Basis of preparation and forward-looking statements

The Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Financial Statements have been prepared under the historic cost convention except for items measured at fair value as set out in the accounting policies below.

Certain statements in this Annual Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it gives no assurance that these expectations will prove to have been correct. These forward-looking statements involve risks and uncertainties, so actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group Financial Statements are presented in sterling and all values are rounded to the nearest thousand sterling (£'000) except where otherwise indicated.

New standards, amendments and interpretations effective for the financial year beginning 1 March 2022

There were no new standards or amendments (including the amendments to IFRS 3, IAS 1 and the *Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle*) that were adopted in the annual Financial Statements for the year ended 28 February 2023 which had a significant effect on the Group.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2022 and not early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective in future periods and have not been early adopted by the Group:

- Insurance Contracts (IFRS 17 Insurance Contracts and amendments to IFRS 17);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The adoption of these standards and amendments is not expected to have a material impact on the Financial Statements of the Group in future periods.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify that “settlement” includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. Following concerns raised by stakeholders, the IASB issued further amendments in October 2022 to specify that only those covenants which an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current. The October 2022 amendments defer the effective date of the January 2020 amendments by one year in order that both sets of amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted.

Under the Group’s current accounting policy, a financial liability with an equity conversion feature is classified as current or non-current disregarding the impact of the conversion option. The amendments to IAS 1 will result in the equity conversion feature relating to certain of the Group’s financial liabilities, impacting the classification of those liabilities. While the Group’s assessment of the impact is ongoing, the Group expects that amounts included as non-current in relation to “Convertible Loan Notes” will be reclassified to current liabilities.

The Company has elected to prepare its Parent Company Financial Statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Going concern

The Group and Company Financial Statements have been prepared on a going concern basis. In reaching this conclusion regarding the going concern assumption, the directors considered cash flow forecasts to 28 February 2025 which is more than 15 months from the date of signing of these Financial Statements.

A set of cash flow forecasts ("the base case") have been prepared by management and reviewed by the directors based on revenue and cost forecasts considered reasonable in the light of work done on budgets for the current year and the current shipping markets. In putting together these forecasts particular attention was paid to the following factors:

- The Group's compliance with sanctions put in place as a result of the conflict in the Ukraine has meant additional work reviewing compliance obligations on a regular basis as the laws have been amended but did not have a material effect on trading in FY23, nor is it expected to have an impact in FY23/24.
- The level of likely cost inflation, particularly around salaries and energy costs.
- The Group's investment in a new office in Madrid, an acquisition in the US and new trading desks in the Securities business have started well and there is no indication that integration risks are going to be a threat to the forecasts for FY23/24.
- Geopolitical tensions can cause volatility in shipping markets, but if anything, that uncertainty can give rise to additional opportunities for the business to support the industry and clients further. There is therefore no expectation that the current global political tensions will have an adverse impact on trading in FY23/24.
- The impact of climate change is not expected to have any material impact on the business in the short term and indeed could lead to additional opportunities.
- The impact that the investigation and resulting delay in publishing the annual report and accounts could have on the performance and reputation of the business.

The directors have considered trading performance during the current year and have concluded that none of these factors are currently likely to have a significantly adverse impact on the Group's future cash flows.

The Group's balance sheet has been strengthened significantly due to the strong trading and disposals of non-core assets during the prior year. As at 28 February 2023 the Group held net bank cash of £6.9 million (2022: net bank debt £9.3 million). As at 30 September 2023 the Group had net bank cash of £5.3 million, following the payment of year end broker bonuses.

	Note	30 Sept 2023 £m	28 Feb 2023 £m	28 Feb 2022 £m
Secured revolving credit facilities	27	(25.1)	(27.8)	(23.3)
Cash	25	30.4	34.7	14.0
Net cash/(debt)		5.3	6.9	(9.3)

During the period, the Group has extended its revolving credit facility ("RCF") with its main bankers, HSBC. The RCF is for £30.0 million plus an accordion limit of £10.0 million and has an initial termination date of November 2025 with two options, subject to lender approval, to extend the term of the facility by 12 and 24 months respectively. Drawdown of the accordion facility is subject to additional credit approval. It has an EBITDA leverage covenant of 2.5x and a minimum interest cover of 4x. At 31 May 2022, 31 August 2022, 30 November 2022 and 28 February 2023 the Group met all financial covenant tests. In addition, there is a further requirement to provide HSBC with the Group's audited Financial Statements within 6 months of the year-end. Due to the delay in completing the audited Financial Statements the Group obtained waivers for this requirement.

The cash flow forecasts in the base case assessed the ability of the Group to operate both within the banking covenants and the facility headroom, and included a number of downside sensitivities on the budgeted revenue, including a reverse stress test scenario. The directors consider revenue as the key assumption in the Group's budget. The cost base is largely fixed or made up of discretionary bonuses, which are directly linked to profitability. Based on two flex scenarios; a revenue decrease of 7.5% and a revenue decrease of 15% from the base case, only very minor mitigations were necessary to meet banking covenants.

A reverse stress test was also performed to ascertain the point at which the covenants would be breached in respect of the key assumption of budgeted revenue decline. This test indicated that the business, alongside certain mitigating actions which are fully in control of the directors, would be capable of withstanding a reduction of approximately 35% in budgeted revenue from the base case assumptions from September 2023 through to February 2025. In light of current trading, forecasts and the Group's performance over FY23, the directors assessed this downturn in revenue and concluded the likelihood of such a reduction remote, especially in light of the forward order book of \$65 million at the end of September 2023 (£38 million of which is for the financial year ending February 2024 and 2025), such that it does not impact the basis of preparation of the Financial Statements and there is no material uncertainty in this regard.

Notes to the Financial Statements continued

1 Basis of preparation continued

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of Braemar Plc (previously Braemar Shipping Services plc) and all its subsidiaries made up to 28 February each year or 29 February in a leap year.

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries sold or acquired during the year are included in the accounts up to, or from, the date that control exists. All intercompany balances and transactions have been eliminated in full.

2 Use of estimates and critical judgements

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Key sources of estimation uncertainty

The following are the key estimates and assumptions that the directors have made in the process of applying the Group's accounting policies and that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Goodwill is tested for impairment on an annual basis, and the Group will also test for impairment at other times if there is an indication that an impairment may exist. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation estimates the present value of future cash flows expected to arise for the cash-generating units. The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit (see Note 15 for a description of the approach used by management to determine these key values).

As part of determining the value in use of each CGU group, Management has considered the potential impact of climate change on the business performance over the next five years, and the terminal growth rates. While there is considerable uncertainty relating to the longer term and quantifying the impact on a range of outcomes, management considers that environmental-related incremental costs are expected to have a relatively low impact. Recognising that there are extreme but unlikely scenarios, the Group considers that while exposed to physical risks associated with climate change (such as flooding, heatwaves, sea level rises and increased precipitation) the estimated impact of these on the Group is not deemed material.

In addition, the Group is exposed to transitional risks which might arise, for example, from government policy, customer expectations, material costs and increased stakeholder concern. The transitional risks could result in financial impacts such as higher environmentally focused levies (e.g. carbon pricing). While the Group is exposed to the potential financial impacts associated with transitional risks, based on information currently available, these are not deemed to have a significant impact.

Acquisition accounting

Business combinations are accounted for under the acquisition method, based on the fair values of the consideration paid. Assets and liabilities, with limited exceptions, are measured at their fair value at the acquisition date. The Group estimates the provisional fair values and useful lives of acquired assets and liabilities at the date of acquisition. The valuation of acquired intangibles is subject to estimation of future cash flows and the discount rate applied to them. The valuation of the customer-related intangible assets is determined based on an excess earnings methodology while the valuation of the marketing-related intangible asset is based on a royalty savings method. For further details on the acquisition in the year, see Note 14 Business combinations.

Fair value of Cory Brothers deferred and contingent consideration receivable

On 28 February 2022 the Group sold Cory Brothers to Vertom Agencies BV for maximum consideration of £15.5 million. Initial cash proceeds of £6.5 million were received on completion of the transaction, and three contractual "earn-out" payments will be made, being an agreed percentage of the future gross profits of the combined VertomCory business over three subsequent earn out periods. Each of the three earn-out payments are subject to minimum and maximum amounts which are specified in the share purchase agreement.

The minimum earnout consideration has been classified as deferred consideration receivable. The minimum amount is specified in the SPA and is therefore not an estimate, however an estimate of a discount rate is necessary to discount the deferred consideration receivable. A discount rate of 2.39% was used to calculate the net present value; this was based on the credit risk of Vertom Agencies BV following a credit check performed by management. Deferred consideration receivable is initially recognised at fair value and subsequently measured at amortised cost.

The balance of the earnout consideration, up to the maximum specified in the SPA has been classified as contingent consideration receivable because it is contingent on the future profitability of the combined business. The fair value of the contingent consideration receivable involves two critical estimates: the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business. Contingent consideration receivable is initially recognised at fair value and subsequently measures at fair value through profit and loss.

See Note 23 for further details, including a sensitivity analysis of the contingent consideration receivable to the discount rate and the assumptions of future profitability.

Recoverability of deferred tax assets

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. See Note 9.

Share option vesting

The fair value determined at the grant date of the equity-settled share-based payments is typically expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. 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 a corresponding adjustment to reserves. See Note 30.

Provision for impairment of trade receivables and contract assets

Trade receivables and contract assets are amounts due from customers in the ordinary course of business. Trade receivables and contract assets are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

The provision for impairment of trade receivables and contract assets represents management's best estimate at the Balance Sheet date. A number of judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position.

When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future market conditions. See Note 22.

Valuation of defined benefit pension scheme

The Group uses an independent actuary to provide annual valuations of the defined benefit pension scheme. The actuary uses a number of estimates in respect of the scheme membership, the valuation of assets and assumptions regarding discount rates, inflation rates and mortality rates.

The membership details are provided by an independent trustee while the valuation of assets is verified by an independent fund manager. The discount rates, inflation rates and mortality rates are reviewed by management at each reporting date. See Note 29.

Wavespec

Fair value of consideration

In the year ended 28 February 2022, the sale of Wavespec, the Group's Engineering Division, completed for a maximum consideration of £2.6 million. The fair value of the consideration is a critical accounting judgement.

The consideration was due to be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The fair value of the consideration was based on the net present value of the promissory note (£2.4 million). A discount rate of 2.11% was used to calculate the net present value. The discount rate was made up of two elements, the first being a 5-year BBB+ bond yield of 1.51%, the second being a premium for lack of marketability at 0.60%. A 5-year BBB+ bond yield was used because it matches the maturity of the promissory note and reflects the credit rating of the bank that was expected to provide the letter of credit.

Impairment

As at 28 February 2022 and 28 February 2023, the buyer had not delivered on its obligations to secure the promissory note and therefore management have made a judgement that the promissory note is unlikely to be honoured and consequently the fair value of the consideration is impaired and a credit loss of £2.4 million was recognised within discontinued operations in the year ended 28 February 2022.

Uncertain commission obligations

As described further and set out in Note 28 – Provisions, the directors have made significant judgements in relation to the estimation of the amount of provision to be recognised in relation to uncertain commission obligations.

Notes to the Financial Statements continued

2 Use of estimates and critical judgements continued

Key judgements

The following are key judgements that the Group makes, apart from those involving estimations (which are dealt with above), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" requires judgement to determine whether revenue is recognised at a "point in time" or "over time" as well as determining the transfer of control for when performance obligations are satisfied.

For Chartering, the Group has defined the performance obligation to be satisfied at the point in time where the negotiated contract between counterparties has been successfully completed, being the discharge of cargoes, and therefore revenue is recognised at this point in time. This is a critical judgement since revenue recognition would differ if the performance obligations were deemed to be satisfied over a time period, or at a different point in time.

Recoverability of defined benefit pension scheme net asset

As a result of actuarial movements during the period, including an increase in the discount rate from 2.65% at 28 February 2022 to 4.90% at 28 February 2023, the UK defined benefit scheme is in an actuarial surplus position at 28 February 2023 (measured on an IAS 19 "Employee Benefits" basis) of £1.1 million (28 February 2022: liability of £2.1 million). The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme. The surplus will be subject to a tax charge on its recovery which the Group does not believe meets the definition of an income tax under IAS 12, and as a result, the surplus has been presented net of the expected taxes payable of £0.6 million, at a rate of 35%.

Classification and recognition of specific items

In reporting financial information, the Group presents Alternative Performance Measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information and enable an alternative comparison of performance over time.

The Group excludes specific items from its underlying earnings measure. Management judgement is required as to what items qualify for this classification. There can also be judgement as to the point at which costs should be recognised and the amount to record to ensure that the understanding of the underlying performance is not distorted. Specific items include the results from discontinued operations. See Note 10.

Assessment of business combinations

During the year, the Group acquired the entity Madrid Shipping Advisors S.L. For a business combination to exist, the Group must obtain control of a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. As part of the transaction, no assets were acquired (such as brand, order book, property, plant and equipment), nor were any liabilities assumed. The entity holds the service contracts for key employees and was a newly incorporated company, set up specifically for the acquisition. The Group has made the judgement that the acquisition did not meet the definition of a business combination as the acquired entity did not meet the definition of a business. The transaction was treated as the recruitment of a broker team, which is consistent with the substance of the arrangement.

Climate-related risks and opportunities

Management have considered the impact of climate-related risks in respect of impairment of goodwill, recoverability of receivables and the recoverability of deferred tax assets in particular and do not consider that climate-related risks have a material impact on any key judgements, estimates or assumptions in the consolidated Financial Statements.

In the prior year, climate change was assessed as part of ongoing discussions of key and emerging risks for the Group and the shipping and energy sectors within which it operates. Consideration of the potential short to medium-term impact of the Environment and Climate Change risk resulted in its inclusion as a Group Principal Risk.

3 Accounting policies

a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets acquired;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred; amount of any non-controlling interest in the acquired entity; and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a gain on purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Due to the nature of the Group's business, amounts paid or shares issued to sellers are often linked to their continued employment. An assessment is performed to determine whether the amounts are part of the exchange for the acquiree, or should be treated as a transaction separate from the business combination. Transactions that are separate from the business combination are accounted for in accordance with the relevant IFRSs which generally results in the amounts being treated as a post-combination remuneration expense.

b) Revenue recognition

Revenue is recognised in accordance with satisfaction of performance obligations. Revenue of the Group consists of:

- i) **Chartering desks** – The Group acts as a broker for several types of shipping transactions, each of which gives rise to an entitlement to commission:
Deep sea tankers, specialised tankers and gas, dry cargo and offshore:
 - for single voyage chartering, the contractual terms are governed by a standard charterparty contract in which the broker's performance obligation is satisfied when the cargo has been discharged according to the contractual terms; and
 - for time charters, the commission is specified in the hire agreement and the performance obligation is spread over the term of the charter at specified intervals in accordance with the charter party terms.
- ii) **Risk Advisory desks**
Securities:
 - for income derived from commodity broking, the commission is recognised when a binding contractual arrangement is entered into between the two parties, at which point, the Group has fulfilled its performance obligation.
- iii) **Investment Advisory**
Financial:
 - income comprises retainer fees and success fees generated by corporate finance-related activities. Revenue is recognised in accordance with the terms agreed in individual client terms of engagement. Recurring monthly retainers are recognised in the month of invoice and success fees are recognised at the point when the performance obligations of the particular engagement are fulfilled.

Notes to the Financial Statements continued

3 Accounting policies continued

b) Revenue recognition continued

iii) Investment Advisory continued

Sale and purchase:

- in the case of second-hand sale and purchase contracts, the broker's performance obligation is satisfied when the principals in the transaction complete on the sale/purchase and the title of the vessel passes from the seller to the buyer;
- with regard to newbuilding contracts, the commission is recognised when contractual stage payments are made by the purchaser of a vessel to a shipyard which in turn reflects the performance of services over the life of the contract; and
- for income derived from providing ship and fleet valuations, the Group recognises income when a valuation certificate is provided to the client and the service is invoiced.

iv) Logistics (a discontinued operation):

- the performance obligation for agency income is satisfied at the point in time when the vessel sails from the port. For forwarding and logistics income the performance obligation is satisfied when the goods depart from their load location. Where the Group acts as a principal rather than as agent, the revenue and costs are shown gross.

Dividend income from investments is recognised when the right to receive payment is established.

c) Government grants

Government grants are netted against the cost incurred by the Group. When retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income and released to the Income Statement once the criteria for retention have been satisfied. See Note 5.

d) Foreign currencies

Transactions and balances

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the Income Statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into derivative financial instrument contracts, mainly forward foreign currency exchange contracts which are designated as cash flow hedges (see Note 3(m)). For a qualifying hedge relationship, the fair value gain or loss on the hedging instrument is recognised as part of Revenue when the underlying transaction is recognised in accordance with the Revenue recognition policy set out above.

Translation to presentation currency

The presentational currency of the Group is sterling. Assets and liabilities of overseas subsidiaries, branches and associates are translated from their functional currency into sterling at the exchange rates ruling at the Balance Sheet date. Trading results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of overseas subsidiaries are recognised through other comprehensive income in the foreign currency translation reserve (see Note 32).

On disposal of a business, the cumulative exchange differences previously recognised in the foreign currency translation reserve relating to that business are transferred to the Income Statement as part of the gain or loss on disposal. The Group finances overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries. For effective hedge relationships, the gain or loss on the hedging instrument is recognised in equity through other comprehensive income.

e) Taxation

The taxation expense represents the sum of the current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

f) Goodwill

Business combinations are accounted for using the acquisition method. The goodwill recognised as an asset by the Group is stated at cost less any accumulated impairment losses.

On the acquisition of a business, fair values are attributed to the net assets (including any identifiable intangible assets) acquired. The excess of the consideration transferred, any non-controlling interest recognised and the fair value of any previous equity interest in the acquired entity over the fair value of net identifiable assets acquired is recorded as goodwill. Acquisition-related costs are recognised in the Income Statement as incurred in accordance with IFRS 3.

In relation to acquisitions where the fair value of assets acquired exceeds the fair value of the consideration, the excess fair value is recognised immediately in the Income Statement as a gain on purchase.

On the disposal of a business, goodwill relating to that business remaining on the Balance Sheet is included in the determination of the profit or loss on disposal. As permitted by IFRS 1, goodwill on acquisitions arising prior to 1 March 2004 has been retained at prior amounts and is tested annually for impairment.

g) Intangible assets

Computer software

The Group capitalises computer software at cost. It is amortised on a straight-line basis over its estimated useful life of up to four years.

Development costs

The Group capitalises internally generated development costs when it is able to demonstrate:

- the technical feasibility of completing the intangible asset so that it is subsequently available for use;
- that there is a clear intention that the intangible asset would be completed and then used;
- that it is able to use the intangible asset;
- that future economic benefits are probable;
- that there are adequate technical, financial and other resources to complete the development and to use the asset; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

The Group amortises development on a straight-line basis over its estimated useful economic life of up to three years. See Note 16.

Research costs are expensed as incurred.

Other intangible assets

Intangible assets acquired as part of a business combination are stated in the Balance Sheet at their fair value at the date of acquisition less accumulated amortisation and any provision for impairment. The amortisation of the carrying value of the capitalised forward order book and customer relationships is charged to the Income Statement over an estimated useful life, which is between four months to twelve years. The amortisation in respect of capitalised brand assets is expensed to the Income Statement over an estimated useful life, which is between three and twelve years.

h) Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight-line basis over its expected useful life as follows (except for long and short leasehold interests which are written off against the remaining period of the lease):

Motor vehicles	– three years
Computer equipment	– four years
Fixtures and equipment	– four years

Notes to the Financial Statements continued

3 Accounting policies continued

i) Leases

The Group as a lessee

The Group has various lease arrangements for properties, and other equipment. At inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Group recognises a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is a lessee, except low-value leases and short-term leases of 12 months or less, costs for which are recognised as an operating expense within the income statement on a straight-line basis.

A right-of-use asset is capitalised on the Balance Sheet at cost, comprising the amount of the initial measurement of the lease liability and lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term.

The lease liability is initially measured at the present value of future lease payments. Interest expense is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the interest rate implicit in the lease is not readily determinable, as such the incremental borrowing rate is used to discount future lease payments.

For the Group, lease payments generally comprise the following:

- Fixed payments, less any lease incentives receivable;
- Variable payments that are based on an index or rate; and
- Payments to be made under extension options which are reasonably certain to be exercised.

Lease payments made are apportioned between an interest charge and a capital repayment amount which are disclosed within the financing activities and the operating activities sections of the Consolidated Statement of Cash Flows respectively. When an adjustment to lease payments based on an index takes effect, the liability is remeasured with a corresponding adjustment to the right-of-use asset.

Contracts entered into by the Group have a wide range of terms and conditions but generally do not impose any additional covenants. Several of the Group's contracts include indexation adjustments to lease payments in future periods which are not reflected in the measurement of the lease liabilities at 28 February 2023. Many of the contracts entered into by the Group include extension or termination options which provide the Group with additional operational flexibility. If the Group considers it reasonably certain that an extension option will be exercised or a termination option not exercised, the additional period is included in the lease term.

A modification to a lease which changes the lease payment amount (e.g. due to a renegotiation or market rent review) or amends the term of the lease, results in a reassessment of the lease liability with a corresponding adjustment to the right-of-use asset.

The Group as a lessor

The Group classified leases as either operating or finance leases based on the substance of the arrangement. At commencement of a finance lease, a receivable is recognised at an amount equal to the Group's net investment in the lease. Finance income is recognised reflecting a constant periodic rate of return on the net investment in the lease. Lease payments from operating leases are recognised as income on a straight-line basis.

j) Investments

Investments in associates and joint ventures where the Group has joint control or significant influence are accounted for under the equity method. Investments in associates are initially recognised in the Consolidated Balance Sheet at cost. Subsequently associates are accounted for under the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Income Statement and Statement of Comprehensive Income.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses arising from these transactions is eliminated against the carrying value of the associate.

Where the Group's share of the associate's identifiable net assets is greater than the cost of investment, a gain on purchase is recognised in the Income Statement and the carrying value of the investment in the Consolidated Balance Sheet is increased.

When the Group disposes of shares in associates or joint ventures the Group recognises a profit or loss on disposal based on the net proceeds less the weighted average cost of the shares disposed of. On disposal the Group reclassifies foreign exchange amounts previously recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The most recent Financial Statements of an associate are used for accounting purposes unless it is impractical to do so. Where the Group and an associate have non-coterminous reporting dates the associate's full-year accounts will be used for the purposes of the Group's reporting at 28 February with adjustments made for any significant transactions or events.

