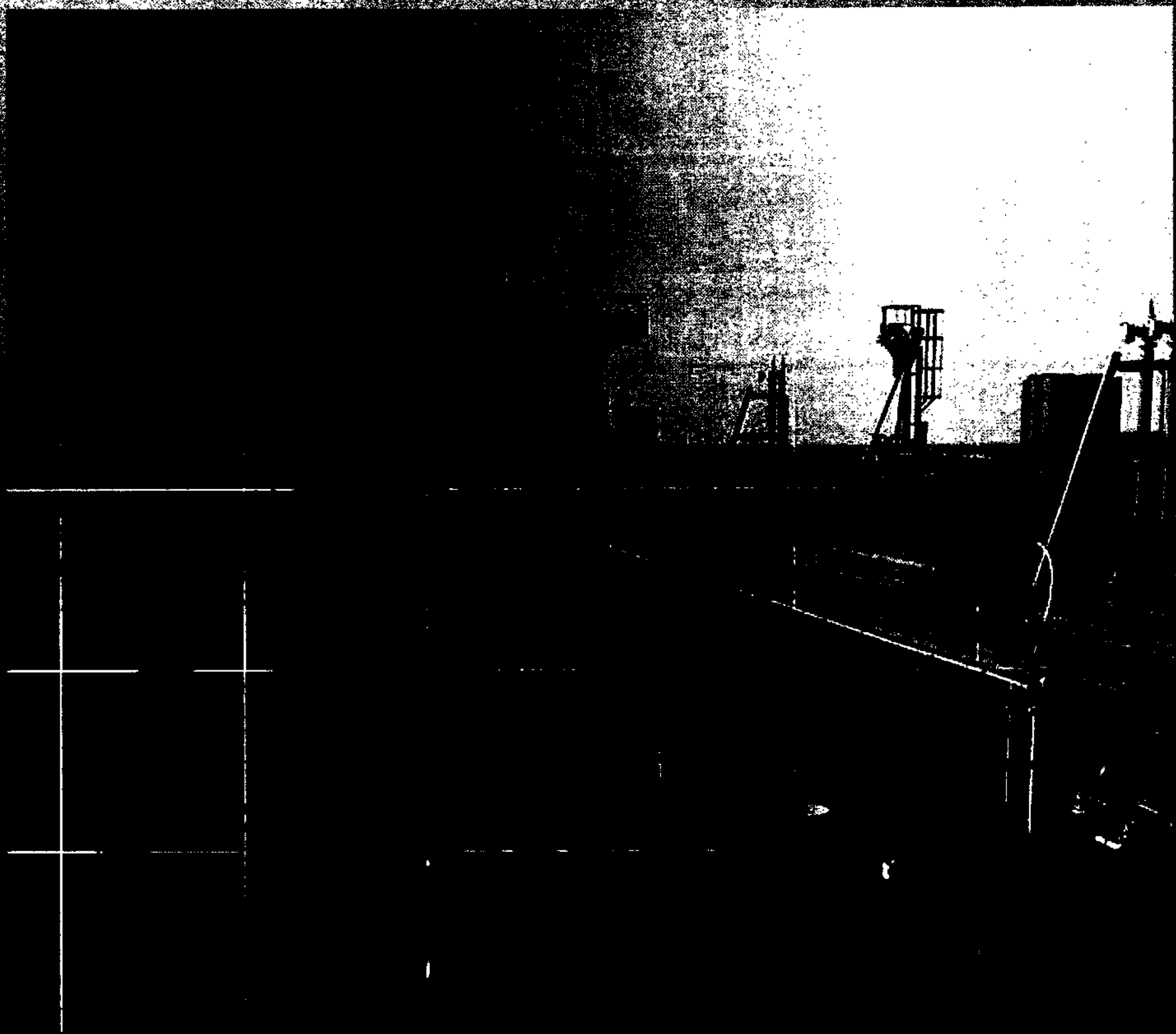
BRAEMAR

Braemar Shipping Services Plc
Annual Report and Accounts 2021

2021



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

Highlights

Financial highlights

- Underlying financial performance ahead of management's expectations:
  - Revenue of £111.8 million ("m") (2020: £117.7m)
  - Underlying operating profit from continuing operations £8.9m (2020: £11.0m)
  - Reported continuing profit before tax of £9.4m (2020: £6.3m), reflecting the profit on the sale of shares held in AqualisBraemar of £2.2m
- Balance sheet substantially strengthened:
  - Net bank debt reduced by 56% to £8.9m (2020: £20.0m)
  - Sale of approximately half of the shares held in AqualisBraemar for net proceeds of £6.0m
- Reinstatement of dividend payments:
  - Intention to declare a dividend of 5p per share for the year
  - Progressive dividend policy to include interim and final payments in future years

Operational highlights

- Refocused strategy on core Shipbroking business
- Board appointments made to strengthen the Group's experience relative to its shipbroking-focused growth strategy
- Joint venture for the Logistics Division between Cory Brothers & Vertom UCS Holdings BV being explored
- Investment in Zuma Labs technology to improve workflow and client interaction

Post period end highlights

- Disposal of Wavespec Engineering Division
- Appointment of Nigel Payne as non-executive Chairman
- Sale of remaining AqualisBraemar shares
- Agreement reached to reschedule certain liabilities connected with the Braemar NAVES acquisition

See pages 30–33

James Gundy, new CEO answers some frequently asked questions on where he sees the business in years to come.

See pages 08-09

BRAEMAR

Chairman's Statement

Delivering long-term value

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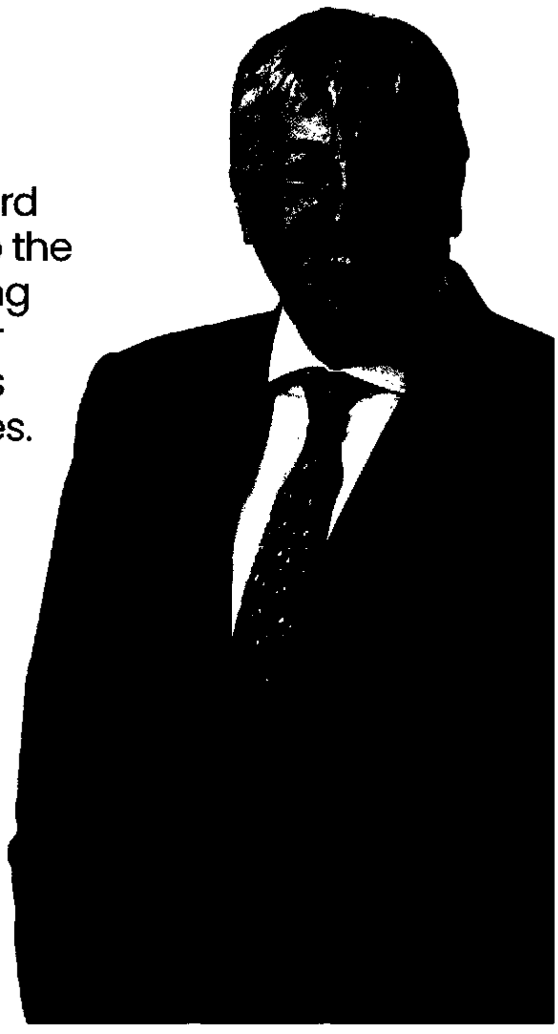
I am looking forward to helping develop the business and taking further steps in our growth strategy as the year progresses.

Nigel Payne
Chairman



I am delighted to have been appointed as the Chairman of Braemar at an exciting time for the business and to present my first Chairman's statement to shareholders.

In common with many other businesses, the past financial year has been a disruptive and challenging year for the Group. At the same time as maintaining a priority focus on the health and safety of our employees and their families, the business has had to navigate its way through a plethora of COVID-19 ("COVID") related operating restrictions. Notwithstanding this, however, the breadth and depth of the Group's service lines and the resilience of the Braemar business model have shone through, enabling the business to continue to service its clients to the high standards that they expect from Braemar as well as delivering strong results for the benefit of all stakeholders. Indeed, the Group's underlying financial performance from continuing operations for the year is ahead of management's expectations that were set at the beginning of the pandemic.

I would like to pay tribute to the management and employees of the Group for their hard work and unstinting dedication to the business and its customers, achieved under such difficult circumstances. The financial results for the year reflect well on both the strength and robustness of the Braemar brand as well as on the professionalism and dedication of the Group's management and employees.

The outlook for the current year is encouraging and with a renewed focus on growth, the business is well positioned to take advantage of favourable market conditions.

Results for the year
Revenue from continuing operations for the year was £111.8m compared with £117.7m in 2019/20. Underlying operating profit from continuing operations was £8.9m compared with £11.0m in 2019/20 and underlying earnings per share were 19.4 pence ("p") compared to 29.5p in the prior year.

Key strategic priorities

01. Grow Shipbroking breadth and market share
02. Technology-driven innovation
03. Grow Cory with the potential Vertom Cory Joint Venture

These figures exclude the Wavespec Engineering Division ("Wavespec") that was held for sale at the balance sheet date. Wavespec was sold after the year-end on 31 March 2021 and its results for the year are treated as discontinued operations.

Reported profit for the year from continuing operations before tax was £9.4m (2020: £6.3m) after taking into account a profit relating to the Group's holding of AqualisBraemar LOC ASA ("AqualisBraemar") of £3.1m, which included a profit on the sale of part of the holding of £2.2m. This measure is also after charging certain acquisition and disposal-related expenditures, which totalled £1.2m (2020: £2.4m) and interest charges.

The Group's cash flow has been strong and the year-end balance sheet is much stronger as a result, with net bank debt reducing by 56% from £20.0m as at 29 February 2020 to £8.9m as at 28 February 2021. The sale of the remaining holding of AqualisBraemar shares after the year-end in May 2021 generated an additional £7.2m of proceeds and further strengthened the balance sheet.

See pages 30-33

Board changes
The Board has carried out a number of composition changes during the year, designed to align and strengthen the Board's experience relative to its shipbroking-focused growth strategy.

James Gundy was appointed Group Chief Executive Officer on 1 January 2021 and joined the Board on that date, having successfully led the highly profitable Shipbroking Division since 2014. Nick Stone was appointed as the Group's Chief Operating Officer in June 2020, alongside the Group Finance Director role that he has held since April 2019.

Ronald Series was the Executive Chairman of the Group until 31 December 2020, a role that he took on an interim basis in July 2019. Upon James' appointment, Ronald reverted to non-executive Chairman and stepped down from the Board on 30 April 2021 when I was appointed to succeed him as Chairman. On behalf of everyone at Braemar, I would like to thank Ronald for his role in steering Braemar through the last couple of years and look forward to working with James, Nick and the rest of the Board to develop the exciting next phase of growth for Braemar.

See pages 42-43

Strategy
During the last two years, the Board has carried out a number of structural changes to the Group, disposing of the Technical Services Division, developing a potential joint venture for the Logistics Division and reducing net debt. The rescheduling of payments made for the 2017 acquisition of Braemar Naves and the planned integration of the Financial Division into the Shipbroking Division now underway will complete this reorganisation and we expect these latter two steps to be completed during the first half of the current financial year.

Braemar will then be a far more streamlined business, concentrated on providing expert advice in shipping investment, chartering and risk management. The Board will then focus on a product and geographically oriented growth strategy, supported by a far stronger balance sheet and an investment proposition that is more streamlined and also one that will become easier to understand and support.

See pages 04-05

Dividend
In the Group's trading update on 9 March 2021, the Board stated that it had set a target of achieving a net debt to EBITDA ratio sustainably below 1.5 times on average over the seasonal working capital cycle. I am pleased to report that excellent progress has been made towards this goal with the ratio falling to 2.14 for the year, down from 2.77 for the prior year. With the second sale of AqualisBraemar shares completed since the year-end, the Board anticipates reducing the net debt to EBITDA ratio substantially further in the current financial year to a level well below the 1.5 times average.

Accordingly, the Board has decided to supplement its growth strategy with a progressive dividend policy involving the payment of dividends to shareholders each year, subject to financial performance. In reaching this decision, the Directors were mindful of their duties under Section 172 of the Companies Act 2006, including the importance of balancing the potentially competing interests of its shareholders seeking a dividend with the need to continue to reward, incentivise and retain staff and the stated target of strengthening the Group's balance sheet for future growth.

With regard to the year to 28 February 2021, the Directors are recommending for approval at the AGM on 20 July 2021 a dividend of 5p per share. This dividend will be paid on 30 July 2021 to all ordinary shareholders on the register at the close of business on 25 June 2021, with a corresponding ex-dividend date of 24 June 2021. The last date for Dividend Reinvestment Plan ("DRIP") elections will be 9 July 2021. For subsequent years, the Board intends, subject to financial performance, to declare an interim and a final dividend each year, on a progressive basis.

Outlook
All areas of the business have started the year well and initial signs are encouraging with respect to financial results to date and the prospects for the rest of the year. Whilst the Board remains mindful of the uncertainty arising from the impact of new variants of COVID and, as the majority of the Group's revenues are in dollars, the impact of sterling/dollar movements in any unhedged income, we believe that the Group is well positioned and look forward to the current year with confidence. There is sufficient strength and demand returning to shipping markets to support the Board's expectations for a stronger year as global trading patterns return to pre-COVID levels.

I am looking forward to helping develop the business and taking further steps in our growth strategy as the year progresses.

Nigel Payne
Chairman
2 June 2021

Strategic direction

Our new strategy is Focused on Shipbroking

Our new strategy is focused on Shipbroking and the provision of expert advice in shipping investment, chartering and risk management.

We are refocusing the business on our core Shipbroking Division with its strong track record of growth. We have already simplified the Group through targeted divestments and strengthened the Group's balance sheet through the sale of our AqualisBraemar shares.

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

01. Grow Shipbroking breadth and market share

- Diversifying and growing our geographical presence
- Expanding our activities into growth sectors including renewables and carbon offsetting
- Growing our capabilities in existing areas of business
- Greater integration of Braemar Naves' operations

Braemar Timeline – Developing the Shipbroking business

2014

2014	2017	2018		2019	
Merger of Braemar Shipping Services PLC and ACM Shipping Group PLC. Combined Shipbroking Division trading under the name 'Braemar ACM'	Acquisition of NAVES Corporate Finance GmbH to create a new Financial Division trading under the name 'Braemar NAVES'	Disposal of Braemar Response business, part of the Technical Division	Acquisition of Atlantic Brokers Ltd and the subsequent expansion into broking Dry FFAs (Forward Freight Agreements) to create a derivatives broking desk in the Shipbroking Division	Divestment of Offshore, Marine and Adjusting business, part of the Technical Division to AqualisBraemar LOC ASA	Strengthening of senior management team across Shipbroking through new appointments

02. Technology-driven innovation

- Strategic investment into Zuma Labs with the aim of providing technology solutions for all of our broking desks
- Providing improved access to our data and research

03. Grow Cory with the potential Vertom Cory Joint Venture

- Leveraging expertise and the complementary culture and values from existing 10+ year working relationship
- Combining resources and prospects for stronger growth as combined Agency and Freight Forwarding business

Q1, 2021

Q3, 2021

2020

Opening of Geneva and Athens offices

2021

Sale of 50% of Braemar's holding in AqualisBraemar LOC ASA. Cash proceeds used to pay down debt

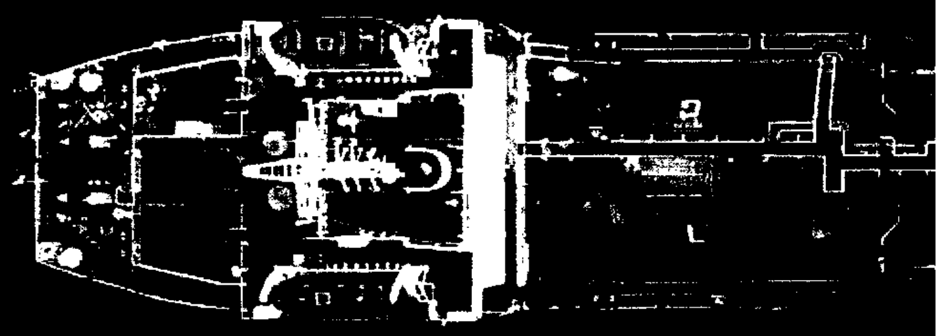
Announcement of potential profit-sharing arrangement and intention to form a JV between Cory and Vertom to create a stronger combined business

Disposal of Braemar Wavespec, the last remaining Technical business

Integration of Braemar NAVES into the Shipbroking Division

Business model

It takes expertise and experience to maximise returns and manage risk in a volatile shipping world



Our strengths

Customer centric
We invest the time to understand our clients' needs and create intelligent solutions.

Relationships
We have strong, long-term relationships with our clients.

Expertise
Our employees have in-depth specialist expertise – from Chartering and Sale and Purchase, to Corporate Finance, Derivatives, Analytics and Research.

Heritage and reputation
Since 1971, we have built a strong reputation across the shipbroking industry as a trusted and professional partner.

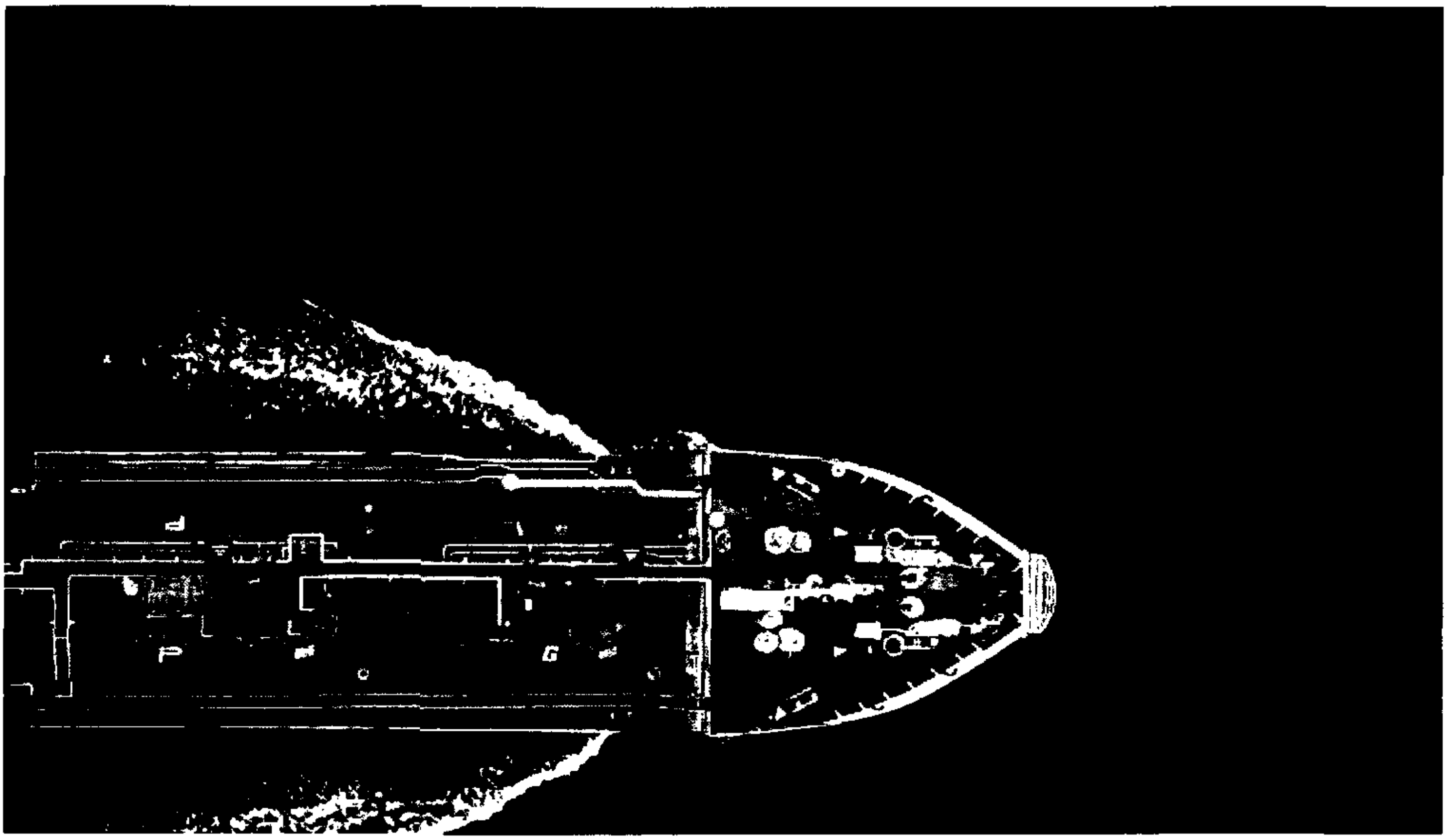
Global scale
We offer a comprehensive range of services and advice across the globe.

Culture and values
Our collaborative, knowledge-sharing culture, underpinned by our core values enables us to provide value-added services.

What we do

Our streamlined Group is focused on shipbroking services and investment advisory services – providing charterers, shipowners, trading companies and lenders with a fully integrated range of comprehensive services.

Our services enable our clients to manage their investments and risk across the globe.



Generating value for our stakeholders

Through our activities we aim to create value for all of our stakeholders.

For shareholders
We aim to create long-term and sustainable growth which delivers long-term returns for our shareholders.

For clients
We maximise returns and minimise risk for our clients in the volatile global shipping market.

