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16 November 2023

BRAEMAR PLC

("Braemar", the "Company" and together with its subsidiaries the "Group")

Audited Final Results for the year ended 28 February 2023

Strong trading performance doubling profitability, achievement of key strategic objectives and a balance sheet built for growth

Braemar Plc (LSE: BMS), a leading provider of expert investment, chartering and risk management advice, today announces its audited final results for the year ended 28 February 2023 ("FY23").

The board is delighted to report an outstanding year of revenue generation and profitability and, with the independent investigation now completed, looks to the future with confidence. The 2023 Annual Report and Accounts will be available on the Company's website (www.braemar.com).

RESULTS HIGHLIGHTS

Financial performance

	Underlying results*			Statutory results		
	FY23	FY22	% change	FY23	FY22	% change
Revenue	£152.9m	£101.3m	+51%	£152.9m	£101.3m	+51%
Operating profit	£20.1m	£10.1m	+100%	£11.7m	£9.5m	+22%
Profit after tax from continuing operations	£13.4m	£7.0m	+90%	£4.6m	£6.7m	-31%
Underlying earnings per share (basic)	46.22p	27.95p	+65%	15.85p	45.56p	-65%
Total dividend per share	12.0p	9.0p	+33%	12.0p	9.0p	+33%
Net cash/(debt)	£6.9m	(£9.3m)	-	£6.9m	(£9.3m)	-

* Underlying results measures above are before specific items, including acquisition and disposal-related charges and profit/loss from discontinued operations.

Financial highlights

- FY23 a year of outstanding revenue generation and underlying operating profitability.
- 51% increase in revenue from continuing operations, driven by strong performances in all segments to £152.9m (FY22: £101.3m).
- Increased revenue driving a 100% increase in underlying operating profit to £20.1m (FY22: £10.1m).
- Reported profit after tax for the year down 67% to £4.6m (FY22: £13.9m), after goodwill impairment in FY23 of £9.1m (FY22: £nil) and expensed acquisition costs of £2m (FY22: £nil).
- Significant strengthening of the balance sheet with net cash up to £6.9m as at 28 February 2023 (FY22: net debt of £9.3m), enhancing the Group's ability to execute a growth-oriented strategy.
- Underlying earnings per share increased by 65% to 46.22 pence (FY22: 27.95 pence).

- Recommended final dividend for FY23 of 8.0 pence per share, reflecting the Group's strong trading performance and confidence in the prospects of the business, representing total dividends for the year of 12.0 pence per share (FY22: 9.0 pence).

Operational highlights

- Simplified strategy, focusing on core expertise of shipbroking, delivering tangible results.
- Acquisition of Southport Maritime Inc. in the USA and Madrid tanker desk in Spain, as well as launch of Natural Gas and Oil derivatives desks significantly enhancing the diversification and resilience of the Group.
- Transaction volumes expanded strongly, with fixture numbers up 32% from prior year.
- Average revenue per head for FY23 was £398,000, a 42% increase on the prior year.

Current trading and outlook

- With the independent internal investigation completed, the board continues to pursue its stated growth strategy, to capitalise on the Group's strong platform and act as a consolidator in the fragmented shipbroking market.
- The Group expects to build on FY23's exceptional performance and continues to trade well in FY24, remaining on track to deliver underlying operating profit of not less than £18m from FY25 onwards.
- Sentiment in the short and medium-term, as measured by time charter rates, is broadly positive, and the vessel supply and freight demand pictures in the Group's two biggest markets, Tankers and Dry Cargo, look promising for the foreseeable future.
- The Group's forward order book continues to strengthen, standing at $65.6m as at 31 October 2023, 17% higher than $56.2m as at 28 February 2023.
- With the Group's growth-focused strategy delivering strong results, the board looks to the future with confidence.

James Gundy, Group Chief Executive Officer, commenting on the Group's FY23 results, said:

"I am proud to announce this outstanding performance from Braemar. We achieved what we promised in our key performance metrics, as well as investing to enhance the long-term resilience of the Group. Our strategy of focusing on our core expertise, shipbroking, is undoubtedly at the centre of our success. We have simplified the business, returned it to growth, and transformed the balance sheet. Braemar is now firmly on a long-term growth trajectory.

"The delivery schedule of ships in almost all sectors remains manageable; many inefficiencies in global supply chains remain post-Covid-19; large parts of the tanker and dry cargo fleets are travelling much longer 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. All of which are positive factors for the Group.

"We are confident in our ability to continue to seize the opportunities available to us and maintain strong levels of activity, as a result of our strategic investments in our people, offices, and technology. We look forward to another good year of trading, as the benefits of our clear focus, our growth strategy, prudent cost control and operational gearing compound for the benefit of all stakeholders".