Investments where the Group has no significant influence are held at fair value, with movements in fair value recorded in profit and loss.

k) Impairment

The carrying amount of the Group's assets, other than financial assets within the scope of IFRS 9 and deferred tax assets, are reviewed for impairment as described below. If any indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is determined based on the higher of value-in-use calculations and fair value less costs to sell, which requires the use of estimates. An impairment loss is recognised in the Income Statement whenever the carrying amount of the assets exceeds its recoverable amount.

Goodwill is reviewed for impairment at least annually. Impairments are recognised immediately in the Income Statement. Goodwill is allocated to cash-generating units for the purposes of impairment testing.

The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of other intangible assets are reviewed for impairment at least annually or when there is an indication that they may be impaired.

Right-of-use assets are reviewed for impairment to account for any loss when events or changes in circumstances indicate the carrying value may not be fully recoverable.

Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Where an impairment loss subsequently reverses, the carrying amount of the assets, with the exception of goodwill, is increased to the revised estimate of its recoverable amount. This cannot exceed the carrying amount prior to the impairment charge. An impairment recognised in the Income Statement in respect of goodwill is not subsequently reversed.

l) Deferred and contingent consideration receivables

Contingent consideration receivable is initially recognised at fair value and is subsequently remeasured at its fair value at each Balance Sheet date. The resulting gain or loss is recognised immediately in the Income Statement. Contingent consideration receivable is classified as level 3 in accordance with the fair value hierarchy specified by IFRS 13. Deferred consideration is initially measured at its fair value and subsequently measured at amortised cost less provision for impairment. See Notes 23 and 24.

m) Derivative financial instruments and hedging

Derivatives are initially recognised at fair value and are subsequently remeasured at their fair value at each Balance Sheet date with gains and losses recognised immediately in the Income Statement unless hedge accounting is applied. Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if it is, the nature of the item being hedged. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the Income Statement. The Group designates derivatives that qualify for hedge accounting as a cash flow hedge where there is a high probability of the forecast transactions arising. The effective portion of changes in the fair value of these derivatives is recognised in equity. The gain or loss on derivative instruments not designated in hedging relationships and relating to the ineffective portion of derivatives designated in hedging relationships is recognised immediately in the Income Statement within finance costs or income. Amounts accumulated in equity are recycled to the Income Statement at the same time as the gains or losses on the hedged items. When a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the Income Statement.

To qualify for hedge accounting, the terms of the hedge must be clearly documented at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the cash flow of the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the hedge relationship is terminated.

Notes to the Financial Statements continued

3 Accounting policies continued

m) Derivative financial instruments and hedging continued

The critical terms of the hedging instruments match the hedged transactions in relation to currency, timing and amounts, meaning there is a clear economic relationship between the hedging instrument and hedged item as required under IFRS 9. Thereby, management qualitatively demonstrates that the hedging instrument and the hedged items will move equally in the opposite direction.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

The fair value of derivative contracts is based either directly or indirectly on market prices at the Balance Sheet date.

Financial assets and liabilities are classified in accordance with the fair value hierarchy specified by IFRS 13. See Note 24.

n) Trade receivables and contract assets

Trade receivables and contract assets are initially recognised at fair value (less transaction costs) and subsequently measured at amortised cost.

At the Balance Sheet date, there may be amounts where invoices have not been raised but performance obligations have been satisfied, and these are recognised as contract assets.

Specific provision is made where there is evidence that the balances will not be recovered in full. A provision for expected credit losses is made for trade receivables and contract assets using the simplified approach. A provision matrix is used to calculate an expected credit loss as a percentage of carrying value by age. The percentages are determined based on historical credit loss experience as well as forward-looking information. Expected credit loss provisions are made for other receivables based on lifetime expected credit losses using a model that considers forward-looking information and significant increases in credit risk.

Trade and other receivables are non-interest bearing and generally on terms payable within 30 to 90 days.

o) Cash and cash equivalents

Cash and cash equivalents included in the Balance Sheet comprise cash in-hand, short-term deposits with an original maturity of three months or less and restricted cash.

Cash and cash equivalents included in the Cash Flow Statement include cash and short-term deposits. Bank overdrafts are included in the Balance Sheet within short-term borrowings.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or otherwise) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If material, the provisions are discounted using an appropriate current post-tax interest rate.

Short-term provisions for long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The provision for long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

q) Share-based payments

The Group operates a number of equity-settled share-based payment schemes.

No awards may be granted under the schemes set out below which would result in the total number of shares issued or remaining issuable under all of the schemes (or any other Group share schemes), in the ten-year period ending on the date of grant of the option, exceeding 10% of the Company's issued share capital (calculated at the date of grant of the relevant option).

The Group may provide a net settlement feature, whereby it withholds the number of equity instruments equal to the monetary value of the employee's tax obligation arising from the exercise (or vesting) of the award if the total number of shares that otherwise would have been issued to the employee. The Group has no contractual obligation to provide a net settlement option, and therefore the award is still accounted for as an equity settled award in full and the value of the shares foregone by the employee is accounted for as a deduction from equity.

The net cost of the shares acquired for the shares held by the ESOP and the EBT are a deduction from shareholders' funds and represent a reduction in distributable reserves. Note 31 provides detail on the ESOP and the EBT and movements in shares to be issued.

Share Option Scheme

During the year the Company operated the Braemar Shipping Services Plc Savings-Related Share Option Scheme 2014 (the "SAYE Scheme") and the Braemar Shipping Services Plc International Savings-Related Share Option Scheme 2019 (the "International SAYE Scheme"). Options are granted at up to a 20% discount to the prevailing market price and entitle employees to purchase shares in the Company at a fixed price subject to continued employment. The fair value of share options granted under the SAYE schemes is determined using a binomial pricing model. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Deferred Bonus Plan ("DBP")

The Company adopted a Deferred Bonus Plan in May 2020 (the "2020 DBP"), pursuant to which future discretionary bonus awards will be granted to staff including executive directors. Awards under the New DBP may be linked to an option granted under the new Braemar Company Share Option Plan 2020, which was also adopted by the Company in May 2020 (the "2020 CSOP"). Where an employee receives a linked award under the 2020 DBP, if the Company's share price rises over the vesting period, the 2020 CSOP award can be exercised with the value of shares delivered on the vesting of the 2020 DBP award being reduced by the exercise gain on the 2020 CSOP award. Awards under the 2020 DBP and the 2020 CSOP may be settled by the issue of new shares of by way of transfer of shares from the ESOP. Historic practice has been to settle via the transfer of shares from the ESOP and it is the current intention to continue to operate in this manner.

The number of awards granted under the Deferred Bonus Plan each year is related to the profits generated in the previous year. The cost of the award is therefore expensed from the beginning of that profit period until the vesting date which is usually three years after the date of award and is subject to continued employment. Awards made to new joiners are expensed over the period from date of joining to date of vesting. Their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Restricted Share Plan ("RSP")

During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up to grant awards to certain key staff to try to retain them following the merger between Braemar and ACM Shipping Group Plc, but it can also be used where the Remuneration Committee considers it necessary to secure the recruitment of a particular individual. executive directors of the Company are not eligible to participate in the RSP. RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment. Their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Long Term Incentive Plan ("LTIP")

The Company also operates an LTIP, which was approved by shareholders and adopted in 2014. LTIP awards under this plan take the form of a conditional right to receive shares at nil cost. The awards normally vest over three years and are typically subject to a performance condition such as earnings per share ("EPS") or Total Shareholder Return ("TSR"), a market-based condition.

The fair value of awards with the EPS condition are non-market conditions and their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The fair value of awards containing market conditions is determined using Monte Carlo simulation models. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures and the expected outcome of the EPS condition. For awards subject to market conditions, no adjustment is made to reflect the likelihood of the market condition being met nor the actual number of awards which lapse as a result of the condition not being met.

r) Commissions payable

Commissions payable to co-brokers are recognised in trade payables due within one year on the earlier of the date of invoicing or the date of receipt of cash.

s) Long-term employee benefits

The Group has the following long-term employee benefits:

i) Defined contribution schemes

The Group operates a number of defined contribution schemes. Pension costs charged against profits in respect of these schemes represent the amount of the contributions payable to the schemes in respect of the accounting period. The assets of the schemes are held separately from those of the Group within independently administered funds. The Group has no further payment obligations once the contributions have been paid.

Notes to the Financial Statements continued

3 Accounting policies continued

s) Long-term employee benefits continued

ii) Defined benefit schemes

The Group operates a defined benefit scheme, the ACM Staff Pension Scheme, with assets held separately from the Group. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method which measures the liability based on service completed and allowing for projected future salary increases and discounted at an appropriate rate.

The current service cost, which is the increase in the present value of the retirement benefit obligation resulting from employee service in the current year, and gains and losses on settlements and curtailments, are included within operating profit in the Income Statement. The unwinding of the discount rate on the scheme liabilities which is shown as a net finance cost and past service costs are presented and recognised immediately in the Income Statement.

The pension asset or liability recognised on the Balance Sheet in respect of this scheme represents the difference between the present value of the Group's obligations under the scheme and the fair value of the scheme's assets. Actuarial gains or losses and return on plan assets net of tax, excluding interest, are recognised in the period in which they arise within the Statement of Comprehensive Income.

When the defined benefit plan is in a surplus, the asset is recognised at the lower of the surplus and the asset ceiling, less any associated costs, such as taxes payable.

iii) Other long-term benefits

The current service cost of other long-term benefits resulting from employee services in the current year is included within the Income Statement. The unwinding of any discounting on the liabilities is shown in net finance costs.

t) Borrowings and loan notes

Arrangement costs for loan facilities are capitalised and amortised over the life of the debt at a constant rate.

Finance costs are charged to the Income Statement, based on the effective interest rate of the associated external borrowings and debt instruments.

The convertible loan notes are considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The Group has an accounting choice to record the instrument in its entirety at fair value through profit and loss but has not chosen to apply this treatment. Instead, the financial liability host is recognised as a euro liability initially recognised at fair value and prospectively accounted for applying the effective interest rate method. The derivative conversion feature is recognised at fair value through profit and loss. Where there are conversion options that can be exercised within one year the liability is recognised as current.

Modification of terms of financial liability

When the terms of an existing financial liability are modified, management will consider both quantitative and qualitative factors to assess whether the modification is substantial. In the case that the modification of the terms of existing financial liability is considered to be substantial, the modification shall be accounted for as an extinguishment of that financial liability and the recognition of a new financial liability. If the modification is not considered substantial, then the existing financial liability is remeasured in accordance with its original classification and any gain or loss is recognised immediately in the Income Statement.

u) Specific items

Specific items are significant items considered material in size or nature, including acquisition and disposal-related gains and losses. These are disclosed separately to enable a full understanding of the Group's ongoing financial performance.

v) Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets, such as a disposal group, is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss.

A discontinued operation is a component of the Group's business that represents a separate line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Income Statement is restated as if the operation has been discontinued from the start of the comparative period.

w) Contingent assets

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

4 Segmental information and revenue

a) Business segments

Following the simplification of the Group's activities and the way in which information is now presented to the Group's Chief Operating Decision Maker, the Group's operating segments are Chartering, Investment Advisory and Risk Advisory. Previously the Group's operating segments were based on a Divisional structure of Shipbroking, Financial, Logistics and Engineering Divisions. The Logistics and Engineering Divisions were sold in the prior year and are presented as discontinued operations in the comparative period.

The Chief Operating Decision Maker is considered to be the Group's board of directors. Each of Chartering, Investment Advisory and Risk Advisory are managed separately, and the nature of the services offered to clients is distinct between the segments. The Chartering segment includes the Group's shipbroking business, Risk Advisory includes the Group's regulated securities business and Investment Advisory focuses on transactional services.

The segmental analysis is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting. The board considers the business from both service line and geographic perspectives. A description of each of the lines of service is provided in the Operating and Financial Review. The Group's main geographic markets comprise the UK, Singapore, the US, Australia, Germany and the Rest of the World. The Group's geographical markets are determined by the location of the Group's assets and operations.

Central costs relate to board costs and other costs associated with the Group's listing on the London Stock Exchange. All segments meet the quantitative thresholds required by IFRS 8 as reportable segments.

Underlying operating profit is defined as operating profit for continuing activities before restructuring costs, gain on disposal of investment and acquisition and disposal-related items.

The segmental information provided to the board for reportable segments for the year ended 28 February 2023 is as follows:

	Revenue		Operating profit	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Chartering	99,164	63,024	15,577	6,246
Investment Advisory	36,760	26,297	7,740	6,359
Risk Advisory	16,987	11,989	2,971	1,615
Trading segments revenue/results	152,911	101,310	26,288	14,220
Central costs			(6,213)	(4,160)
Underlying operating profit			20,075	10,060
Specific items included in operating profit			(8,406)	(514)
Operating profit			11,669	9,546
Share of associate's loss for the year			(23)	(19)
Net finance expense			(2,195)	(984)
Profit before taxation			9,451	8,543

Prior year figures have been restated in line with the current segment definitions.

Geographical segment – by origin

The Group manages its business segments on a global basis. The operation's main geographical area and also the home country of the Company is the United Kingdom.

Notes to the Financial Statements continued

4 Segmental information and revenue continued

a) Business segments continued

Geographical information determined by location of customers is set out below:

	Revenue	
	2023 £'000	2022 £'000
United Kingdom	80,353	54,524
Singapore	26,674	19,423
Australia	16,599	12,565
Switzerland	11,112	5,435
United States	6,255	972
Germany	2,951	2,488
Rest of the World	8,967	5,903
Continuing operations	152,911	101,310
Discontinued operations	–	45,215
Total	152,911	146,525

b) Revenue analysis

The Group disaggregates revenue in line with the segmental information presented above and also by desk. Revenue analysed by desk is provided below.

	2023 £'000	2022 £'000
Tankers	41,602	17,837
Specialised Tankers	16,240	11,622
Dry Cargo	35,821	29,789
Offshore	5,501	3,776
Chartering	99,164	63,024
Sales and purchase	32,060	19,646
Corporate finance	4,700	6,651
Investment Advisory	36,760	26,297
Securities	16,987	11,989
Risk Advisory	16,987	11,989
Total continuing operations	152,911	101,310

All revenue arises from the rendering of services. There is no single customer that contributes greater than 10% of the Group's revenue.

Remaining performance obligations

The Group enters into some contracts, primarily in Chartering, which are for a duration longer than 12 months and where the Group has outstanding performance obligations on which revenue has not yet been recognised. The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is set out below:

Forward order book

	Within 12 months £'000	1–2 years £'000	More than 2 years £'000	Total £'000
2023				
Chartering	19,209	3,040	9,860	32,109
Sale and purchase	3,332	4,988	6,168	14,488
Total	22,541	8,028	16,028	46,597
	Within 12 months £'000	1–2 years £'000	More than 2 years £'000	Total £'000
2022				
Chartering	15,724	3,211	9,057	27,992
Sale and purchase	6,584	1,832	924	9,340
Total	22,308	5,043	9,981	37,332

5 Operating profit from continuing operations

Operating profit represents the results from operations before finance income and costs, share of profit/(loss) in associate, taxation and discontinued operations.

This is stated after charging/(crediting):

	Note	2023 £'000	2022 £'000
Staff costs	6	110,116	75,814
Depreciation of property, plant and equipment	17	2,823	2,834
Amortisation of intangibles	16	192	262
Bad debt charge	22	238	747
Auditor's remuneration	7	1,354	960
Other professional costs		3,410	2,782
Office costs		1,595	1,600
IT and communication costs		3,264	2,507
Insurance		1,069	875
Net foreign exchange gains		(1,465)	(432)
Specific items included in operating profit (see Note 10)		8,406	(514)

Staff costs for the prior year are stated after netting off grants totalling £0.1 million against staff costs for continuing operations detailed in Note 6; no grants were received in the current year. The grants were received from both the Singaporean Government and the Australian Government as a result of the impact of COVID. All criteria for the retention of both grants have been satisfied and therefore the full amount has been recognised in the Income Statement.

6 Staff costs

a) Staff costs for the Group during the year (including directors)

	Note	2023 £'000	2022 £'000
Salaries, wages and short-term employee benefits		100,039	68,043
Other pension costs	29	1,811	1,613
Social security costs		3,796	3,347
Share-based payments	30	4,520	2,951
Continuing operations		110,116	75,954
Discontinued operations		–	8,344
Total		110,116	84,298

The numbers above include remuneration and pension entitlements for each director. Details are included in the Directors' Remuneration Report on pages 66 to 85.

b) Average number of employees

	2023 number	2022 number
Chartering	253	243
Risk Advisory	32	18
Investment Advisory	63	57
Central	36	44
Continuing operations	384	362
Discontinued operations	–	190
Total	384	552

The directors' remuneration is borne by Braemar Plc.

Notes to the Financial Statements continued

6 Staff costs continued

c) Key management compensation

The remuneration of key management, which the Group considers to be the directors, is set out below. Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on pages 66 to 85.

	2023 £'000	2022 £'000
Salaries, short-term employee benefits and fees	5,879	3,484
Other pension costs	52	41
Share-based payments	1,226	521
Total	7,157	4,046

Pension costs relate to contributions made to a defined contribution pension scheme on behalf of three (2022: three) members of key management.

7 Auditor's remuneration

A more detailed analysis of the auditor's services is given below:

	2023 £'000	2022 £'000
Audit services:		
– Fees payable to the Company's auditor for the audit of the Company's Financial Statements	740	540
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	457	334
– Other service – interim review	157	86
	1,354	960

All fees paid to the auditor were charged to operating profit in both years.

8 Finance income and costs

	Note	2023 £'000	2022 £'000
Finance income:			
– Gain on modification of deferred consideration	10	–	172
– Interest on bank deposits		84	9
– Interest on lease receivables		35	72
– Interest on of Cory earnout deferred consideration receivable		83	–
Total finance income		202	253
Finance costs:			
– Interest payable on revolving credit and overdraft facilities		(1,151)	(930)
– Interest payable on defined benefit liability		(54)	(73)
– Foreign exchange loss on derivative instruments not eligible for hedge accounting		(292)	–
– Foreign exchange loss on non-GBP denominated credit facilities		(49)	–
– Foreign exchange and derivative (loss)/gain on Naves liability		(250)	225
– Interest payable on convertible loan notes		(426)	(130)
Subtotal finance costs before interest on lease liabilities		(2,222)	(908)
– Interest on lease liabilities		(175)	(329)
Total finance costs		(2,397)	(1,237)
Finance costs – net (continuing operations only)		(2,195)	(984)

9 Taxation

a) Analysis of charge in year

	2023 £'000	2022 £'000
Current tax		
UK corporation tax charged to the Income Statement	1,194	–
UK adjustment in respect of previous years	–	335
Overseas tax on profits in the year	4,559	3,432
Overseas adjustment in respect of previous years	394	(517)
Total current tax	6,147	3,250
Deferred tax		
UK current year origination and reversal of temporary differences	(190)	377
Due to change in rate of tax	–	(473)
UK adjustment in respect of previous years	(242)	(41)
Overseas current year origination and reversal of temporary differences	(712)	(95)
Overseas adjustment in respect of previous years	(148)	(313)
Total deferred tax	(1,292)	(545)
Taxation	4,855	2,705
Taxation on continuing operations	4,855	1,839
Taxation on discontinued operations	–	866
Taxation	4,855	2,705

	2023 £'000	2022 £'000
Reconciliation between expected and actual tax charge		
Profit before tax from continuing operations	9,451	8,543
Profit before tax at standard rate of UK corporation tax of 19% (2022: 19%)	1,796	1,623
Utilisation of deferred tax asset at lower effective tax rate	22	69
Net expenses not deductible for tax purposes	1,580	843
Utilisation of previously unrecognised losses	(104)	(478)
Tax on overseas branch	672	234
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	758	392
Other differences leading to a (decrease)/increase in tax	(13)	4
Share scheme movements*	316	228
Unrecognised deferred tax on losses*	(176)	(135)
Prior year adjustments**	4	(941)
Total tax charge for the year	4,855	1,839

* In the prior year, a single net amount of £93,000 was disclosed in respect of share scheme movements and unrecognised deferred tax on losses. To provide further information, the comparative information has been updated to split out the £228,000 in relation to share scheme movements and £(135,000) in relation to unrecognised deferred tax on losses.

** Included within prior year adjustments in 2022 is the release of overprovided corporation tax creditor of £0.8 million in respect of Singapore following a tax rate change from 17.0% to 10.5%.

Included within the total tax charge is £0.2 million (2022: £0.5 million) in respect of specific items disclosed separately on the face of the Income Statement. See Note 10.

A tax charge of £nil (2022: £0.3 million) is included in the results for discontinued operations as a result of the trading loss contained therein (see Note 11). This tax charge arose mainly as a result of the trading profits of Cory Brothers.

Notes to the Financial Statements continued

9 Taxation continued

a) Analysis of charge in year continued

The Group's future tax charge will be sensitive to the geographic mix of profits earned; the tax rates in force and changes to the tax rules in jurisdictions that the Group operates in. The UK Main rate is to increase to 25% from 1 April 2023. The impact of UK rate changes on deferred tax were taken into account in the prior year.