For employees
We provide a positive working environment, rewarding careers and opportunities for development.

For communities
Our expertise enables more prosperous and secure global trade.

Underlying EPS
14.0p
2020: 24.9p

Underlying EPS from continuing operations
19.4p
2020: 29.5p

Dividend per share
5.0p
2020: 5.0p

Global reach (worldwide)
30 offices
2020: 28 offices

Chief Executive's Q&A

Focused on future growth

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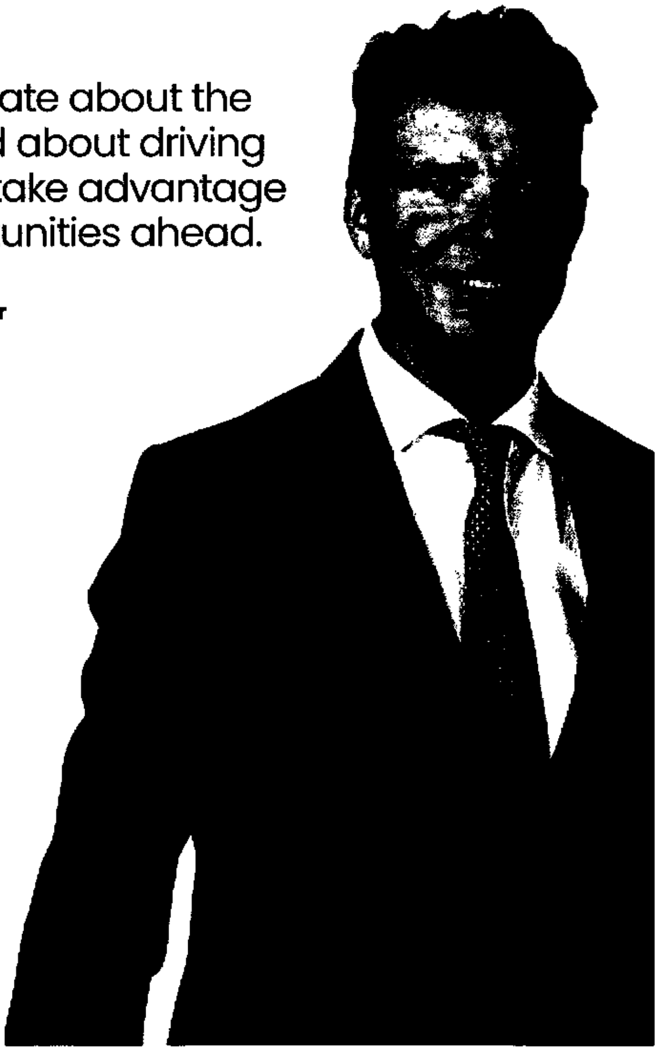
I am passionate about the business and about driving it forward to take advantage of the opportunities ahead.

James Gundy
Chief Executive Officer



Q – What do you bring from your background and experience to your new role as Group Chief Executive Officer at Braemar?
A – I started in the industry at Clarksons, working as a tanker broker for some 10 years. I left to join ACM Shipping to help build the business globally and I was integral to their IPO in 2006 at management and leadership level. My career evolved within the market and I was concentrating on long-term projects and New Buildings/Sale and Purchase. Those skills and experiences came together when ACM merged with Braemar in 2014. My focus as Chief Executive Officer of shipbroking was to manage the merger and turn the business into a more profitable division, which was made possible by the addition of some key hires to strengthen the overall management team. This drive, vision and determination created the stepping stone for my appointment as Group Chief Executive Officer on 1st January 2021. The company is now led by a practitioner and I can lead by example.

Q – What is your vision for Braemar going forward?
A – I had the opportunity to view the Braemar Group from a unique perspective during my time leading the Shipbroking Division and felt it had significant potential to generate more value.

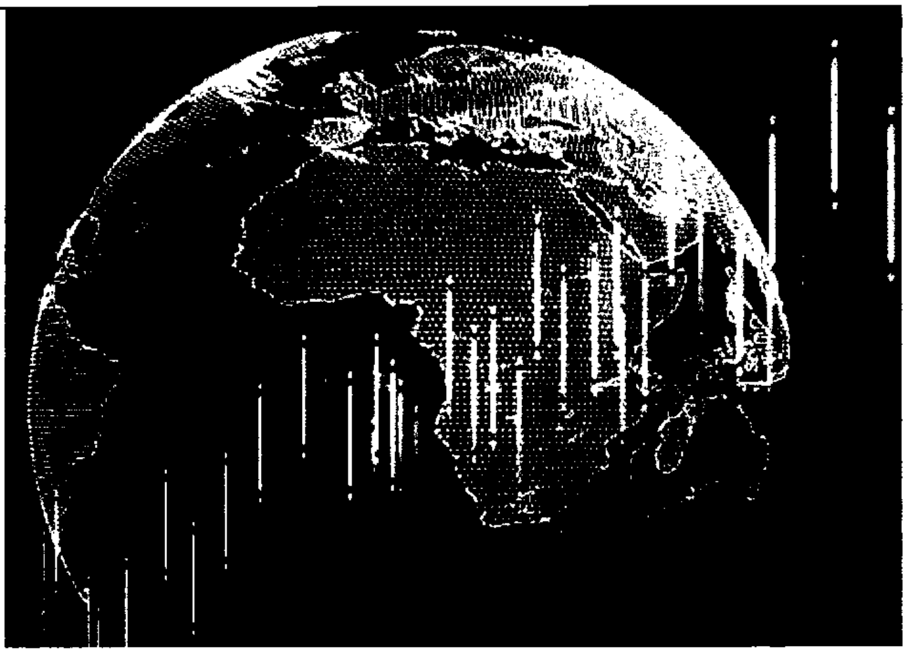
The Braemar ACM business had gone from strength to strength since the merger with a strong track record of development over the last five years and diversification of broking desks, through the acquisition of Braemar Atlantic, the creation of a Dry FFA desk and the recruitment of additional Dry Cargo brokers.

Bringing Chartering, Sale and Purchase, Valuation, Securities and Corporate Finance all within the one division means we can offer an integrated portfolio of services from one organisation to our global client base.

With positive long-term drivers of growth in demand for shipping coming from the Asian markets, combined with the forecast global economic recovery in the short-term, I believe this strategic direction will allow Braemar to reach its full potential.

Q – What do you see as Braemar's key strengths?
A – Braemar has a rich heritage in shipbroking giving us strength and depth. Along with our experienced, talented team with 34 desks across the world in 11 countries, we have a sound foundation for our growth ambitions.

The business is well balanced and not dependent on one commodity or geography. Scale is becoming increasingly important as is data and intelligence, so our market knowledge adds value to clients, ensuring we are more than the facilitator of a transaction from a to b.



Q – What were the key things that you thought needed to change?
A – Top of the list was the simplification of the business and strengthening the balance sheet. This actually began in June 2019 with the disposal of Technical Services, followed by the sale of 50% of our AqualisBraemar shares and then the disposal of Wavespec, reducing debt to £18m. Closer integration of the Braemar Naves business into the Shipbroking Division was agreed in principle in March 2021, aligning our corporate finance specialism with our new business model.

Q – How would you summarise the future direction of the organisation?
A – This is all about growing our shipbroking capability and breadth through focused acquisition of talent and new desks and increasing our market share and geographic reach. The Americas and development of our existing European offices outside London are key targets and we will continue to build on our presence in Asia - important as the centre of gravity continues to shift to the East. Technology-driven innovation will be key and there is more on our investment in Zuma Labs, a critical enabler of this element of our strategy on page 14 in this Annual Report. It means that we can offer our clients comprehensive, expert advice on shipping investment and risk management.

Q – What are your priorities for the year ahead?
A – I am passionate about the business and about driving it forward to take advantage of the opportunities ahead. The Braemar brand name is well respected within the industry throughout the world and we are well placed to grow. I want to continue our focus on reducing debt and building our financial strength. I am excited about the opportunity for a profit-sharing venture for Cory and Vertom and believe that both businesses have the potential to grow faster together than they would if they were operating separately.

It will be good to see the team back in the office as government regulation allows, but having proved we can work effectively from home, depending on employee feedback, this may be more of a mixed model, rather than back to the office full-time.

Chief Executive's Statement

I was delighted to be appointed as the Group Chief Executive of Braemar in January this year after running the Shipbroking Division since 2014. I am looking forward to growing the Group around what has been a strong and resilient performer over those years.

The year just ended has been one of unprecedented challenge for our employees across the world. They faced the need to keep themselves, their families and colleagues as safe as possible from the risks of COVID, whilst maintaining the professionalism required to do their jobs in unfamiliar circumstances that were fluid and uncertain. I am immensely grateful for their diligence and hard work in the circumstances, but also grateful to our clients and other stakeholders for the flexibility shown to make it all work. Although it is by no means over, it has been gratifying that some of our offices have been able to partially re-open in recent months to allow a semblance of normality to return.

Trading performance

Trading for the last year was better than we initially expected at the outset of the COVID pandemic, particularly in the first half of the year. The benefits of our spread of desks and markets was clearly evident with Tankers having a very strong first half but then being replaced by Dry Cargo and Sale and Purchase as the strong performers in the second half of the year. It is pleasing that the new year has started well in all markets and we are currently trading ahead of our initial expectations.

Shipping markets

The markets that we operate in are largely driven by global trade patterns and the supply and demand of ships for large scale transportation. Our two largest sectors are the transportation of oil and oil products ("Tankers") and bulk carriers for iron ore, coal, steel and grain ("Dry Cargo"). We are active in these sectors in both short and long-term chartering, derivative 'paper' contracts for future transportation, the sale and purchase of second-hand ships, the ordering of new build ships and the related financing of such transactions. Within our Logistics Division, Cory Brothers, we also deal with the management of port calls and international freight forwarding.

2020 was a volatile year in these markets, driven initially by the COVID-related changes in demand for raw materials and goods, but then exacerbated by the displacement of shipping capacity once economic activity picked up and demand increased.

At the beginning of our financial year in March 2020, the tanker market was impacted by significant demand for storage for excess oil and refined products as consumption fell rapidly in the first wave of COVID lockdowns. However, since that storage-led demand fell off in the summer of 2020, the market has remained flat, as major oil consuming nations struggled to contain the spread of COVID. By contrast, Dry Cargo demand picked up strongly during the second half of 2020 as Chinese raw material imports rose on the back of stimulus-fuelled economic growth and trade-relations with the US were relaxed. The year ended with very strong container markets, caused by strong Chinese exports and the displacements of the ships and container boxes from earlier in the year. One of the consequences of this was higher levels of vessel sale transactions. More details of this and its impact on our business follows in the Review of Operations.

Taking a step back from the individual markets themselves during last year, it is clear that a global economic recovery is now well underway and the drivers of global trade, and therefore the shipping market, are as strong as ever. The demand for deep sea shipping is now roughly twice what it was after the financial crisis in 2008, and the size of the world shipping fleet has grown accordingly. At the same time, the order book for new ships is a small fraction of what it was in 2008, while the size of the older, less-economical fleet is much larger. According to our analysis, the percentage of the fleet that is more than 15 years old is nearly twice what it was in 2008, at a time when charterers are increasingly looking for younger, more efficient vessels in line with their ESG targets.

The outlook for the next few years is therefore a positive one with global trade driving demand for shipping capacity at a time when the supply of available and 'acceptable' vessels is likely to reduce. Braemar is well positioned to support our clients and other stakeholders through these challenges and to thrive as a result.

Growth strategy

A lot has been done in the last year to streamline the Group, strengthen the balance sheet and develop a new growth strategy. At Braemar's core is the provision of expert advice in shipping investment, chartering and risk management, through its Shipbroking and Financial Divisions. In order to build on this, opportunities have been identified for future growth by increasing the breadth and market share of our broking and advisory services and through technology-driven innovation and the closer integration of Braemar Naves' expertise. The plan for growing our Logistics Division is linked to the joint venture under discussion with Vertom UCS Holdings BV ("Vertom").

Areas of specific interest geographically are growing our presence in the US market and developing our offices in continental Europe. We will be looking to add further derivatives capability to complement the physical coverage across the broking desks and will be working to support the industry drives toward increased use of renewable energy and carbon offset programmes. The investment started in the last year with our Zuma Labs technology joint venture will be further developed, as will a drive to make improved use of our research data.

Measurement of the success of this strategy is key to managing progress and allowing proactive decision making. In order to do so, the following KPIs have been identified and will be reported on both internally and externally:

- US$ denominated revenue growth
- US$ denominated revenue per head
- Underlying operating profit margin
- Movement on contracted forward order book
- Debt to EBITDA ratio

Disposal of investment in AqualisBraemar

Braemar received its investment in AqualisBraemar as a result of the Board's decision to exit technical services and dispose of its Technical Services Division to Aqualis ASA in June 2019 in exchange for a minority equity stake in the combined entity. AqualisBraemar is listed on the Oslo Stock Exchange.

The Group recognised an underlying share of profits from its investment in AqualisBraemar of £0.3m (2020: loss of £0.3m) and received a dividend of £0.6m (2020: £nil).

During the year, Braemar was pleased to see AqualisBraemar acquire LOC Group. However, whilst Braemar supported the transaction, it decided not to participate in AqualisBraemar's related capital raise. Subsequently, in February 2021, the Company decided to sell 9.6m (around one half) of the shares held in AqualisBraemar for net proceeds of £6.0m, leading to a profit on disposal of £2.2m, thus contributing to the significant fall in net bank debt at the year-end. At 28 February 2021, the market value of the Group's remaining investment of 9.64m shares was £6.3m compared to £5.9m at 29 February 2020 for the holding at the time of 19.2m shares. Following the sale of the remaining shareholding in May 2021, the Group's holding is now limited to one million warrants that are expected to vest in June 2021.

These decisions were some of the key decisions made by the Board in (and after) the financial year, as part of which the Board considered its duties under Section 172 of the Companies Act 2006. Whilst the Board believes that the AqualisBraemar management team has the skill and experience to continue to grow the business in the long-term, the disposal of Braemar's interest now allows the Group to focus on the delivery of its new growth strategy centred on Shipbroking, as well as reducing the Group's net debt and strengthening its balance sheet.

Disposal of Wavespec
In March 2021, the disposal of Wavespec, the Group's Engineering Division, was completed for a maximum potential consideration of £2.6m. For the year to 28 February 2021, Wavespec generated revenue of £1.7m (2020: £3.1m) and an underlying operating loss of £1.7m (2020: £1.4m). These results are treated as a discontinued operation for the purposes of these accounts. The total reported loss for the period is £2.5m, comprising the trading loss plus an estimated loss on disposal of £0.8m.

The £2.6m maximum gross consideration has been satisfied by the issuance of a promissory note with a maturity date of 31 March 2026 (the "note"), which is currently expected to be retained by the Company. The disposal agreement contains 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 by the end of June 2021, Braemar can require the buyer to pay a sum of cash of £0.5m with the balance of the note of £2.1m remaining unsecured. The buyer has not yet delivered on its obligations under the agreement.

This disposal was another of the key decisions taken by the Board in (and after) the financial year. In reaching the decision to dispose of the business, and throughout the sale process, the Board was mindful of the preferences of the staff in the business, as well as the need to balance the interests of the customers and other stakeholders of the business, the business relationships elsewhere in the Group and the other matters set out in Section 172 of the Companies Act 2006.

Restructuring of Braemar NAVES acquisition liabilities
A rescheduling of deferred consideration amounts owed by Braemar in relation to its acquisition of Braemar NAVES in 2017 was agreed in principle in March 2021. The documents for this agreement are in agreed form and will be executed immediately following the announcement of the preliminary results for the year and the parties are free from the close period restrictions. As a result, over €2.9m, which was previously due for repayment before the end of December 2022, will be deferred to be paid no earlier than September 2025. In addition, a further amount of approximately €0.75m will be satisfied by the issue of new ordinary shares in the capital of the Company in three tranches between September 2021 and December 2022, thereby tying in the management and extending their commitment to the Group.

The agreement will also see the integration of the Financial Division and the Shipbroking Division in the coming year. The decision to pursue the proposed rescheduling and restructuring again saw the Directors needing to balance the competing interests of stakeholders, including those of the previous owners of Braemar Naves, the management and employees of Braemar Naves and the wider Group, together with those of the Company's shareholders. The Board believes that the restructuring is in the best long-term interest of the Company's shareholders and other stakeholders as a whole and will also improve collaboration within the business and enhance client service.

Potential joint venture between Cory Brothers and Vertom
As reported in our trading update in March this year, a non-binding term sheet has been signed with Vertom with a view to forming a joint venture with Cory Brothers. It will create a Port Agency business with stronger reach and breadth than either business alone and to build upon the two smaller scale joint ventures in the Amsterdam/Rotterdam region and in Gibraltar that are already in existence.

It is intended that the two businesses will work more closely together in the coming year with certain profit-sharing arrangements to be put in place, with a view to exploring a full corporate joint venture in the future. The Cory Brothers business does not offer the same synergistic opportunities with the rest of the Group and therefore the Board believes that by working together, Cory Brothers and Vertom will have the prospect of growing faster as a larger combined business than Cory Brothers could whilst operating alone.

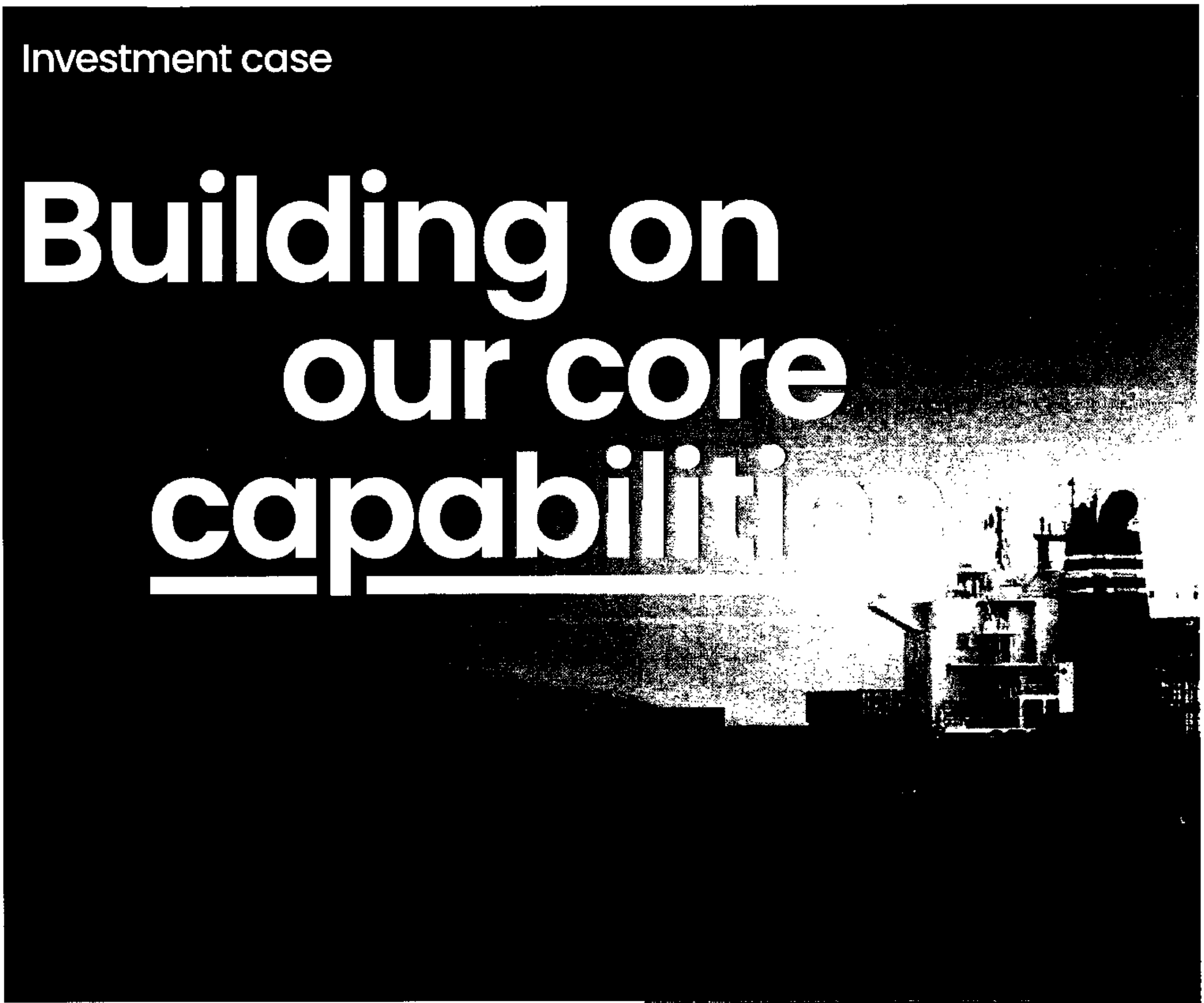
ESG
Our industry's focus on environmental, social and corporate governance issues is becoming an ever more important factor in planning for the future. The Group has several initiatives under way that will ensure we are able to work with our clients and other stakeholders to create a greener and more socially responsible industry. We have also formed a Corporate Social Responsibility Committee, which will work to promote diversity within the business and ensure that we are committed to contributing and giving back to the communities in which we operate and taking steps to reduce our impact on the environment. Though there is a lot more to be done, I am pleased to see that our global business with its diverse, multi-cultural workforce of many different nationalities, has grown its female contingent to on average 26% of our global workforce during the year, up from 22% last year.