Results Roadshow and Online Presentations

Given the proximity of this announcement to the H1 FY24 results, which are scheduled to be released on 29 November 2023, the Company is hosting a combined results roadshow, which will commence with an analyst briefing on Wednesday, 29 November 2023 at 10.30am at Buchanan's offices at 107 Cheapside, London, EC2V 6DN. Please contact the team at Buchanan via braemar@buchanan.uk.com for further details.

The Company is also hosting an online investor presentation with Q&A on Friday, 1 December 2023, commencing at 1pm. To participate, please register with PI World at https://bit.ly/BMS_FY23_webinar.

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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 £9.3m on 28 February 2022 to a net cash position of £6.9m 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 £152.9m (2022: £101.3m), generating a 100% increase in underlying operating profit from continuing operations of £20.1m (2022: £10.1m). Primarily as a result of specific items, including £9.1m of goodwill impairment, reported profit after tax decreased by 67% to £4.6m (2022: £13.9m). 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.

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.

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

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 £20.1m (FY22: £10.1m), and revenue increased by 51% from £101.3m to £152.9m, 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 £8.9m 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 £6.9m, helped by the initial proceeds of the sale of Cory Brothers (£6.5m) in March 2022 but after cash outflows for acquisitions totalling £7.3m (Southport for £6.3m, and a new tanker desk in Madrid for £1.3m upfront) – a substantial improvement on the net bank debt of £9.3m at 28 February 2022. Profit after tax was £4.6m (FY22: £13.9m), 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. 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

FINANCIAL REVIEW

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

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

Grant Foley, Group Chief Financial Officer

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 £11.7m (FY22: £9.5m).
- Underlying operating profit increased by 100% to £20.1m (FY22: £10.1m).

- Statutory profit before tax increased by 11% to £9.5m (FY22: £8.5m).
- Underlying profit before tax increased by 103% to £18.0m (FY22: £8.9m).

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 £101.3m to £152.9m, 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$123m 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 £4.2m to £6.2m. 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 £2.2m (2022: £1.0m). 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 £0.5m 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 £0.1m, relating to the revaluation of amounts due for the sale of Cory Brothers that took place in the previous year.

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 £7.2m.

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.

	FY23	FY22
	£'000	£'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

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 £9.1m 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 £3.6m 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 £76.7m (FY22 restated: £71.5m). The year saw an increase in gross trade receivables of 28% to £32.0m from £25.0m, 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 £5.0m (FY22: £4.8m) 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).

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 £30.0m. 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 £6.9m (2022: net debt £9.3m).

Retirement benefits

The Group has a defined benefit pension scheme, which was closed to new members during FY16. The scheme has a surplus of £1.1m (FY22: deficit £2.1m), 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 £0.5m 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

Operating Review

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

INVESTMENT ADVISORY

Investment Advisory's revenue increased by 40% from £26.3m in FY22 to £36.8m 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, Bulkers 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

Chartering's revenue increased by 57% from £63.0m in FY22 to £99.2m 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 Aframaxes and Suezmaxes, 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

**LNG and LPG & Petrochemicals are subsets of 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 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.

RISK ADVISORY (SECURITIES)

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

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.

Consolidated Income Statement

For the year ended 28 February 2023

Continuing operations	Notes	28 Feb 2023 Underlying £'000	28 Feb 2023 Specific items £'000	28 Feb 2023 Total £'000	28 Feb 2022 Underlying £'000	28 Feb 2022 Specific items £'000	28 Feb 2022 Total £'000
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.

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)			
Items that will not be reclassified to profit or loss:			
- Actuarial gain on employee benefit schemes – net of tax	29	**2,361**	1,318
Items that may be reclassified to profit or loss:			
- 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)
Discontinued operations:			
- 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

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.

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
Adjustment for:			
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)**	-
Adjustment for non-operating transactions included in profit before tax:			
Net finance cost	8	**2,195**	984
Share of loss/(profit) in associate from continuing and discontinued operations	20	**23**	(56)
Adjustment for cash items in other comprehensive income/expense:			
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

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.

Consolidated Statement of Changes in Total Equity

For the year ended 28 February 2023

Group	Note	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
Transactions with owners in their capacity as owners:							
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
Transactions with owners in their capacity as owners:							
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**

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 financial information set out above does not constitute the Group's statutory accounts for the years ended 28 February 2023 or 28 February 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the registrar of companies, and those for 2023 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information included in this preliminary announcement has 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 Group expects to distribute full accounts that comply with UK-adopted international accounting standards and with the requirements 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.

Certain statements in this 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 FY22/23, nor is it expect 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 FY 23/24.
- 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.

	Notes	**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 November 2024. In light of current trading, forecasts and the Group's performance over FY22/23, 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.

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.

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 £0.6m, 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 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;
- 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.

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;
- 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

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.

The critical terms of the hedging instruments match the hedged transactions r 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.

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.