Reconciliation between expected and actual tax charge	2023 £'000	2022 £'000
Profit before tax from discontinued operations	–	8,081
Profit before tax at standard rate of UK corporation tax of 19% (2022: 19%)	–	1,535
Due to change in rate of tax	–	6
Net gains not taxable for tax purposes	–	(1,098)
Utilisation of losses	–	(74)
Other differences leading to increase in tax	–	3
Temporary differences	–	88
Other prior year adjustments	–	406
Total tax charge for the year	–	866

b) Amounts recognised in OCI

	2023 £'000	2022 £'000
Items that will not be reclassified to profit or loss		
Actuarial gain in respect of defined benefit pension scheme	2,775	1,391
Deferred tax charge on defined benefit pension scheme	(414)	(348)
Movement in opening balance due to change in rate of tax	–	275
Sub-total	(414)	(73)
Total	2,361	1,318
Items that will be reclassified to profit or loss		
Cash flow hedge	388	(2,482)
Deferred tax charge on cash flow hedge	(97)	620
Movement in opening balance of tax due to change in rate of tax	–	(106)
Sub-total	(97)	514
Total	291	(1,968)
Total tax recognised in OCI	(511)	441
Total amounts recognised in OCI	2,652	(650)

Included within the UK current year origination and reversal of temporary differences is a debit of £414,000 (2022: £348,000 credit) in respect of deferred tax on the actuarial gain on the Group's defined benefit pension scheme.

c) Deferred tax asset

Deferred Tax Asset	Accelerated capital allowances	Trading losses	Bonuses	Other provisions	Employee benefits	Total
At 1 March 2021	80	746	–	756	1,318	2,900
(Charge)/credit to Statement of Total Comprehensive Income	(128)	(498)	713	(285)	569	371
Credit to equity	–	–	–	442	–	442
At 28 February 2022	(48)	248	713	913	1,887	3,713
(Charge)/credit to Income Statement	48	(248)	710	219	–	729
Charge to Other Comprehensive Income	–	–	–	(511)	–	(511)
Credit to equity	–	–	–	–	863	863
Balance at end of year	–	–	1,423	621	2,750	4,794

The movement in the net deferred tax asset	2023 £'000	2022 £'000
Balance at beginning of year	3,713	2,900
Movement to Income Statement:		
Adjustments in respect of prior years	390	180
Movement in opening balance due to change in rate of tax 25%/19%	–	472
Arising on pension costs	99	(94)
Arising on bonuses	632	–
Arising on other	170	(187)
Total movement to Income Statement	1,291	371
Balance arising on business combinations	(906)	–
Movement to other comprehensive income:		
Movement in opening balance due to change in rate of tax 25%/19%	–	169
Related deferred tax asset	(511)	273
Movement to equity	863	–
Total movement to equity and other comprehensive income	352	442
Balance at end of year	4,450	3,713

A deferred tax asset of £4.8 million (2022: £3.7 million) has been recognised as the directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

d) Deferred tax liability

Analysis of the deferred tax liabilities	As at 28 Feb 2023 £'000	As at 28 Feb 2022 £'000
Temporary differences	(344)	–
Balance at end of year	(344)	–
The movement in the deferred tax liability	As at 28 Feb 2023 £'000	As at 28 Feb 2022 £'000
Balance at beginning of year	–	(174)
Balance arising on business combinations	(906)	–
Adjustment in respect of previous years	–	174
Current year origination and reversal of temporary differences	562	–
Balance at end of year	(344)	–

Notes to the Financial Statements continued

9 Taxation continued

d) Deferred tax liability continued

No deferred tax has been provided in respect of temporary differences associated with investments in subsidiaries and interests in joint ventures where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognised, is approximately £nil (2022: £0.1 million).

10 Specific items

The following is a summary of specific items incurred. Each item meets the definition of specific items detailed in Note 3 (u) and has an impact on the reported results for the year that is considered material either by size or nature and is not expected to be incurred on an ongoing basis and, as such, will not form part of the underlying profit in future years.

	2023 £'000	2022 £'000
<i>Other operating income:</i>		
– Gain on purchase of Southport	3,643	–
– Gain on revaluation of Cory contingent consideration receivable	203	–
	3,846	–
<i>Operating costs:</i>		
– Commission obligation	(257)	–
– Impairment of financial assets	(848)	–
– Impairment of goodwill	(9,050)	–
– Other operating costs	(98)	(392)
	(10,253)	(392)
<i>Acquisition-related items:</i>		
– Consideration for Southport treated as an employment expense	(1,325)	–
– Madrid transaction costs	(264)	–
– Acquisition of Naves Corporate Finance GmbH	(60)	(122)
– Amortisation of acquired intangible assets	(350)	–
	(1,999)	(122)
<i>Discontinued operations:</i>		
– Wavespec	–	(1,787)
– Cory Brothers	–	4,134
– AqualisBraemar	–	3,375
	–	5,722
<i>Other items:</i>		
– Finance income – credit on modification of deferred consideration	–	172
– Finance income – Cory Brothers earnout deferred consideration receivable	83	–
– Finance expense – foreign exchange and derivative loss on Naves liability	(266)	–
Total	(8,589)	5,380

Other operating income

A gain on purchase in relation to the acquisition of Southport was recognised during the year, with further details provided in Note 14. The Group does not consider this gain to reflect the performance of the business in the year, and so is treated as a specific item.

Revaluation of the contingent receivable due in respect of the Cory Brothers disposal resulted in a gain of £0.2 million (see Note 23).

The tax charge on specific items included within other operating income was £nil (2022: £nil).

Operating costs

As set out in Note 28 Provisions, the Group has recognised a provision in relation to an uncertain commission obligation. During the period, an amount of £0.3 million was recognised to increase the provision. Due to the nature of the provision being an historical transaction and not related to current trading, the Group has treated the cost in the year as a specific item.

During the year, an impairment charge of £0.8 million was recognised in relation to a disputed staff loan with an ex-employee of our Indian operations. Since no significant progress had been made with the ongoing legal case it is now the opinion of the directors that recovery of this debt is unlikely. Due to the size of the impairment and the fact that the original debt arose several years previously and is not related to trading, this impairment charge is not deemed to relate to the performance of the business in the year and as such is treated as a specific item.

In addition, the final transaction costs of £0.1 million related to disposals in the prior year were received. In the prior year, a loss of £0.4 million was recognised in other operating costs arising from the impairment to a right-of-use asset in respect of a London office which was vacated by AqualisBraemar LOC ASA (see Note 17 for more details).

During the year an impairment of goodwill of £9.1 million was recognised in relation to the goodwill allocated to the Corporate Finance business. Further details are provided in Note 15. The Group does not believe that this impairment reflects the performance of the business during the year, and as such, is treated as a specific item.

The tax income on specific items included within operating costs was £0.1 million (£0.1 million charge).

Acquisition-related items

As set out in Note 14, as a result of the acquisition of Southport, due to the requirement for ongoing employee service, the upfront cash payment of £6.0 million and working capital adjustment of £0.6 million are treated as a post-combination remuneration expense in addition to the IFRS 2 charge related to share awards made to the sellers and existing employees of Southport. The total expense related to amounts linked to ongoing employee service in connection with the acquisition of Southport was £1.3 million in the year. The period of required employee service is three years from the acquisition date. As a result, this specific item will exist in future periods. In addition, as explained further in Note 14, the Group recognised a gain on acquisition of Southport. Consistent with the Group's policy on specific items, this cost does not reflect the performance of the business and so is treated as a specific item.

As a result of the recruitment of a team of brokers based in Madrid, service agreements were entered into with employees. The recruitment of the broker team in Madrid included the following key elements:

- The Group assumed a liability of £0.3 million for a post-contractual payment to the employees, which was fully vested on signing the contracts.
- An upfront cash payment of £1.3 million with a further payment of £1.3 million due in December 2023.
- Share awards to a total value of £0.8 million which vest evenly in one, two and three years from December 2022.

The upfront payments and share awards have a clawback mechanism which is linked to the continued employment of the brokers over a three-year period from December 2022. The costs associated with the upfront payments and share awards are not considered by the Group to be specific items. But the cost related to the post-contractual payment obligation is treated as a specific item because it is akin to a transaction cost with no requirement to provide service.

Costs of £0.4 million (2022: £0.1 million) are directly linked to the acquisition of Naves Corporate Finance GmbH. In the current year £0.3 million relates to foreign currency translation losses on the euro liabilities linked to the acquisition of Naves Corporate Finance GmbH and £0.1 million in relation to an IAS 19 service cost. The prior year expenditure included £0.1 million related to foreign exchange translation of euro liabilities linked to the acquisition of Naves Corporate Finance GmbH.

An amount of £0.4 million relates to the amortisation of acquired intangible assets, primarily in relation to intangible assets recognised as a result of the acquisition of Southport.

The tax charge on acquisition-related items was £0.1 million (2022: £nil).

Discontinued operations

In the prior year, the Group recognised a net gain of £5.7 million on the disposal of discontinued operations. Gains arose on the disposal of Cory Brothers, AqualisBraemar and Wavespec of £4.1 million, £3.4 million and £0.6 million respectively, which were offset by an impairment charge of £2.4 million on the consideration due in respect of Wavespec. See Note 11.

Other specific items

The unwinding of the discounting of the deferred receivable due in respect of the Cory Brothers disposal contributed interest income of £0.1 million (see Note 23). This income is not related to the trading of the business in the period but is related to the disposal of the logistics business in the prior year. As a result, it is treated as specific item.

The foreign exchange loss and fair value loss on the Naves-related liabilities and derivative of £0.3 million is included as a specific item as it relates to the acquisition of Naves and is not related to trading. In the prior year, on 3 June 2021 the Group completed a restructuring of the deferred consideration amounts in relation to the acquisition of Naves. This resulted in a gain on modification of £0.2 million, which is classified as specific finance income (see Note 27). The Naves-related gains and losses do not relate to the trading performance of the businesses during the year, and as a result are classified as specific items. The tax charge on specific items included within other items was £0.2 million (2022: £nil).

Notes to the Financial Statements continued

11 Discontinued operations

During the year ended 28 February 2022, the Group has sold its Engineering Division, Wavespec, its Logistics Division, Cory Brothers, and its entire shareholding in AqualisBraemar.

a) Post-tax profit/loss related to discontinued operations

	2023			2022		
	Underlying £'000	Specific £'000	Total £'000	Underlying £'000	Specific £'000	Total £'000
Wavespec	–	–	–	(146)	(1,787)	(1,933)
Cory Brothers	–	–	–	1,563	4,134	5,697
AqualisBraemar	–	–	–	76	3,375	3,451
Profit	–	–	–	1,493	5,722	7,215

Wavespec

On 31 March 2021, the Group completed the sale of Wavespec, which was classified as held for sale at 28 February 2021. A gain of £0.6 million was recognised on disposal. The sale was for maximum consideration of £2.6 million which was expected to be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The disposal agreement contained an obligation for the buyer to secure the note by providing a standby letter of credit issued by an international bank with an acceptable credit rating. Should they fail to deliver such a letter of credit, the Group could elect to receive a sum of cash of £0.5 million from the buyer with the balance of the note of £2.1 million remaining unsecured. The fair value of the consideration was £2.4 million. At 28 February 2022, the buyer had not delivered a secured letter of credit nor had the cash sum of £0.5 million been received. The letter of credit and cash dues continue to be outstanding at 28 February 2023. Management believe that the consideration (fair value of £2.4 million) is unlikely to be received and the amount was provided for in full (charge of £2.4 million) in the year ended 28 February 2022.

Year ended
28 Feb 2022
£'000

<i>Underlying:</i>	
Revenue	15
Costs	(161)
Trading loss before tax	(146)
Taxation	–
Underlying loss for the year from Wavespec	(146)
<i>Specific items:</i>	
Impairment to fair value and other disposal costs	(7)
Gain on disposal	594
Credit impairment charge	(2,374)
Loss from specific items	(1,787)
Loss for the year from Wavespec	(1,933)

No taxation arises in relation to this discontinued operation as Wavespec was loss making.

A reconciliation of the derecognition of the Wavespec assets held for sale to gain on disposal is as follows:

	£'000
Intangibles	90
Property plant and equipment	1
Cash	53
Trade and other receivables	292
Trade and other payables	(271)
Net assets held for sale disposed of	165

a) Post-tax profit/loss related to discontinued operations continued

	£'000
Disposal proceeds	2,374
Net assets disposed of	(165)
Loan waiver	(1,006)
Disposal related costs	(609)
Gain on disposal of Wavespec	594

Intercompany loans totalling £1.0 million were owed to the Group from Wavespec were waived on disposal.

There were no cash proceeds from disposal in the period.

Cory Brothers

On 28 February 2022 the Company sold Cory Brothers to Vertom Agencies BV for a maximum consideration of £15.5 million.

Initial cash proceeds were £6.5 million, in addition, three further cash payments are due based on a percentage of the gross profit of the combined VertomCory business. Each of the three earnout payments is subject to a minimum and a maximum. The minimum aggregate earnout payment is £3.75 million and the maximum aggregate earnout payment is £9.0 million. The initial estimate of the fair value of the deferred and contingent consideration was £4.8 million, presented within receivables (more detail on the calculation of the deferred consideration is included in Note 23).

The profit on disposal including foreign exchange recycling totalled £4.2 million for the year ended 28 February 2022.

	Year ended 28 Feb 2022 £'000
<i>Underlying:</i>	
Revenue	45,215
Costs	(42,759)
Trading profit before tax	2,456
Finance income	9
Finance expense	(36)
Profit before taxation	2,429
Taxation	(866)
Underlying profit from Cory Brothers	1,563
<i>Specific items:</i>	
Gain on disposal	4,134
Total profit from Cory Brothers	5,697

A reconciliation of the derecognition of the Cory Brothers assets held for sale to gain on disposal is as follows:

	£'000
Goodwill	3,645
Intangibles	1,190
Property, plant and equipment	1,220
Investments	119
Cash	12,353
Trade and other receivables	15,110
Trade and other payables	(27,042)
Net assets held for sale disposed of	6,595

Notes to the Financial Statements continued

11 Discontinued operations continued

Cory Brothers continued

	£'000
Disposal proceeds – completion payment	6,500
Disposal proceeds – earn-out payments (deferred)	4,758
Net assets disposed of	(6,595)
Disposal-related costs	(492)
FX recycling	(37)
Gain on disposal of Cory Brothers for the year ended 28 February 2022	4,134

Note 23 describes the valuation of the deferred receivable arising from the earn-out payments.

A sensitivity analysis of the contingent consideration to changes in the gross profits and discount rate is provided in Note 23.

AqualisBraemar

The Group recognised its minority shareholding in AqualisBraemar as an investment in associate until its disposal on 19 May 2021.

In the prior year, the Group's share of profit of associate and the profit on disposal including foreign exchange recycling totalled £3.5 million (see Note 20).

	Year ended 28 Feb 2022 £'000
<i>Underlying:</i>	
Share of associate profit for the period – trading	76
<i>Specific items:</i>	
Profit on disposal	3,375
Profit from specific items	3,375
Total profit for the period from AqualisBraemar	3,451

b) Earnings per share in respect of discontinued operations

The basic and diluted earnings per share in respect of discontinued operations were as follows:

	Year ended 28 Feb 2022
Basic earnings per share	23.62p
Diluted earnings per share	19.24p

c) Cash flows in respect of discontinued operations

During the year there were net cash inflows of £6.5 million relating to investing activities concerning discontinued operations, being the cash proceeds on completion of the Cory Brothers disposal. In the prior year, the cash flows relating to discontinued operations were net operating cash inflows of £7.3 million, net cash outflows relating to investing activities of £4.7 million, which includes the £7.2 million proceeds from the sale of AqualisBraemar shares less the combined cash of £12.4 million held within Wavespec and Cory Brothers at the time of their disposal.

12 Dividends

Amounts recognised as distributions to equity holders in the year:

	2023 £'000	2022 £'000
<i>Ordinary shares of 10 pence each</i>		
Final dividend of 7.0 pence per share for the year ended 28 February 2022 (2022: 5.0 pence per share)	2,018	1,499
Interim dividend of 4.0 pence per share (2022: 2.0 pence per share)	1,172	610
	3,190	2,109

The dividends paid by the Group during the year ended 28 February 2023 totalled £3.2 million (11.0 pence per share) which comprised a final dividend in respect of the year ended 28 February 2022 of £2.0 million (7.0 pence per share) paid on 14 October 2022 and an interim dividend for the year ended 28 February 2023 of £1.2 million (4.0 pence per share) paid on 4 January 2023.

The right to receive dividends on the shares held in the ESOP has been waived (see Note 31). The dividend saving through the waiver is £0.4 million (2022: £0.1 million).

During the year ended 28 February 2022, the Group paid dividends totalling £2.1 million (7.0 pence per share), being a final dividend in respect of the year ended 28 February 2022 of £1.5 million (5.0 pence per share) paid on 21 September 2021 and an interim dividend for the year ended 28 February 2022 of £0.6 million (2.0 pence per share) paid on 16 December 2021.

In December 2022 the Company commenced a project to research various options for increasing the distributable reserves available to the Company in order to support the stated progressive dividend policy. After the payment of an interim dividend in January 2023, the outcome of the research identified an accounting practice of the Company used since IFRS 2 was introduced in 2005, which carried realised gains which could only be used in very limited circumstances with the consequence that a significant balance within retained earnings (that was not previously identified as created by unrealised gains) was incorrectly used by the Company in the calculation of distributable reserves.

Dividends paid between 2016 and 2023 were therefore paid by the Company without having sufficient distributable reserves from which to lawfully pay them. Having identified these issues, to rectify the gap in retained earnings and the unlawful payment of dividends, after the Balance Sheet date, the Company reduced its share premium account and capital redemption reserve and capitalised and reduced £19.8 million of the merger reserve ("Capital Reduction") and entered into releases from liability for the benefit of shareholders and directors (to ensure that no person was disadvantaged as a consequence of the payment of unlawful dividends).

On 15 February 2023 the Company entered into deeds of release in favour of shareholders receiving the unlawful dividends and the directors of the Company at the time the unlawful dividends were paid. These releases were conditional on various conditions, including shareholder approval for the Capital Reduction, the Capital Reduction becoming effective, and the terms of the deeds of release for shareholders and directors. At a General Meeting of the Company on 14 April 2023, shareholders approved the Capital Reduction and the deeds of release for shareholders and directors which allowed the Company to proceed with the process for the Capital Reduction by seeking approval from the High Court of Justice. On 9 May 2023 the High Court approved and confirmed the Capital Reduction and on 5 June 2023 the Capital Reduction became effective providing the Company with £73.9 million of distributable reserves at that time.

For the year ended 28 February 2023, a final ordinary dividend of 8.0 pence per share has been proposed totalling £2.6 million.

Notes to the Financial Statements continued

13 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares held by the Employee Share Ownership Plan and ordinary shares held by the ACM Employee Benefit Trust which are not treated as outstanding.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive ordinary shares, being those options granted to employees where the expected consideration is less than the average market price of the Company's ordinary shares during the period that they are outstanding, and convertible loan notes issued in respect of the acquisition of Naves.

	2023 £'000	2022 £'000
Total operations		
Profit for the year attributable to shareholders	4,596	13,919
	pence	pence
Basic earnings per share	15.85	45.56
Effect of dilutive share options	(2.60)	(8.43)
Diluted earnings per share	13.25	37.13
	2023 £'000	2022 £'000
Underlying operations		
Underlying profit for the year attributable to shareholders	13,399	8,539
	pence	pence
Basic earnings per share	46.22	27.95
Effect of dilutive share options	(7.70)	(5.17)
Diluted earnings per share	38.52	22.78

A reconciliation by class of instrument in relation to potential dilutive ordinary shares and their impact on earnings is set out below:

	2023			2022		
	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000
Used in basic earnings per share	28,990,885	13,399	4,596	30,552,532	8,539	13,919
RSP, DBP and LTIP	5,428,815	–	–	6,790,255	–	–
Options (SAYE)	216,764	–	–	147,998	–	–
Convertible loan notes	201,118	20	20	–	–	–
Used in diluted earnings per share	34,837,582	13,419	4,616	37,490,785	8,539	13,919

14 Business combinations – acquisition of Southport Maritime Inc.

On 16 December 2022, Braemar Plc acquired 100% of the issued capital of Southport Maritime Inc ("Southport"). Southport is a tanker broker based in North America, and their addition is a key part of the Group's strategic global growth plan.

Southport strongly complements our existing Tanker desks in London, Singapore, Houston, and Geneva, and provides the ideal platform for the Group to penetrate new markets and add further scale and reach to our global shipbroking activities.

Consideration for the acquisition was made up of:

- £6.0 million (\$7.3 million) cash paid on completion;
- £0.6 million (\$0.7 million) estimated working capital adjustment; and
- £2.5 million (\$3.0 million) relating to 1,016,121 shares in Braemar Plc.

The cash amount of £6.0 million is subject to a clawback linked to continued service under the terms of the Sale and Purchase agreement with one third of the amount vesting to the sellers each year following completion. The working capital adjustment is also subject to an employment service condition up to the date that it is agreed. The cash payments are treated as prepayments for service with the cost recognised over the vesting period.

The Braemar Plc shares are subject to an employment condition and will be issued on the third anniversary of completion, provided the sellers are employees of the Group (or the seller is a Good Leaver). The share consideration which is linked to employment is accounted for as a share-based payment under IFRS 2 with the accounting charge recognised on a straight-line basis over the three years from acquisition date to the vesting date. In addition to the grant of share awards to the sellers, other awards were granted to key employees and are accounted for in the same way as the awards made to the sellers.

The acquisition date balance sheet of Southport, is summarised below:

	£'000
Intangible assets	3,545
Property, plant and equipment	166
Trade and other receivables	2,125
Cash	349
Lease liabilities	(86)
Trade and other payables	(1,347)
Corporation tax	(203)
Deferred tax liability	(906)
Net asset acquired	3,643
Fair value of consideration	–
Gain on acquisition	3,643

The gross contractual value and fair value of acquired receivables was £2.1 million. As at the acquisition date, the full amount of receivables was expected to be collected. Intangible assets include Customer-related (relationships and order backlog) of £3.0 million, along with an intangible asset in relation to the Southport trade name of £0.5 million.

The accounting gain on acquisition of £3.6 million arises due to the requirements of IFRS 3 which result in all consideration with an employment service condition being treated as a post-combination remuneration expense, rather than the economic reality that they also represent the commercial consideration for the acquired business. Because there is no consideration under IFRS 3, the cash in the acquired business is reflected as a cash inflow for the Group in the Cash Flow Statement.

The revenue and loss of Southport included in the Group's annual results are £3.7 million and (£0.2 million) respectively. Had the acquisition taken place at the beginning of the financial year, the Group's revenue would have been £10.3 million higher than reported, and its profit would have been lower by £2.0 million.

15 Goodwill

	£'000
Cost	
At 28 February 2021	91,614
Disposal of Cory Brothers	(3,645)
Exchange adjustments	(419)
At 28 February 2022	87,550
Exchange adjustments	566
At 28 February 2023	88,116
Accumulated impairment	
At 28 February 2022 and 28 February 2021	7,659
Impairment charge recognised in the year	9,050
At 28 February 2023	16,709
Net book value at 28 February 2023	71,407
Net book value at 28 February 2022	79,891

Notes to the Financial Statements continued

15 Goodwill continued

All goodwill is allocated to cash-generating units. The allocation of goodwill to groups of cash-generating units is as follows:

	2023 £'000	2022 £'000
Chartering	68,696	68,696
Corporate Finance (part of Investment Advisory segment)	2,711	11,195
	71,407	79,891

These groups of cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Following the simplification of the Group's activities and the way in which information is now presented to the Group's Chief Operating Decision Maker, the Group's operating segments are Chartering, Investment Advisory and Risk Advisory. The Chief Operating Decision Maker is considered to be the Group's board of directors. These three segments are managed separately on the basis of the nature of the services offered to clients and differences in the regulatory environment applicable to each segment. Previously the Group's operating segments were based on a Divisional structure of Shipbroking and Financial. The goodwill allocated to Shipbroking in 2022 is now allocated to Chartering on the basis that the goodwill arose and benefited the same CGUs which were included in the Shipbroking segment and now included in the Chartering segment. Goodwill allocated to Corporate Financial in 2022 continues to be allocated to Corporate Finance within the Investment Advisory segment in 2023.