Outlook
Following the various steps taken over the last year to streamline the Group and strengthen its balance sheet, Braemar is well positioned to consolidate and expand the strength of its core offering of shipbroking and related advisory services. The diversity achieved over recent years with the growth of range of both physical and derivative market coverage has served Braemar well and will continue to be the focus. This comes at a time when the shipping market is looking set for a period of strength and growth and I am looking forward to delivering on the growth opportunities that will arise as a result with confidence.

James Gundy
Group Chief Executive Officer
2 June 2021

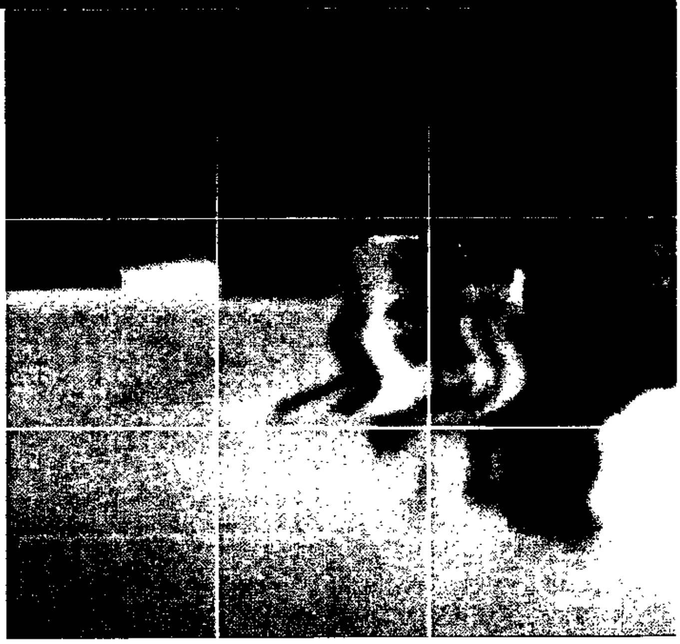
Investment case

Building on our core capabilities



Braemar is now more streamlined and is focusing on our core business of shipbroking and looking for opportunities to grow this business line through strategic hires, acquisitions and by optimising our relationships.

This approach will drive our performance and provide us with significant opportunities to grow the business, building on our core capabilities.



Broad and diversified business with global reach

Our well-balanced and integrated portfolio enables us to offer a broad range of services to our global client base. The addition of new broking desks and offices has diversified our activities and expanded our capabilities and geographic reach, reducing our reliance on individual sectors or markets.

Bringing Chartering, Sale and Purchase, Valuation, Securities and Corporate Finance all within the one division means we can offer an integrated portfolio of services from one organisation to our global client base.

30 global offices

34 broking desks

Strong heritage and track record

As a global shipbroker since 1971, we have built a reputation as a well-respected and trusted partner. Since the merger with ACM, our shipbroking strategy has delivered a strong track record of growth, delivering a 23% revenue increase and 22% operating profit growth.

Significant market opportunities

Demand for shipping has doubled in the past decade, driven predominantly by trade growth fuelled by the economic growth of key importing nations. Economic growth in China and other East Asian countries will continue to drive long-term demand for shipping, combined with global economic recovery in the short-term.

Strengthening balance sheet

Reducing leverage and building our financial strength is a key focus area. The simplification of our business lines and the disposal of non-core businesses including Technical Services and Wavespec has enabled us to reduce debt and strengthen our balance sheet.

Total bank debt reduced to £8.9m as at 28 February 2021 with the outstanding Braemar Naves loan note repayments rescheduled to provide additional liquidity.

Experienced, talented senior management team

We are a provider of expert advice and market intelligence in the shipping industry. Our new strategic hires bring a wealth of specialist experience and sector expertise across our offices and departments which will help to drive future growth.

Strategy in action – Zuma Labs

Strategic investment in technology innovation

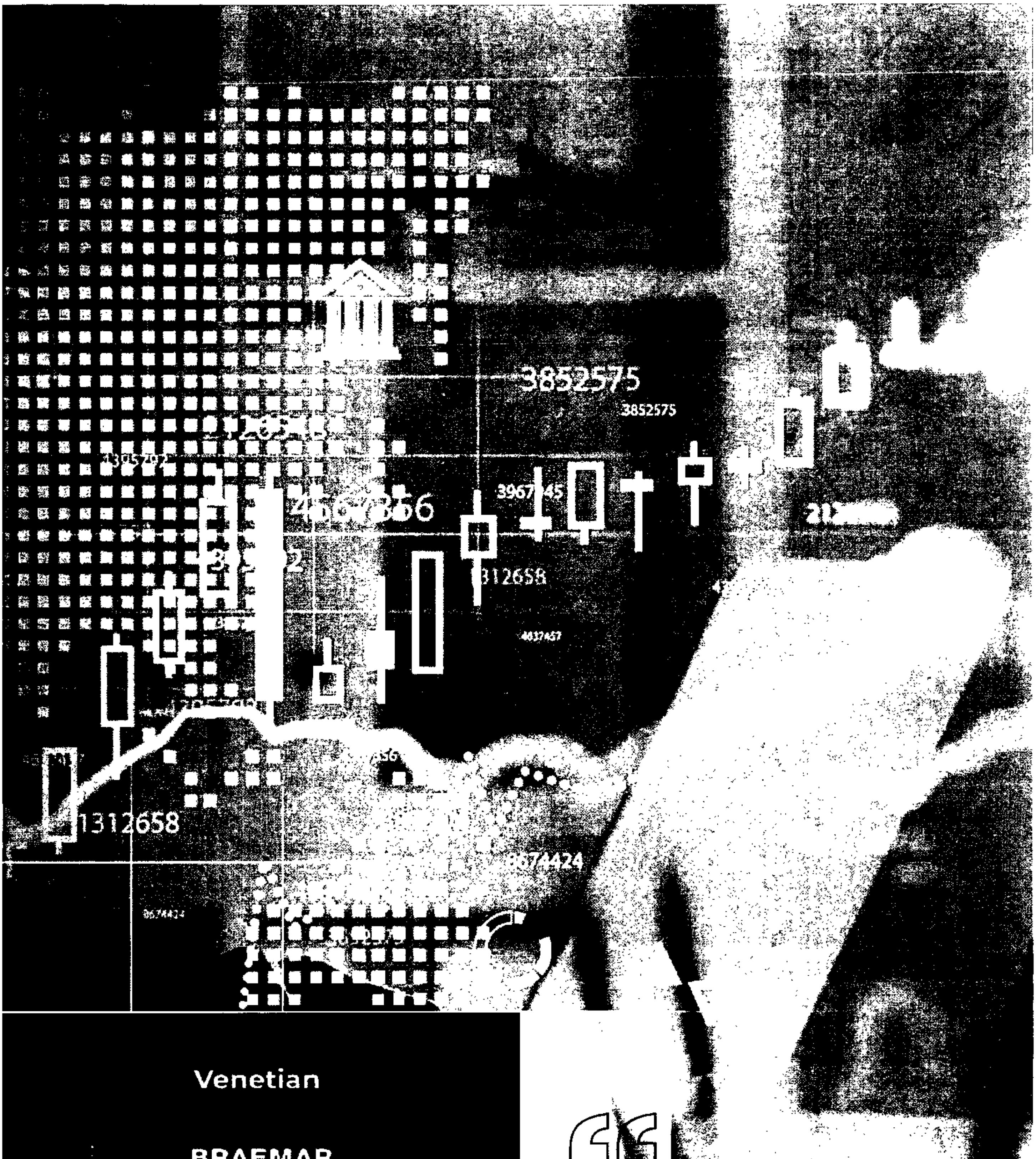
The ability to assimilate and manipulate vast amounts of data is key to the execution of trading activities in Braemar and historically, every desk had its own data sources and way of operating.

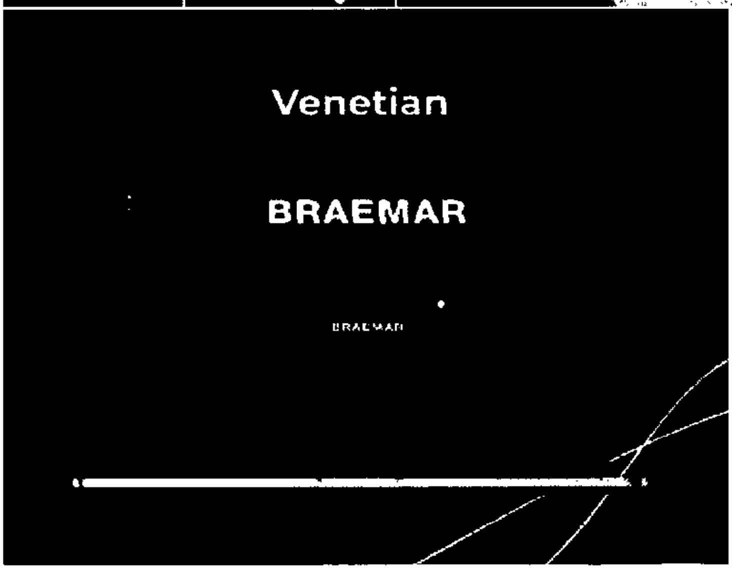
We are working with Zuma Labs to develop software that can improve information flow, stop data leakage and provide access to a comprehensive view of our markets. We aim to create solutions for all of our desks that will be accessible through one central platform and one of the most complete sets of data and information for the shipping market.

We have successfully developed software solutions for our derivative business, one of the most real-time and price volatile marketplaces. This has been very well received and we have seen exponential growth in the number of deals, revenue and customer engagement as a result.

The Board believes that technology innovation and change is essential to maintain and grow our market share as a broker.

This investment was one of the principal decisions made by the Company during the year and illustrates how the Directors have regard to the matters in Section 172 of the Companies Act when performing their duties. The Board believes that placing technology and innovation at the heart of one of the Company's strategic priorities is essential for the long-term success of the Company and to continue to improve the services it provides to its clients, as well as the wider markets in which it operates.





Zuma labs is an enabler of the technology driven element of our strategy.

James Gundy
Group Chief Executive Officer

Key performance indicators

The year started with significant uncertainty and *volatility in the shipping markets*, coupled with the challenges of operating under restrictions imposed by COVID.

The trading results for the year are an improvement on our expectations set in that environment and contain some strong performances. Despite a strong start to the year, the Tanker markets were weak in the second half and revenues fell as a result, in what is the Group's single biggest revenue class, although not as much as we initially feared. Dry Cargo revenues also fell, due to the sharp slowdown seen in Chinese imports at the start of the pandemic, but recovered strongly toward the end of the year. These falls were partially offset by stronger performances in Sale and Purchase and Securities, especially in the final months of the year.

Revenues in Braemar Naves, the Financial Division, were in line with the previous year, but operating profits were impacted by increased bad debt provisions. Revenues in Cory Brothers, the Logistics Division, fell marginally due to a slowdown in import/export activities early in the year, but operating profits showed an increase due to the mix of revenue, cost savings and an increase in Brexit-related new business.

Revenue

£111.8m

FY20/21	£111.8m
FY19/20	£117.7m

Cash generated from operations

£14.7m

FY20/21	£14.7m
FY19/20	£10.6m

Equity scheme participation

37%

FY20/21	37%
FY19/20	37%

Underlying operating profit

£8.9m

FY20/21	£8.9m
FY19/20	£11.0m

Full-year dividend per share

5p

FY20/21	5p
FY19/20	5p

Underlying EPS

19.40p

FY20/21	19.40p
FY19/20	29.45p

Number of employees

528

FY20/21	528
FY19/20	526

Number of locations

26

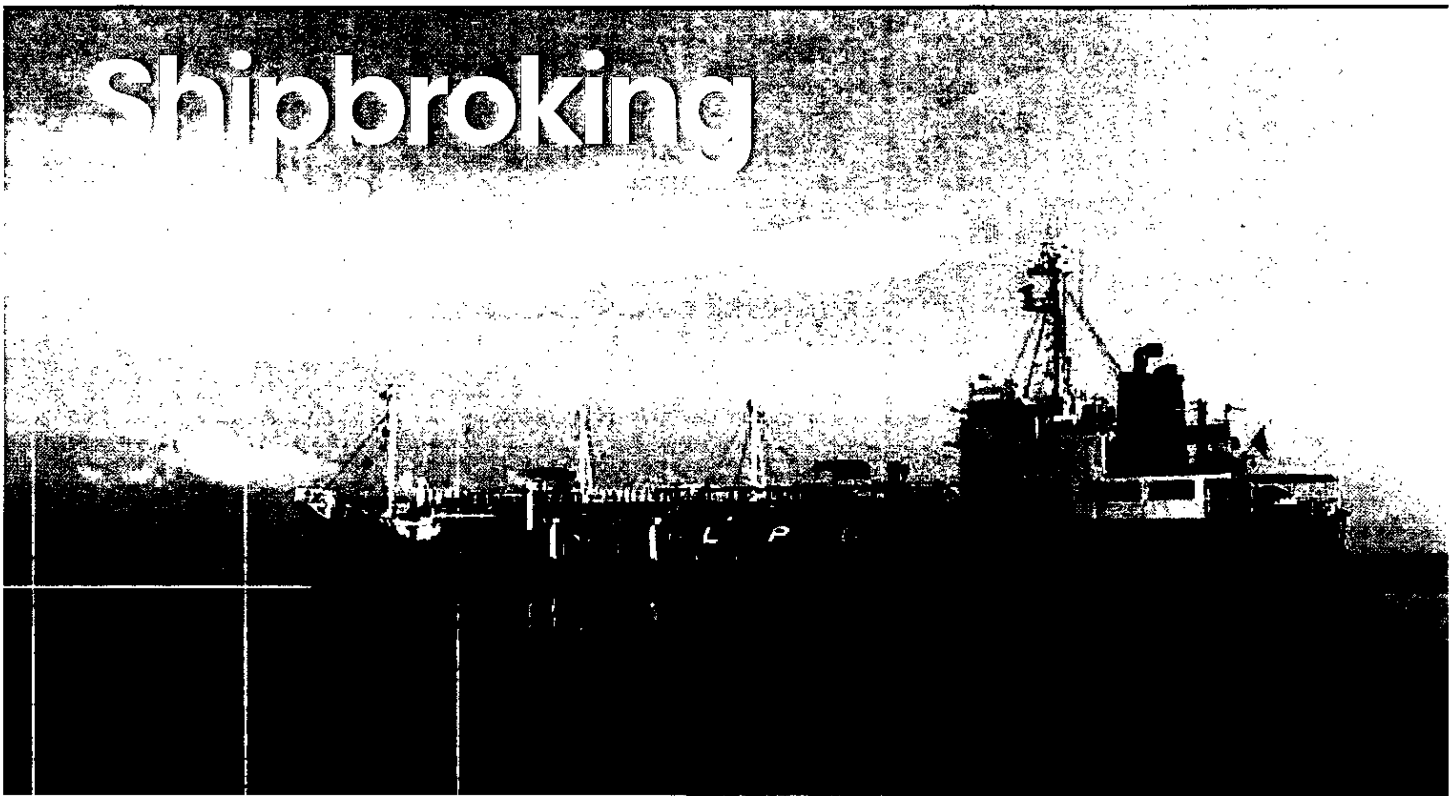
FY20/21	26
FY19/20	24

Number of offices

30

FY20/21	30
FY19/20	28

Review of operations



Shipbroking

The Shipbroking Division had a strong year in the circumstances and achieved a full-year performance ahead of expectations set at the beginning of the pandemic, although revenue was £77.7m, down from £82.4m the year before.

Shipbroking highlights.

Revenue

£77.7m

FY20/21 £77.7m

FY19/20 £82.4m

Underlying operating profit

£10.1m

FY20/21 £10.1m

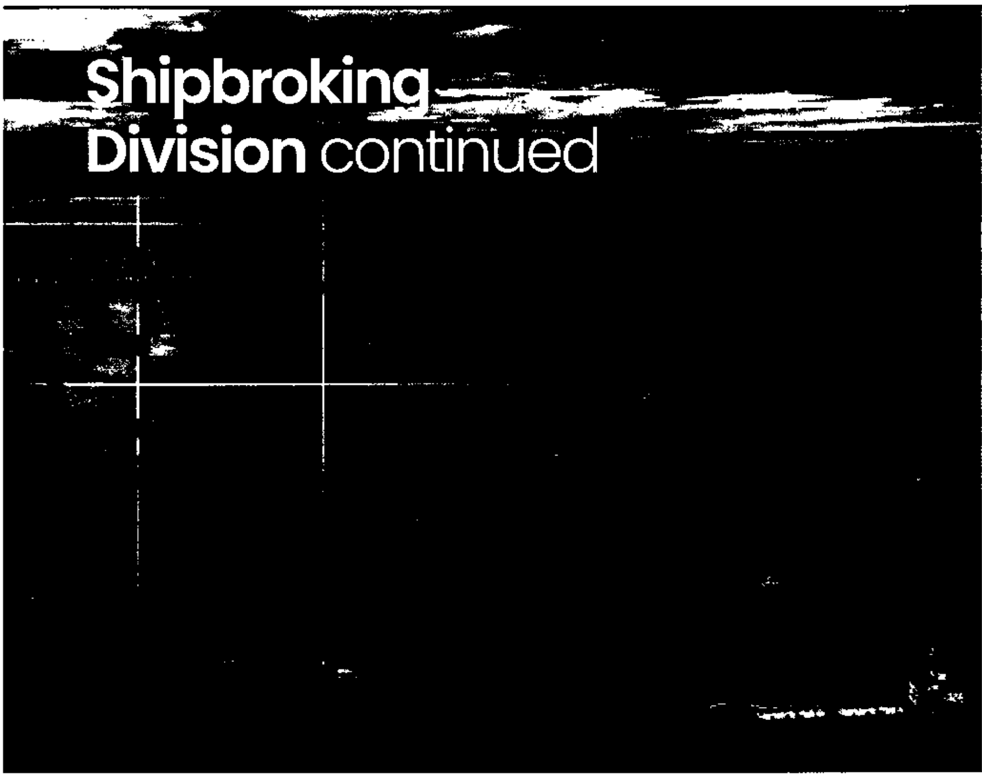
FY19/20 £11.8m

Employees adjusted well to home working for long periods and there has been a positive effect on our inter-office communication now that a full return to offices is in prospect. Underlying operating profits were £10.1m, down from £11.8m the previous year. Lower travel and entertaining expenditure helped reduce the impact of the decline in revenue although there were higher costs of an investment nature and the deferred share charge was also increased.

Those costs of an investment nature include the sign-on costs for the new clean fuels team in Geneva and other costs related to the establishment of the new office there. The costs are charged to the Income Statement, but are excluded from the profits used for calculation of broker bonuses. They also include the sign-on costs of new broker teams in Dry Cargo, Securities and other desks in recent years where sign-on bonuses are subject to claw backs were those brokers to leave and are spread over the period of the claw back. The total was £1.7m (2020: £1.0m).

Review of operations continued

Shipbroking Division continued



The majority of revenue is earned in US dollars and on constant currency basis compared to the prior year, revenue would have been circa £79.0m with a marginally improved underlying operating profit. The forward order book of revenue that has been contracted but not yet recognised at 1 March 2021 was $43.3m (2020: $49.7m), a decline resulting from the very strong shipping market at the end of the previous year which wasn't replicated. The order book has increased since the year-end to $50.5m at the end of May 2021.

Tankers
The Tankers desk is the single biggest desk within Braemar's operations, mainly dealing with chartering of deep sea tankers for the transportation of crude oil and refined products. It was the driver of the strong revenue growth in the prior year, but experienced a slow second half this year when the northern hemisphere winter didn't lead to the usual higher seasonal demand. As a result, revenues fell by 16%.

The financial year started with unusual strength and volatility in the tanker market caused by the sharp COVID-related decline in oil and refined product demand. This had eased off by the end of April as the strong contango in forward oil prices evaporated. By June, the 80+ strong fleet of oil tankers tied up storing unwanted oil began to redeliver into the spot market. That coincided with the lowest levels of OPEC oil production seen in many years as the burgeoning global oil stocks dampened efforts to shore up oil prices. The combination of low oil exports and fleet growth set the tanker market on a downward spiral that meant earnings from chartering for the vessel owners declined markedly by August 2020. The small seasonal recovery in the fourth quarter of 2020 was short-lived and demand for the largest crude oil tankers, the VLCCs, quickly descended into one of the weakest markets for many years. The market has largely remained that way with successive waves of COVID-related lockdowns keeping a tight lid on oil production in the Middle East and Russia, and weak oil prices discouraging shale production in the US. Smaller tanker classes, Suezmaxes and Aframaxes, fared marginally better, regaining some strength during the first quarter of 2021 before easing back in April. Product tankers were also offered some protection from the exceptionally weak oil demand in early 2021 as oil refinery closures, notably in OECD countries, triggered import substitution.

The addition of a new clean fuels team in Geneva during the year has strengthened the reach across that market and has augmented the resources already in London and Dubai and enabled further expansion in Singapore. Geneva is home to many of the largest commodity traders and the new office located there will enable further investment and expansion of coverage.

Specialised Tankers and Gas
The Specialised desk covers the Chemicals, small Product Tankers, US Flag Vessels and Barges, Petrochemical Gas, LPG and LNG markets. This desk has seen significant investment and revenue growth in recent years. However, it was subject to similar COVID-related impact to the main Tankers desk, although not on the same scale, and therefore revenue fell by 6%.