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

2023	Within 12 months £'000	1–2 years £'000	More than 2 years £'000	Total £'000
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**

2022	Within 12 months £'000	1–2 years £'000	More than 2 years £'000	Total £'000
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):

	Notes	2023 £'000	2022 £'000
Staff costs	6	**110,166**	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		**110,166**	75,954
Discontinued operations		**-**	8,344
Total		**110,166**	84,298

The numbers above include remuneration and pension entitlements for each director.

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.

c) Key management compensation

The remuneration of key management, which the Group considers to be the Directors, is set out below.

	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

Reconciliation between expected and actual tax charge	**2023 £'000**	2022 £'000
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 £0.8m 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.

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)**	-

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
Other operating income:		
– Gain on purchase of Southport	**3,643**	-
– Gain on revaluation of Cory contingent consideration receivable	**203**	-
	3,846	-
Operating costs:		
– Commission obligation	**(257)**	-
– Impairment of financial assets	**(848)**	-
– Impairment of goodwill	**(9,050)**	-
– Other operating costs	**(98)**	(392)
	(10,253)	(392)
Acquisition-related items:		
– 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)
Discontinued operations:		
- Wavespec	**-**	(1,787)
- Cory Brothers	**-**	4,134
- AqualisBraemar	**-**	3,375
	-	5,722
Other items:		
– 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, and 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 relates 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 £1.3m 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).

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
Underlying:	
Revenue	15
Costs	(161)
Trading loss before tax	(146)
Taxation	–
Underlying loss for the year from Wavespec	(146)
Specific items:	
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

	£'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 £4.2m for the year ended 28 February 2022.

	Year ended 28 Feb 2022 £'000
Underlying:	
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
Specific items:	
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

	£'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
Underlying:	
Share of associate profit for the period – trading	76
Specific items:	
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
Ordinary shares of 10 pence each		
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.

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.

Total operations	**2023 £'000**	2022 £'000
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**

Underlying operations	**2023 £'000**	**2022 £'000**
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:

i) £6.0 million ($7.3 million) cash paid on completion;
ii) £0.6 million ($0.7 million) estimated working capital adjustment; and
iii) £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

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.

i) 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.

ii) 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.

iii) 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).

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. 3million) 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).

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 24 (e).

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**

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

21 Other long-term receivables

	2023 £'000	2022 £'000
Other long-term receivables		
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:

2023	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
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	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
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

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 £0.6m 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.

			Sensitivity to the estimate of future gross profits of the VertomCory agency business		**Sensitivity to change in the discount rate selected**	
	Carrying value as at 28 February 2023	**Undiscounted value as at 28 February 2023**	**Decrease by 10%**	**Increase by 10%**	**Decrease by 1% p.a.**	**Increase by 1% p.a.**
	£’000s	**£’000s**	**£’000s**	**£’000s**	**£’000s**	**£’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

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**
Financial assets:				
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**
Financial liabilities:				
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
Financial assets:				
Unlisted investment	–	1,780	–	1,780
Contingent consideration receivable	–	–	1,276	1,276
Derivative contracts*	–	62	–	62
Total	–	1,842	1,276	3,118
Financial liabilities:				
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. They 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:

Financial assets	**2023 £'000**	2022 £'000
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	**2023 £'000**	2022 £'000
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

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	**US $1,500,000**	US $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).

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:

	Note	**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:

At 28 February 2023	**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**
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	**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**
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.

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

Current liabilities	2023 £'000	Restated 2022 £'000
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.

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 £43.9m (€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
Current liabilities:		
Convertible loan notes	699	1,416
Non-current liabilities:		
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 £0.1m (€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 £0.2m 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.

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 £0.5m 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.

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

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 lapses 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.

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.

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
Cash flow hedges:					
– 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**
Cash flow hedges:					
– 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:

	2023			2022		
Group	**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.

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

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.

Five-year financial summary (unaudited)

Consolidated Income Statement

Continuing operations	**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 Feb2020 £'000	12 months to 28 Feb 2019 £'000
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	**-**	-	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

Notes to Editors

About Braemar Plc

Braemar provides expert advice in shipping investment, chartering, and risk management to enable its clients to secure sustainable returns and mitigate risk in the volatile world of shipping. 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. Braemar joined the Official List of the London Stock Exchange in November 1997 and trades under the symbol BMS. For more information, including our investor presentation, visit www.braemar.com and follow Braemar on LinkedIn.

Alternative Performance Measures ("APM"s)

Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide more useful information to investors and other interested parties. Our APMs include underlying operating profit, underlying profit before tax, underlying earnings per share and net debt. Explanations of these terms and their calculation are shown in the summary above and in detail in our Financial Review.

This document contains forward-looking statements, including statements regarding the intentions, beliefs or current expectations of our directors, officers and employees concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. These statements are based on current expectations and assumptions and only relate to the date on which they are made. They 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 document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement, including general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, interest rates and currency fluctuations, and political and economic uncertainty (including as a result of global pandemics). 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 document 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.