The table below illustrates the change in segment structure.

	2023	2022
Segment	Chartering	Shipbroking
Component	Deep Sea Tankers Specialised Tankers Offshore Dry Cargo	Deep Sea Tankers Specialised Tankers Offshore Dry Cargo Sale and Purchase Securities
Segment	Investment Advisory	Financial
Component	Corporate Finance Sale and Purchase	Corporate Finance
Segment	Risk Advisory	
Component	Securities	

All goodwill is denominated in the Group's reporting currency, with the exception of the Corporate Finance Division which is denominated in euros. Goodwill denominated in foreign currencies is revalued at the Balance Sheet date. The exchange adjustment at 28 February 2023 was a gain of £566,000 (2022: loss of £419,000).

The Logistics Division, Cory Brothers, was disposed of on 28 February 2022, the goodwill previously held in respect of this cash-generating unit was therefore disposed of. See Note 11.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The key assumptions on which the value-in-use calculations are based relate to (i) business performance over the next five years, (ii) long-term growth rates beyond 2027 and (iii) discount rates applied.

- Business performance over the next five years – The estimated cash flows were based on the approved annual budget for the next financial year and projections for the following four years which are based on management's estimates of revenue growth and cost inflation which reflect past experience and management's expectation of future events given the specific risks and economic and market conditions of each cash-generating unit. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business.
- Long-term growth rates – this is the average growth rate used to extrapolate cash flows beyond the budget period. The rate is consistent with forecasts included in industry reports.
- Discount rates – The pre-tax discount rate was determined based on a weighted average cost of capital ("WACC") and adjusted for CGU-specific risk factors specific to the CGU group.

The results of the impairment tests are as follows:

a) Chartering

The key assumptions and resulting net present values are as follows:

Chartering	2023	2022
Post-tax discount rate	13.04%	10.87%
Equivalent pre-tax discount rate	16.47%	13.19%
Average revenue growth rate	3.5%	5.0%
Operating profit margin years 2-5	15.0 – 15.4%	12.5 – 16.1%
Long-term growth rate	1.7%	1.7%

At 28 February 2023, the net present value of the Chartering segment is significantly higher than the carrying value of the goodwill in respect of this cash-generating unit. At the Balance Sheet date, management concluded that there were no reasonably possible changes in the key assumptions used in the impairment review that would reduce headroom to nil or result in an impairment.

b) Corporate Finance

Revenues for the Corporate Finance Division are challenging to forecast because of the highly variable nature of success fees. Management forecasts over the period of two to five years consider recent performance and reflect management's best estimate of success fee taken into account of volatility of the success fee. Growth rates used in the value-in-use test reflect this variability and were based on the best estimate of the Management.

Corporate Finance	2023	2022
Post-tax discount rate	14.82%	12.37%
Equivalent pre-tax discount rate	20.66%	15.01%
Average revenue growth rate	5.0%	8.0%
Operating profit margin years 2-5	11.6% – 14.4%	34.5% – 45.6%
Long-term growth rate	1.7%	1.7%

The goodwill included in the Corporate Finance Division arose from the acquisition of Naves Corporate Finance GmbH in 2017. At 28 February 2023, the recoverable amount of the Corporate Finance Division is based on a value-in-use of £2,835,000, which is lower than the carrying value of its assets. This is as a result of market conditions and trading below expectations in the year to 28 February 2023 and an increase in discount rate from 15.01% in 2022 to 20.66% in 2023 as well as a reduction in forecast revenues compared to management view in the prior year. As a result, Management recognised an impairment of £9.1 million at 28 February 2023.

Sensitivity to impairment for Corporate Finance

To test the sensitivity of the results of the impairment review, the calculations have been re-performed, flexing the three key assumptions:

- revenue growth rate;
- post-tax discount rate; and
- revenue outperforms or underperforms forecast.

	Change in revenue growth		Change in post-tax discount rate		Revenue outperforms or underperforms forecast	
	+1%	-1%	+2%	-2%	+15%	-15%
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Finance	372	(363)	(383)	523	1,702	(1,702)

The effect on cash flows of climate change was considered but assessed to have no material impact at this time. Management does not believe that climate-related risks nor the potential impact of climate change on the Group's operations would materially affect the recoverability of goodwill in either of the cash-generating units (see Note 2).

Notes to the Financial Statements continued

16 Other intangible assets

	Note	Computer software £'000	Other intangible assets £'000	Total £'000
Cost				
At 28 February 2021		6,420	11,005	17,425
Additions		515	–	515
Disposal of Cory Brothers		(1,344)	(1,480)	(2,824)
Exchange rate adjustments		(5)	–	(5)
At 28 February 2022		5,586	9,525	15,111
Additions		90	–	90
Business combination	14	–	3,545	3,545
Disposals		(87)	–	(87)
Exchange rate adjustments		5	33	38
At 28 February 2023		5,594	13,103	18,697
Amortisation				
At 28 February 2021		4,775	10,521	15,296
Charge for the year		346	107	453
Reclassified as held for sale		(275)	(1,359)	(1,634)
Exchange adjustments		(1)	–	(1)
At 28 February 2022		4,845	9,269	14,114
Charge for the year		192	349	541
Impairment		60	–	60
Exchange adjustments		1	1	2
At 28 February 2023		5,098	9,619	14,717
Net book value at 28 February 2023		496	3,484	3,980
Net book value at 28 February 2022		741	256	997

Other intangible assets brought forward from the prior year relate to forward books of income acquired in acquisitions which are being amortised over the period that the income is being recognised; customer relationships which are amortised over a period of up to twelve years; and brand which is being amortised over a period of up to ten years.

The addition of £3.5 million relates to the acquisition of Southport, which gives rise to customer-related intangible assets of £3.1 million (including customer relationships of £2.8 million and order backlog of £0.3 million) and an asset of £0.4 million in relation to the tradename. The amortisation period for customer relationships is twelve years, order backlog is four months, and tradename is five years.

The customer relationships and order backlog have been valued using an excess earnings method. Under the excess earnings method, a stream of revenue and expenses are identified as those associated with a particular group of assets. This group of assets includes the subject intangible asset as well as other assets (contributory assets) that are necessary to support the earnings associated with the subject intangible asset. By identifying and subtracting contributory assets, the residual earnings are estimated to be attributable to the subject intangible asset and are discounted to present value at an appropriate discount rate (estimated at 19%). The tradename has been valued using a royalty savings method. The royalty savings method is a derivation of the income approach often used to value intangible property that may be licensed to third parties. Under this method, it is assumed that a company, without a similar asset, would license the right to use this intangible asset and pay a royalty related to turnover achieved. The value of the asset is established by calculating the present value of the royalty stream (estimated at 4%) that the business is saving by owning the asset.

At 28 February 2023, the Group had no contractual commitments for the acquisition of computer software or other intangible assets (2022: £nil).

17 Property, plant and equipment

	Note	Land and buildings £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 28 February 2021 – as reported		14,308	859	2,384	17,551
Restatement ¹		475	835	224	1,534
At 28 February 2021 – restated		14,783	1,694	2,608	19,085
Additions at cost		1,087	315	337	1,739
Disposals		(244)	–	(631)	(875)
Disposal of Cory Brothers		(1,294)	(416)	(478)	(2,188)
Exchange differences		75	6	42	123
At 28 February 2022		14,407	1,599	1,878	17,884
Additions at cost		757	374	334	1,465
Business combination	14	86	–	80	166
Disposals		(2,445)	(4)	(369)	(2,818)
Exchange differences		427	41	88	556
At 28 February 2023		13,232	2,010	2,011	17,253
Accumulated depreciation					
At 28 February 2021 – as reported		5,378	352	1,980	7,710
Restatement ¹		565	835	134	1,534
At 28 February 2021 – restated		5,943	1,187	2,114	9,244
Charge for the year		2,663	148	220	3,031
Disposals		(244)	–	(620)	(864)
Impairment		392	–	–	392
Disposal of Cory Brothers		(490)	(300)	(178)	(968)
Exchange differences		(65)	26	10	(29)
At 28 February 2022 (restated)		8,199	1,061	1,546	10,806
Charge for the year		2,477	171	175	2,823
Disposals		(1,852)	(1)	(313)	(2,166)
Impairment		–	150	–	150
Exchange differences		234	25	61	320
At 28 February 2023		9,058	1,406	1,469	11,933
Net book value at 28 February 2023		4,174	604	542	5,320
Net book value at 28 February 2022		6,208	538	332	7,078

¹ At 28 February 2021, both cost and accumulated depreciation have been increased by £1.5 million (Computers: increase of £0.8 million; Fixtures and equipment: increase of £0.2 million; Land and buildings: decrease of £0.5 million). This primarily relates to a correction of grossed up disposals in prior years relating to business combinations where the addition of the asset was based on its fair value at the point of acquisition, but the eventual disposal being based on original cost.

On 28 March 2022, the Group assigned the lease for its Bevis Marks premises to Beat Capital. The impairment charge of £392,000 recognised in the year ended 28 February 2022 is equal to the subsequent loss on assignment of this lease, being the lease assignment premium paid plus the net book value of the ROU asset disposed of less the outstanding lease liability. At 28 February 2023, the Group had no contractual commitments for the acquisition of property, plant and equipment (2022: £nil).

Notes to the Financial Statements continued

18 Leases

Right-of-use assets

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in other property leases the periodic rent is fixed over the lease term. The Group also leases certain items of plant and equipment which are typically motor vehicles. These contracts normally comprise only fixed payments over the lease terms.

	Note	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2021		7,307	138	7,445
Additions		1,036	11	1,047
Amortisation		(2,079)	(76)	(2,155)
Impairment		(392)	–	(392)
Disposals		–	(10)	(10)
Disposal of Cory Brothers		(856)	(51)	(907)
Exchange differences		166	–	166
At 28 February 2022		5,182	12	5,194
Additions		711	59	770
Business combination	14	86	–	86
Depreciation		(2,079)	(8)	(2,087)
Disposals		(481)	(10)	(491)
Exchange differences		166	1	167
At 28 February 2023		3,585	54	3,639

Lease liabilities

	Note	Total £'000
At 28 February 2021		12,554
Additions		814
Interest expense		329
Lease payments		(3,950)
Disposal of Cory Brothers		(1,243)
Exchange differences		2
At 28 February 2022		8,506
Additions		770
Business combination	14	86
Disposal		(632)
Interest expense		175
Lease payments		(4,039)
Exchange differences		161
At 28 February 2023		5,027

Right-of-use assets and lease liabilities arising on business combinations represents lease on property of £86,000. For further details refer to Note 14 Business combinations.

Total cash outflow for leases is £4,039,000, of which £175,000 represents payment of interest.

Lease receivables

	Gross £'000	Provision £'000	Net £'000
At 28 February 2021	2,827	–	2,827
Disposal	(236)	–	(236)
Interest income	72	–	72
Lease payments	(870)	–	(870)
Disposal of Cory Brothers	(272)	–	(272)
Movement in provision	–	(18)	(18)
Exchange differences	(9)	–	(9)
At 28 February 2022	1,512	(18)	1,494
Disposal	(39)	–	(39)
Interest income	35	–	35
Lease payments	(642)	–	(642)
Movement in provision	–	6	6
Exchange differences	–	–	–
At 28 February 2023	866	(12)	854

	2023 £'000	2022 £'000
Short-term lease expense	(217)	(234)
Short-term lease income	91	73

Lease liabilities

Contractual payments by maturity are provided in Note 24e.

Lease receivables

Contractual receipts by maturity are provided in the table below:

	Within 1 year £'000	1 to 2 Years £'000	2 to 5 years £'000	More than 5 years £'000	Total £'000	Unearned interest £'000	Provision £'000	Net receivable £'000
At 28 February 2023	642	241	–	–	883	(17)	(12)	854
At 28 February 2022	642	642	284	–	1,568	(56)	(18)	1,494

During the year, the financial effect of revising lease terms arising from the effect of exercising extension and termination options was an increase of £98,000 in the recognised lease liabilities. As at 28 February 2023, potential future cash outflows of £3.9 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

19 Investments

	2023 £'000	2022 £'000
Unlisted investments	1,780	1,780

The Group recognises unlisted investments at fair value through profit or loss.

Movement in unlisted investments	Total £'000
At 1 March 2021	1,962
Disposal	(182)
At 28 February 2022 and 28 February 2023	1,780

Notes to the Financial Statements continued

19 Investments continued

A list of subsidiary undertakings is included in Note 34.

The Financial Statements of the principal subsidiary undertakings are prepared to 28 February 2023.

Unlisted investments

The Group's unlisted investments include 1,000 (2022: 1,000) ordinary £1 shares in London Tanker's Broker Panel Limited. The investment is carried at fair value of £1.5 million, being the value of the most recent comparable transaction, which occurred during the year ended 28 February 2019. There have been no transactions or events in the current or prior year which would result in a material adjustment to the fair value at 28 February 2023.

20 Investment in associate

Zuma Labs Limited

On 29 October 2020 the Group subscribed for 1,000 ordinary shares in Zuma Labs Limited. Zuma Labs Limited is a private company incorporated in England and Wales and its registered address is Kemp House, 128 City Road, London, United Kingdom, EC1V 2NX. Zuma Labs Limited has one share class and each share carries one vote.

During the period, in accordance with the shareholders' agreement, four further subscriptions for shares were made totalling of \$0.5 million (£0.3 million), increasing Braemar's shareholding by 1,500 shares.

At 28 February 2023 the Group's shareholding was 2,500 shares, which equates to 20.0% of Zuma Labs Limited's share capital and 20.0% of voting rights (2022: 2,500 shares, 20% of share capital and 20% of voting rights). The Group has representation on the board of Zuma Labs Limited, and as a result, the Group considers that it has the power to exercise significant influence in Zuma Labs Limited and the investment in it has been accounted for using the equity method.

A purchase price allocation exercise was undertaken to measure the fair value of the net assets on the date at which Zuma Labs Limited became an associate, and also at each date at which further shares were subscribed for. Based on the purchase price allocation exercise, the difference between the cost of the investment and Braemar's share of the net fair value of Zuma Labs Limited's identifiable assets and liabilities will be accounted for as goodwill. Amortisation of that goodwill is not permitted.

IAS 28 requires the most recent Financial Statements of an associate are used for accounting purposes, and that coterminous information should be used unless it is impractical to do so. Zuma Labs Limited has a year end of 31 March and accounts up to 31 December 2022 have been made available, so for practical reasons Zuma Labs Limited's management accounts for the nine months ended 31 December 2022 will be used for the purposes of the Group's full-year reporting at 28 February with adjustments made for any significant transactions and events. Zuma Labs Limited will prepare its next set of Financial Statements for the year ended 31 March 2023. At 28 February 2023 Zuma Labs Limited had no contingent liabilities.

The summarised financial information of Zuma Labs Limited for the period ended 28 February 2023 is as follows. These figures are taken from the management accounts of Zuma Labs Limited, adjusted for any fair value adjustments but before any intercompany eliminations.

	28 Feb 2023 £'000
Balance Sheet	
Current assets	177
Non-current assets	223
Current liabilities	(68)
Net assets (100%)	332
Group share of net assets (20%)	66
Income Statement	
Revenues	–
Post-tax loss	(116)
The Group's share of the loss	(23)

Management have reviewed the carrying value of the investment in Zuma Labs Limited at 28 February 2023 and do not consider this to be impaired.

AqualisBraemar

On 21 June 2019 the Group recognised an investment in associate as a result of the divestment of the Offshore, Marine and Adjusting product lines in return for a significant shareholding in AqualisBraemar LOC ASA. AqualisBraemar LOC ASA is listed on the Oslo Børs, its principal place of business is Oslo and its registered address is Olav Vs gate 6, 0161, Oslo, Norway. AqualisBraemar LOC ASA has one share class and each share carries one vote.

On 28 January 2021 the Group sold 9,600,000 shares and on 19 May 2021 the Group sold its entire remaining shareholding in AqualisBraemar LOC ASA, see Note 11. The Group was entitled to representation on the board of AqualisBraemar LOC ASA for as long as the Group's shareholding remains more than 10.0%. Based on this the Group considers that it had the power to exercise significant influence for the year ended 28 February 2022, and until it sold its shareholding on 19 May 2021. At that point significant influence was lost, the Group ceased to equity account for AqualisBraemar and the Group's interest in AqualisBraemar was limited to its holding of 6,523,977 performance-based warrants which were accounted for as a financial asset at fair value.

On 20 August 2021, 1,000,000 of the 6,523,977 warrants vested with the remainder lapsing. A loss on vesting of £2,000 was recognised in specific items. The shares received were subsequently sold on 31 August 2021 crystallising a further loss of £4,000.

At 28 February 2022 and 28 February 2023 the Group's shareholding was nil which equates to 0% of AqualisBraemar's share capital and 0% of voting rights.

The results of AqualisBraemar are presented within discontinued operations.

The movements in the investment in associates are provided below.

	Zuma £'000	AqualisBraemar £'000	Total £'000
At 1 March 2021	418	3,345	3,763
Book value of 450 shares acquired	326	–	326
Share of profit in associate	(20)	76	56
Share of associate's other comprehensive income	–	52	52
Book value of 9,640,621 shares disposed	–	(3,473)	(3,473)
At 28 February 2022	724	–	724
Share of loss in associate – underlying	(23)	–	(23)
At 28 February 2023	701	–	701

A reconciliation of the book value of the AqualisBraemar shares disposed of to the profit on disposal in Note 11 is as follows:

	19 May 2021
Number of shares sold	9,640,621
Share price NOK	9.00
	NOK'000
Gross disposal proceeds	86,776
Broker's commission at 1.5%/2%	(1,301)
Net disposal proceeds	85,475
	£'000
Net disposal proceeds	7,232
Book value of shares sold	(3,473)
Legal costs	(13)
Recycle of amounts in other comprehensive income	(371)
Profit on disposal	3,375

Notes to the Financial Statements continued

21 Other long-term receivables

	2023 £'000	2022 £'000
Deferred consideration	2,540	3,482
Contingent consideration	1,004	1,276
Security deposits	16	17
Finance lease receivables	228	861
Prepayments	4,766	–
	8,554	5,636

Deferred consideration of £2.5 million and contingent consideration of £1.0 million relates to the earn-out payments receivable in respect of the disposal of Cory Brothers, further detail is provided in Note 23. Prepayments includes an asset of £4.8 million (2022: £nil) which is the non-current element of the clawback provision on joining incentives paid to certain employees. This includes an amount of £3.6 million added in the year in relation to the acquisition of Southport and £0.2 million in relation to the broker team in Madrid. The receivable is amortised over the clawback period.

See Note 18 for a maturity analysis which reconciles the long-term finance lease receivables to the undiscounted lease receipts and unearned finance income.

22 Trade and other receivables

	2023 £'000	Restated 2022 £'000
Trade receivables	31,989	24,970
Provision for impairment of trade receivables	(3,725)	(3,159)
Net trade receivables	28,264	21,811
Deferred consideration	1,097	–
Contingent consideration	403	–
Other receivables	4,148	7,822
Finance lease receivables	626	633
Contract assets	3,388	1,965
Prepayments	5,397	3,212
Total	43,323	35,792

Deferred consideration of £1.1 million and contingent consideration of £0.4 million relate to the earn-out payments receivable in respect of the disposal of Cory Brothers; further detail is provided in Note 23.

Included in other receivables at 28 February 2022 is £6.5 million of completion proceeds relating to the disposal of Cory Brothers. The cash was received on 2 March 2022. Also included in other receivables in both years are security deposits, VAT and other sales tax receivables and employee loans.

Prepayments includes an asset of £4.0 million (2022: £2.1 million) in respect of the current portion of the clawback provision on joining incentives paid to certain employees which are being charged to the Income Statement in accordance with the clawback provisions of the underlying contracts. This includes an amount of £2.0 million added in the year in relation to the acquisition of Southport and £0.9 million in relation to the broker team in Madrid. The receivable is amortised over the clawback period.

The movement in the asset between years is due to the invoicing of all prior year assets and the accrual of amounts relating to the current year.

The total receivables balance is denominated in the following currencies:

	2023 £'000	Restated 2022 £'000
US dollars	35,888	20,083
Sterling	6,114	14,451
Other	1,321	1,258
Total	43,323	35,792

The directors consider that the carrying amounts of trade receivables approximate to their fair value.

Trade receivables are non-interest bearing and are generally on terms payable within 30–90 days; terms associated with the settlement of the Group's trade receivables vary across the Group. Specific debts are provided for where recovery is deemed uncertain, which will be assessed on a case-by-case basis whenever debts are older than the due date, but always when debts are older than usual for the industry in which each business in the Group operates.

As at 28 February 2023, trade receivables of £3,003,000 (2022: £2,008,000) which were over 12 months old were treated as credit impaired and have been provided for. No provision (2022: £396,000) has been made for specific trade receivables which are less than 12 months overdue.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses and rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The ageing profile of trade receivables and the lifetime expected credit loss for provisions and contract assets is as follows:

	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
2023					
Up to 3 months	23,556	0.015	–	333	333
3 to 6 months	3,185	0.020	–	71	71
6 to 12 months	2,078	0.051	–	149	149
Over 12 months	3,170	0.591	3,033	99	3,132
Trade receivables	31,989	0.096	3,033	652	3,685
Contract assets	3,388	0.012	–	40	40
Total	35,377	0.020	3,033	692	3,725
2022					
Up to 3 months	14,562	0.015	100	210	310
3 to 6 months	3,952	0.020	100	77	177
6 to 12 months	4,036	0.051	196	196	392
Over 12 months	2,420	0.591	2,008	243	2,251
Trade receivables	24,970	0.096	2,404	726	3,130
Contract assets	1,965	0.015	–	29	29
Total	26,935	0.028	2,404	755	3,159

Notes to the Financial Statements continued

22 Trade and other receivables continued

Movements on the provision for impairment of trade receivables and contract assets were as follows:

	2023 £'000	2022 £'000
At 1 March	3,159	2,858
Bad debt charge	238	747
Receivables written off during the year as uncollectible	–	(204)
Reclassification of other provisions	328	–
Transferred on disposal	–	(242)
At 28 February	3,725	3,159

Contract assets

The Group's contract assets related to accrued income which has not yet been invoiced at the Balance Sheet date. Significant changes in contract assets during the period are analysed as follows:

	£'000
At 1 March 2022	1,965
Changes due to business combinations	647
Contract assets converted to receivables on completion	(2,049)
Contract assets arising on new contracts in-year	2,825
At 28 February 2023	3,388

Contract assets increased by £0.6 million due to the acquisition of Southport in December 2022; all other movements in contract assets arise from normal underlying operations.