After a strong first half, the combined effect of significantly reduced European petroleum demand and patchy chemical volumes made for a year of two halves for the desk. The year saw consolidation of ownership of the Chemical fleet into pools and through acquisition and as a consequence the desk worked on growing market share and developing new markets.

There has been an investment in the Houston office with additional analytical resource for the US Flag and Barges market where there are opportunities to grow further. This has allowed expansion into the US asphalt market and created opportunities to promote sale and purchase capability on top of existing chartering activity as well as strengthening client relationships.

The LPG transportation market showed extreme volatility with rates being impacted by product price arbitrage between the US Gulf and the Far East and tight vessel availability due to heavy drydocking schedules.

Confidence in the future market for LPG transportation is high with demand for new Dual Fuel large carriers as the owners and traders look to the new cleaner propulsion technology. Consolidation of ownership has also been seen in the Petrochemical Gas market, in a year that saw production challenges and high unpredictability.

LNG carrier rates also saw historical highs over the 2020/21 winter for short-term charters in what is becoming a better supplied and more liquid market. The year also saw delivery of a second new build vessel allied to a long-term multi-year charter as well as some second-hand sale and purchase transactions, in what is being seen as a more buoyant market.

Dry Cargo

The Dry Cargo market was one of the first hit by the COVID pandemic and although there was a recovery later in the year, revenues fell for the year as a whole by 14%. The financial year began amid disruption from the pandemic, which caused a temporary slowdown in cargo volumes and slump in freight rates, mainly due to significant falls in Chinese imports. However, China's economy recovered from the pandemic quickly, underpinned by raw material-intensive stimulus measures. Industrial activity in China bounced back to pre-pandemic levels by mid-2020, pushing market rates back to the five-year highs seen the previous year as heightened demand for iron ore coincided with easing of supply bottlenecks from Brazil.

More recently, as the global economic recovery has gathered pace, dry bulk volumes have continued to grow, pushing rates to their highest levels in ten years. This boost has been seen across the majority of dry bulk cargoes, with all vessel sizes enjoying a surge in demand, which has continued unabated since the year-end with the Baltic Dry Index seeing new ten-year highs during April 2021.

Additions to the Dry Cargo teams have been made in London and Singapore and as part of the opening of a new office in Geneva, despite the challenging landscape of the pandemic. Focus on growth of market share and diversification into new markets continues and the benefit of the strength of the Braemar securities operation in this market supports this drive.

Sale and Purchase and Projects

The Sale and Purchase desk had another successful year with increased activity in all sectors, especially with respect to new building in the tankers sector. Revenues grew by 26%. The year saw multiple new building contracts for the largest class of tanker, VLCCs, at the largest shipyard in the world, which added to the forward order book. Revenues in this area also increased during the year due to long-term charters connected to the new build projects and were well ahead of our expectations despite lower levels of market activity.

There was also significant success in selling second-hand tankers at higher price levels at the beginning of the year due to the rise in spot charter rates in the second half of 2019 and first half of 2020. The subsequent slow-down in the tanker market in the second half of the year saw the sale and purchase activity decline as well. However, the year-end was marked with the well-publicised increase in both dry cargo and container freight rates, which stimulated the second-hand market for bulkers and container vessels across the board. On the back of this, the desk had a strong finish to the year with much higher transaction volumes.

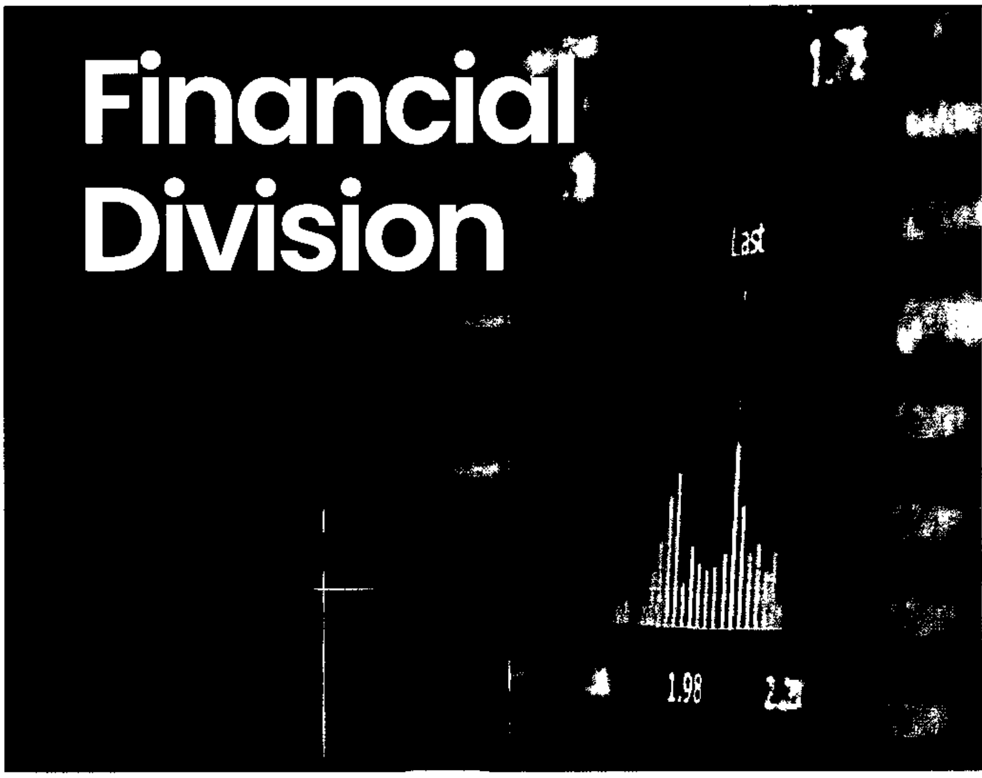
Securities

Despite the obvious disruptions of last year and perhaps because of the market volatility that was caused, the year was a good one for the Securities desk and saw growth of 16% in revenue. All desks were fully operational throughout lockdown and were able to provide the services needed to their clients. Strategic hires and a strong market in Dry Cargo Freight Forward Agreements ("FFA") saw revenue double in that market. The strategic technology investment with Zuma Labs has delivered a very well-received platform for price discovery and execution, initially in the Dry FFA market, which contributed to the strong revenue growth. The technology is now being rolled out across various other products within the Group. The long-standing partnership with the GFI Group on Wet Tanker FFAs continues to deliver strong and consistent profits. The current year will see new products added and plans to build market share as a result.

Offshore

The Offshore desk had a difficult year on the back of the fall in oil demand and offshore exploration and production activity and revenue fell by 35% as a consequence. The recruitment of new personnel in Singapore with the capability to focus on subsea and renewables, as well as oil and gas, has started to gain some traction, but the main source of historic revenues has been the North Sea where activity levels saw significant declines. The restructuring and refocus of the desk away from the North Sea and oil and gas and onto renewables has been accelerated as a result into what is expected to be a strong growth area in the future.

Review of operations continued



Financial Division

The Financial Division, Braemar Naves, is headquartered in Hamburg with a smaller presence in London and Singapore and provides advisory corporate finance services to investors and lenders in the shipping industry.

Financial highlights.

Revenue

£6.0m

FY20/21	£6.0m
FY19/20	£5.9m

Underlying operating profit

£1.0m

FY20/21	£1.0m
FY19/20	£1.1m

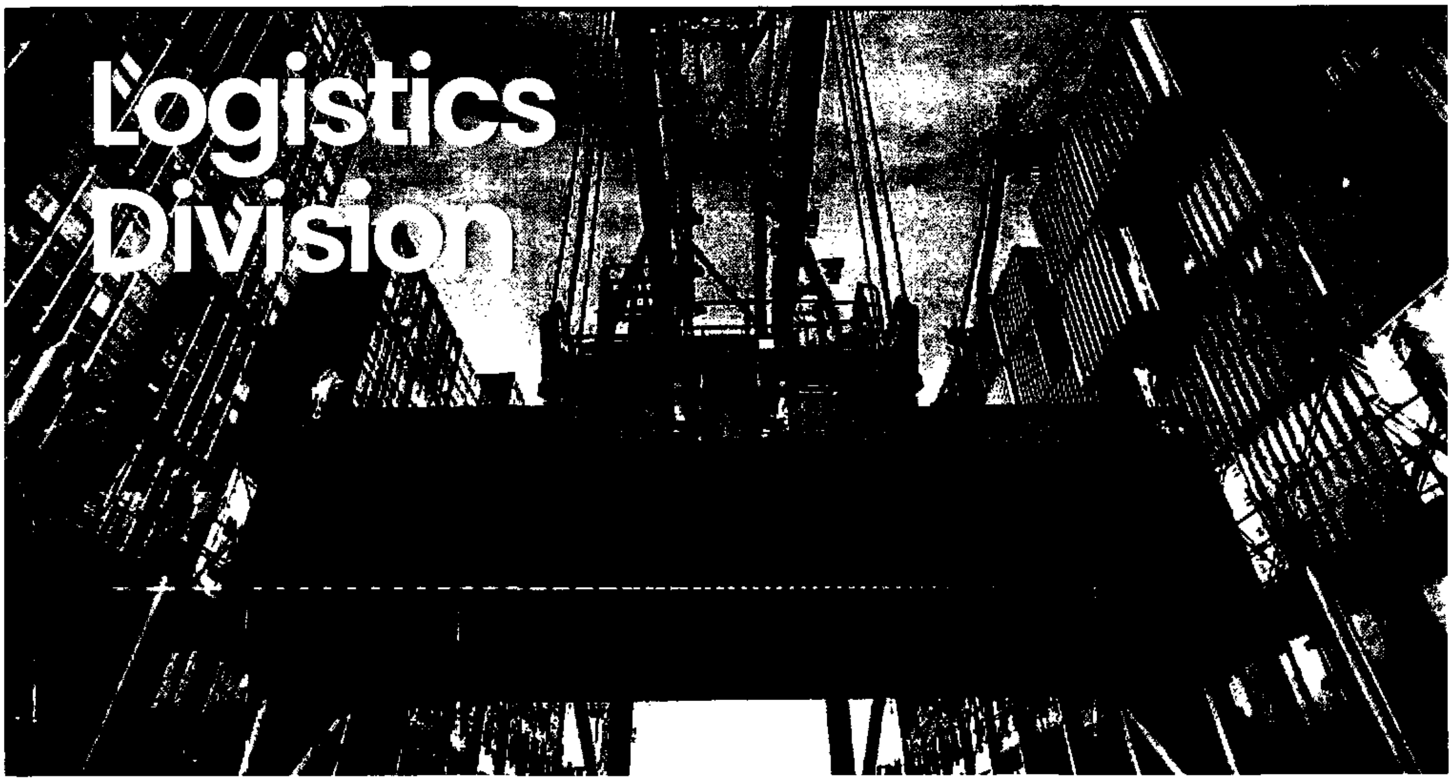
Revenue for the year was £6.0m, a small increase from the previous year, but underlying operating profit was marginally lower due to an increase in bad debt provisions. Thanks to its broad spectrum of advisory services, the Division demonstrated its resilience to adverse market circumstances by effectively repeating last year's results, despite business travel being very difficult throughout the entire year.

At the beginning of the financial year, the business suffered from a few European financing projects evaporating in the beginning of the COVID pandemic, whereas the Singaporean office managed to conclude the acquisition financing of second-hand vessels by bringing in Japanese lease capital.

The shortfall of European financing mandates was replaced by an unexpected increased restructuring activity in the summer of 2020 where two restructurings were concluded in Greece. Later in the year, refinancing activity came back into focus and a large restructuring-related refinancing project was concluded, which had been under way for more than 18 months. Several clients also bought back and refinanced their loans with German banks, international lenders and PE Funds with the advisory support of Braemar Naves.

In the second half of the year, the scope of our business was diversified further by commencing M&A mandates in transhipment, heavy lift and ultra-high-power batteries for the maritime and aerospace sector. At the very end of the financial year, Braemar Naves managed to take advantage of the boom in container shipping by successfully selling container ships for clients with whom they had previously been involved in the loan restructuring. Braemar Naves also started supporting a long-standing client entering the container box leasing market with a large acquisition, which was successfully concluded in the current financial year.

Logistics Division



The Logistics Division, Cory Brothers has extensive industry experience and a worldwide reputation for delivering on customers' requirements.

Logistics highlights.

Revenue

£28.1m

FY20/21	£28.1m
FY19/20	£29.3m

Underlying operating profit

£1.2m

FY20/21	£1.2m
FY19/20	£1.0m

The business provides a high-quality service that is carried out by experienced staff based in the UK and overseas. Revenue was slightly down from the previous year at £28.1m (2020: £29.3m); however, underlying operating profit showed a 16% increase to £1.2m as a result of a lower cost base and reduced travel and entertaining expenditure.

Port and Hub Agency

The Port Agency business services UK ports, the port of Singapore, and ports in North America and the Netherlands and has joint arrangements with a number of worldwide agency partners via the Group's UK-based hub management business.

The majority of the Port Agency business arises from activity in UK ports where Cory Brothers has a strong presence with a total of 11 port-based offices, together with its global hub activity, which is coordinated out of the UK. The hub business saw growth across all key clients in the financial year, in total up 8% versus the prior year. However, the UK Port Agency operation declined by 10%, which was driven by a reduction in demand for aviation fuel and other reduced import/export volumes.

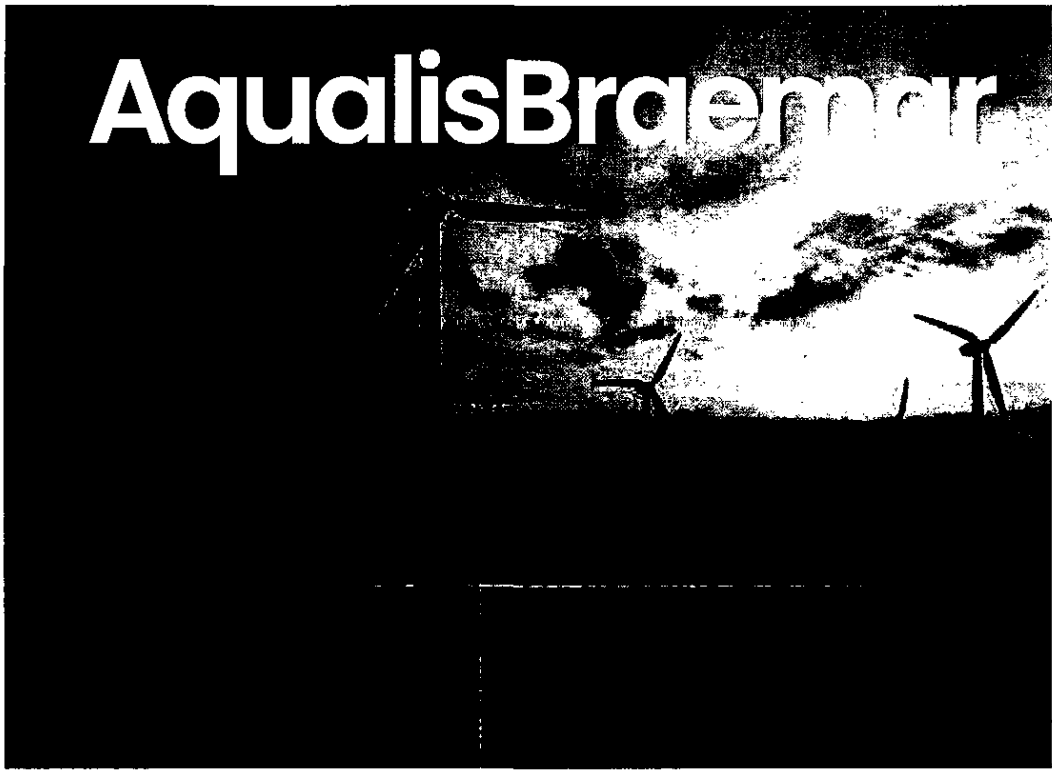
There was growth of 24% in revenues versus the prior year in the overseas operations, which at operating profit level now deliver close to half of the total for the Agency business. The strongest overseas region was in the US, which benefitted from additional business from new customers and an increase in LPG shipments.

Liner Agency and Freight Forwarding

The liner and freight forwarding gross profit was slightly lower than prior year. However, this was entirely driven by the impact of COVID in the first half of the financial year with import activity being hit following the lockdowns in China and the reduced domestic demand in certain sectors. The Division chose not to furlough any staff and thereby maintained the service level its customers expect throughout the pandemic as well as allowing for new business development activity. As a result, the second half of the financial year saw a strong recovery, with gross profit up 10% compared to the first half as demand recovered. Momentum continued to build in the last couple of months of the financial year with Brexit driving additional business from the existing client base, as well as attracting new customers. This momentum has continued into the new financial year.

Freight rates for containers bound into Europe from Asia increased significantly as the COVID lockdowns eased and supply and demand strengthened and remained high as the new financial year began. This did initially impact some customers' bookings, but with little sign of rates softening bookings have now recovered, the impact of which will inevitably feed through to consumer price inflation.

Review of operations continued



The financial year saw AqualisBraemar complete the acquisition of LOC Group to form AqualisBraemar LOC, an energy and marine consulting business with nearly twice the number of consultants over 39 countries.

Group share of underlying associate profit/(loss)

£0.3m

The acquisition was partially funded by a rights issue that saw the equity interest held by Braemar fall from 27.3% to 20.8%. Revenues and operating profits grew on the back of this acquisition and good progress on the development of the original group that was formed by the merger of Aqualis ASA and the Braemar Technical Services Division in June 2019.

The Board took the opportunity to sell 9.6m shares (around one half of its interest) in AqualisBraemar in January 2021 to satisfy strong demand for the shares on the back of the acquisition in order to reduce net bank debt. The remaining shares were then sold after the balance sheet date generating net receipts of £7.3m to further reduce bank debt. The Group's interest in AqualisBraemar following the sale of these shares is limited to one million warrants that are expected to vest in June 2021.

Section 172(1) statement

The Companies Act 2006 (the "Act"), as amended by the Companies (Miscellaneous Reporting) Regulations 2018, requires companies to include a "Section 172(1) Statement" in the Strategic Report describing how directors have had regard to the matters set out in Section 172(1)(a) to (f) of the Act when performing their duties under Section 172. Section 172 of the Act requires directors of a company to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the:

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

The Directors' duties under Section 172 are embedded in all of the decisions that the Board and its Committees make – as are a range of other factors, including alignment with our strategy and our values. As such, information on how Section 172 matters have been considered can be found throughout this Annual Report.

The Board understands the importance of effectively engaging with the Company's key stakeholders, in order to better understand their views and interests, and to better consider the potential impact of the Directors' decisions on them. Information on the Company's key stakeholders can be found on page 7 and information on how the Company engaged with various stakeholders during the year can be found on pages 24-27, 41 and 46 of this Annual Report.

The Board recognises that the interests of stakeholders may conflict with each other and that it may not always be possible to provide a positive outcome for all stakeholders from a particular decision. The Board looks to follow best corporate governance practice and has a governance framework in place that allows it to assess the broad range of interests and perspectives, to balance potentially competing interests, and, ultimately, to make informed and reasoned decisions. Information on how the Board and its Committees operate can be found in the Corporate Governance Report on pages 40 to 63 of this Annual Report.

A number of the principal decisions that the Company took in the year (and as part of the year-end processes) are discussed in this Annual Report and provide examples of how the Directors have had regard to Section 172 matters. These are:

- the strategic review of the Wavespec business and its subsequent disposal (more information on which can be found on page 11 of this Annual Report);
- the proposed rescheduling of deferred consideration amounts owed in respect of the 2017 acquisition of Braemar Naves and the proposed integration of the Financial Division into the Shipbroking Division (more information on which can be found on page 11 of this Annual Report);
- the decisions not to pay an interim dividend, but to recommend a final dividend (more information on which can be found on pages 3, 33 and 39 of this Annual Report);
- the decision to invest in Zuma Labs (more information on which can be found on page 14 of this Annual Report);
- the decisions to support the acquisition of LOC Group by AqualisBraemar, but not to follow its rights in the related capital raise, and to subsequently sell its shareholding in AqualisBraemar (more information on which can be found on pages 10-11 of this Annual Report); and
- the decision to appoint James Gundy as Group Chief Executive Officer (more information on which can be found on page 50 of this Annual Report).

Sustainability report

A business built on reputation

As a global organisation, Braemar has demonstrated considerable flexibility and resilience in its response to COVID across the world and continued to support and develop its employees, contribute to its local communities and consider its impact on the environment. During the financial year, we had an average of 528 employees in 30 offices in 26 countries (FY2019/20: 526 employees in 28 offices in 24 countries).

Response to COVID

During the financial year, our priority has been the safety of our employees, wherever they are in the world. We ensured that COVID-secure environments and practices were in place whilst our offices were able to open in London, Singapore and Australia during the year and the transition to working from home was handled seamlessly when required, with employees adapting quickly to a different environment.