23 Deferred and contingent consideration receivable

Fair value of Cory Brothers deferred and contingent consideration receivable

On 28 February 2022 the Company sold Cory Brothers to Vertom Agencies BV for maximum consideration of £15.5 million. Initial cash proceeds of £6.5 million were received on completion of the transaction and three further cash payments are due contingent on an agreed percentage of future gross profit of the combined VertomCory business. These "earnout" payments are subject to a combined minimum of £3.75 million and a combined maximum of £9.0 million.

Each agreed minimum earnout payment is presented as deferred consideration recognised at amortised cost, using a discount rate of 2.39% determined on initial measurement. The uncertain element of each earnout payments is recognised at fair value through profit or loss and presented as contingent consideration.

The fair value of the contingent consideration is calculated using the forecast gross profit for the combined VertomCory business for each earnout period, applying the agreed percentage, deducting the minimum payment and discounting the forecast contingent cashflow using the discount rate of 5.29% (2022: 2.39%).

Deferred and contingent consideration are included in other long-term receivables (see Note 21) and current other receivables (see Note 22). The amortised cost of the deferred consideration is £3.6 million (2022: £3.5 million). The fair value of the contingent consideration is £1.4 million (2022: £1.3 million).

The valuation of the contingent consideration involves two critical estimates: the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business and was reviewed by management as part of the financial due diligence process. A discount rate of 5.29% was used to calculate the net present value; this was based on the credit risk of Vertom Agencies BV following a credit check performed by management.

The contingent consideration relating to the first earnout payment is resolved as it is based on the performance of the VertomCory business to December 2022. The receivable held on the Balance Sheet at 28 February 2023 in relation to the first earnout payment is £1.5 million (£1.1 million deferred consideration and £0.4 million contingent consideration).

Sensitivity analysis

Management have considered the sensitivity of the contingent consideration receivable arising from the second and third earnout payments to both changes in the estimate of future profitability of the VertomCory agency business, and the discount rate selected.

	Carrying value as at 28 Feb 2023 £'000s	Undiscounted value as at 28 Feb 2023 £'000s	Sensitivity to the estimate of future gross profits of the VertomCory agency business		Sensitivity to change in the discount rate selected	
			Decrease by 10% £'000s	Increase by 10% £'000s	Decrease by 1% p.a. £'000s	Increase by 1% p.a. £'000s
Payment due on 31 May 2023	403	408	n/a	n/a	n/a	n/a
Payment due on 31 May 2024	515	550	(176)	176	6	(6)
Payment due on 31 May 2025	489	550	(167)	167	11	(10)
Total	1,407	1,508	(343)	343	17	(16)

The 10% increase/decrease in future gross profits of the VertomCory agency business considered in the sensitivity analysis is selected to reflect a reasonably likely variation in outcomes, which lie within range covered by the minimum and maximum earnout thresholds. The change in discount rate considered reflects the observed range of three-year GBP corporate bond rates with similar credit risk.

24 Financial instruments and risk management

The Group is exposed through its operations to the following financial risks:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies, and other processes for managing those risks or the methods used to measure them from previous periods.

a) Financial instruments

i) Principal financial instruments

The principal financial instruments used by the Group, from which financial risks arise, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Deferred consideration receivable
- Contingent consideration receivable
- Unlisted investments
- Trade and other payables
- Revolving credit facility
- Lease liabilities
- Derivative financial instruments
- Deferred consideration payable

Notes to the Financial Statements continued

24 Financial instruments and risk management continued

a) Financial instruments continued

ii) Financial instruments by category

Financial instruments measured at fair value

The Group's financial assets and liabilities measured at fair value through profit and loss, including their fair value hierarchy, are as follows. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 28 Feb 2023 £'000
<i>Financial assets:</i>				
Unlisted investment	–	1,780	–	1,780
Contingent consideration receivable	–	–	1,407	1,407
Derivative contracts*	–	1,254	–	1,254
Total	–	3,034	1,407	4,441
<i>Financial liabilities:</i>				
Derivative contracts*	–	1,760	–	1,760
Embedded derivative	–	–	384	384
Total	–	1,760	384	2,144

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 28 Feb 2022 £'000
<i>Financial assets:</i>				
Unlisted investment	–	1,780	–	1,780
Contingent consideration receivable	–	–	1,276	1,276
Derivative contracts*	–	62	–	62
Total	–	1,842	1,276	3,118
<i>Financial liabilities:</i>				
Derivative contracts*	–	772	–	772
Embedded derivative	–	–	251	251
Total	–	772	251	1,023

* Currency forwards with a fair value of £1,224,000 (2022: £54,000) maturing within 12 months have been shown as current assets. Currency forwards with a fair value of £30,000 (2022: £8,000) maturing within 12 to 24 months of the Balance Sheet date have been shown as non-current assets. Liabilities include currency forwards with a fair value of £1,108,000 (2022: £688,000) maturing within 12 months shown as current liabilities and currency forwards with a fair value of £652,000 (2022: £84,000) maturing within 12 to 24 months of the Balance Sheet date shown as non-current liabilities.

Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities are classified in their entirety into one of three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Unlisted investment

The unlisted investment relates to the Group's investment in the London Tanker's Broker Panel, see Note 19. The investment is carried at fair value, being the value of the most recent comparable transaction and is therefore classified as Level 2 in the fair value hierarchy.

There was no movement in the fair value of the unlisted investment.

Contingent consideration receivable

The fair value of the contingent consideration receivable includes unobservable inputs and are therefore classified as Level 3. The contingent consideration receivable relates to the disposal of the Logistics Division whereby the Group is entitled to three future cash payments. The SPA provides for a minimum guaranteed amount in each of the three years; this amount has been classified as deferred consideration. The balance of the earnout consideration is contingent on the future performance of the combined business up to a maximum specified in the SPA; this has been classified as contingent consideration. The fair value of the contingent consideration has been calculated by reference to management's expectation of the future profitability of the combined business and discounted to present value using a discount rate of 5.29%. The discount rate is based on the credit risk of Vertom Agencies BV assessed by a third party credit agency. See Note 23 for further details and a sensitivity analysis on the contingent element.

Derivative contracts

Contracts with derivative counterparties are based on ISDA Master Agreements. Under the terms of these arrangements, only in certain situations will the net amounts owing/receivable to a single counterparty be considered outstanding. The Group does not have the present legal ability to set-off these amounts and so they are not offset in the Balance Sheet. Of the derivative assets and derivative liabilities recognised in the Balance Sheet, an amount of £0.1 million (2022: £0.1 million) would be set-off under enforceable master netting agreements.

Forward currency contracts

The fair value of the forward currency contracts are based on prices quoted by the counterparty within these contracts versus the market rate at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy. See the currency risk section for further details.

Currency options

The fair value of the currency options are based on prices quoted by the counterparty within these contracts versus the market rate at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy.

Embedded derivative

The convertible loan note instruments issued on the acquisition of Naves contain an embedded derivative, being a euro liability of principal and interest. The equity value of the underlying derivative is not considered closely related to the debt host, therefore the loan note is considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The fair value of the embedded derivative includes unobservable inputs and is therefore classified as Level 3. The key assumptions underpinning the fair value of the embedded derivative relate to the expected future share price of the Group and the GBP:EUR exchange rate. The fair value has been determined using a Black-Scholes valuation model.

A loss of £18,000 (2022: gain of £97,000) has been recognised in the Income Statement in respect of the fair value movement of the embedded derivative from 1 March 2022 to 28 February 2023.

Financial instruments not measured at fair value

The Group's financial assets and liabilities that are not measured at fair value are held at amortised cost. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value. Their carrying values are as follows:

	2023 £'000	2022 £'000
Financial assets		
Cash and cash equivalents	34,735	13,964
Deferred consideration receivable	3,637	3,482
Trade and other receivables	41,448	38,601
Total	79,820	56,047
Financial liabilities		
Trade and other payables	6,446	7,779
Convertible loan notes	3,551	4,666
Long term borrowings	27,815	23,254
Total	37,812	35,699

Notes to the Financial Statements continued

24 Financial instruments and risk management continued

Deferred consideration receivable

The initial fair value of the deferred consideration receivable was determined by discounting the guaranteed minimum amounts as per the SPA to present value using a discount rate of 2.39% and it is subsequently measured at amortised cost.

b) Currency risk

Currency risk arises when Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from operations in that currency. The Group's currency risk exposure arises mainly as a result of the majority of its Shipbroking earnings being denominated in US dollars while the majority of its costs are denominated in sterling. There is also some currency exposure related to convertible loan notes and deferred consideration denominated in euros and from the carrying values of its overseas subsidiaries being denominated in foreign currencies.

The Group manages its transactional exposures to foreign currency risks using forward exchange contracts and currency options. The Group is primarily exposed to fluctuations in US dollar to sterling exchange rates on foreign currency sales and hedges a proportion of those expected cash flows out to 21 months. The principal source of hedge ineffectiveness is the risk of changes in timing of the forecast transaction or that they do not occur, which is addressed by only hedging a proportion of future foreign currency sales. There were no hedged transactions forecast in the current year which did not occur (2022: nil).

The Group's results, which are reported in sterling, are exposed to changes in foreign currency exchange rates across a number of different currencies with the most significant exposures relating to the US dollar. The Group is exposed to the underlying translational movements which remain outside the control of the Group. The Group's translational exposures to foreign currency risks relate to both the translation of income and expenses and net assets of overseas subsidiaries which are converted into sterling on consolidation. The Group finances overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries.

The Group continues to apply hedge accounting to hedging instruments that meet the criteria set out in IFRS 9.

Cash flow hedge accounting

Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions caused by changes in foreign currency exchange rates and interest rates. Where a derivative financial instrument is designated in a cash flow hedge relationship with a highly probable forecast transaction, the effective part of any change in fair value arising is deferred in the cash flow hedging reserve within equity, via the Statement of Comprehensive Income. The gain or loss relating to the ineffective part is recognised in the Income Statement within net finance expense. Amounts deferred in the cash flow hedging reserve are reclassified to the Income Statement in the periods when the hedged item is recognised in the Income Statement.

If a hedging instrument expires or is sold but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement. If a derivative financial instrument is not formally designated in a cash flow hedge relationship, any change in fair value is recognised in the Income Statement.

The critical terms of the hedging instruments match the hedged transactions in relation to currency, timing and amounts, meaning there is a clear economic relationship between the hedging instrument and hedged item as required under IFRS 9. Thereby, management qualitatively demonstrates that the hedging instrument and the hedged items will move equally in the opposite direction.

A loss of £4,826,000 (2022: £1,613,000 gain) has been recognised in the Income Statement in respect of derivative contracts which have matured in the period.

The Group entered into currency options featuring a "cap and floor" feature. The intrinsic value of the options is designated in cashflow hedge relationships. The time value of the options is deferred in equity as a cost of hedging and reclassified to the Income Statement in the period that the hedged cash flow affects the Income Statement.

The Group also entered into a currency option which is not designated in a cash flow hedge relationship with a fair value of a £0.2 million liability (28 February 2022: £nil liability). The £0.2 million movement in fair value in the period was charged to the Income Statement (2022: £nil) and is included within Finance costs.

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

Currency options	2023	2022
Carrying amount of (liability)/asset	(£28,000)	£14,000
Total notional amount	\$1,500,000	\$5,000,000
Maturity dates	March 2023 to April 2023	April 2021 to August 2022
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	(£23,000)	£14,000
Change in value of hedged item used to determine hedge ineffectiveness	£23,000	(£14,000)
Weighted average strike rate for outstanding hedging instruments	1.23 to 1.29	1.39

Forward currency contracts	2023	2022
Carrying amount of asset	£1,254,000	£62,000
Carrying amount of liability	(£1,547,000)	(£771,000)
Total notional amount	US \$123,048,000	US \$49,300,000
Maturity dates	March 2023 to November 2024	March 2022 to August 2023
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	(£218,000)	(£723,000)
Change in value of hedged item used to determine hedge ineffectiveness	£218,000	£723,000
Weighted average strike rate for outstanding hedging instruments	1.22	1.37

Net investment hedge accounting

The Group uses its US dollar denominated borrowings as a hedge against the translation exposure on the Group's net investment in overseas companies. The Group designates the spot rate of the loans as the hedging instrument. There was no ineffectiveness to be recognised on hedges of net investments in foreign operations. Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the translation reserve within equity, via the Statement of Comprehensive Income. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Income Statement. The effective portion will be recycled into the Income Statement on the sale of the foreign operation.

The table below provides further information on the Group's net investment hedging relationships:

	2023 £'000	2022 £'000
Hedge ratio	1:1	n/a
Change in value of hedging instruments due to foreign currency movements since 1 March	124	n/a
Change in value of the hedged item used to determine hedge effectiveness	(124)	n/a

The balances and movements into and out of the foreign currency translation reserve are shown in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity respectively. The amount in the foreign currency translation reserve in relation to hedge accounting is a loss of £0.1 million (2022: £nil) and is split as follows:

- continuing net investment hedges loss of £0.1 million (2022: £nil); and
- hedging relationships for which hedge accounting is no longer applied, £nil (2022: £nil).

Notes to the Financial Statements continued

24 Financial instruments and risk management continued

b) Currency risk continued

Net investment hedge accounting continued

The effect on equity and profit before tax if the US dollar or the euro strengthened/(weakened) by 10% against sterling, with all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+10% strengthening £'000	-10% weakening £'000	+10% strengthening £'000	-10% weakening £'000
28 February 2023				
US dollars	874	(1,220)	(4,529)	3,656
Euros	(36)	36	(36)	36
Total	838	(1,184)	(4,565)	3,692
28 February 2022				
US dollars	2,697	(2,697)	2,185	(2,185)
Euros	(111)	111	(90)	90
Total	2,586	(2,586)	2,095	(2,095)

c) Interest rate risk

The Group is exposed to interest rate risk from borrowings at floating rates. The Group minimises its short-term exposure to interest rate risk on its cash and cash equivalents by pooling cash balances across the Group's hubs.

The Group has not entered into any financial instruments to fix or hedge the interest rates applied to its bank borrowings and overdrafts.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments which are exposed to interest rate risk:

	Notes	2023 £'000	2022 £'000
Floating rate:			
Within one year			
Cash and cash equivalents	25	34,735	13,964
Long-term borrowings	27	(27,815)	(23,254)
		6,920	(9,290)

Cash balances are generally held on overnight deposits at floating rates depending on cash requirements and the prevailing market rates for the amount of funds deposited. The other financial instruments of the Group are non-interest bearing.

The effect on equity and profit before tax of a 1% increase/(decrease) in the interest rate, all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+1% increase £'000	-1% decrease £'000	+1% increase £'000	-1% decrease £'000
28 February 2023				
Cash and cash equivalents	187	(187)	187	(187)
Long-term borrowings	(195)	195	(195)	195
Total	(8)	8	(8)	8
28 February 2022				
Cash and cash equivalents	63	(63)	51	(51)
Long-term borrowings	(104)	104	(84)	84
Total	(41)	41	(33)	33

d) Credit risk

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets. Concentrations of credit risk with respect to trade receivables are limited due to the diversity of the Group's customer base. The directors believe there is no further credit risk provision required in excess of normal provisions for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment. The Group seeks to trade only with creditworthy parties and carries out credit checks where appropriate. The maximum exposure is the carrying amount as disclosed in Note 24.

e) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Management receive rolling 13-week cash flow projections on a weekly basis to ensure the Group has sufficient liquidity.

The board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following table sets out the undiscounted contractual amounts due, in relation to the Group's financial liabilities which exposes the Group to liquidity risk:

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total contractual amount £'000	Total carrying amount £'000
At 28 February 2023							
Trade and other payables	4,971	1,388	87	–	–	6,446	6,446
Loans and borrowings	422	1,266	1,688	29,242	–	32,618	27,815
Lease liabilities	757	2,271	1,375	799	23	5,225	5,027
Deferred consideration	66	764	109	3,726	–	4,665	3,551
Total	6,216	5,689	3,259	33,767	23	48,954	42,839
Forward currency contracts							1,547
Gross outflows	14,749	48,925	29,414	–	–	93,088	
Gross inflows	(14,553)	(48,866)	(28,521)	–	–	(91,940)	
Currency options							213
Gross outflows	3,107	5,593	1,864	–	–	10,564	
Gross inflows	(3,084)	(5,593)	(1,864)	–	–	(10,541)	
Net outflow from derivative contracts	219	59	893	–	–	1,171	
At 28 February 2022							
Trade and other payables	5,649	2,130	–	–	–	7,779	7,779
Loans and borrowings	–	–	23,254	–	–	23,254	23,254
Lease liabilities	864	2,567	3,197	2,131	16	8,775	8,506
Deferred consideration	–	1,450	1,654	1,562	–	4,666	4,666
Total	6,513	6,147	28,105	3,693	16	44,474	44,205
Forward currency contracts							772
Gross outflows	11,204	18,748	6,498	–	–	36,450	
Gross inflows	(11,034)	(18,231)	(6,414)	–	–	(35,679)	
Net outflow from forward currency contract	170	517	84	–	–	771	

Loans and borrowings have been represented to show the expected interest payments payable on the revolving credit facility in addition to the repayment of the loan.

Notes to the Financial Statements continued

24 Financial instruments and risk management continued

f) Capital management

The Group manages its capital structure so as to maintain investor and market confidence and to provide returns to shareholders that will support the future development of the business. The Group makes adjustments to the capital structure if required in response to changes in economic conditions. The Group considers its capital as consisting of ordinary shares and retained earnings. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group has a policy of maintaining positive cash balances and also has a revolving credit facility which it draws down as required to provide cover against the cyclical nature of the shipping industry.

The board monitors underlying business performance to determine the ongoing use of capital, namely executive and staff incentive schemes (and whether to fund this through cash or share incentives); acquisition appraisals ahead of potential business combinations; investment in property, plant and equipment; and the level of dividends.

No changes were made in the objectives, policies or processes during the years ended 28 February 2023 and 28 February 2022.

g) Reconciliation of liabilities from financing activities

	Loans and borrowings £'000	Deferred consideration £'000	Lease liabilities £'000	Total £'000
At 1 March 2022	27,425	495	8,506	36,426
Cash flows	2,752	–	(4,039)	(1,287)
Non-cash flows:				
– Shares issued	(111)	–	–	(111)
– Derivatives issued	(71)	–	–	(71)
– Accrual of service cost	–	59	–	59
– Interest accruing in the period	440	–	175	615
– New leases	–	–	770	770
– Business combinations	–	–	86	86
– Lease terminations	–	–	(632)	(632)
– Amounts reclassified from deferred consideration to loans	615	(615)	–	–
– Effects of foreign exchange	317	61	161	539
At 28 February 2023	31,367	–	5,027	36,394
Current portion	699	–	2,923	3,622
	Loans and borrowings £'000	Deferred consideration £'000	Lease liabilities £'000	Total £'000
At 1 March 2021	30,142	882	12,554	43,578
Cash flows	(2,955)	–	(3,950)	(6,905)
Non-cash flows:				
– Shares issued	(541)	–	–	(541)
– Derivatives issued	(293)	–	–	(293)
– Interest accruing in the period	671	238	329	1,238
– New leases	–	–	814	814
– Amounts reclassified from deferred consideration to loans	625	(625)	–	–
– Cory Brothers disposal	–	–	(1,243)	(1,243)
– Effects of foreign exchange	(224)	–	2	(222)
At 28 February 2022	27,425	495	8,506	36,426
Current portion	1,416	–	3,429	4,845

25 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and cash on hand	34,735	13,964
Total	34,735	13,964

Cash and cash equivalents largely comprise bank balances denominated in sterling, US dollars, euros and other currencies for the purpose of settling current liabilities.

Cash includes an amount of £4.0 million (2022: £2.9 million) held in the bank accounts of regulated entities where there is a requirement to hold a certain amount of cash at any one time in order to cover future obligations. No charge or other restriction of use is held over this cash.

The directors consider that the carrying amounts of these assets approximate to their fair value.

26 Trade and other payables

	2023 £'000	Restated 2022 £'000
Current liabilities		
Trade payables	1,809	3,397
Lease liabilities	2,923	3,429
Other taxation and social security	1,869	721
Other payables	767	400
Contract liabilities	329	154
Accruals	49,613	31,082
Total	57,310	39,183

Accruals includes accrued bonuses and other general accruals.

The average credit period taken for trade payables is 33 days (2022: 102 days). The directors consider that the carrying amounts of trade payables approximate to their fair value.

27 Borrowings

	2023 £'000	2022 £'000
Long-term borrowings		
Secured revolving credit facilities	27,815	23,254
Lease liabilities	2,104	5,077
Total	29,919	28,331

During the period, the Group extended its revolving credit facility ("RCF") with its main bankers, HSBC. The RCF is for £30.0 million plus an accordion limit of £10.0 million and has an initial termination date of November 2025 with two options, subject to lender approval, to extend the term of the facility by 12 and 24 months respectively. Drawdown of the accordion facility is subject to additional credit approval. The RCF agreement has an EBITDA leverage covenant of 2.5x and a minimum interest cover of 4x. At 31 May 2022, 31 August 2022, 31 November 2022 and 28 February 2023 the Group met all financial covenant tests. Amounts can be rolled on a monthly basis until the facility expires subject to certain conditions, and on that basis the borrowings have been classified as non-current. The amounts drawn under the RCF bear interest based on SONIA, SOFR and EURIBOR from amounts drawn in sterling, US dollars and euros respectively, plus a credit margin dependent on the Group's leverage ratio.

All revolving credit facilities are drawn by Braemar Plc and appear in the accounts of the Company. See Note 25 for details of the Group's cash pooling arrangements and the net overdraft available to the Group.

The directors consider that the fair value of the revolving credit facility liability is equivalent to its carrying amount.

Notes to the Financial Statements continued

27 Borrowings continued

Acquisition of Naves Corporate Finance GmbH

In September 2017, the Group acquired the entire share capital of Naves Corporate Finance GmbH ("Naves"). Naves is an established and successful business, headquartered in Hamburg, Germany, which advises national and international clients on corporate finance related to the maritime industry including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management and financial asset management including loan servicing.

The acquisition agreement provided for consideration of £16.0 million (€18.4 million) payable as follows:

- i) at completion in cash of £7.3 million (€8.3 million), in shares of £1.3 million (€1.5 million) and in convertible loan notes of £6.4 million (€7.4 million); and
- ii) deferred consideration in cash of £0.5 million (€0.6 million) and convertible loan notes of £0.5 million (€0.6 million), payable in instalments over the three years after the acquisition.

No consideration was contingent consideration. As at 28 February 2023, there is £nil outstanding deferred consideration (2022: £nil) to non-management sellers.

The acquisition agreement also provided deferred amounts that would be payable to management sellers, conditional on their ongoing service in the business. IFRS 3 states that amounts paid to former owners which are conditional on ongoing service are for the benefit of the acquirer and not for the benefit of former owners. Consideration linked to the ongoing service of former owners is treated as remuneration for post-combination services and classified as acquisition-related expenditure under specific items in the Income Statement.

The deferred amounts payable to management sellers comprised:

- i) deferred cash of £1.3 million (€1.5 million) and deferred convertible loan notes of £4.3 million (€4.9 million) conditional only on the individual management seller's continued service payable in instalments over the five years after the acquisition; and
- ii) deferred convertible loan notes of up to £9.4 million (€11.0 million) conditional on the individual management seller's continued service and the post-acquisition Naves' EBIT in the three years post-acquisition. By February 2021, there was no contingency remaining and the total amount paid was £4.6 million (€5.3 million).

In 2022 the amount of service accrual of £0.5 million is presented within deferred consideration. Following the issuance of new convertible loan notes in relation to this amount during the year, at February 2023 £nil (2022: £0.5 million) due to management sellers was subject to future service conditions. Note 27 sets out the outstanding amounts in relation to the Naves acquisition.

Post-acquisition remuneration of £0.1 million associated with the acquisition were incurred during the year ended 28 February 2023 (2022: £0.2 million) and have been classified as acquisition-related expenditure under specific items in the Income Statement. See Note 10.

Convertible instruments

The Group issued convertible loan notes in connection with its acquisition of Naves in September 2017.

These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for management sellers and 450.3 pence for non-management sellers.

The convertible loan note instruments carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The loan notes shall automatically convert or be redeemed in the event that any person or persons acting in concert hold more than 50% of the issued share capital of the Group or an impairment charge in excess of £43.9 million (€50.0 million) is reflected in the audited Financial Statements of the Group.

The embedded derivatives within the convertible loan notes are valued using level 3 hierarchy techniques under IFRS 13. See Note 24.

The total value of convertible loan note liabilities, including linked derivatives, is £3.9 million (2022: £4.9 million). The following table shows amounts in the Group balance sheet relating to the convertible loan notes issued on the acquisition of Naves.

Represented in the Group Balance Sheet	2023 £'000	2022 £'000
<i>Current liabilities:</i>		
Convertible loan notes	699	1,416
<i>Non-current liabilities:</i>		
Convertible loan notes	2,852	2,755
Accrued employee costs	–	495
Derivatives	384	251
	3,236	3,501
	3,935	4,917

The movement in the Naves-related balances in the Group Balance Sheet during the year is explained by the items below:

	2023 £'000	2022 £'000
Total Naves-related balances at start of year	4,917	8,080
Finance expense	426	130
Post-acquisition remuneration	59	238
Foreign exchange movements	250	(225)
Renegotiation gain	–	(172)
Cash paid	(1,606)	(2,593)
Equity issued	(111)	(541)
Total movements	(982)	(3,163)
Total Naves-related balances at year end	3,935	4,917

The current year cash paid includes interest of £158,000.

The loan notes have the following maturities:

	Accounting value		Nominal value	
	2023 £'000	2022 £'000	2023 €'000	2022 €'000
Due at the reporting date				
30-Sep-22	–	1,184	–	1,399
31-Dec-22	–	215	–	–
30-Sep-23	606	592	699	699
30-Sep-24	550	not yet earned	699	699
30-Sep-25	2,395	2,180	2,929	2,929
	3,551	4,171	4,327	5,726
Derivatives thereon	384	251		
Accrual for notes subject to future service	–	495		
Total liabilities on loan notes	3,935	4,917		

Note that current liabilities in respect of the loan notes differs from the amounts shown above maturing within one year due to interest payable within one year on non-current loans and the outstanding current liability to deliver cash and shares in respect of matured loan notes.

Where loan notes are subject to future service conditions, they are accrued as an employee expense over the relevant service period. At the end of the service period they are recognised as financial instruments. The nominal value of loan notes subject to future service is included in the maturity analysis above but is not included in the Group's financial liabilities. The accrual in respect of these items was £nil at 28 February 2023 (2022: £0.5 million).

Renegotiation of amounts payable to management sellers in the prior year

On 3 June 2021 the Group reached an agreement with two of Braemar Naves' managing directors, Axel Siepmann and Mark Kuchenbecker, and their connected parties, to restructure certain convertible loan notes owed by the Group. These loan notes arose on variable consideration for post-acquisition services arising from the 2017 Naves acquisition. At the time of the renegotiation there were no contingencies or further service obligations outstanding in respect of any of these amounts.

A total of £2.5 million (€2.9 million) which was previously due to mature before the end of December 2022 was deferred to mature no earlier than September 2025. In addition, a further amount of £0.7 million (€0.75 million) was agreed to be satisfied by the issue of Braemar shares in three tranches. The first two tranches, totalling £0.6 million (€0.6 million) were issued in September and December 2021 with the remaining tranche of £0.1 million (€0.1 million) issued in December 2022. As part of the modification the Group also agreed to increase the interest rate on certain convertible loan notes, to the extent that they are still outstanding, to 5% per annum from September 2025 from the 3% payable until that date.

In the prior year a credit of £0.2 million was recognised in respect of the accounting for the modification and classified in finance income under specific items in the Income Statement. See Note 10.

Notes to the Financial Statements continued

28 Provisions

	Dilapidations £'000	Uncertain commission obligation £'000	Other £'000	Total £'000
At 28 February 2021	675	–	322	997
Provided in the year	7	–	279	286
At 28 February 2022	682	–	601	1,283
Reclassification	18	1,707	(346)	1,379
Provided in the year	–	257	462	719
Utilised in the year	–	–	(15)	(15)
Reversal of provision in the year	(124)	–	–	(124)
Exchange differences	16	–	51	67
At 28 February 2023	592	1,964	753	3,309
Current	122	1,964	489	2,575
Non-current	470	–	264	734
At 28 February 2023	592	1,964	753	3,309

Dilapidations relate to future obligations to make good certain office premises upon expiration of the lease term. The provision is calculated with reference to the location and square footage of the office.

Employee entitlements of £0.5 million is included in other, which relate to statutory long service leave in Braemar ACM Shipbroking Pty Limited. This is based on the principle that each Australian employee is entitled to eight weeks of leave over and above any annual leave on completion of ten years' continuous service. The provision is calculated with reference to the number of employees who have at least seven years of continuous service.

In June 2023 the board commissioned an independent internal investigation into an historical transaction originating in 2013. The investigation was overseen by an Investigation Committee chaired by the Group's non-executive Chairman and was conducted by an independent specialist forensic accounting firm, and independent external counsel. The investigation was comprehensive and complex and ultimately encompassed several transactions between 2006 and 2013 which required further investigation.

As a result of the investigation, the Group has recognised a provision of £2.0 million in relation to the uncertain obligations connected to a number of the transactions and commission obligations identified as part of the investigation. Of the £2.0 million, £1.7 million relates to an historical unsettled commission payable which was recorded in 2017 upon completion of the relevant contracts which originated in 2013. This balance has been reclassified from trade payables to provisions during the year. While the board cannot forecast with certainty final outcomes in respect of these obligations, based on the Group's current information, the amount recognised is the current best estimate of the amount required to settle the obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligations, including interpretation of specific laws and likelihood of settlement.

As the ultimate potential obligations and outcomes are uncertain in relation to the transactions subject to the internal investigation, there remains a risk that the final outcomes could materially impact the recognised balance within the next or in future financial years. It is impracticable to provide sensitivity estimates of potential downside variances at this time.

29 Retirement benefit schemes

The Group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out as at 31 March 2020 and updated by the IAS 19 valuation as at 28 February 2023. All valuations have been carried out by a qualified independent actuary.

The Group's obligations in respect of the funded defined benefit scheme at 28 February 2023 were as follows:

	2023 £'000	2022 £'000
Present value of funded obligations	10,558	15,156
Fair value of scheme assets, net of tax	(11,678)	(13,104)
Total (surplus)/deficit of defined benefit pension scheme	(1,120)	2,052

Funded defined benefit scheme

The Group sponsors a funded defined benefit scheme (the ACM Staff Pension Scheme) for qualifying UK employees. The Scheme is administered by a separate board of Trustees which is legally separate from the Group. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the trust assets and the day-to-day administration of benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 60 of 1/60th of final pensionable salary for each year of service. Pensionable salary is defined as basic salary plus the average of the previous three years' bonuses (capped at three times basic salary). Pensionable salaries for members who joined after 1 June 1989 are also subject to an earnings cap. Other benefits are payable, for example those provided on death.

The scheme is closed to future accrual and from 1 February 2016, post-retirement benefits are provided to these employees through a separate defined contribution arrangement.

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees, and current pensioners. Broadly, around 51% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 49% to current pensioners.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 15.3 years.

Funding implications

UK legislation requires that pension schemes are funded prudently. The most recent funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2020 and showed a deficit of £1.5 million. As a result, the Company has made contributions of £450,000 p.a. between April 2020 and March 2023. Contributions to the Scheme have ceased since March 2023.

Risks associated with the Scheme

The Scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Changes in bond yields

An increase in corporate bond yields will decrease the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by a Decrease in the value of the Scheme's bond holdings.

Inflation risk

A proportion of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in scheme liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes moving assets to match pensioner liabilities when members reach retirement.

The Trustees insure certain benefits payable on death before retirement.

Notes to the Financial Statements continued

29 Retirement benefit schemes continued

Risks associated with the Scheme continued

Life expectancy continued

The principal assumptions used for updating the latest valuation of the Scheme were:

	2023 (% p.a.)	2022 (% p.a.)
Discount rate	4.90	2.65
CPI inflation	3.0	3.1
Pension increases:		
CPI capped at 2.5% p.a.	2.0	2.1
CPI capped at 5.0% p.a.	3.0	3.2
Deferred pension increases:		
CPI capped at 2.5% p.a.	2.0	2.1
CPI capped at 5.0% p.a.	3.0	3.2

	2023 Years	2022 Years
Life expectancy from age 60 for:		
Current 60-year-old male	25.1	27.5
Current 60-year-old female	27.7	28.7
Pre-retirement mortality	–	–
Post-retirement mortality	S2 PXA, CMI 2021 (min 1.25%)	
Early retirement	33% of members retire at age 55, with the remainder retiring at age 60	
Withdrawals from active service	No allowance	
Cash commutation	25% of the member's pension is commuted	

Under early retirement it is assumed that 33% of members will retire at age 55, with the remainder retiring at age 60.

The Scheme's assets are split by type of asset in the following table.

Scheme assets	2023 £'000	2022 £'000
Scheme assets are comprised as follows:		
UK equities	434	366
Overseas equities	4,374	4,391
Unquoted equities	78	57
Absolute return	–	315
High yield debt	1,019	325
Cash	707	322
Inflation-linked bonds	1,022	4,354
Corporate bonds	1,883	1,547
Government bonds	1,303	234
Other	1,462	1,193
Total	12,282	13,104

The Pension Scheme assets do not include any ordinary shares issued by the Company. All assets are held through pooled investment vehicles.

Expense recognised in the Income Statement (included in operating costs)	2023 £'000	2022 £'000
Current service cost	–	–
Curtailment credit	–	–
Interest cost on net asset/liability	54	73
Expense recognised in Income Statement	54	73
Remeasurements in other comprehensive expense:		
Loss/(gain) on assets in excess of that recognised in net interest	1,061	(316)
Actuarial gains due to changes in financial assumptions	(4,594)	(2,174)
Actuarial gains due to changes in demographic assumptions	(220)	(268)
Actuarial losses due to liability experience	374	1,368
Deferred tax charge	414	72
Expected tax charge on recovery of assets	604	–
(Gain)/loss recognised in other comprehensive income	(2,361)	(1,318)
Total amount recognised in Income Statement and other comprehensive expense	(2,307)	(1,245)

Changes to the present value of the defined benefit obligation are analysed as follows:

	2023 £'000	2022 £'000
Opening defined benefit obligation	15,156	16,174
Interest expense	402	307
Actuarial losses due to changes in financial assumptions	(4,594)	(2,174)
Actuarial losses due to changes in demographic assumptions	(220)	(268)
Actuarial gains due to liability experience	374	1,368
Net benefit payments from scheme	(560)	(251)
Closing value at 28 February	10,558	15,156

Changes in the fair value of plan assets are analysed as follows:

	2023 £'000	2022 £'000
Opening fair value at 1 March	13,104	12,355
Interest income	348	235
Fair value (losses)/gains on assets	(1,061)	316
Contributions by employers	450	450
Net benefit payments from scheme	(559)	(252)
Expected tax charge on recovery of assets	(604)	–
Closing value at 28 February	11,678	13,104

The Group does not expect to make any contributions to the scheme in the next 12 months (2022: £412,500).

Actual return on Scheme assets	2023 £'000	2022 £'000
Interest income on plan assets	348	235
Remeasurement (loss)/gain on assets	(1,061)	316
Actual return on assets	(713)	551

Notes to the Financial Statements continued

29 Retirement benefit schemes continued

Risks associated with the Scheme continued

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 28 February 2023 to changes in the principal assumptions. The sensitivities assume that all other assumptions remain unchanged and the calculations are approximate (full calculations could lead to a different result).

Change in assumption	Approximate increase in liabilities %	Approximate increase in liabilities £'000
Interest rate reduced by 0.5% p.a.	11.2	1,180
Inflation assumption increased by 0.5% p.a.*	7.2	760
Increase in life expectancy of one year for all members reaching 60	2.2	230

* The inflation assumption sensitivity applies to both the assumed rate of increase in the CPI and the RPI, and includes the impact on the rate of increases to pensions, both before and after retirement.

Defined contribution schemes

There are a number of defined contribution schemes in the Group, the principal scheme being the Braemar Pension Scheme, which is open to all UK employees. Cash contributions paid into the defined contribution schemes are accounted for as an Income Statement expense as they are incurred. The total charge for the year in respect of this and other defined contribution schemes amounted to £1,811,000 (2022: £1,613,000) of which £1,811,000 (2022: £915,000) was in respect of continuing operations.

No contributions were due to these schemes at 28 February 2023 (2022: £99,000).

The assets of these schemes are held separately from those of the Group in funds under the control of the Trustees.

30 Share capital

		Ordinary shares		Ordinary shares			
		2023 Number	2022 Number	2023 £'000	2022 £'000		
a) Authorised							
Ordinary shares of 10 pence each		34,903,000	34,903,000	3,490	3,490		
		Ordinary shares		Ordinary shares		Share premium	
		2023 Number	2022 Number	2023 £'000	2022 £'000	2023 £'000	2022 £'000
b) Issued							
Fully paid ordinary shares of 10 pence each							
As at start of year		32,200,279	31,731,218	3,221	3,174	53,030	52,510
Shares issued and fully paid (see below)		724,598	469,061	71	47	766	520
As at end of year		32,924,877	32,200,279	3,292	3,221	53,796	53,030

During the year, in connection with setting up a broker team in Madrid, 253,434 shares were issued to certain employees as a joining incentive; and 37,636 shares were issued to settle part of the deferred consideration payable in respect of the acquisition of Naves.

During the year ended 28 February 2023, no shares were issued as part of the restricted share plan scheme, nor the long-term incentive programme (2022: no shares were issued at nil cost). 433,528 shares were issued in the year as part of the Save As You Earn ("SAYE") Scheme (2022: no shares were issued), for which cash totalling £694,000 was received on exercise.

No shares remained unpaid at 28 February 2023 or 28 February 2022.

The Company has one class of ordinary shares which carry no right to fixed income.

c) Share-based payments

The Company operates a variety of share-based payment schemes which are listed below.

i) Share options

Details of the share options in issue and the movements in the year are given below:

Share scheme	Year option granted	Number at 1 March 2022	Granted	Exercised	Lapsed	Number at 28 February 2023	Exercise price (pence)	Exercisable between
SAYE	2019	437,422	–	(433,528)	(3,894)	–	160.0	2022–2023

The weighted average share price on exercise for awards exercised during the year was £2.82 (2022: n/a).

These options are valued using a binomial pricing model. The value of the awards was expensed over the period from the date of grant to the vesting date.

The number of outstanding share options as at 1 March 2022 has been updated from the previously reported figure at 28 February 2022 of 413,771. During the year, 433,528 options were exercised (2022: no options exercised).

ii) Deferred Bonus Plan

Details of the share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2022	Granted	Exercised	Forfeited	Number at 28 February 2023	Exercise price (pence)	Exercisable
Jun-19	1,512,351	–	(1,422,155)	(90,196)	–	nil	Jun-22
Jul-20	3,030,763	–	(18,160)	(179,536)	2,833,067	nil	Jul-23
Nov-20	341,905	–	(15,000)	(10,930)	315,975	nil	Nov-23
Jun-21	1,212,193	–	–	(40,142)	1,172,051	nil	Jun-24
Nov-21	239,415	–	–	–	239,415	nil	Nov-24
Sep-22	–	967,737	–	(33,043)	934,694	nil	Jun-25
Jan-23	–	400,679	–	–	400,679	nil	Jun-25
Feb-23	–	137,132	–	–	137,132	nil	Jun-25
Deferred Bonus Plan	6,336,627	1,505,548	(1,455,315)	(353,847)	6,033,013		

The weighted average share price on exercise for awards exercised during the year was £3.32 (2022: £2.77). The weighted average share price at grant date for awards granted during the year was £2.98 (2022: £3.03). The fair value of the award is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period.

Under both the Plan and the New DBP, sufficient shares to satisfy each award are bought over the course of the vesting period, and held in an employee trust (“ESOP”) until vesting. As at 28 February 2023, the ESOP held 3,587,130 ordinary shares (2022: 2,669,603). The ESOP holding is in line with expectations of how many shares will be needed to satisfy the current awards under this scheme. This amount is net of expected expenses in the scheme and the fact that recipients typically forego sufficient shares in order to satisfy the associated tax liability that arises on their vesting.

The number of outstanding share awards at 1 March 2022 has been updated from the previously reported figures at 28 February 2022 of 33,387 for Jun-18 (to nil), 1,606,422 for Jun-19, 3,167,855 for Jul-20, 315,975 for Nov-20, 1,328,536 for Jun-21 and nil for Nov-21.

iii) Restricted Share Plan

During the year ended 28 February 2015 the Company issued 1,409,000 RSP awards, of which 50% will vest after three years and 25% after each of the fourth and fifth years provided the individuals remain employed by the Group.

During the year ended 29 February 2016 a further 315,000 RSP awards were granted, of which 50% will vest after three years and 25% after each of the fourth and fifth years provided the individuals remain employed by the Group.

During the year ended 28 February 2019 a further 144,000 RSP awards were granted, of which 100% will vest after three years provided the individuals remain employed by the Group.

During the year ended 28 February 2022 a further 13,000 RSP awards were granted, of which 100% will vest after seven months provided the individuals remain employed by the Group.

Notes to the Financial Statements continued

30 Share capital continued

c) Share-based payments continued

iii) Restricted Share Plan continued

Details of the RSP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2022	Granted	Exercised	Lapsed	Number at 28 February 2023	Exercisable between
July 2014	13,750	–	–	–	13,750	Jul 17 – Jul 24
August 2015	12,500	–	–	–	12,500	Aug 18 – Aug 25
November 2020	144,000	–	(144,000)	–	–	Feb 22 – Feb 29
November 2021	13,000	–	(13,000)	–	–	Feb 22 – Feb 29
Restricted Share Plan	183,250	–	(157,000)	–	26,250	

The number of outstanding share awards at 1 March 2022 has been updated from the previously reported figures at 28 February 2022 of 36,320 for July 2018 (to nil) and nil for November 2021.

The weighted average share price on exercise for awards exercised during the year was £3.32 (2022: £2.81).

The fair value of the nil cost options is approximated to the share price at the time of grant less the expected dividend to be paid during the vesting period.

The value of the awards are expensed over the period from the date of grant to the vesting date or if used as a recruitment incentive, from the date of joining to the vesting date. The awards are satisfied by the issue of new shares.

iv) Long-Term Incentive Plan ("LTIP")

The Company also has LTIP awards, which allow for the form of a conditional right to receive shares at nil cost. The awards normally vest over three years and are subject to various performance conditions based on earnings per share ("EPS") or segmental operating profit.

In June 2018, awards of 527,464 shares were made to one executive director and three senior members of management.

In June 2019, awards of 394,735 shares were made to one executive director and three senior members of management.

In June 2020, awards of 506,250 shares were made to one executive director and three senior members of management.

In June 2021, awards of 437,116 shares were made to two executive directors and one senior member of management.

In February 2023, awards of 624,174 shares were made to two executive directors and four senior members of management.

Details of the LTIP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2022	Granted	Exercised	Lapsed	Forfeited	Number at 28 February 2023	Exercisable between
LTIP 2018	33,294	–	–	–	–	33,294	May 23 – Oct 28
LTIP 2019	331,578	–	–	(86,620)	(42,105)	202,853	Jul 24 – Jul 29
LTIP 2020	431,250	–	–	–	(56,250)	375,000	Jul 25 – Jul 30
LTIP 2021	437,166	–	–	–	(47,787)	389,379	Jun 26 – Jun 31
LTIP 2023	–	624,174	–	–	–	624,174	Jul 27 – Jul 32
Long-Term Incentive Plan	1,233,288	624,174	–	(86,620)	(146,142)	1,624,700	

The weighted average share price at grant date for awards granted during the year was £3.14.

The fair value of the LTIP 2021 award which has a TSR based vesting condition has been calculated using a Monte Carlo simulation. The fair value of the other LTIPs is determined based on the share price at the time of grant less the expected dividend to be paid during the vesting period calculated using the market consensus dividend yield.

The value of the awards is recognised as an expense over the period from the date of grant to the vesting date. The awards are satisfied by the issue of new shares.

v) Other share-based payments

On 5 December 2022, 253,434 shares were awarded as a joining incentive to certain employees of Madrid Shipping Advisors SL and on 16 December 2022, 1,016,121 shares were issued to the former owners of Southport, as part of the acquisition. In addition, on the acquisition of Southport, a further 872,821 shares were awarded to key employees of Southport. The fair value of the awards is determined based on the share price at the time of grant less the expected dividend to be paid during the three-year vesting period calculated using the market consensus dividend yield. For further details, see Note 14 Business combinations.

The value of the awards is recognised as an expense over the period from the date of grant to the vesting date. The awards will be satisfied by the issue of new shares.