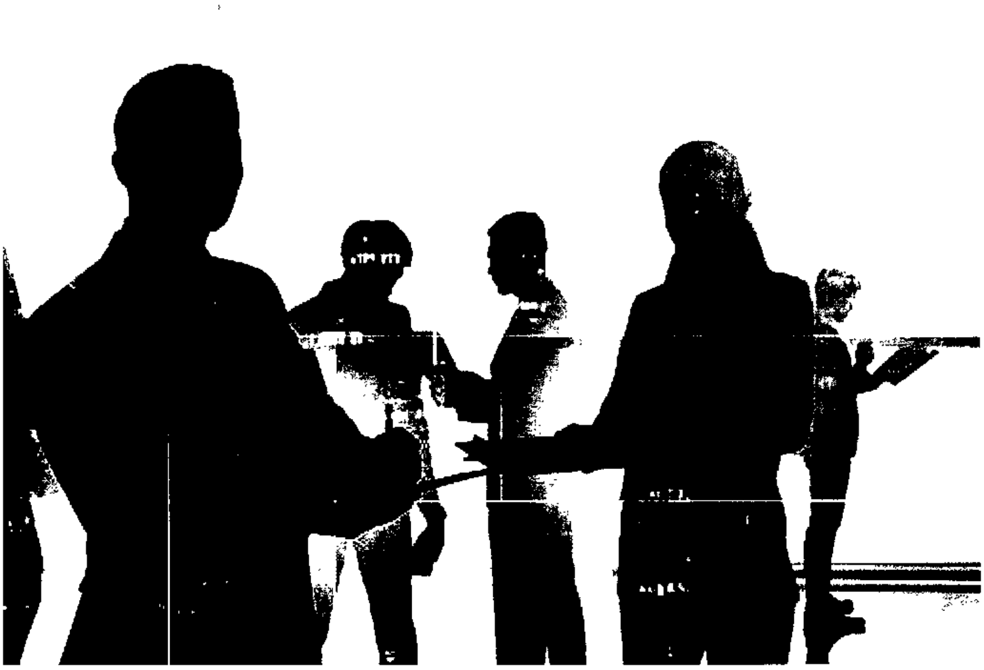
We increased communications both formal, through regular CEO updates, and informal, through colleagues – including mental health training for some employees, who could then support others. Looking forward to the current financial year, we will be developing our return to work approach when government regulation allows, consulting with our staff to incorporate flexibility, but recognising that key broking roles will benefit from being back in the office.

Our people
Training and development
The calibre of our people is central to the high quality of service we deliver to our customers, so management and employee development remained a priority, with a number of initiatives progressed during the year.

Shipbroking Division
During the financial year, the Shipbroking Division added two new offices, in Geneva and Athens and average headcount grew to 323 (FY2019/20: 314).

The appointment of the Managing Director for our Asia-Pacific region, Vaughan English, was a key appointment for the Shipbroking Division in the financial year. Vaughan joined our Singapore entity in May 2020 to support the growth of this region. As a Shipbroking Director, he joined the other Global Desk Heads on the Shipbroking Operating Board and his proven experience in the region will enhance our strong presence in our Asian markets.

Our Associate Director programme, launched in the UK in the previous financial year, has been extended outside of the UK with the addition of Associate Directors for the Asia-Pacific region (including Dubai). This programme aims to identify high potential individuals as successors in our business who are then tasked with key business objectives by the Division's management. The Associate Directors have now been assigned to 'East' and 'West' cohorts, with the newly established East group, sponsored by Vaughan English, and is made up of ten Associate Directors from Dubai, India, Singapore and Australia. The Associate Directors West cohort is 12 strong, mainly based in London and one Director who transferred to Greece to set up the Athens office.



Our ability to provide international opportunities for our employees was demonstrated during the financial year with 11 international transfers. These are valuable both for career progression and as part of our retention and engagement strategies.

We look to continue the hire of capable and driven people from diverse backgrounds. We have developed several initiatives in partnership with the Maritime and Port Authority of Singapore ("MPA") and other organisations to promote careers in the shipping industry.

We launched a trainee programme in Singapore that provides new graduates and young adults with the opportunity to explore a career in shipbroking. Braemar has already selected our pioneer group of trainees, who will undertake a 12-month trainee programme, which offers personal development, in-depth understanding of shipbroking and career coaching through a combination of workshops, desk rotations, on-the-job training and mentoring.

We are committed to increasing our participation in the MPA Global Internship Award, which gives high-achieving students an opportunity to become immersed in experiential learning with international maritime companies in Singapore and around the world.

The MPA is also running a Maritime Leadership Programme targeted at high potential talent in maritime companies in Singapore where our own high potential individuals will be able to learn about other segments of the maritime value chain and develop their leadership and management skills in the maritime sector specifically.

Logistics Division

Continued recruitment during the pandemic enabled the Logistics Division to handle the increased workload in the Port Agency business generated by Brexit, with 43 new members of staff recruited across our UK and global offices. The whole recruitment process pivoted to an online model, with interviewing, on-boarding and initial training all executed remotely. Dealing with Brexit regulation also necessitated additional training for some staff, who undertook the UK Customs Academy Level 7 course to extend their job knowledge.

Customs knowledge is an important skill for our Port Agency and during the financial year, nine members of staff completed the Level 3 certificate in Customs Compliance in the UK. Internationally, we encourage employees to undertake the Diploma in World Customers and Compliance run by The Institute of Export and International Trade.

We continued to develop and roll-out the senior leadership and management development programme we initiated during the previous financial year, with two cohorts successfully completing the programme online during the financial year.

Early steps into the delivery of an apprenticeship scheme yielded positive results as the first apprentice recruited in Middlesbrough successfully completed the programme and we plan to extend this going forward to other locations.

Employee engagement

Employee communication has been more important than ever during the financial year to maintain engagement as employees worked increasingly from home. The Divisional management teams held regular briefings on the business for everyone, line managers kept in close contact with their teams through weekly calls, and colleagues supported each other daily. Well-being was a key area of focus for all with plans to extend the mental health training offered to UK employees in the previous financial year across the Group in the current financial year.

Whilst the Shipbroking Division plans to survey its employees in the summer of 2021, the results of the Logistics Division's employee engagement survey in the financial year showed that the well-being score had been impacted by COVID, although overall scores were more positive and a higher number of employees had responded. Employees are proud to work for the Logistics Division, feel they are well supported by their manager, and they have a clear career path ahead.

Stephen Kunzer remains the non-executive Director nominated by the Board to engage with the workforce and ensure that their views are considered in Board discussions. Stephen commented:

"Our employees are our assets and integral to the success of our business. We intend to further improve on their employee experience and satisfaction within 2021 through closer discussion, employee surveys and employee workshops."

Stephen Kunzer,
Non-executive Director
Health, safety and well-being

Sustainability report continued

With a focus on our employees' health and well-being, particularly during the global pandemic, the Group recognised that supporting mental health was increasingly important. This was of particular concern with younger employees, some living alone, and with a demographic of male colleagues for whom talking about mental health is not always an easy topic. The Group continues to increase its commitment to supporting employees' mental well-being.

In the UK, mental health training was offered to all employees to help them support their colleagues. This was complemented by a health and well-being site within the intranet launched in October 2020 to coincide with World Mental Health Day (10 October 2020).

There was good take up for pilot mental health awareness sessions, which will now be rolled out internationally as part of the Mental Health Strategy for the current financial year. A Mental Health Pathway was added to the Group's UK private medical cover, as a new benefit offered to our UK employees. This provides a confidential, direct self-referral route to a range of therapies. The Group is also planning to provide employees with access to a virtual GP service, in light of the added pressures to health services during the pandemic and beyond. The Employee Assistance Programme launched in the UK last year will be extended globally in the current financial year.

The Logistics Division signed the 'Mental health in Maritime' pledge and also trained a team of six mental health first aiders across the UK, who have their own section of the intranet where they can offer advice and guidance.

Health & safety policies and procedures are well-established in the Logistics Division, where health & safety champions are appointed in every office. Reporting of near misses is required and for a second year in a row, no major incidents were recorded. The Division's commitment to meeting the highest standards of health & safety is reflected in the successful completion of the new ISO (Health & Safety : ISO 45001) accreditation in August 2020, which now sits alongside its environmental and quality certifications.

The Shipbroking Division has made great strides in this area during the year with the development of a company-wide health & safety policy, underpinned by a global review by an independent HSE consultancy.

Culture and diversity
We have a strong culture, focused on excellence and delivering the highest quality service to our clients. Our positive work culture was a feature in the results of the Logistics Division's employee engagement survey.

As a global business with a multi-cultural workforce of many different nationalities, we have a rich mix of viewpoints, talents and experiences making us a diverse, inclusive organisation. There is still more progress to be made on gender equality. As at 28 February 2021, women accounted for 25% of our global workforce (131 out of 521) (29 February 2020: 22%). The Group's senior management comprises three females and 11 males, with one female and five male Directors on the Board. A recent review of the maternity and paternity policy is an example of measures taken to provide more support to working parents and, in particular, to improve the retention of new mothers.

In the UK, Braemar Atlantic has complied with the FCA regulation scheme, the Senior Managers and Certification Regime, which aims to drive up standards of conduct in financial services. This requires a skills competency review of the team to complete the annual certification affirmation process.

The Logistics Division signed up to the Diversity in Maritime Charter in February 2021 and has a new diversity policy. This is being underpinned by unconscious bias training, initially for senior management, but then to be rolled out fully along with an e-learning module on diversity and equality for all employees.

Our values

- **Our people are the most important part of our business and the key to our success.**
- **We aim to engender a culture that strives for excellence. Our teams are motivated to excel at all levels.**
- **We aim to meet and exceed our clients' needs by focussing on quality of service and innovation.**
- **We work with integrity and pride. We do the right thing at the right time.**
- **We recognise the risk of climate change and are taking steps to reduce our impact on the environment.**
- **We care about the safety of our people, of our contractors and of our clients.**
- **We understand risk and seek to manage it for our stakeholders and our clients.**

Ethics and Compliance
In line with our values, we set high standards for our employees and give them clear policies and frameworks to operate within, supported by training and an externally provided helpline to report any incidents under our whistleblowing policy.

The majority of our policies were updated and rolled out to all employees last year. Two online training modules were launched in the financial year and tracked to ensure full participation. Module One covered Braemar's Governance Framework, Anti-Money Laundering/Know your Customer, Modern Slavery, Sanctions and Anti-Bribery and Corruption. Module Two included Conflicts of Interest, Anti-Fraud, Anti-Tax Evasion, Entertainment, Meals and Gifts, Whistleblowing and Complaints. Module Three is being rolled out in the current financial year. This includes Health & Safety Essentials and IT Policies, including important cybersecurity content, the Employee Handbook, Share Dealing and Delegation of Authority.

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

Compliance with Know Your Customer regulation is now a critical part of our customer due diligence process and we have ensured that our approach is consistent across our organisation. The same tools are used and the data is stored in a central system that provides a clear audit trail. Initial screening of new customers results in a go/no go decision to proceed. Documentation is then uploaded and automatic rescreen alerts are generated at intervals of six, 12 or 24 months depending on the customer risk profile.

Our community
Contributing to industry initiatives and to our local communities is an important part of our culture and we encourage participation across the organisation.

This year we have formed a Corporate Social Responsibility Committee which will appoint a global charity for the Group to support in the current financial year, with a plan for every office in the Group to organise fund raising events for both the global charity and a local charity of their choice. We continue to support Mercy Ships, as they take their hospital ships to ports around the world to provide life-changing surgery.

Many offices are already supporting local charities. The Group's London office participated in the Christmas Charity appeal for Connection – a charity for the homeless in Westminster. The Group's Singapore office contributed to a hospital for sick children – Ronald McDonald House – and to Willing Hearts, a local soup kitchen. Our Logistics Division focused on its local communities, donating to foodbanks and sourcing, importing and donating surgical masks to several care homes and a hospice.

Our environment
As primarily an office-based organisation, our environmental footprint is low and has been even lower this year, with the majority of staff working from home for long periods and minimal international travel. The Logistics Division obtained its Environmental : ISO 14001 accreditation in 2013 and has retained this.

However, we are conscious that we operate in a sector that produces 2.5%* of global GHG emissions where there are no easy solutions to reducing the carbon emissions of the world's shipping fleets. Whilst the International Maritime Organisation has pledged to reduce emissions by 50% by 2050, one immediate initiative to mitigate this is to offer a carbon offsetting scheme, similar to the aviation industry model. Braemar intends to offer a service to its customers that will measure the carbon output of each voyage and give customers the option to offset this against verified carbon standards that include re-afforestation and renewable energy projects, for example.

This will provide a registry for all Braemar's shipping activity, through a live system that will give customers a proactive choice and is planned for completion in the current financial year.

* 3rd IMO GHG study

Streamlined Energy and Carbon Reporting ("SECR")
We measure and monitor our energy and calculate our greenhouse gas emissions based on the use of gas and electricity in our offices, car usage for business purposes and business travel, as shown in the table below. The data in this table represents the Group's GHG emissions and excludes associates and joint ventures. We recognise that the financial year was an unusual year with many of our offices closed for yearlong periods and the move to remote working. The impact of this can be seen in the reduction in GHG emissions in each category.

Greenhouse gas emissions	2020/21	2019/20
Scope 1 emissions UK	**9**	102
Scope 2 emissions overseas	**6**	68
Scope 2 emissions UK	**78**	215
Scope 2 emissions overseas	**25**	158
Total Scope 1 & 2 emissions	**118**	543
Scope 3 emissions	**90**	161
Total Scope 1, 2 & 3 emissions	**208**	704

Scope 1 covers direct emissions from owned or controlled sources.
Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
Scope 3 includes all other indirect emissions that occur in a company's value chain.

The Group consumed a total of 450,809 kWh of electricity during the financial year, with 341,973 kWh consumed in the UK and 108,836 kWh consumed overseas.

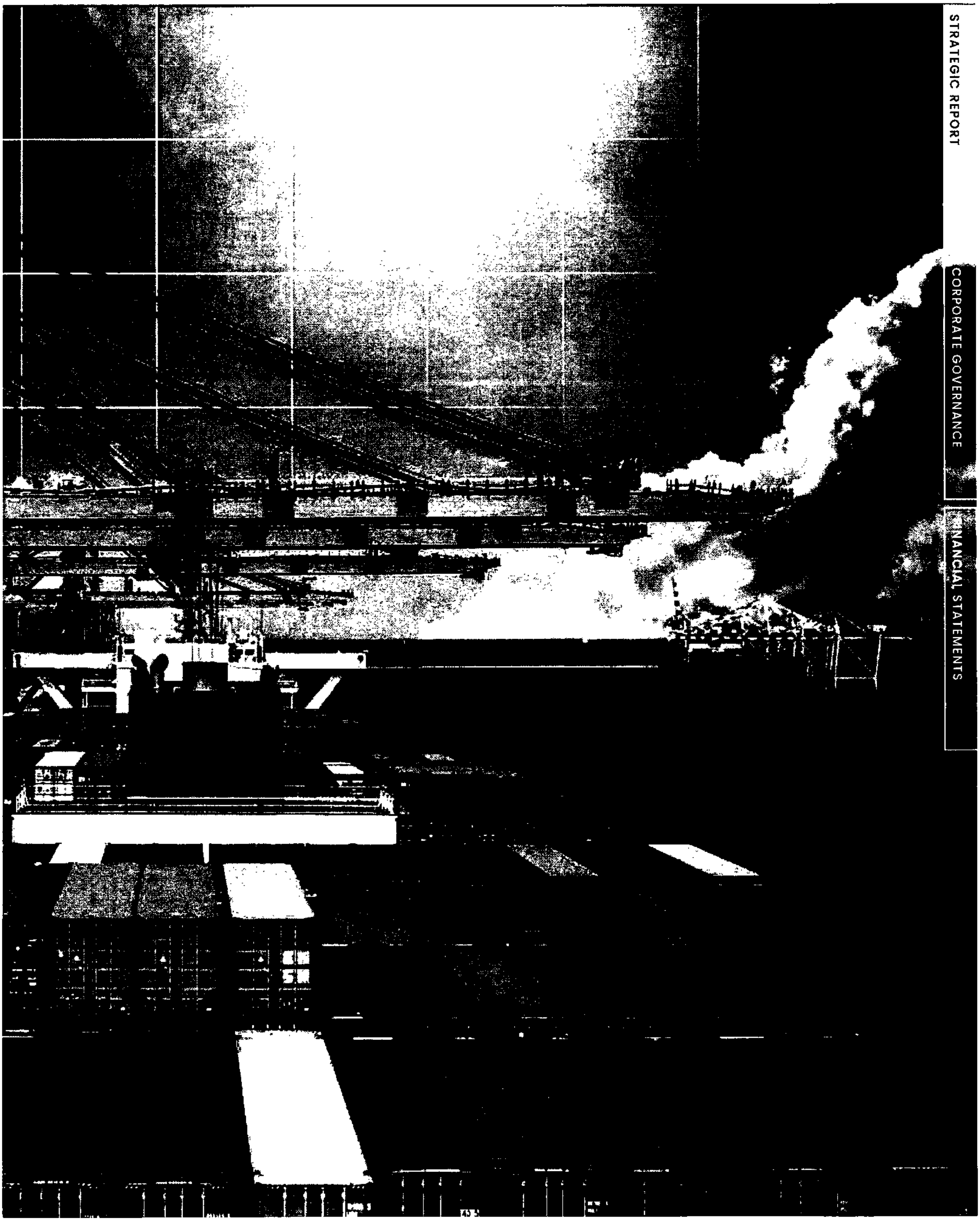
In line with the SECR requirements, we have calculated our Intensity Ratio based on our emissions per employee, which we feel is an appropriate measure for a people-based business. We plan to revisit our energy efficiency measures in the current financial year once our offices have reopened.

Intensity ratio	2020/21	2019/20
Average number of employees from continuing operations	**528**	526
Tonnes of CO_2 per employee	**0.4**	1.3

Non-Financial Information Statement

This is our Non-Financial Information Statement, prepared to comply with sections 414CA and 414CB of the Companies Act 2006. We explain here where you can find further information on how we act responsibly in relation to our employees, wider society and the environment.

Reporting requirement	Key policies and standards (which include relevant due diligence requirements)	Further information
Environmental matters	– Health, safety and environmental	For more on environment See page 27
Our employees	– Employee handbook – Whistleblowing – Health and safety	For more on our people See pages 24–26
Social matters		For more on communities See page 27
Human rights	– Anti-slavery – GDPR	For more on ethics See page 27
Anti-bribery and corruption	– Anti-Bribery and Corruption – Anti-Tax Evasion – Anti-Fraud – Anti-Money Laundering/Know Your Customer – Entertainment, Meals and Gifts	For more information See page 27
Our business model		For more information See page 6
Principal risks – Risk management		For more information See pages 34–39
Non-financial key performance indicators		For more on key performance indicators See pages 7, 8, 26, 27 and 51



Financial review

Resilient performance in the face of difficult trading conditions

"We are delighted to report underlying financial performance ahead of management's expectations.

Nick Stone
Group COO and Finance Director

A strong year for the Shipbroking Division in the circumstances and significantly improved margins in the Logistics Division are evident in the increased underlying operating profit from continuing operations delivered during the year.

Summary income statement 2021

	2021 £'000	2020 £'000
Revenue	**111,778**	117,655
Cost of sales	**(17,000)**	(18,121)
Operating costs	**(82,485)**	(85,647)
Central costs	**(3,383)**	(2,857)
Underlying operating profit before specific items	**8,910**	11,030
Acquisition and disposal-related income/(expenditure)	**1,873**	(2,008)
Restructuring & other operating costs	**(262)**	(1,336)
Operating profit	**10,521**	7,686

Overview
Statutory operating results improved, with operating profit increasing to £10.5m from £7.7m as a result of the *sale of AqualisBraemar shares and* reduced acquisition-related and restructuring costs. The underlying measure fell to £8.9m from £11.0m as a result of lower Shipbroking revenues and higher central and investment type costs. The net impact of acquisition-related items are separately identified as specific items and have decreased from £2.4m to £1.2m. There was an overall non-trading profit related to the holding of AqualisBraemar shares of £3.1m compared to £0.4m in the prior year as shown in Note 8. Losses from discontinued operations were £2.5m (2020: £2.3m) of which £1.7m related to trading losses in the Engineering Division, Wavespec. Reported profits for the year were £5.1m compared to £4.0m in the previous year.

Direct and operating costs
Cost of sales mainly comprise freight and haulage costs incurred in the Logistics Division where margins have remained fairly constant over the year. Operating costs reduced due to lower levels of travel and entertaining expenditure and employee bonuses in the Shipbroking Division being partially offset by increases in the costs of new broker teams, IT and central costs. Staff costs have also been reduced temporarily in Singapore and Australia by certain government grants totalling £0.9m as described in Note 3.

Specific items
We have separately identified certain items that we do not consider to be part of the ongoing trade of the Group. These *significant items are material in* both size and/or nature and we believe may distort understanding of the underlying performance of the business. These are summarised below:

Acquisition and disposal-related expenditure
We have accounted for £1.2m (2020: £2.4m) of acquisition-related charges during the year, for the acquisitions of NAVES Corporate Finance GmbH and Atlantic Brokers Holdings Limited. Of these acquisition-related specific items, £1.9m was paid during the period in cash.

Of the total charge of £1.2m, the Group incurred £0.8m of costs which are directly linked to the acquisition of Braemar Naves (2020: £1.2m). These include £0.9m of post-acquisition consideration payable to certain sellers under the terms of the acquisition agreement. The acquisition agreement included substantial payments to the working vendors, conditional on their continuing employment, some of which were related to the profitability of the Financial Division during the first three years of ownership.