Share award	Number at 1 March 2022	Granted	Exercised	Lapsed	Forfeited	Number at 28 February 2023	Vesting
Southport Maritime Inc.	–	1,888,942	–	–	–	1,888,942	Dec 25
Madrid Shipping Advisors SL	–	253,434	–	–	–	253,434	Dec 23 – Dec 25

31 ESOP reserve

An Employee Share Ownership Plan (“ESOP”) was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held in trust by the Trustee of the ESOP, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. Additionally, an Employee Benefit Trust (“EBT”) previously run by ACM Shipping Group plc also holds shares in the Company. The ESOP and EBT are accounted for within the Company accounts.

The ESOP reserve represents a deduction from shareholders’ funds and a reduction in distributable reserves. The deduction equals the net purchase cost of the shares held in trust by the ESOP. Shares allocated by the ESOP to satisfy share awards issued by the Group are released at cost on a First in First Out basis.

Group and Company	£'000
At 29 February 2021	1,362
New shares fully paid up and issued to the ESOP	25
Shares acquired by the ESOP	7,043
ESOP shares allocated	(1,659)
At 28 February 2022	6,771
Shares acquired by the ESOP	7,963
ESOP shares allocated	(4,127)
At 28 February 2023	10,607

As at 28 February 2023, the ESOP held 3,579,630 (2022: 2,669,837) ordinary shares of 10 pence each. The funding of the purchase has been provided by the Company in the form of a gift and the Trustees have contracted with the Company to waive the ESOP’s right to receive dividends. The fees charged by the Trustees for the operation of the ESOP are paid by the Company and charged to the Income Statement as they fall due.

As part of the acquisition of ACM Shipping Group plc in July 2014, the Company issued 125,621 shares into an Employee Benefit Trust (“EBT”) previously run by ACM Shipping Group plc. As at 28 February 2023, the EBT held 62,290 (2022: 62,290) ordinary shares of 10 pence each.

The total cost to the Company of shares and cash held in the ESOP and EBT at 28 February 2023 was £10,606,000 (2022: £6,771,000) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 28 February 2023 of £10,948,000 (2022: £6,420,395). The distribution of these shares is determined by the Remuneration Committee.

1,877,473 shares (2022: 596,398) have been released to employees during the year. The shares acquired by the ESOP had an aggregate cost of £8.0 million.

Notes to the Financial Statements continued

32 Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Hedging reserve £'000	Total £'000
At 1 March 2021	396	24,641	1,622	1,435	28,094
Prior period adjustment			(994)		(994)
	396	24,641	628	1,435	27,100
<i>Cash flow hedges:</i>					
– Transfer to income statement	–	–	–	(1,613)	(1,613)
– Fair value losses in the period	–	–	–	(869)	(869)
Exchange differences	–	–	998	–	998
Deferred tax on items taken to equity	–	–	–	514	514
At 28 February 2022	396	24,641	1,626	(533)	26,130
<i>Cash flow hedges:</i>					
– Transfer to income statement	–	–	–	4,826	4,826
– Fair value gain/losses in the period	–	–	–	(4,438)	(4,438)
Investment hedge	–	–	(124)	–	(124)
Exchange differences	–	–	2,522	–	2,522
Deferred tax on items taken to equity	–	–	–	(97)	(97)
At 28 February 2023	396	24,641	4,024	(242)	28,819

The capital redemption reserve arose on previous share buy-backs by the Company.

The merger reserve arises on transactions where the Company issues shares pursuant to an arrangement to acquire more than a 90% interest in another company and no share premium is recorded. The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited. Further additions have arisen in respect of Naves and Atlantic Brokers. The amounts in the merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write down of these assets.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred of £321,000 liability (2022: £710,000 liability). A decrease of £97,000 in the deferred tax asset (2022: £514,000 increase) is attributable to these transactions.

The Group defers the time value of option contracts in the costs of hedging reserve.

33 Contingent liabilities

The Group has contingent liabilities in respect of guarantees entered into in the normal course of business given as follows:

	2023 £'000	2022 £'000
Bank guarantees given to:		
Third parties (non-cash collateralised)	324	837
Total	324	837

The Company and certain of its subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure their borrowing facilities and other financial instruments (see Note 24).

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

34 Related party transactions

During the period the Group entered into the following transactions with joint ventures and investments:

Group	2023			2022		
	Recharges to/(from) £'000	Dividends £'000	Balance due (to)/ from £'000	Recharges to/(from) £'000	Dividends £'000	Balance due (to)/ from £'000
AqualisBraemar LOC ASA	n/a	n/a	n/a	221	–	282

AqualisBraemar LOC ASA

AqualisBraemar LOC ASA was a related party until the Group sold its significant shareholding in the entity and lost its representation on the board, on 19 May 2022. All transactions with Aqualis Braemar LOC ASA in the prior year have been included as related party transactions. Recharges to AqualisBraemar LOC ASA consisted primarily of rent, IT services and HR services in accordance with a transitional services agreement. In the prior year, the net recharge to AqualisBraemar LOC ASA included a fee payable to the Group's former Chairman, Ronald Series of £3,750.

The balance due from AqualisBraemar LOC ASA is unsecured, interest-free and immediately repayable.

Key management compensation is disclosed in Note 6.

Transactions with wholly owned subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

A list of the Group's subsidiary undertakings is on pages 163 to 165. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital comprises ordinary shares. All entities primarily operate in their country of incorporation.

Subsidiaries

Direct holdings of the Company as at 28 February 2023:

Incorporated in England & Wales One Strand, Trafalgar Square, London WC2N 5HR			Principal activity	Registration number
Braemar Shipping Group Limited*			Holding company	05990315
Braemar Securities Holdings Limited*			Holding company	10010995
Braemar Financial Holdings Limited*			Holding company	10917096
Braemar Shipbrokers Limited*			Shipbroking	01674710
Seascope Capital Services Limited*			Non-trading	03592796
Braemar Shipping Services Limited			Dormant	02360525
Braemar Developments Limited*			Dormant	02186790
Braemar Tankers Limited			Dormant	02001027
Incorporated in the US 2800 North Loop West, Suite 900, Houston, Texas 77092, US			Principal activity	Registration number
Braemar Holdings (USA) Inc			Holding company	FEIN 81-1568938
2401 PGA Boulevard, Suite 236, Palm Beach Gardens, Florida 33410 US			Principal activity	Registration number
Southport Maritime Inc			Shipbroking	65-0342509
Incorporated in Spain Madrid, ctra. Humera 43, 6, Spain			Principal activity	Registration number
Madrid Shipping Advisors S.L.			Shipbroking	B10866028

Notes to the Financial Statements continued

34 Related party transactions continued

Subsidiaries continued

Indirect holdings of the Company as at 28 February 2023:

Incorporated in England & Wales One Strand, Trafalgar Square, London WC2N 5HR		
	Principal activity	Registration number
Braemar Shipbroking Group Limited*	Holding company	01611096
Braemar Shipbroking Limited	Shipbroking	01020997
Braemar Shipbroking (Dry Cargo) Limited*	Shipbroking	07223509
A.C.M. Shipping USA Limited*	Shipbroking	08391132
Braemar Valuations Limited*	Valuations	03439765
Braemar Securities Limited	Futures broker	07899358
Braemar Corporate Finance Limited*	Corporate finance	02710842
ACM Shipping CIS Limited	Dormant	06934055
Braemar Maritime Limited*	Non-trading	03321899
Braemar Burness Maritime Limited*	Non-trading	03674230
Burness Marine (Gas) Limited*	Non-trading	01081837
Braemar Pension Trustees Limited	Dormant	05502209
Incorporated in Germany Domstrasse 17, 20095 Hamburg, Germany		
	Principal activity	Registration number
Braemar Corporate Finance GmbH	Corporate finance	HRB 114161
Braemar Financial Holdings Germany GmbH	Holding company	HRB 146089
Incorporated in United Arab Emirates One JLT 06-55 One JLT, Plot No. Dmcc-Ez1-1ab, Jumeirah Lakes Towers, Dubai, UAE		
	Principal activity	Registration number
Braemar ACM Shipbroking DMCC	Shipbroking	DMCC-749556
Incorporated in the US 2800 North Loop West, Suite 900, Houston, Texas 77092, US		
	Principal activity	Registration number
Braemar ACM Shipbroking (USA) Inc	Shipbroking	46-2641490
Braemar Technical Services (USA) Inc	Energy loss adjuster	76-0036958
24 Grassy Plain Street – Ste 4, Bethel, CT 06801-1700 US		
	Principal activity	Registration number
Braemar ACM Shipbroking LLP	Shipbroking	1099337
Incorporated in Singapore 80 Robinson Rd, #24-01/02, Singapore 068898		
	Principal activity	Registration number
Braemar Shipbroking Pte Limited	Shipbroking	200602547M
Braemar Corporate Finance Pte Limited	Corporate finance	201834760K
Incorporated in Australia Level 3, 70 City Road, South Bank, Melbourne, Victoria 3006, Australia		
	Principal activity	Registration number
Braemar ACM Shipbroking Pty Limited	Shipbroking	ACN 000862 993 ABN 35 000 862 993
Incorporated in other overseas countries Piazza 2 Giugno No 14, 54033 Carrara, Italy		
	Principal activity	Registration number
Braemar Seascope Italia SRL	Shipbroking	01268770458

Suite 2009, Building C Luneng International Center, No.211, GuoYoa Road, Pudong District, Shanghai, 200126, China	Principal activity	Registration number
Braemar Seascope (Shanghai) Limited	Shipbroking	913100005588064761
2nd Floor, Building No. 22, Pushp Vihar, Commercial Complex, Madangir, New Delhi – 110 062, India	Principal activity	Registration number
Braemar ACM Shipbroking India Private Limited (49.9% owned)	Shipbroking	U63090DL2003PTC120247
Office No. 1004, 10th Floor, Dalamal House, 206-Jamanalal Bajaj Road, Nariman Point, Mumbai-400021, India	Principal activity	Registration number
ACM Shipping India Limited	Dormant	U93090MH2006FLC164019

Subsidiaries marked with an asterisk (*) are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006 for the financial year ended 28 February 2023. The Company has provided a guarantee of all outstanding liabilities to which these subsidiaries were subject as at 28 February 2023 in accordance with section 479C of the Companies Act 2006.

35 Prior period adjustment

During the preparation of the 2023 Financial Statements, errors in consolidation entries from prior years were identified. These errors date back to before 2021 and were not fully corrected as part of the prior year adjustments in the Financial Statements for the year-ended 28 February 2022. Therefore, the Group has provided a restated Balance Sheet as at 28 February 2022 and 1 March 2021 in accordance with IAS 8. Principally, there were two errors identified: i) A consolidation error in relation to the sale of the Group's Technical Division in 2019 resulted in the overstatement of other receivables, and retained earnings as at 1 March 2021 and 28 February 2022 of £1.1 million; ii) An error in the elimination of intercompany balances principally related to postings required in respect of the Naves transaction and associated liabilities resulted in the overstatement of other receivables and understatement of other payables. The effect of the restatement on the 2022 Balance Sheet is to decrease trade and other receivables by £1.9 million, increase trade and other payables by £0.5 million, decrease retained earnings by £1.4 million and foreign exchange reserve by £1.0 million. The effect of the restatement at 1 March 2021 is to decrease trade and other receivables by £0.2 million, increase trade and other payables by £2.2 million and decrease retained earnings by £1.4 million and foreign exchange reserve by £1.0 million.

The overall effect of the restatement on the 2022 Balance Sheet is to decrease trade and other receivables by £3.0 million and increase trade and payables by £0.6 million, with an overall reduction in retained earnings of £2.6 million and foreign exchange reserve of £1.0 million. The overall effect of the restatement at 1 March 2021 is to decrease trade and other receivables by £1.4 million and increase trade and other payables by £2.2 million, with an overall reduction in retained earnings of £2.6 million and foreign exchange reserve of £1.0 million. The impact on the Consolidated Cash Flow Statement for the year to February 2022 is to decrease the movement in receivables by £1.6 million with a corresponding decrease to the movement in payables balances and does not impact any actual cash movements.

36 Events after the reporting date

In June 2023 Braemar Plc completed a capital reduction in relation to its share premium and merger reserves. For further details see 'Note 12 Dividends'. There were no other adjusting or significant non-adjusting events between the reporting date and the date these Financial Statements were authorised.

Company Balance Sheet

As at 28 February 2023

	Note	As at 28 Feb 2023 £'000	As at 28 Feb 2022 £'000
Assets			
Non-current assets			
Intangible assets	5	422	627
Property, plant and equipment	6	2,004	3,891
Investments	8	119,539	108,389
Deferred tax assets	10	844	179
Other long-term receivables	11	13,732	38,775
		136,541	151,861
Current assets			
Other receivables	12	8,442	10,800
Derivative financial instruments	16	1,183	–
Cash and cash equivalents	13	2,174	700
		11,799	11,500
Total assets		148,340	163,361
Liabilities			
Current liabilities			
Other payables	14	60,010	45,298
Convertible loan notes	16	703	1,416
Derivative liabilities	16	42	–
		60,755	46,714
Non-current liabilities			
Other payables	14	868	570
Long-term borrowings	15	28,744	27,305
Convertible loan notes	16	2,899	3,271
Derivative liabilities	16	554	85
Provisions	17	417	541
		33,482	31,772
Total liabilities		94,237	78,486
Total assets less total liabilities		54,103	84,875
Equity			
Share capital	18	3,292	3,221
Share premium	18	53,796	53,030
ESOP reserve	19	(10,607)	(6,771)
Other reserves	20	23,762	23,762
Retained (deficit)/earnings		(16,140)	11,633
Total equity		54,103	84,875

In accordance with the exemptions allowed by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A loss of £25,694,000 (2022: profit of £15,220,000) has been dealt with in the Financial Statements of the Company.

The accompanying notes on pages 168 to 179 form an integral part of these Financial Statements.

The Financial Statements of Braemar Plc on pages 166 to 179 were approved by the board of directors on 15 November 2023 and were signed on its behalf by:

James Gundy
Group Chief Executive Officer

Grant Foley
Group Chief Financial Officer

Registered number: 02286034

Company Statement of Changes in Total Equity

For the year ended 28 February 2023

	Note	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 March 2021		3,174	52,510	(1,362)	23,762	(2,713)	75,371
Profit for the year		–	–	–	–	15,220	15,220
Dividends paid		–	–	–	–	(2,109)	(2,109)
Issue of shares		47	520	(25)	–	–	542
Own shares acquired		–	–	(7,043)	–	–	(7,043)
Issue of shares held by ESOP		–	–	1,659	–	(1,659)	–
Share-based payments		–	–	–	–	2,894	2,894
At 28 February 2022		3,221	53,030	(6,771)	23,762	11,633	84,875
Loss for the year		–	–	–	–	(25,694)	(25,694)
Dividends paid	4	–	–	–	–	(3,190)	(3,190)
Issue of shares	18	71	766	–	–	–	837
Own shares acquired	19	–	–	(7,963)	–	–	(7,963)
Issue of shares held by ESOP	19	–	–	4,127	–	(3,650)	477
Share-based payments		–	–	–	–	4,520	4,520
Deferred tax credit on share awards		–	–	–	–	241	241
At 28 February 2023		3,292	53,796	(10,607)	23,762	(16,140)	54,103

The accompanying notes on pages 168 to 179 form an integral part of these Financial Statements.

Notes to the Company Financial Statements

General information

The separate Financial Statements of Braemar Plc (previously Braemar Shipping Services Plc) for the year ended 28 February 2023 were authorised for issue in accordance with a resolution of the directors on 15 November 2023. Braemar Plc is a public limited company incorporated in England and Wales, and its principal activity is a holding company for the shipbroking business.

The term “Company” refers to Braemar Plc.

1 Significant accounting policies

a. Basis of preparation

The Company Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). No Income Statement is presented for Braemar Plc as provided by Section 408 of the Companies Act 2006.

The Financial Statements have been prepared under the historic cost convention except for items measured at fair value as set out in the accounting policies below and have been prepared on a going concern basis.

The Company Financial Statements are presented in sterling and all values are rounded to the nearest thousand sterling (£'000) except where otherwise indicated.

FRS 101

The Financial Statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework. The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

As the Consolidated Financial Statements of the Group on pages 98 to 165 include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 “Share-based Payment” in respect of Group-settled share-based payments;
- certain disclosures required by IFRS 13 “Fair Value Measurement” and the disclosures required by IFRS 7 “Financial Instrument Disclosures”; and
- the requirements in IAS 24 “Related Party Disclosures” to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and the exemption to disclose key management compensation.

b. Going concern

The Company Financial Statements have been prepared on a going concern basis. In reaching this conclusion regarding the going concern assumption, the directors considered cash flow forecasts for a period of greater than 12 months from the date of signing of these Financial Statements. The going concern assumption for the Company is considered together with the going concern assumption for the Group; see Note 1 in the Consolidated Financial Statements for more detail.

c. Use of estimates and critical judgements

The preparation of the Company’s Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The following are key areas where the Company makes significant estimates and judgements:

Judgements relating to estimates

Estimates regarding (i) the fair value of contingent consideration receivable and (ii) share option vesting are described in the Notes to the Consolidated Financial Statements on pages 104 to 165.

Preference share assets

The Company holds investments in preference shares issued by a subsidiary at fair value through profit and loss. The preference shares are not traded in any market and there are no similar assets in quoted markets. Therefore, the Company performs a valuation based on the present value of future cashflows using unobservable (“Level 3”) inputs.

The Company develops unobservable inputs using the best information available in the circumstances, which include the Group's forecasts of cash flows for the underlying businesses of the holding company issuing the preference shares using a risk-adjusted discount rate. See also accounting policies Note 1 (d).

The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit. The fair value was estimated based on discounted cashflow forecasts with an adjustment for net debt in relation to balances not forming part of working capital of the entity. The discount rates and growth rates are consistent with those applied to the same business in the Group's assessment of the impairment of goodwill (see Note 15 in the Consolidated Financial Statements for a description of the approach used by management to determine these key values).

Investments in subsidiaries

The Company recognises provisions for impairment of investments in subsidiaries based on management's judgement of whether or not there is an indication of impairment at the Balance Sheet date. A judgement is made based on the net assets, cash balance and future trading performance of the subsidiary.

Provision for impairment of amounts due from subsidiaries

The provision for impairment of amounts due from subsidiaries represents management's best estimate at the Balance Sheet date. A number of judgements are made in the calculation of the provision, primarily based on the net assets, cash balance and future trading performance of the subsidiary.

The application of IFRS 9 "Financial Instruments" results in an additional provision for expected credit losses. When measuring expected credit losses, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future market conditions.

Judgements apart from those relating to estimates

Classification of financial assets

The Company holds investments in preference shares issued by a subsidiary. The preference shares do not provide a contractual right to unpaid amounts in the event of a bankruptcy of the issuer and therefore, in the judgement of the directors, the returns do not meet the conditions of being solely payments of principal and interest and are required to be held at fair value through profit and loss. The valuation of these shares is considered in the use of estimates and critical judgements above. The preference shares are recognised as amounts due from subsidiaries receivable after more than one year.

d. Accounting policies

The Company's accounting policies are the same as the accounting policies of the consolidated Group described on pages 104 to 116 except for the policy described below.

Investments

Investments in subsidiaries, associates and joint ventures are held at cost less accumulated impairment. Where there is objective evidence that the investment in subsidiaries, associates and joint ventures has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

For share awards granted to employees of subsidiary companies, the IFRS 2 charge is recognised as an increase of the Company's investment in the relevant subsidiaries.

Investments where the Company has no significant influence are held at fair value, with movements in fair value recorded in profit and loss.

Amounts due from subsidiaries

The expected credit losses on amounts due from subsidiaries is assessed under the general approach with reference to changes in credit quality since initial recognition. An amount due from a subsidiary is considered to be in default and credit impaired when there is evidence that the subsidiary is in significant financial difficulty such that it will have insufficient liquid assets to repay the loan. The assessment of a significant increase in credit risk is performed qualitatively by reference to the borrower's expected cash flows, liquid asset position and considers the impact of the wider Group's support.

Merger reserve

The merger reserve arises on transactions where the Company issues shares pursuant to an arrangement to acquire more than an 90% interest in another company and no share premium is recorded. The amounts in merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write down of these assets.

Notes to the Company Financial Statements continued

2 Loss/profit for the year

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own statement of comprehensive income (including the profit and loss account) for the year.

The auditor's remuneration for audit services to the Company is disclosed in Note 7 to the Consolidated Financial Statements.

All fees paid to the auditor were charged to operating loss/profit in both years.

3 Staff costs

Staff costs for the Company during the year (including directors) are provided in the table below.

	2023 £'000	2022 £'000
Salaries, wages and short-term employee benefits	2,391	1,776
Other pension costs	46	51
Social security costs	764	214
Share-based payments	1,264	56
	4,465	2,097

The numbers above include remuneration and pension entitlements for each director. Details are included in the Directors' Remuneration Report on pages 66 to 85.

The average number of full-time employees of the Company was 16 (2022: 16).

4 Dividends

Amounts recognised as distributions to equity holders in the year are detailed in Note 12 to the Consolidated Financial Statements. Certain dividends paid between 2016 and 2023 were paid by the Company without having sufficient distributable reserves from which to lawfully pay them. The Company has rectified its position with respect to these dividends; refer to Note 12 to the Consolidated Financial Statements for further details.

5 Intangible assets

	Computer software £'000	Total £'000
Cost		
At 28 February 2021	782	782
Additions	272	272
At 28 February 2022	1,054	1,054
Additions	74	74
Disposal	(87)	(87)
At 28 February 2023	1,041	1,041
Accumulated amortisation and impairment		
At 28 February 2021	243	243
Charge for the year	184	184
At 28 February 2022	427	427
Charge for the year	132	132
Impairment	60	60
At 28 February 2023	619	619
Net book value at 28 February 2023	422	422
Net book value at 28 February 2022	627	627

At 28 February 2023, the Company had no contractual commitments for the acquisition of computer software (2022: £nil).

6 Property, plant and equipment

	Land and buildings £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 28 February 2021	9,142	6	222	9,370
Additions at cost	–	214	–	214
Disposals	(154)	–	(205)	(359)
At 28 February 2022	8,988	220	17	9,225
Additions at cost	–	7	–	7
Disposals ¹	(2,161)	–	–	(2,161)
At 28 February 2023	6,827	227	17	7,071
Accumulated depreciation and impairment				
At 28 February 2021	3,504	3	193	3,700
Charge for the year	1,547	27	27	1,601
Impairment	392	–	–	392
Disposals	(154)	–	(205)	(359)
At 28 February 2022	5,289	30	15	5,334
Charge for the year	1,244	55	2	1,301
Disposals ¹	(1,568)	–	–	(1,568)
At 28 February 2023	4,965	85	17	5,067
Net book value at 28 February 2023	1,862	142	–	2,004
Net book value at 28 February 2022	3,699	190	2	3,891

¹ The disposal in the year primarily relates to the Bevis Marks premises assigned to Beat Capital by the Company. As part of the arrangement, a payment of £0.9 million was made in relation to the outstanding lease liability. The disposal resulted in the derecognition of land and buildings of £0.5 million net book value and the transfer of £0.5 million of the lease liability resulting in no gain or loss in the year.