Costs incurred on the Braemar Atlantic acquisition were £0.3m (2020: £1.1m) of post-acquisition consideration payable to certain sellers under the *terms of the acquisition agreement.*

There are also several non-trading specific items relating to the holding of AqualisBraemar shares and warrants totalling a net profit of £3.1m. In the prior year accounts, there was a credit of £0.4m relating to an increase in the carrying value of the warrants, which reversed in the year as a result of COVID-related deteriorating forecasts in their business. During the year, AqualisBraemar acquired the LOC Group to form AqualisBraemar LOC as described in Note 18. As a result of the associated rights issue, the Group's shareholding was diluted to 20.8% of the enlarged Group, but the transaction also resulted in a gain of £0.8m in the book value of that holding following the completion of the acquisition. In January 2021, the Group sold 9.6m shares representing around 10.4% of the AqualisBraemar LOC share capital resulting in a gain of £2.2m. These items are described in more detail in Note 8.

Financial review continued

Discontinued operations
A decision was taken in August 2020 to dispose of the Group's Engineering Division, Wavespec, and therefore it has been treated as a discontinued operation. Consequently, the Wavespec results do not form part of the Group's underlying performance. Comparative periods have been restated to reflect consistent reporting between periods. In the prior year, the results of the three business units of the former Braemar Technical Services Division that were sold in June 2019 were also classified in this way.

The discontinued operations made a total post-tax loss of £2.5m during the period of ownership in the year of which £1.7m relates to trading losses and the balance to certain specific sale-related items as described in Note 9. In the prior year, a loss of £2.3m was reported, of which £1.4m relates to the trading losses made by Wavespec and £0.9m relates to the disposal of the Technical Services Division business units.

Other specific items
In the prior year, there was an aggregate charge of £1.3m relating to the one-off costs of a restructuring programme in the Logistics Division and to Board changes during the year.

Share of associate profit for the period
The reported share of associate profit for the period relates to the ownership of shares in AqualisBraemar and comprises the Group's share of trading profits of £0.3m (2020: (£0.3)m) and the movement in fair value of contingent consideration of £0.1m (2020: £0.7m), which is treated as a specific item and not part of underlying profits. Dividends of £0.6m (2020: £nil) were paid by AqualisBraemar during the year.

Finance costs
The net finance cost for the year of £1.5m (2020: £1.9m) reflects the cost of working capital associated with the revolving credit facility held with HSBC, the convertible loan notes associated with the acquisition of Braemar Naves and the interest charge associated with right-of-use assets under IFRS 16. £1.1m has been attributed to underlying operations (2020: £1.4m), including £0.4m for the IFRS 16 charge (2020: £0.4m), and £0.4m to the funding of the Braemar NAVES acquisition (2020 £0.5m).

Capital expenditure
Total capital expenditure was £2.3m (2020: £3.9m). 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 totalled £1.2m in the year (2020: £2.2m) and do not relate to cash payments in the year. The balance relates to capitalised expenditure on computer software of £0.6m (2020: £0.6m) and other expenditure on fixtures and fittings and leasehold improvements of £0.5m (2020: £1.1m).

Balance sheet
Net assets at 28 February 2021 were £63.6m (2020: £57.5m). The year saw a reduction in gross trade receivables to £27.3m from £31.9m at the previous year-end after strong cash collections. The proportion of trade receivables provided against was broadly in line with the previous year.

Borrowings and cash
At the balance sheet date, the Group had a revolving credit facility available to it of £35.0m with HSBC. The Group also has access to a global cash pooling facility in the UK, Germany and Singapore which allows efficient management of liquidity between our main regional hubs. The Group operates a pooling arrangement for cash management purposes and at the end of the year the Group had net debt across those pools of £8.9m (2020: £20.0m).

The HSBC facility was extended in May 2021 from its original termination date of September 2022 by one year to September 2023. The facility available within the extended facility was reduced to £30.0m with amended covenant ratios in the light of the reduced requirements following the sale of AqualisBraemar shares both before and after the year-end.

Retirement benefits
The Group has a defined benefit pension scheme which was closed to new members during the 2015/16 financial year. The scheme has a net liability of £3.8m (2020: £3.7m), which is recorded on the balance sheet at 28 February 2021. The agreed annual scheme-specific funding since the triennial valuation as at March 2014 was a cash contribution of £0.5m. The latest triennial funding valuation as at March 2020 was carried out during the year and the result was an unchanged annual employer cash contribution of £0.5m, which was agreed with the trustees and is being paid in monthly instalments.

Convertible loan notes and deferred consideration
In total, the Group has committed to the issue of up to €24.0m convertible loan note instruments in respect of the acquisition of Braemar Naves. 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 390.3p for management sellers and 450.3p for non-management sellers.

The fair value of convertible instruments and deferred consideration as at 28 February 2021 was £10.4m (2020: £10.5m). Of the total €24.0m, a total of only €18.3m will now be issued after the measurement of the final earnout in September 2020 as described in Note 14. Agreement has been reached with the holders of the loan notes that the earliest redemption dates of the outstanding balance (including amounts to be satisfied by the issue of new shares) will be as follows:

February 22	£3.1m
February 23	£1.4m
February 24	£0.6m
February 25	£0.6m
February 26	£2.5m

The documents for this agreement are in agreed form and will be executed immediately following the announcement of the preliminary results for the year and the parties are free from the close period restrictions.

Foreign exchange
The US dollar exchange rate has moved from US$1.28/£1 at the start of the year to US$1.39/£1 at the end of the year. A significant proportion of the Group's revenue is earned in US dollars. In order to protect the future sterling value of those revenues, at 28 February 2021, the Group held forward currency contracts to sell US$48.8m at an average rate of US$1.33/£1.

Taxation
The Group's underlying effective tax rate in relation to continuing operations in 2020/21 was a charge of 19.3% (2020: credit of 0.7%), which is broadly in line with the current UK tax rate. The prior year credit arose as a result of overprovisions in earlier years and deferred tax credits arising on the creation of IFRS 16 lease assets.

Alternative profit measures ("APMs")
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 useful information to investors and other interested parties. In particular, 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. Our prior year APMs have been restated to reflect the reclassification of discontinued operations noted above.

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 the previous year 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 540,000 shares in the Company were purchased by the Trustee; as a result at 28 February 2021 the ESOP held 525,837 shares (2020: 348,400 shares).

Dividend
The Directors are recommending for approval at the AGM on 20 July 2021 a final dividend of 5p. No interim dividend was paid, nor was a final dividend paid for the previous year due to the uncertainties created by the COVID pandemic. This total dividend of 5p for the year is covered 3.9 times by the underlying earnings per share from continuing operations of 19.4p.

Going concern
Particular care has been taken in preparing these accounts to the going concern review and viability statement due to the ongoing COVID impact on global trade. However, the strong cash flows exhibited during the year and the sale of shares in AqualisBraemar have meant that the Group is in a much stronger position than at the previous year-end. This balance sheet strength has been increased further since year-end with a further sale of the remaining AqualisBraemar shares. Nevertheless, careful and frequent monitoring of cash forecasts and client payments will be maintained to ensure this situation continues.

Nick Stone
Group COO and Finance Director
2 June 2021

Principal risks and uncertainties

Approach to risk management

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

The Group's risk management framework
The Board is responsible for managing the Group's risk, overseeing the internal control framework and determining the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term objectives. The Group's risk management and internal control framework is continually monitored and reviewed by the Board and the Audit Committee. The Board is committed to maintaining a reputation for the highest standards of conduct in all aspects of its business, but in considering the other matters set out in Section 172 of the Companies Act 2006, the Directors were mindful that the approach must be balanced with the interests of the Group's employees and the need to foster the Group's business relationships. As such, the Group's policies and procedures are designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and aligned with the Group's long-term strategy, but also to avoid a disproportionate administrative burden on employees, clients or counterparties.

Reporting to the Chair of the Audit Committee and the Group COO and Finance Director, the Group Head of Internal Audit and Group Risk & Compliance Manager leads the Risk Management, Internal Controls and Compliance functions.

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

- Divisional management teams have initial responsibility for identifying, monitoring and updating business risks; while
- Key specialist personnel at Group level review areas such as IT, HR, Legal and Finance, and consider risks not addressed at Divisional level.

The Group's Risk Management framework is managed via an online system/solution which is accessible to Group and Divisional management teams globally. The system allows for:

- Group-wide real-time updating;
- Ongoing monitoring of risks and mitigation activities at both Group and Division levels; and
- Risk Management reporting at company location, Division, and Group levels.

The Group's risk management framework uses a matrix approach to determine both the likelihood and the impact of identified risks. The matrix produces a score which is used to evaluate collectively the extent of all risks within a similar categorisation or certain profile, and to illustrate the effectiveness of our mitigation of a single risk by capturing the gross and current (net of mitigation controls) score of each individual risk.

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

The risk management process also evaluates the timescale over which emerging risks may occur. For example, climate change has been identified as an emerging risk for the shipping and energy sectors within which the Group operates, but its potential impact on the Group's operations is not expected to be felt sufficiently soon for it to be identified as its own principal risk at this time.

The risk management process ranks identified risks (factoring in their potential impact and likelihood, as well as the timescale in which they may occur), which are then further considered by the Risk Committee, the Audit Committee and the Board.

Risk Management is led at Group level by the Group COO and Finance Director, General Counsel, and the Group Head of Internal Audit and Group Risk and Compliance Manager. Group risk management and Divisional management teams monitor risks regularly, taking into consideration the appetite, tolerance, and potential impact for specific risks on the Group.

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

- Maintenance of appropriate insurance cover.
- Establishment of Group budgets prepared annually and approved by the Board.
- Monitoring the performance of the Group and the individual businesses against budget and reforecasts throughout the year including investigation of significant variances.
- An internal system of checks and authorisations and independent audits which are conducted in relation to the Quality : ISO 9001 certification held in the Logistics Division.
- Operation of the Group's whistleblowing procedure.
- Treasury management activity regularly reported to the Board by the Group COO and Finance Director. (Note that the Group does not enter speculative treasury transactions.)
- Using common Group systems covering accounting, HR and operations supported by a global IT team.
- Monitoring contractual risk by the Group legal team.
- Succession planning and strategic recruitment supported by the Group HR team.
- Enhancing/strengthening Group Governance Framework, including review and updating of Group policies.
- Monitoring employee compliance with Group Governance Framework by Group Head of Internal Audit & Group Risk and Compliance Manager.

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

Risk	Summary of impact	Mitigating control and management actions
Geopolitical and macroeconomic **Braemar's businesses may be negatively impacted by geopolitical and/or macroeconomic issues, such as climate change, changes in the crude oil price, restrictions in global trade due to pandemics such as COVID, sanctions, and changes in supply and demand.**	A downturn in the world economy could result in reduced transaction volumes and lower revenue. Changes in shipping rates and/or changes in the demand or pricing of commodities could affect supply activity. **Change from 2020** —	The Group's diversification on a sector and geographic basis reduces dependency on individual business areas. Continued monitoring to ensure the Group is appropriately resourced across its activities and geographies. Ongoing management of costs based on current and reasonably foreseeable market conditions.
Currency fluctuations **The Group is exposed to foreign exchange risk as a result of a large proportion of its revenue being generated in US dollars while the cost base is in multiple currencies.**	A change in exchange rates could result in a financial gain or loss. **Change from 2020** —	The Board monitors macroeconomic issues to assess possible foreign exchange movements. Forward currency (US$) contracts are entered into to mitigate the risk of adverse currency movements.
Financial capacity **Limited financial capacity could result in the Group being unable to execute all of its strategic objectives.**	Without sufficient financial resources the Group cannot execute all of the growth opportunities that may be available. **Change from 2020** —	All identified growth opportunities prioritised to ensure that resources are allocated to opportunities with the best potential return. Regular review of debt levels and dividend policy and the extension of banking facilities.

Principal risks and uncertainties continued

Risk	Summary of impact	Mitigating control and management actions
Financial liquidity **The Group could experience liquidity problems as a result of the extended lead times certain revenue streams require to convert to cash.**	The Group could be cash constrained resulting in reduced investment, headcount, dividends, and not achieving its strategic objectives. Change from 2020 ↘	Continued working capital management and monitoring across the Group, with coordinated resolution of any liquidity deficits. Strategic activities have improved financial liquidity, including: – reduction of ownership in AqualisBraemar an associated company; – restructuring/deferral of Braemar NAVES acquisition payments; and – deferral of dividend payments while strengthening the Group's balance sheet. Ongoing consolidation of banking relationships and the implementation of global pooling capabilities. Ensure operation of, and compliance with, robust credit controls across the Group, including adherence to agreed payment terms.
Failure to attract and retain personnel **Failure to identify, attract, and retain skilled personnel could result in failure to deliver business objectives and to maintain client relationships.**	If key staff leave the Group, they are likely to take "their" business with them, resulting in a loss to the Group. If new staff are not attracted to the Group, then rate of growth may be limited. There has been very little employee attrition during the COVID pandemic which could lead to an increased risk of losing employees once pandemic restrictions end. Change from 2020 ↗	Ongoing development of a culture of engagement and professional development, including career path and succession planning. Maintenance of competitive remuneration packages, including use of deferred equity awards. When it is possible for all employees to return to working in the office, consideration will be given to roles where more flexible working arrangements would be possible for those employees who value flexibility. This would also allow the attraction of employees who live away from existing Braemar offices.
Disruptive technology **The risk of technological change, and increased customer demands for enhanced technological offerings could render aspects of our current services obsolete, potentially resulting in loss of customers.**	Relationships could be devalued and replaced by disruptive technology platforms, resulting in increased competition and consequent price reductions. Change from 2020 —	We have invested in technology, including in our Logistics business with ShipTrak+ and through Zuma Labs with the Venetian platform being used in the Shipbroking Division. We are modernising our infrastructure to allow us to get the basics right and then focus on innovation and strategic direction.

Risk	Summary of impact	Mitigating control and management actions
Cultural behaviours **Inadequate policies and reward structures could incentivise negative behaviours, create internal conflict, and could lead to reputational damage.**	Negative behaviours or actions that result in employee relations claims/litigation/tribunals, giving rise to negative publicity in the public domain which leads to reputational damage. Change from 2020 ↘	Regular review of policies including Conflict of Interest Policy and Employee Handbook, which set out behavioural expectations and employment practices for managers and employees. Annual review, with external benchmarking, helps to ensure remuneration packages continue to be appropriate and competitive. Managers are aware of their people management obligations and protection of employee well-being, including ensuring employees take adequate holiday and maintain appropriate working hours.
Corporate governance & change management **Corporate governance framework or management structure ineffective in introducing and embedding change, managing our business, and achieving the Group's strategic objectives.**	The business may not operate efficiently and effectively, leading to the risk that strategic objectives are not achieved, and resulting in lower returns. Internal and external relationships could be damaged/missed. Business development opportunities could be damaged. Change from 2020 —	Regular review of corporate governance framework, management structure, succession planning and job mapping, and responsibilities at Group and Division levels, for (1) continuous improvement and (2) alignment with best practice. New training has been introduced in the last year to ensure all employees are kept updated with the governance framework and related policies. Ongoing monitoring to ensure employee completion of annual Group governance training plans, compliance with all relevant Group policies and completion of Group attestation requirements. Oversight role enhances the effectiveness of Internal Audit and Compliance processes, and management infrastructure change enhances career path transparency.
Compliance with laws and regulations **The Group is exposed to the risk of breaches of requirements, such as those included in the UK Bribery Act, the Proceeds of Crime Act (POCA) 2002 (UK Anti-Money Laundering regime), and Data Protection legislation.**	Breaches could result in fines, sanctions and loss of the ability to operate. Change from 2020 —	Ongoing monitoring of legal and regulatory compliance across the Group. Group-wide training program to help ensure employee awareness of all relevant legal and regulatory obligations: – Braemar Corporate Governance Framework; – Braemar Risk Management methodology; and – compliance with our policies, relevant laws & regulations. Ongoing monitoring to ensure insurance cover is maintained at adequate levels.

Principal risks and uncertainties continued

Risk	Summary of impact	Mitigating control and management actions
Cybercrime/data security **Cybercrime could result in loss of business assets or disruption to the Group's IT systems and its business.** **Lack of appropriate data security could result in loss of data.**	Loss of service and associated loss of revenue. Reputational damage. Potential for loss of cash due to fraud or phishing. Change from 2020 ↘	In 2021 H1 we will have rolled out Security Operations Centre ("SOC") as a service using Darktrace technology. In 2021 H2 we will further improve our cyber security position through improved infrastructure, two-factor authentication, mobile device management and utilising the Microsoft Advance Threat Protection Suite. We will also be improving the visibility and routing of our traffic through implementation of an SD-WAN. As we continue to roll out the Microsoft 365 suite of applications, we will be utilising SharePoint, which will give us improved Data Loss Prevention. We are also performing regular penetration testing on our network and key systems.
Major business disruption **The risk of disruption to our business due to a disaster or unplanned events occurring.**	The business may be unable to operate as effectively as usual resulting in financial loss. Change from 2020 ↘	During 2021, we are performing significant upgrades to our network and telecoms estate in order to provide a more robust, scalable and resilient platform to deliver applications and services globally. Network and telecoms upgrades will include decommissioning on-premise equipment in Australia and Singapore and moving to the cloud, re-architecting our network with an SD-WAN and utilising the Microsoft 365 suite more efficiently. Improved monitoring of our systems in order to deliver better service.

Internal audit
The Group's internal audit function is monitored and reviewed by the Audit Committee, to ensure that the Group's risk management and internal controls processes are working effectively. A detailed description of the Group's internal audit function can be found on pages 48–49 of this Annual Report.

Going concern
The Group generated strong underlying operational cash flow in the year despite the COVID pandemic and has continued to do so in the first months of trading in the current year. Although the current trading environment is more predictable than a year ago, there are still uncertainties related to the ongoing COVID disruptions. The Group's banking facilities have recently been extended for a year with the main bankers, HSBC, and the Directors believe that the Group is well positioned to manage its risks. For the reasons outlined in detail in Note 1 (see page 75), they also consider there is no material uncertainty relating to going concern. The Directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for 12 months from the date of the approval of these Financial Statements and for this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a period of three years, which they believe is an appropriate period based on the Group's current financial position, budgets and forecasts, strategy, principal risks and exposure to potentially volatile market forces. During the year, the Directors have engaged with the Group's main bankers, HSBC, and following the year-end succeeded in agreeing an extension of the current facilities for a further year to September 2023 in order to allow more time to identify the appropriate longer-term facilities needed to fund the Group's growth plans. The relaxation of certain covenants relating to the facility that was agreed in June 2020 was not actually needed due to the strong cash generation during the period and will be tightened up again over this period. The Directors' testing of the assessment takes into account the new facility terms and included a review of the financial impact of significant adverse scenarios, resulting from declines in Group revenue and profitability that could threaten the viability of the Group, together with the likely effectiveness of the potential mitigations that are reasonably believed to be available to the Group over this period. In considering these potential mitigations, the Board was mindful of its duties under Section 172 of the Companies Act 2006 and considered the potentially competing interests of different stakeholder groups and the potential long-term consequences of the actions, including the use of funds for remuneration (and the role this plays in the retention of staff), paying dividends, making investments and repaying debt.

This assessment also incorporated a "reverse stress test" which is designed to identify scenarios under which the Group's banking facilities would be inadequate to continue as a going concern despite using the mitigating options available. The Directors have concluded that the revenue and operating margin scenarios that would lead to such a failure are highly unlikely. This is based on current trading and market conditions and the fact that there is no evidence indicating that revenues and margins will fall to levels indicated in this test.

The cash flow forecasts assessed the ability of the Group to operate both within the revised covenants and the facility headroom, and included a number of downside sensitivities, including the reverse stress test scenario. The main downside sensitivities used were annual revenue reductions of 7.5% and 15% from June 2021 to June 2022 and stabilised thereafter. Revenue was chosen as the main variable as there is a very low level of cost of sales, other than in the Freight Forwarding sub-division within the Logistics Division, which makes a very low gross margin. Hence the remaining costs are largely fixed or made up of bonus pools which will vary in line with the levels of revenue. Under these two cases the Board concluded that there were sufficient cost-saving and cash management mitigations available to it to ensure that the Group could continue to operate under the current banking facilities over the three-year period.

The reverse stress test performed to satisfy the going concern testing, ascertained the point at which the covenants would be breached in respect of the key assumption of forecast revenue decline when available mitigations to the Board were exhausted. This test indicated that the business would be capable of withstanding a reduction of approximately 29% in forecast revenue from June 2021 through to June 2022. In light of current trading, forecasts and the Group's performance since the COVID pandemic began in March 2020, the Directors concluded the likelihood of such a reduction to be remote, such that it does not impact the basis of preparation of the Financial Statements and there is no material uncertainty in this regard. They also noted that the facility headroom in terms of liquidity remained adequate even under the reverse stress test conditions and that it was the leverage covenant which would be breached if revenue fell by more than 29%. In recent years, the Group's bankers have been highly supportive and allowed relaxations of covenants to give the Board the time to make alternative plans to ensure sufficient liquidity is available to continue the Group's plans. There is therefore a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

In assessing the prospects of the Group, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Corporate Governance Report

This report, which comprises this introduction, the following pages 42-46, the Audit Committee Report on pages 47-49, the Nomination Committee Report on pages 50-51, together with the Directors' Remuneration Report on pages 52-60, describes how the Board and its Committees operate and how the Company has applied the Code during the year ended 28 February 2021.