The leaseholds category includes land and buildings held under leases and leasehold improvements. At 28 February 2023, the Company had no contractual commitments for the acquisition of property, plant and equipment (2022: £nil).

The impairment charge in the prior year arose following the assignment of a lease. On 28 March 2022, the Group assigned the lease for its Bevis Marks premises to Beat Capital. The impairment charge of £392,000 is equal to the subsequent loss on assignment of this lease, being the lease assignment premium paid plus the net book value of the right-of-use asset disposed of less the outstanding lease liability on that lease.

7 Leases

Right-of-use assets

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2021	5,271	23	5,294
Amortisation	(1,436)	(23)	(1,459)
Impairment	(392)	–	(392)
At 28 February 2022	3,443	–	3,443
Amortisation	(1,168)	–	(1,168)
Disposal	(527)	–	(527)
At 28 February 2023	1,748	–	1,748

Notes to the Company Financial Statements continued

7 Leases continued

Lease liabilities

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2021	8,926	111	9,037
Interest expense	226	15	241
Lease payments	(2,517)	(126)	(2,643)
Exchange differences	(4)	–	(4)
At 28 February 2022	6,631	–	6,631
Interest expense	125	–	125
Lease payments	(3,080)	–	(3,080)
Disposal ¹	(650)	–	(650)
At 28 February 2023	3,026	–	3,026

¹ Refer to Note 6 Property, plant and equipment for the details of the disposal.

Lease receivables

	Gross £'000	Provision £'000	Net £'000
At 28 February 2021	2,105	–	2,105
Interest received	55	–	55
Lease payments	(642)	–	(642)
Movement in provision	–	(15)	(15)
Exchange differences	(6)	–	(6)
At 28 February 2022	1,512	(15)	1,497
Interest received	35	–	35
Lease payments	(642)	–	(642)
Movement in provision	–	6	6
Disposal	(38)	–	(38)
At 28 February 2023	867	(9)	858

There was no short-term lease expense, no short-term lease income and no low-value lease expense in the year (2022: £nil).

Lease liabilities

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000	Unearned interest £'000	Net payable £'000
At 28 February 2023	539	1,615	934	–	–	3,088	(62)	3,026
At 28 February 2022	654	1,963	2,618	1,669	–	6,904	(273)	6,631

Lease receivables

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000	Unearned interest £'000	Provision £'000	Net receivable £'000
At 28 February 2023	160	482	245	–	–	887	(20)	(9)	858
At 28 February 2022	160	481	642	285	–	1,568	(56)	(15)	1,497

8 Investments

	Subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 March 2021	115,311	1,500	116,811
Capital contribution to Cory Brothers	3,664	–	3,664
Disposal	(4,462)	–	(4,462)
Share-based payments	2,959	–	2,959
At 28 February 2022	117,472	1,500	118,972
Additions	7,894	–	7,894
Share-based payments	3,256	–	3,256
At 28 February 2023	128,622	1,500	130,122
Impairment			
At 1 March 2021, 28 February 2022 and 28 February 2023	10,583	–	10,583
Net book value at 28 February 2023	118,039	1,500	119,539
Net book value at 28 February 2022	106,889	1,500	108,389

The Company recognises investments in subsidiaries at cost less impairment.

Additions for the year represent an investment made on the acquisition of Southport Maritime Inc. of £6.5 million and an investment made in respect of Madrid Shipping Advisors S.L. of £1.4 million. Both payments are subject to claw-back conditions linked to continuous employment within the Group which are treated as a cost of investment by the Company, but treated as prepayments for future service in the Group. For further details on the acquisition of Southport refer to the Consolidated Financial Statements Note 14 Business combinations.

The Company invested £3.3 million (2022: £3.0 million) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year.

The carrying value of the Company's investments in subsidiary undertakings are reviewed for indicators of impairment on an annual basis. In the event impairment indicators are identified, the recoverable amount is determined based on a value-in-use calculation which requires the determination of appropriate assumptions in relation to cash flows over a forecast period, the long-term growth rate to be applied beyond this period and the risk-adjusted discount rate used to discount the estimated cash flows to present value. There is no indicator of impairment in relation to the Company's investments measured at cost. If any impairment indicators arise, the investments would be tested for impairment.

The Company's principal investment in Braemar Financial Holdings Limited is held as preference shares; see Note 11 for further information.

Disposal of investment in Cory Brothers Shipping Agency Limited

On 28 February 2022 the Company sold its investment in Cory Brothers Shipping Agency Limited. A reconciliation of the derecognition of the investment to the gain on disposal is as follows:

	£'000
Disposal proceeds	9,897
Carrying value of investment	(4,449)
Disposal-related costs	(485)
Gain on disposal of Cory Brothers	4,963

For the year ended 28 February 2022, the disposal proceeds attributable to the Company is an 88% share of the Group's £11.3 million disposal proceeds for the sale of the entire Cory Brothers group. The disposal proceeds had not been received at year end; other receivables includes a £6.5 million completion payment which was not received until 2 March 2022 (see Note 12), long-term receivables includes £3.5 million deferred and contingent consideration (2022: £4.8 million) (see Note 11). The 12% share of disposal proceeds due to Braemar Holdings (USA) Inc. on a pass-through basis is included in amounts due to subsidiaries (see Note 14).

Notes to the Company Financial Statements continued

8 Investments continued

Investments with a carrying value of £13,000 relating to Wavespec were also disposed of during the year ended 28 February 2022.

A list of subsidiary undertakings is included in Note 34 of the Consolidated Financial Statements.

The Financial Statements of the principal subsidiary undertakings are prepared to 28 February 2023.

Unlisted investments

The Group's unlisted investments include 1,000 (2022: 1,000) ordinary £1 shares in London Tanker Broker Panel. The investment is carried at fair value, being the value of the most recent comparable transaction, which occurred during the year ended 28 February 2019. There have been no transactions or events in the current or prior year which would result in an adjustment to the fair value at 28 February 2023.

9 Investment in associate

The Company recognises its investment in AqualisBraemar LOC ASA at cost less impairment. AqualisBraemar LOC ASA is listed on the Oslo Børs, its principal place of business is Oslo and its registered address is Olav Vs gate 6, 0161, Oslo, Norway.

	£'000
At 28 February 2021	3,247
Disposal	(3,247)
Cost at 28 February 2022 and 28 February 2023	–

On 19 May 2021 the Company fully disposed of its minority shareholding in AqualisBraemar LOC ASA for cash proceeds of £7,232,000. A reconciliation of the derecognition of the investment to the gain on disposal is as follows:

	£'000
Disposal proceeds	7,232
Carrying value of investment	(3,247)
Gain on disposal of AqualisBraemar	3,985

At 28 February 2022 and 28 February 2023 the Group's shareholding was nil which equates to 0% of AqualisBraemar's share capital and 0% of voting rights (2021: market value of £6.3 million, being 10.42% of share capital and 10.42% of voting rights).

10 Deferred tax

The movement in the deferred tax asset	Total £'000
Balance at 1 March 2022	179
Credit for the year to profit or loss	424
Credit for the year to reserves	241
Balance at 28 February 2023	844

A deferred tax asset of £0.8 million (2022: £0.2 million) has been recognised as the directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

11 Other long-term receivables

	Note	2023 £'000	2022 £'000
Amounts due from subsidiary undertakings			
Preference shares measured at fair value		3,576	26,011
Other amounts due from subsidiary undertakings		6,638	7,399
Provision for impairment of other amounts due from subsidiary undertakings		(258)	(257)
Net amounts due from subsidiary undertakings		9,956	33,153
Deferred consideration		2,540	3,482
Contingent consideration		1,004	1,276
Finance lease			
Finance lease receivables	7	241	879
ECL provision for impairment of finance lease receivables		(9)	(15)
Net finance lease receivables		232	864
Other long-term receivables		13,732	38,775

The Company holds an investment in preference shares issued by a subsidiary, Braemar Financial Holdings Limited, which holds the Company's investment in the Naves entities, at fair value through profit and loss and recognised as amounts due from subsidiaries receivable after more than one year. The preference shares are not traded in any market and there are no similar assets in quoted markets. The Company performs a valuation based on the present value of future cashflows using unobservable ("Level 3") inputs.

The Company develops unobservable inputs using the best information available in the circumstances, which include the Group's forecasts of cash flows for the underlying Finance businesses of the holding company issuing the preference shares using a risk-adjusted discount rate.

The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit. The discount rates and growth rates are consistent with those applied to the same business in the Group's assessment of the impairment of goodwill. See Note 15 in the Consolidated Financial Statements for a description of the approach used by management to determine these key values and the sensitivity analysis on the impairment.

The fair value of the investment in preference shares is based on the value-in-use of the Corporate Finance Division of £2.8 million (see Note 15 in the Consolidated Financial Statements), with adjustments to determine a fair value, principally an adjustment for net debt in relation to balances not forming part of working capital of the entity of £0.7 million. The reduction in fair value during the current year is as a result of market conditions and trading below expectations in the year to February 2023, an increase in discount rate in 2023 as well as a reduction in forecast revenues compared to Management's view in the prior year. As a result, a fair value loss of £24.7 million has been recognised in the profit and loss account in the year.

Deferred consideration of £2.5 million and contingent consideration of £1.0 million relates to the non-current element of the earn-out payments receivable in respect of the disposal of Cory Brothers. The deferred consideration relates to the minimum earnout payments accounted for on an amortised cost basis. The contingent consideration represents the variable element of the earnout payments which are contingent on the future gross profit of the newly formed VertomCory agency business, which are recognised at fair value through profit or loss. Note 23 in the Consolidated Financial Statements provides further detail.

See Note 7 for a maturity analysis which reconciles the long-term finance lease receivables to the undiscounted lease receipts and unearned finance income.

Notes to the Company Financial Statements continued

12 Other receivables

	2023 £'000	2022 £'000
Amounts due from subsidiary undertakings	4,881	2,294
Deferred consideration	1,097	–
Contingent consideration	403	–
Other receivables	1,111	7,625
Finance lease receivables	626	633
Prepayments	324	248
Total	8,442	10,800

Deferred consideration of £1.1 million and contingent consideration of £0.4 million relates to the current element of the earn-out payments receivable in respect of the disposal of Cory Brothers. Other receivables as at 28 February 2022 includes the completion payment of £6.5 million for the disposal of Cory Brothers which completed on 28 February 2022, although the cash was not received until 2 March 2022.

The total receivables balance (including long-term receivables) is denominated in the following currencies.

	2023 £'000	2022 £'000
Sterling	18,598	21,563
Euro	3,576	28,012
Total	22,174	49,575

The Company has no trade receivables (2022: £nil). Amounts due from subsidiary undertakings are interest-free, unsecured and repayable on demand. The Company provides for impairment using a lifetime expected credit loss provision for amounts due from subsidiary undertakings.

13 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank	2,174	700

Cash and cash equivalents largely comprise bank balances denominated in sterling, US dollars, euros and other currencies for the purpose of settling current liabilities.

The directors consider that the carrying amounts of these assets approximate to their fair value.

14 Other payables

	2023 £'000	2022 £'000
Current liabilities		
Lease liabilities	2,097	2,580
Amounts owed to subsidiary undertakings payable within one year	56,334	40,780
Other payables ¹	751	779
Accruals	828	1,159
Total	60,010	45,298

¹ Included in other payables, is a payable of £587,000 in relation to the working capital adjustment on the acquisition of Southport.

Amounts owed to subsidiary undertakings payable within one year are interest-free and unsecured and repayable on demand.

	2023 £'000	2022 £'000
Non-current liabilities		
Amounts owed to subsidiary undertakings payable after more than one year	425	570
Other long-term payables	443	–
Total	868	570

15 Borrowings

	2023 £'000	2022 £'000
Long-term borrowings		
Lease liabilities	929	4,051
Secured revolving credit facilities	27,815	23,254
Total	28,744	27,305

During the period, the Group extended its revolving credit facility ("RCF") with its main bankers, HSBC. For further details see 'Note 27 Borrowings' in the Group's Financial Statements. Amounts can be rolled on a monthly basis until the facility expires subject to certain conditions, and on that basis the borrowings have been classified as non-current. The amounts drawn under the RCF bear interest based on SONIA, SOFR and EURIBOR from amounts drawn in sterling, US dollar and euros respectively, plus a credit margin dependent on the Group's leverage ratio.

16 Convertible loan notes and derivative financial instruments

The Company has issued convertible loan notes as part of the acquisition of Naves Corporate Finance GmbH (further details of the acquisition are provided in Note 27 to the Consolidated Financial Statements). Convertible loan notes have been valued at amortised cost with a derivative liability recognised in respect of the conversion feature.

	2023 £'000	2022 £'000
Assets		
Derivative assets maturing within one year*	1,183	–
Liabilities		
Issued convertible loan notes maturing within one year	703	1,416
Issued convertible loan notes maturing after more than one year	2,899	3,271
Derivative liabilities due within one year	42	–
Derivative liabilities due after more than one year	554	85
Total liabilities	4,198	4,772

* Currency forwards with a fair value of £1,183,000 (2022: nil) maturing within 12 months have been shown as current assets.

Financial instruments in relation to the acquisition of Naves

The following table shows amounts in the Company balance sheet relating to the convertible loan notes issued on the acquisition of Naves. The amounts shown in the table below differ from the similar amounts disclosed in Note 27 to the Group's Consolidated Financial Statements primarily due to the difference in accounting arising from the employment condition relating to certain of the instruments issued, which results in different effective interest rates applying at the Group and Company level. At 28 February 2023, there are no unsatisfied ongoing employment conditions.

	2023 £'000	2022 £'000
Current liabilities		
Convertible loan notes	703	1,416
Derivatives	14	–
Non-current liabilities		
Convertible loan notes	2,899	3,271
Derivatives	370	85
	3,269	3,356
	3,986	4,772

Notes to the Company Financial Statements continued

17 Provisions

	Dilapidations £'000	Total £'000
At 28 February 2021 and 28 February 2022	541	541
Reversal of provision in the year	(124)	(124)
At 28 February 2023	417	417

The Company holds a dilapidations provision of £0.4 million (2022: £0.5 million) which is classified as a non-current liability. Dilapidations relate to future obligations to make good certain office premises upon expiration of the lease term. The provision is calculated with reference to the location and square footage of the office.

18 Share capital and share premium

The Company has one class of ordinary shares which carry no right to fixed income. Note 30 to the Consolidated Financial Statements provides detail on authorised share capital and movements in issued share capital.

19 ESOP reserve

An Employee Share Ownership Plan ("ESOP") was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held in trust by the Trustee of the ESOP, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. Additionally, an Employee Benefit Trust ("EBT") previously run by ACM Shipping Group plc also holds shares in the Company. The ESOP and EBT are accounted for within the Company accounts.

The net cost of the shares acquired for the shares held by the ESOP and the EBT are a deduction from shareholders' funds and represent a reduction in distributable reserves. Note 31 to the Consolidated Financial Statements provides detail on the ESOP and the EBT and movements in shares to be issued.

20 Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 28 February 2021 (restated), 28 February 2022 and 28 February 2023	396	23,366	23,762

The capital redemption reserve arose on previous share buy-backs by the Company.

The merger reserve arises on transactions where the Company issues shares pursuant to an arrangement to acquire more than an 90% interest in another company and no share premium is recorded. The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited. Further additions have arisen in respect of Naves and Atlantic Brokers included in the prior period adjustment (£1.3 million and £2.0 million respectively). Following a transfer to retained earnings in the prior year in relation to fair value losses on the Company's investment in the preference shares issued by Braemar Financial Holdings Limited, there is no remaining balance relating to the Naves acquisition. The amounts in merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write down of these assets.

21 Contingent liabilities

The Company has contingent liabilities in respect of guarantees entered into on behalf of its subsidiaries in the normal course of business given as follows:

	2023 £'000	2022 £'000
Bank guarantees given to:		
Third parties (non-cash collateralised)	232	710
Total	232	710

The Company and certain of its subsidiaries have provided cross guarantees and fixed and floating rate charges over their assets to secure their borrowing facilities and other financial instruments.

From time to time the Company may be engaged in litigation in the ordinary course of business. The Company carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Company's results or net assets.

The Company has issued guarantees to certain subsidiaries in order to exempt them from audit for the year ended 28 February 2023. See Note 34 of the Consolidated Financial Statements.

22 Related party transactions

The Company has applied the disclosure exemption of FRS 101 in respect of transactions with wholly owned subsidiaries.

During the period the Group entered into the following transactions with joint ventures and investments:

	2022/23			2021/22		
	Recharges to/(from) £'000	Dividends £'000	Balance due(to)/ from £'000	Recharges to/(from) £'000	Dividends £'000	Balance due(to)/ from £'000
AqualisBraemar LOC ASA	–	–	–	221	–	282

On 19 May 2021 the Company fully disposed of its minority shareholding in AqualisBraemar LOC ASA, see Note 11 in the Consolidated Financial Statements for details.

In prior year, recharges to AqualisBraemar LOC ASA consisted primarily of rent, IT services and HR services in accordance with a transitional services agreement. Included in the net recharge to AqualisBraemar LOC ASA is a fee payable to the Group's former Chairman, Ronald Series of £3,750.

A list of the Company's subsidiary undertakings is provided in Note 34 in the Consolidated Financial Statements.

23 Events after the reporting date

In June 2023 the Company completed a Capital Reduction relating to its share premium and merger reserve. For further details, see 'Note 12 Dividends' in the Group's Financial Statements. There were no other adjusting or significant non-adjusting events between the reporting date and the date of authorisation.

Five-year financial summary (unaudited)

Consolidated Income Statement

	12 months to 28 Feb 2023 £'000	12 months to 28 Feb 2022 £'000	12 months to 28 Feb 2021 £'000	12 months to 29 Feb 2020 £'000	12 months to 28 Feb 2019 £'000
Continuing operations					
Group revenue	152,911	101,310	83,695	117,655	117,853
Other operating expenses	(132,836)	(91,250)	(75,976)	(106,925)	(108,787)
Specific items (net)	(8,406)	(514)	(1,097)	(3,344)	(11,719)
Total operating expenses	(141,242)	(91,764)	(77,073)	(109,969)	(120,506)
Operating profit/(loss)	11,669	9,546	6,622	7,686	(2,653)
Gain on revaluation of investment	–	172	–	–	500
Net interest expense	(2,195)	(1,156)	(1,485)	(1,853)	(987)
Share of associate profit for the period	(23)	(19)	–	436	–
Profit before taxation	9,451	8,543	5,136	6,269	(3,140)
Taxation	(4,855)	(1,839)	(1,574)	46	(1,525)
Gain/(loss) for the year from discontinued operations	–	7,215	970	(2,299)	(22,700)
Profit/(loss) after taxation	4,596	13,919	4,532	4,016	(27,365)
Dividends					
Interim	1,172	610	–	1,564	1,501
Final proposed	2,634	2,254	1,495	–	2,951
	3,806	2,864	1,495	1,564	4,452
Earnings per ordinary share – pence					
Basic – underlying from continuing operations	46.22p	23.06p	15.60p	29.45p	23.32p
Diluted – underlying from continuing operations	38.52p	18.79p	12.91p	26.62p	21.36p

Five-year financial summary (unaudited)

Consolidated Balance Sheet

	As at 28 Feb 2023 £'000	As at 28 Feb 2022 £'000 (restated)	As at 28 Feb 2021 £'000 (restated)	As at 29 Feb 2020 £'000	As at 28 Feb 2019 £'000
Assets					
Non-current assets					
Goodwill	71,407	79,891	83,955	83,812	83,812
Other intangible assets	3,980	997	2,129	2,411	2,226
Property, plant and equipment	5,320	7,078	9,841	11,928	1,978
Other investments	1,780	1,780	1,962	1,962	1,773
Investment in associate	701	724	3,763	7,315	–
Financial assets	–	–	–	1,184	–
Derivative financial instruments	30	8	200	–	–
Deferred tax assets	4,794	3,713	2,900	3,620	1,640
Pension surplus	1,120	–	–	–	–
Other long-term receivables	8,554	5,636	1,888	2,467	264
	97,686	99,827	106,638	114,699	91,693
Current assets					
Trade and other receivables	43,323	35,792	33,416	39,541	37,128
Financial assets	–	–	746	–	–
Derivative financial instruments	1,224	54	1,573	–	–
Current tax receivable	973	–	–	–	–
Assets held for sale	–	–	436	–	10,611
Cash and cash equivalents	34,735	13,964	14,111	28,749	24,111
	80,255	49,810	50,282	68,290	71,850
Total assets	177,941	149,637	156,920	182,989	163,543
Liabilities					
Current liabilities					
Derivative financial instruments	1,122	688	–	437	49
Trade and other payables	57,852	39,183	47,833	47,209	44,887
Short-term borrowings	–	–	–	25,116	35,844
Current tax payable	4,140	1,608	1,318	1,334	1,408
Provisions	2,575	486	307	201	90
Convertible loan notes	699	1,416	4,461	4,444	6,339
Deferred consideration	–	–	–	177	600
Liabilities directly associated with assets classified as held for sale	–	–	125	–	2,797
	66,388	43,381	54,044	78,918	92,014
Non-current liabilities					
Long-term borrowings	29,919	28,331	31,634	34,585	–
Deferred tax liabilities	344	–	174	903	930
Derivative financial instruments	1,022	335	56	–	–
Provisions	733	797	690	765	324
Convertible loan notes	2,852	2,755	2,681	2,603	4,579
Deferred consideration	–	495	882	2,293	5,357
Pension deficit	–	2,052	3,819	3,672	1,986
	34,870	34,765	39,936	44,861	13,176
Total liabilities	101,258	78,146	93,980	123,779	105,190
Total assets less total liabilities	76,686	71,491	62,940	59,210	58,353
Equity					
Share capital	3,292	3,221	3,174	3,167	3,144
Share premium	53,796	53,030	52,510	52,510	55,805
ESOP reserve	(10,607)	(6,771)	(1,362)	(2,498)	(3,446)
Other reserves	28,819	26,130	27,100	25,862	22,857
Retained earnings	1,381	(4,119)	(18,482)	(19,831)	(20,007)
Total equity	76,686	71,491	62,940	59,210	58,353

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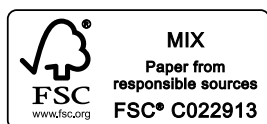
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