Chairman's introduction

I am delighted to have joined the Company as its new Chairman and look forward to maintaining a high standard of corporate governance across the Group. An effective governance framework is essential to allow a Company to succeed in delivering its strategy and in preserving its reputation and the trust and support of its shareholders, clients, employees and other stakeholders.

In 2020/21, the Company was subject to the UK Corporate Governance Code published by the Financial Reporting Council (the "FRC") in 2018 (the "Code"). The Code is publicly available on the FRC's website at: www.frc.org.uk. The Board endorses the principles and provisions set out in the Code and believes that the Company has been compliant with the Code throughout the year, with the exception of Provision 9, which states that the roles of the Company's Chair and Chief Executive should not be exercised by the same person. As was reported in last year's Annual Report, the Board believed that it would be in the best interests of the Company and its stakeholders if my predecessor, Ronald Series, took on the role of Executive Chairman on an interim basis following the retirement of the Group Chief Executive Officer in July 2019, whilst the Company determined the future structure and direction of the business following the disposal of the majority of the Braemar Technical Division's business units. The Board engaged with the Company's shareholders and employees on the decision and considered that it was the best approach, particularly in light of the strength of the Group's broader senior management. The Board also took steps to mitigate and monitor any potential impact on the division of responsibilities between the leadership of the Board and the executive leadership of the Company, and the Company's broader governance framework, which included the Company's Senior Independent Director taking on the role of Chair of the Nomination Committee, and other additional responsibilities, whilst the Company had an Executive Chairman. The Board intended to appoint a new Group Chief Executive Officer in due course and, with effect from 1 January 2021, James Gundy was appointed Group Chief Executive Officer, with Ronald Series returning to the role of non-executive Chairman, meaning that the Company has since been fully compliant with the Code.

Nigel Payne
Chairman
2 June 2021

Board of Directors

The Board consists of the non-executive Chairman, the Group Chief Executive Officer, the Group COO and Finance Director and three independent non-executive Directors. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company, taking into account the interests of the Company's various stakeholders. The Group Chief Executive Officer leads the executive and divisional management in the development of strategy and the management of all aspects of the performance and operations of the Company and its subsidiaries.

EXECUTIVE DIRECTORS

James Gundy (56)
Group Chief Executive Officer

Committee memberships
None.

Background and relevant experience
Previously Chief Executive Officer of Braemar's Shipbroking Division since joining the Company in 2014 following the merger with ACM Shipping Group Plc. He has been a shipbroker for 35 years specialising in Tankers and Sale and Purchase Projects.

External appointments
None.

Nick Stone (57)
Group COO and Finance Director

Committee memberships
None.

Background and relevant experience
Chartered accountant. Formerly Chief Financial Officer of The Appointment Group. Prior to that, a Director of Hornby plc and various positions including Operations and Finance Director with KBC Advanced Technologies plc. He joined the Board of Braemar Shipping Services Plc in April 2019.

External appointments
None.

Nigel Payne (61)
Chairman of the Board (from May 2021)

Committee memberships
Chair of the Nomination Committee.

Background and relevant experience
Nigel has over 30 years' experience on public and private boards both as an executive and non-executive director. Formerly, Chief Executive Officer of Sportingbet Plc between 2000 and 2006 and non-executive Chairman of AIM-listed EG Solutions Plc, Stride Gaming Plc and ECSC Group Plc. He joined the Board of Braemar Shipping Services Plc as non-executive Chairman in May 2021.

External appointments
Non-executive Chairman of Gateley plc and a non-executive Director of GetBusy plc.

NON-EXECUTIVE DIRECTORS

Lesley Watkins (62)
Independent non-executive Director, Senior Independent Director, Chair of the Audit Committee

Committee memberships
Chair of the Audit Committee and member of the Nomination and Remuneration Committees.

Background and relevant experience
Chartered accountant. Formerly Finance Director and Company Secretary of Calculus Capital Limited; former non-executive Director of Game Digital plc and Panmure Gordon & Co Plc, and chair of their respective Audit Committees. 18 years' experience in investment banking with UBS and Deutsche Bank. She joined the Board of Braemar Shipping Services Plc in 2017.

External appointments
Non-executive Director and chair of the Audit Committee of Investec Bank plc. Non-executive Director and chair of the Audit Committee of Chaucer Syndicates Limited.

Jürgen Breuer (55)
Independent non-executive Director and Chairman of the Remuneration Committee

Committee memberships
Chairman of the Remuneration Committee and member of the Nomination and Audit Committees.

Background and relevant experience
Formerly at Société Générale, Citibank and Sal Oppenheim; senior Managing Director responsible for starting and managing GFI Group's Asian businesses. He joined the board of ACM Shipping Group plc in 2011 and the Board of Braemar Shipping Services Plc in 2014.

External appointments
Baltic Bau companies and Heinrich-Heine-Garten Binz GmbH.

Stephen Kunzer (54)
Independent non-executive Director

Committee memberships
Member of the Audit, Nomination and Remuneration Committees.

Background and relevant experience
Formerly Chief Executive Officer of Eastern Pacific Shipping Pte Limited; former managing director of Tanker Pacific Management (Singapore) Pte Limited. Extensive experience of shipbroking and global shipping markets, with a career of over 30 years working in London and the Far East. He joined the Board of Braemar Shipping Services Plc in 2019.

External appointments
Independent director of Dampskibsselskabet NORDEN A/S.

Corporate Governance Report

The Board

The Board is responsible to the Company's shareholders for the long-term success of the Group, working with the management to establish the Group's strategy and values and ensure that it operates within a framework of effective controls.

The Board consists of the non-executive Chairman, the Group Chief Executive Officer, the Group COO and Finance Director and three independent non-executive Directors. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company, taking into account the interests of the Company's various stakeholders. The Group Chief Executive Officer leads the executive and divisional management in the development of strategy and the management of all aspects of the performance and operations of the Company and its subsidiaries.

The non-executive Directors, none of whom has fulfilled an executive role within the Company (aside from the former Chairman's interim executive role described in the introduction above), are appointed for an initial three-year term subject to annual re-election at the AGM in accordance with the Code. Through their independence and diverse experience and skills, they are responsible for constructively challenging and scrutinising the strategies and performance of the executive Directors, and the broader oversight of the Group, via the work of the Board and its Committees.

Profiles of each Director, together with information on their experience relevant to the Group and their external appointments, are set out on pages 42 and 43. All of the Directors have access to the Company Secretary, Peter Mason, for advice on all governance matters and to help ensure that the Board is able to discharge its duties and function effectively and efficiently.

The Board met 15 times during the year (FY 2019/20: 12) and the attendance by each of the Directors is set out below.

	Attended
Non-executive Directors	
Jürgen Breuer	**15/15**
Stephen Kunzer	**15/15**
Lesley Watkins	**15/15**
Ronald Series[1]	**15/15**
Executive Directors	
Nick Stone	**15/15**
James Gundy[2]	**2/2**

1 Ronald Series returned to his role of non-executive Chairman with effect from 1 January 2021 and subsequently left the Board on 30 April 2021.

2 James Gundy was appointed to the Board as Group Chief Executive Officer with effect from 1 January 2021

Board Committees
The Board has three standing Committees: Audit, Nomination and Remuneration. Each of the Board Committees comprises solely independent non-executive Directors. The composition and responsibilities of the Audit, Nomination and Remuneration Committees are set out in each of the Committee reports, on pages 47, 50 and 52 of this Annual Report respectively. The Remuneration Committee report on page 55 of this Annual Report is incorporated into this report by reference. The terms of reference for each of the Committees can be found in the Investors section of the Company's website.

The Group also has an Executive Committee to support the Group Chief Executive Officer with the day-to-day management of the Group and the development and execution of the Group's strategy. The new Group Chief Executive Officer has reconstituted the Executive Committee, which reflects the refocusing of the Group's strategy on Shipbroking and now comprises the Group Chief Executive Officer, the Group COO and Finance Director (who also sits on the board of the Group's Logistics Division), the General Counsel and Company Secretary, the Finance Director of the Shipbroking Division, the Global Head of Sale and Purchase, the Managing Director of Braemar Atlantic and the Managing Director of Braemar Naves.

The Group also has a Risk Committee, which, like the Executive Committee, is not a formal Board Committee. The Risk Committee meets regularly and reports to the Audit Committee on matters such as risk analysis, the Company's procedures for detecting fraud, the Company's systems and controls for the prevention of bribery and money laundering, and the internal audit function. It comprises the Group COO and Finance Director, the General Counsel and Company Secretary, the Finance Director of the Shipbroking Division, members of the Group's central finance team, the divisional Heads of Human Resources, the Group IT Director and the Group Risk and Compliance Manager. Other colleagues are invited from time to time to provide additional experience of the Group's operations and potential risk exposure.

Risk management, compliance and effective controls
The Directors have a duty to the Company's shareholders to ensure that the information presented to them is fair, balanced and understandable, and provides shareholders with the necessary information to assess the Company's position, performance, business model and strategy. Further details of the Directors' responsibilities for preparing the Company's Financial Statements are set out in the statement of Directors' responsibilities on pages 62-63 of this Annual Report.

In fulfilling its responsibilities, the Board has established procedures for identifying and evaluating any risks associated with its strategic objectives (including both emerging and principal risks) and considering how those risks can be managed effectively. The Audit Committee is responsible for the independent review and challenge of the adequacy and effectiveness of the Company's approach to risk management and reports its findings to the Board. The Audit Committee receives regular reports from the Group's Risk Committee and internal audit function and there were no matters of concern warranting further investigation identified in the Group during the year.

More information on the work of the Audit Committee and the internal audit function can be found in the Audit Committee Report on pages 47-49 of this Annual Report, and more information on the Company's risk management processes, including a summary of the principal risks facing the Group and the procedures in place to identify emerging risks, is set out on pages 34-39 of this Annual Report.

Culture and values
The Group is committed to providing its services to the highest standards and ensuring that it operates ethically, lawfully and with professional integrity at all times. The Board believes that creating a culture and operating practices that incorporate these values will allow the Group to continue to develop and maintain long-term relationships with its clients and to grow its global brand in an increasing number of markets. The Group has dedicated an increasing amount of time and resource to improving its policies and procedures and ensuring that all staff receive appropriate training. Diversity and equal opportunities are important for the Group, as its people are a vital component of its success, and the Group is committed to maintaining a culture of diversity and inclusion that promotes the different experiences, skills, personalities and opinions found in our organisation. The Group has an Equal Opportunities and Dignity at Work Policy, which aims to underline this culture. The policy does not set prescriptive, quantitative diversity targets for any management bodies or otherwise, as the Board believes that the Group should simply endeavour to ensure that equal opportunities are available for current and potential employees and that the best candidates for new appointments have the opportunity to be considered fairly and selected on merit relative to a range of criteria. The policy is made available to staff as part of the broader employee handbook and policies framework. More information on our culture and values, what action has been taken during the year to ensure that policies, practices and behaviour across the Group are aligned with them, and how we engage with, invest in and reward our workforce, can be found in the Sustainability report on pages 24 to 27 of this Annual Report.

Corporate Governance Report continued

Shareholder relations

The Board recognises the importance of maintaining good communications with key stakeholders of the Company's business and taking into account the interests of those stakeholders in its decision making. One group of key stakeholders for the Company is its shareholders and the Board recognises the importance of engaging with shareholders in order to fulfil its duties under Section 172 of the Companies Act 2006. Interaction with shareholders has been harder during the COVID pandemic, not least with the 2020 AGM needing to be a closed meeting. However, the Company has continued to ensure that shareholders were kept updated on material information, especially that of a potentially price sensitive nature, as soon as possible and at the same time via corporate announcements, in accordance with legal and regulatory requirements. The Board has also tried to ensure that dialogue has continued as well as can be through electronic communications. The new Group Chief Executive Officer hosted a Capital Markets Event following the trading update in March and, together with the new Chairman, looks forward to meeting more shareholders and presenting the Group's new strategy over the coming months.

The Company traditionally encourages participation in its AGM where each resolution is separately put to the meeting for a vote and where the Board provides an overview of the Company's performance in the current financial year to date and the financial outlook for the coming financial year. Unfortunately, due to the COVID pandemic and government advice in relation to non-essential travel and social distancing, last year's AGM had to be held behind closed doors, with the Company encouraging shareholders to exercise their voting rights by appointing a proxy and to submit any questions in advance. The Company is hopeful that this year's AGM will once again see shareholders being able to attend in person.

The Company notes that at its 2020 AGM, whilst all resolutions proposed were passed with the requisite majorities of votes, one of the resolutions received votes against it which exceeded 20%. The Company is required by the Code to report on this and on what impact the vote against it has had on decisions taken by the Board since the 2020 AGM. The resolution in question related to the Remuneration Report and more information on this is contained in the Directors' Remuneration Report.

Report of the Audit Committee

The Audit Committee (the "Committee") comprises three independent non-executive Directors. The Committee is chaired by Lesley Watkins and its terms of reference can be found in the Investors section of the Company's website. The Committee has a sufficient level of competence relevant to its function and the sector in which it operates. The qualifications and experience of the members of the Committee can be found on pages 42 and 43 of this Annual Report. Meetings of the Committee are attended, by invitation, by the Chairman, the Group Chief Executive Officer, the Group Finance Director, the Company Secretary, the Group Risk and Compliance Manager and Group Head of Internal Audit, and representatives of the external auditor. The Committee held five meetings during the year, the attendance of which was as follows:

Membership and attendance

	Attended
Jürgen Breuer	5/5
Stephen Kunzer	5/5
Lesley Watkins	5/5

In addition to these formal Committee meetings, the Chair of the Committee meets separately with the Group audit partner at least twice a year.

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

- Financial reporting: reviewing the published half-year and annual Financial Statements and reports, and any other formal announcement relating to the Group's financial performance, and advising the Board on whether such information represents a fair, balanced and understandable assessment of the Company's position and prospects; monitoring compliance with relevant statutory reporting and listing requirements; reviewing and considering any changes in accounting standards; and considering the suitability of, and any changes to, accounting policies used by the Group, including the use of estimates and judgements.
- Internal control and risk management: reviewing the adequacy of the Group's internal controls; assisting the Board in conducting a robust assessment of the Company's emerging and principal risks; and monitoring the scope and effectiveness of the activities of the Group's internal audit activities in the context of the Group's overall risk management system. A summary of the principal risks facing the Group and how these are managed can be found on pages 35-39 of this Annual Report.
- Compliance, whistleblowing and fraud: reviewing the adequacy of the Group's procedures for employees to report wrongdoing or raise concerns and reviewing the systems in place to detect and prevent bribery, fraud and money laundering.
- Relationship with the external auditor: conducting the tender process to appoint an external auditor and making recommendations to the Board on the appointment, reappointment and removal of the external auditor; planning with the external auditor the half-year review and full-year audit programme, including agreement as to the nature and scope of the external audit as well as the terms of remuneration in the context of the overall audit plan; monitoring the ongoing effectiveness of the external auditor; monitoring the objectiveness and independence of the external auditor; and approval any non-audit services undertaken together with the level of non-audit fees.

The following sections describe the work of the Committee during the year ended 28 February 2021.

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

The key areas of judgement considered for the year ended 28 February 2021 were:

Assessment of significant influence in AqualisBraemar LOC:
On 17 December 2020 the Group's shareholding in AqualisBraemar reduced from 27.32% to 20.79% as a result of a rights issue, the Group's shareholding further reduced to 10.42% on 28 January 2021 when the Group disposed of 9,600,000 shares in AqualisBraemar. In accordance with the Group's accounting policy for investments in associates, where the Group holds more than 20% of the voting power of the associate management presume to have significant influence and the investment is treated as an associate. When the Group holds less than 20% of voting rights in an investment but the Group has the power to exercise significant influence through representation on the board of the associate, such an investment is treated as an associate.

The Group retained representation on the board of AqualisBraemar, and management considered the overall composition of the board of the associate, the relative rights of other investors and decision-making processes to conclude that the Group did have the ability to participate in decision making. The Committee considered the judgements involved and agreed that the Group did have significant influence.

If the Group classified this as an equity investment its fair value at 28 February 2021 would be £6.3m compared to its carrying value as an associate of £3.4m. Further details can be found in Note 18 to the Financial Statements.

Classification of assets held for sale and discontinued operations:
On 31 March 2021 the Group completed the sale of Wavespec, the Group's Engineering Division. The Committee satisfied itself that the results of the Engineering Division were correctly classified as discontinued operations. The net assets held for sale were based on management's estimate of the fair value of the consideration received, less the costs to sell. The Committee satisfied itself that these judgements were reasonable. Further details can be found in Note 9 to the Financial Statements.

On 5 March 2021 the Group signed a non-binding term sheet with Vertom UCS Holdings BV ("Vertom") with a possibility of forming a joint venture between Vertom and the Group's Logistics Division. Management concluded that at 28 February 2021 the sale of the Logistics Division into a joint venture with Vertom was not highly probable. At 28 February 2021 the possibility of entering into a joint venture with Vertom had not been approved by the Board, it remained possible that the plan could be changed or withdrawn. The Committee were satisfied that the results of the Logistics Division should not be classified as held for sale or presented as discontinued operations.

Revenue recognition:
IFRS 15 "Revenue from Contracts with Customers" requires judgement to determine whether revenue is recognised at a "point in time" or "over time", as well as determining the transfer of control for when performance obligations are satisfied. The Committee considered the work done to validate the accuracy of revenue transactions.

Report of the Audit Committee continued

Provision for impairment of trade receivables:
The provision for impairment of trade receivables and accrued income 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. Management uses reasonable and supportable forward-looking information to determine expected credit loss rates, including assumptions for the future movement of different economic drivers as well as historical experience of credit losses. The Committee reviewed the judgements and considered that they were reasonable. Further details can be found in Note 20 to the Financial Statements.

Impairment of goodwill:
Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit and the selection of a suitable discount rate. Further details can be found in Note 12 to the Financial Statements. The Committee received and considered the report to substantiate the values.

Classification and recognition of specific items:
The Group excludes specific items from its underlying earnings measure; management judgement is required as to what items qualify for this classification. Each item reported as specific is either directly related to acquisitions or not expected to be incurred on an ongoing basis. Further details can be found in Note 8 to the Financial Statements. The Committee reviewed the items for reasonableness and consistency.

Going concern and viability:
The Group has drawn up its accounts on a going concern basis and the Directors have assessed the viability of the Group over a three-year period. The Committee received reports to support these matters and considered the assumptions made, the risks and sensitivities to the forecasts and the stress tests used.

External audit
BDO LLP was reappointed as external auditor at the 2020 AGM. The lead audit partner at BDO LLP responsible for the external audit is Scott McNaughton, who has held the role for three years, since BDO were first appointed following the last tender conducted by the Company in the financial year ended 28 February 2019. The Group has a clear policy for the approval of non-audit services, which sets a limit on the level of fees for non-audit services at 70% of the external audit fee. The external auditor is only appointed to perform a non-audit service when doing so would not compromise the independence and effectiveness of the external audit function, and when its skills and expertise make it the most suitable supplier. The Group policy for the approval of non-audit services requires the Committee's prior approval of all non-audit services. This year, the external audit fee represents 91% of the total fee paid to BDO LLP (2019/20: 94%). The Committee also continues to agree the scope and related fee for the annual external audit. The only non-audit service performed related to the interim review.

The Committee additionally monitors the independence of the external audit function, as well as its objectivity and effectiveness, through the annual schedule of meetings (at which it discusses the auditor's reports and performance), through inviting feedback from people involved with the external auditor's work across the business, and through additional meetings between the Chair of the Committee and the audit partner. Following consideration of all of these matters, the Committee recommends the reappointment of BDO LLP for approval at the AGM.

Internal audit
The Group Head of Internal Audit develops and presents the Group internal audit plan to the Committee for approval, with the Committee then ensuring that the proposed internal audit programme is met during the year and that management is sufficiently responsive to any findings. The Directors have reviewed the Group's system of internal control throughout the year and are satisfied that it remains effective.

The Group Head of Internal Audit is supported by a co-sourcing arrangement with a professional services firm. Due to COVID restrictions during the year to February 2021, no new work was commenced with a co-sourcing partner although some work from the previous year was completed and the recommendations acted upon. Internal audit activities were carried out in-house during the year as allowed by the circumstances relating to COVID.

At the start of the current financial year, which began March 2021, the internal audit co-sourcing arrangement was reviewed, resulting in several firms tendering to partner with Braemar. A decision is expected in the second quarter of the current financial year after review of formal proposals received.

The areas forming part of the internal audit plan are based on assessment of the risks to the business, as described on pages 34-38 of this Annual Report. A three-year risk-based Group internal audit plan is approved by the Committee, with at least annual review to help ensure key Group and new or emerging risks receive appropriate and timely audit focus. All internal audit reports are reviewed by the Committee during the year. Where internal audits identify control deficiencies, management action plans are developed and agreed with action implementation dates. The following approach is also taken to ensure that the Group's divisional management are engaged and involved with design of the internal audit plan:

- formation of a Group Risk Committee (as discussed further below), which meets quarterly to agree and co-ordinate compliance, risk management and provide input to internal audit activity;
- the operational head and the financial head of each business unit are required to confirm that:
  - the results of their business are accurate;
  - the stated levels of debtors and accrued income are recoverable and adequate provision is made for uncollectible amounts;
  - the business complies with the Group's position on the UK Bribery Act; and
  - there have been no breaches of applicable sanctions;
- a control self-assessment questionnaire was circulated to all Group entities and completed at mid-year and at year-end to ensure that adequate controls are in place. All returns were discussed with each of the senior divisional management teams; and

- suggestions for internal audit activity are sought from each Group entity to ensure that all areas of the business are involved in the development of the internal audit plan. Action plans were agreed for all findings identified during the course of internal audits. These actions were periodically reviewed to help ensure timely implementation. No significant findings were identified.

Risk and internal control framework

During the year, the Committee reviewed the Group's risk, compliance and internal control framework. Braemar is committed to the highest standards of conduct in all aspects of its business. When reviewing this framework of policies, processes and procedures, the Directors remained mindful of the interests of all of the Company's stakeholders in this regard and the need to maintain the Group's reputation for integrity and to comply with international laws and best practice. This review, and the Committee's ongoing responsibilities in this area, saw the Committee involved in:

- reviewing the constitution of the Risk Committee, comprising the Group COO & Finance Director, the divisional Finance Directors, the Company Secretary, the divisional Heads of Human Resources, the Group IT Director and the Group Risk and Compliance Manager, to report to the Committee on matters such as risk analysis, the Group's procedures for detecting fraud, the Group's systems and controls for the prevention of bribery and money laundering, and the internal audit function;
- reviewing and providing input to improve the Group's framework of compliance policies and procedures, including in relation to sanctions, bribery and corruption, conflicts of interest, Know Your Customer/anti-money laundering, entertainment, meals and gifts, tax evasion, and whistleblowing;
- reviewing the design of a comprehensive programme of governance compliance training for all staff;
- reviewing and updating the Group's delegation of authority framework, in order to ensure appropriate controls are in place for the approval of certain matters and actions relating to expenditure, contractual exposure and other potential liability for the Group;
- reviewing the financial reporting framework and providing input to improve the processes for regular reporting of key financial judgements and estimates, as well as other elements of risk management, from the Group's Divisions;
- reviewing the ongoing development of the Group's risk management framework, including assessing the Group's emerging and principal risks, more information on which can be found on pages 34-38 of this Annual Report;
- reviewing the Group's IT security monitoring and planning;
- reviewing the Group's insurance coverage; and
- reviewing the Group's currency exposure and hedging strategy.

Lesley Watkins
On behalf of the Audit Committee
2 June 2021

Report of the Nomination Committee

The Nomination Committee comprises three independent non-executive Directors. As documented in last year's report, when Ronald Series took up the role of the Group's Executive Chairman (on an interim basis) in July 2019, the Board decided that he should step down from the Committee and that the Senior Independent Director, Lesley Watkins, should assume the role of Chair of the Committee. Lesley continued to undertake the role of Chair until Ronald Series resumed the role when he returned to the role of non-executive Chairman on 1 January 2021. The Committee is now chaired by the Company's non-executive Chairman, Nigel Payne, who was appointed with effect from 1 May 2021. During the year, the Executive Chairman continued to attend the meetings by invitation, when appropriate, as did the Group COO and Finance Director, and the Company Secretary. The Committee's terms of reference can be found in the Investors section of the Company's website.

The primary responsibilities of the Nomination Committee are to ensure that the Board and its Committees have the right composition, to lead the process for appointments to the Board, and to ensure that the Company has appropriate plans in place for succession to the Board and senior management roles.

The Committee held ten meetings during the year, the attendance of which was as follows:

Membership and attendance

	Attended
Jürgen Breuer	10/10
Stephen Kunzer	9/10
Lesley Watkins	10/10
Ronald Series[1]	0/0

1 Ronald Series stepped down from the Committee whilst he was acting as Executive Chairman and, whilst he returned to his role as Chair of the Nomination Committee with effect from 1 January 2021 when he returned to his role of non-executive Chairman, there were no meetings between then and the year-end.

The following sections describe the work of the Nomination Committee during the year ended 28 February 2021.

Appointment of new Group Chief Executive Officer and non-executive Chairman

Whilst the Committee believed that the appointment of the non-executive Chairman to the role of Executive Chairman was the right decision when the former Group Chief Executive Officer retired in July 2019, it also believed that this appointment should only be interim in nature and that a new Group Chief Executive Officer would ultimately improve the composition and effectiveness of the Board and the Company's leadership. Consequently, a large part of the Committee's work in 2020/21 was on the process for this appointment. In considering the optimum criteria and attributes for the role, the Committee considered the existing structure and diversity of the Board and senior management, the culture of the organisation and the focus of the Group's future strategy. It also considered whether or not it should use an external search consultancy to assist with the process and, following discussions with a number of firms, decided to appoint Heidrick & Struggles. Whilst the Committee had professional contacts at Heidrick and Struggles, and one of the Directors had previously been placed by the firm into another role, the Committee felt that this should not undermine the firm's ability to assist with a rigorous and transparent process.

The Committee was delighted to be able to recommend an internal candidate, James Gundy, Chief Executive of the Group's Shipbroking Division, as its preferred candidate. This appointment was one of the principal decisions taken by the Company in the year and saw the Committee needing to consider and balance a number of matters, including those set out in Section 172 of the Companies Act. As detailed in the Strategic Review, the Group's strategic direction is to place Shipbroking at the centre of the Group's activities, and the Committee believed that having the most senior business leader of the Group's most significant business unit also fulfilling the role of Group Chief Executive Officer was the best outcome for shareholders, employees and the Group's wider stakeholders. It both places a successful and proven executive at the top of Braemar, as well as simplifying the senior management structure. The Committee will continue to review the composition of the Board and senior management to ensure that they maintain an appropriate balance of skills and experience. As part of this continual review, the Committee had previously in the year already recommended that the Group's Finance Director, Nick Stone, take on additional responsibilities and the additional title of Group Chief Operating Officer. The Committee also recommended the reappointment of Lesley Watkins and Jürgen Breuer for further three-year terms (subject to the terms of their appointment letters, ongoing review and annual re-election). Lesley is now in her second three-year term and Jürgen in his third three-year term. Neither Lesley nor Jürgen took part in the consideration of their respective reappointments.

The Committee also led the process to appoint a new non-executive Chairman following Ronald Series' decision to step down from the Board (as announced in March this year). The Committee was chaired by the Senior Independent Director when dealing with this matter and, after a tender process, the Committee again decided to use Heidrick & Struggles to support the process. The key attributes that the Committee believed were important for this appointment included quoted company experience as a Chairman, strong corporate governance, and personal attributes and skills that would complement those of the new Group Chief Executive Officer. The Committee oversaw a rigorous process that produced a number of quality candidates. The outcome of which was to recommend Nigel Payne, who was appointed with effect from 1 May 2021. Nigel was considered to be independent on his appointment.

Succession planning

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

The Committee manages the second area through the review of the succession plans in place for the senior management across the Group, as part of which it looks to challenge the executive Directors and the divisional management to present detailed insights into the organisational structures and personnel profiles of the businesses and how they look to develop key talent and mitigate succession risk. More information on how the Company invests in the training and development of its people can be found on pages 24 and 25 of this Annual Report. Where necessary, the Company also considers how best to fill potential vacancies from outside the organisation.

In both of these areas, the Committee ensures that the Directors and senior management remain mindful of the Group's diversity policy. Braemar recognises the importance of diversity in all respects, including (but by no means limited to) gender, skills, age, experience, ethnicity and background, and the Committee believes that diversity and an inclusive culture are important contributors to a company's ability to achieve its strategic goals and deliver long-term, sustainable success. Whilst the Committee is aware that neither of the recent appointments to the Board have made any material change to the gender, social, ethnic or age balance of the Board, both appointments were firmly in line with the principle that appointments should be based on merit and objective criteria, and both will improve the Board's broader diversity of skills, experience, knowledge and other cognitive and personal strengths. As at the date of this report, approximately 10.61% of the Group's Executive Committee and its members' direct reports are female. More information on the Group's policies and approach on diversity can be found in the "Culture and values" section earlier in this Corporate Governance Report and in the Sustainability Report on page 26 of this Annual Report.

Board evaluation
The Board carries out regular self-evaluations to monitor and improve on its performance and address any weaknesses. In 2020/21, the Committee considered both the actions to be taken in light of the previous year's formal evaluation and a similar exercise undertaken during the year. It was again decided that the formal annual evaluation could be effectual without the need of external facilitation, with the process being led by the Chairman in consultation with the Senior Independent Director and the assistance of the Company Secretary. As with last year, an important component of this process was the completion of a set of questionnaires by the Directors to record their views on a range of matters and to act as a catalyst for broader feedback. In addition, the Senior Independent Director also met with the other non-executive Directors during the year, without the executive Directors present, in order to appraise the Chairman's performance, and the Directors also engaged with other members of the senior management team and considered feedback from the wider workforce.

The outcomes of the evaluations led to, and influenced, a number of actions throughout the year, including the appointments discussed above and the refocusing of the Group's strategy discussed in the Strategic Review. The new Chairman will continue the work to address the key findings and work with the other Directors and the Company Secretary to improve the effectiveness of the Board and its Committees.

Nigel Payne
On behalf of the Nomination Committee
2 June 2021

Directors' Remuneration Report

I am pleased to present this year's Directors' Remuneration Report.

The Remuneration Committee (the "Committee") is appointed by the Board and comprises three non-executive Directors. The Committee is chaired by Jürgen Breuer and its terms of reference can be found in the Investors section of the Company's website. The Committee's main responsibilities are to:

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

In discharging these responsibilities, the Committee may call for information and advice from advisors inside and outside the Group. During the year, the Committee took advice from the Chairman of the Board, the Group Finance Director and the Company Secretary, who attended by the invitation of the Committee, but did not participate in any decision making, nor were they present for any discussions, regarding or affecting their own remuneration.

The Committee also received independent remuneration advice from Aon Hewitt Limited ("Aon") during the year in respect of the review of the Remuneration Policy and broader advice on remuneration, for which fees of £20,000 were charged during the year. Following the exit of Aon from the remuneration consultancy market, the Committee engaged FIT Remuneration Consultants LLP ("FIT") as its independent advisor on all matters within the Committee's remit, for which fees of £21,000 were charged during the year. FIT is, and Aon was, a member of the Remuneration Consultants Group and, as such, voluntarily operate under the Code of Conduct in relation to executive remuneration consulting in the UK. Both Aon and FIT were also engaged to provide advice in relation to the operation of the Company's share plans, but the Committee is comfortable that the Aon team continued to provide it with objective and independent advice, and the FIT team continues to do so.

Remuneration philosophy

The Committee's approach to executive remuneration remains unchanged. The Committee considers the Company's framework for executive remuneration throughout its regular work, together with the importance of aligning executive remuneration policies and practices with the Company's values and strategy and wider remuneration practices and policies across the Group. The Committee is also mindful of best practice and market trends (including guidelines of investor bodies) and welcomes input from management and shareholders. Our framework should be:

- market competitive: the success of our business is driven primarily by the experience and skills of our employees and management team, the specialist advice they offer, and the relationships that they develop with our clients. The structures, designs and quantum of our remuneration arrangements must be sufficient to allow us to compete in the highly competitive global talent markets;
- proportional and aligned to performance: we should seek to pay no more than is necessary and ensure that a substantial portion of executive reward is aligned to profitability and the delivery of strategy. In line with our competitors, we operate profit-sharing arrangements for those below the Board directly engaged in broking activities;

- simple and transparent: our executive remuneration structures should be clear and understandable for participants and other stakeholders;
- aligned to shareholders: we align long-term reward with the long-term value of our shares through share ownership guidelines and share-based remuneration; and
- aligned to culture and risk appetite: we should ensure that remuneration drives the right behaviours to support our strategy and reflect our values, including through the identification and mitigation of any risks that could arise from our incentive plans.

Activity during the year
This year has been a busy one for the Committee. Our first priority was to finalise the review of the Directors' Remuneration Policy (the "Policy"), which we were delighted to see approved by 97.50% of shareholders voting at the Company's AGM on 19 August 2020. Other priorities dealt with during the year included reviewing and amending the Company's LTIP and DBP to bring them in line with evolving best practice, particularly with regard to recovery, and supporting the changes made in the Group's executive leadership team during the year.

The Committee held ten meetings during the year, the attendance of which was as follows:

	Attended
Jürgen Breuer	**10/10**
Lesley Watkins	**10/10**
Stephen Kunzer	**10/10**

Pay and performance in 2020/21
As has been more fully set out in the Financial Review, the main Underlying Operating Profit metric for the Company, which is considered as the basis for assessing the executive Directors' annual bonus, at £8.9m was above market expectations for the year, despite significant COVID-related headwinds. There was also good progress in the year in developing the new strategic focus of the Group on our core shipbroking business.

The strong financial performance produced bonus outcomes which were above target, albeit less than their maximum possible levels. The Committee determined that these outcomes were aligned with broader company performance and recovery in shareholder value in the year, and accordingly it was appropriate that the bonus outcomes for the Executive Chairman and Group COO and Finance Director as detailed more fully on pages 56-57 should apply without further adjustment.

Always acting in line with the Policy, the Committee exercised what it regards as normal commercial judgement in respect of Directors' remuneration throughout the year, including in relation to:
- setting performance metrics for normal course annual bonuses and LTIPs in the year; and
- confirming the outcome of performance metrics for annual bonuses and LTIPs in the year.

There were no other exercises of judgement or discretion by the Committee in the year.

Executive leadership changes
A significant priority for the Committee in 2020/21 was to support the changes made in the Group's executive leadership team by ensuring that the relevant pay arrangements for the executives operated and will operate appropriately and in shareholders' best interests. An outline of the changes to remuneration is set out below:

- Ronald Series took up the role of the Group's Executive Chairman, on an interim basis, in July 2019 and from that date received a combined fee from the Company of £192,000 (increased from his non-executive Chairman fee of £108,000) to recognise the additional work which he was now undertaking. Ronald also received a fee of NOK180,000 (approximately £15,000) for his services as a Director of AqualisBraemar, which, at the request of the Company, was paid by AqualisBraemar. Following approval of the Policy at the 2020 AGM, the Committee had scope to include Ronald within an annual bonus plan for 2020/21. Details of the 2020/21 annual bonus plan that was established for Ronald (and under which a payment of £78,858 was approved, with one-third deferred in shares) is set out on page 57;
- on 11 November 2020, the Company announced that James Gundy had been appointed as Group Chief Executive Officer with effect from 1 January 2021 with remuneration arrangements as set out below. James had been the Chief Executive Officer of Braemar's Shipbroking Division, the Group's largest operation, since joining the Company in 2014 following the merger with ACM Shipping Group Plc;
- Ronald Series reverted to the role of non-executive Chairman (reverting back to his original fee) when James took up this appointment on 1 January 2021; and
- after the year-end, Nigel Payne was appointed as the non-executive Chairman with effect from 1 May 2021. Nigel's annual fee from appointment of £108,000 per annum is identical with that of the previous Chairman (excluding the amounts paid to the previous Chairman by AqualisBraemar for serving on the Board of AqualisBraemar).

Chief Executive remuneration
As detailed in the Strategic Review and the Nomination Committee Report, the Group's strategic direction is to place Shipbroking at the centre of the Group's activities and the Board determined that James Gundy's appointment as Group Chief Executive Officer was in shareholders' best interests. Accordingly, the Committee sought to establish appropriate remuneration arrangements for James in this context.
- In order to continue to incentivise James as a leading dealmaker and revenue generator for the Group, as well as continuing to lead the Shipbroking Division, in addition to his new role as Group Chief Executive Officer, the Committee determined that it was in the best interests of all stakeholders of the Group for James' remuneration to have a different shape from that of many typical "PLC" chief executives. The Committee therefore determined that James should largely retain his existing package as the Chief Executive Officer of the Shipbroking Division, particularly his eligibility to participate in the Broker's Bonus commission arrangements, whereby the Group's shipbrokers are incentivised and rewarded via a "commission-sharing-style" discretionary bonus scheme that is calculated as a percentage of the profits generated.
- The detail of James' remuneration structure for 2021/22 is set out below and aligns to the norms of pay for senior brokers across global markets in the sector. It is also within the scope of the Policy, which reserves flexibility to offer continued Brokers' Bonus participation on an appropriate Board appointment, despite it being quite "bespoke" against "PLC" norms for a chief executive officer. It also ensures that James' remuneration remains aligned to both the Group's broking culture and the Group's overall financial performance, as well as remaining proportional to performance.
- The Board and the Committee believe that the appointment of James as the Group Chief Executive Officer, and the remuneration arrangements set out below, will best position the Company to achieve its ambitions and deliver its strategy centred on Shipbroking.

Directors' Remuneration Report continued

Pay element	Detail
Base salary	£425,000 from appointment.
Benefits	In line with Group policies.
Pension	Employer contribution level of 5% (aligned to contribution levels for the majority of employees). Paid as taxable cash supplement.
Annual bonus	Participation in the "Broker's Bonus" commission arrangements, which deliver a percentage of profits from personal shipbroking revenues for the year. The first £425,000 of Broker's Bonus earned in any year (equivalent to 100% of base salary) will not be paid unless the Committee is satisfied as to the Group's overall financial performance in the year as assessed against the achievement of the Group's budgets. A cap applies, so that James' annual bonus cannot exceed £4m in any one year. A proportion of outcomes for each year will be deferred into shares under the Deferred Bonus Plan ("DBP"): – where James' shareholding is worth at least £700,000, which it currently is (see Shareholding Guidelines below), this will be deferral of 10% of outcomes; – in any other case, one-third of outcomes will be deferred; and – deferral under the DBP is for a period for 3 years.
LTIP	Standard participation in LTIP, with awards subject only to goals to be based on the Group's strategic and/or financial performance. *Normal annual award levels will be over shares worth up to 100% of base salary, although* in 2021/22, James' award will be over shares worth 200% of base salary as a one-off.
Shareholding guidelines	100% of base salary, to apply whilst in-post and for a two-year post-employment period. James Gundy's current shareholding (as at 28 February 2021) is worth over 300% of base salary.
Malus and clawback	Applies to both annual bonuses and to LTIP award.

Format of the report and matters to be approved at our 2021 AGM
The remainder of this report constitutes the Annual Report on Remuneration, which sets out the details of how the Policy was implemented during 2020/21 and the decisions taken in relation to the application of the policy in 2021/22. The Policy can be found within the Company's Annual Report and Accounts 2020, which are available on the Company's website.

I hope that our shareholders remain supportive of our approach to executive pay at Braemar and vote in favour of the advisory resolution on the Directors' Remuneration Report (comprising this Annual Statement and the Annual Report on Remuneration), which will be put forward at the 2021 AGM.

Jürgen Breuer
On behalf of the Remuneration Committee
2 June 2021

ANNUAL REPORT ON REMUNERATION

Implementation of the Policy for 2021/22

This part of the report sets out details of how the Remuneration Committee (the "Committee") intends to apply the Policy to the current Directors in the 2021/22 financial year.

Base salary

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

	2020/21 £'000	**2021/22 £'000**	Change
James Gundy	425[1]	**425**	0%
Nick Stone	250[2]	**250**	0%

1 James Gundy was appointed Group Chief Executive Officer with effect from 1 January 2021 and this is his salary with effect from that date.
2 Nick Stone's salary was increased from £225,000 to £250,000 upon his appointment to the additional position of Group Chief Operating Officer on 15 June 2020.

Benefits and pension

James Gundy and Nick Stone receive benefits and pension in line with the Policy.

Annual bonus

The annual bonus for Nick Stone will be based on a combination of performance measures linked to Group financial performance and the achievement of the Group's strategy and operational objectives for the year (weighted 75% on Underlying Operating Profit and 25% on strategic and operational objectives. The Board believes annual bonus targets to be commercially sensitive and, consequently, does not publish details of them on a prospective basis. However, it will consider a fuller disclosure on a retrospective basis when it reports on the performance against them in the following year's Annual Report. In accordance with our Policy, one third of any bonus earned by Nick will be deferred into shares for three years.

In line with the Policy, as James Gundy is continuing to undertake shipbroking activities, he will continue to be eligible to participate in the Brokers' Bonus arrangements instead of the Group annual bonus. This bonus is non-contractual and will be based on profits generated in respect of the year from commission received through personal broking activities. Whilst any award under these arrangements remains discretionary, the Committee has agreed additional provisions including an underpin assessed against Group financial performance (as described in the Chairman's annual statement) and a maximum annual cap of £4m. A proportion of the Brokers' Bonus outcome will be deferred into shares. As James Gundy has already accumulated a significant shareholding in the Company over his years of service as an employee of the Group, the Committee has agreed that where his shareholding remains at least £700,000, 10% of any bonus earned will be deferred into shares, but where his shareholding is below £700,000, one third will be deferred.

LTIP

The Committee proposes to grant James Gundy and Nick Stone an LTIP award for the 2021/22 financial year. This award will be at normal policy levels of up to 100% of salary in relation to Nick Stone, whereas an amount of 200% of salary for James Gundy has been agreed for 2021/22 (with award levels reverting to 100% of base salary from 2022/23). However, the Committee has agreed that the grant will be deferred until later in the year. The Committee is currently reviewing the selection of performance metrics for the LTIP in the context of the Company's new strategy and details of the metrics and the relevant targets will be disclosed, as applicable, in the related RNS when the awards are made.

Chairman and non-executive Directors' fees

The Company appointed a new non-executive Chairman with effect from 1 May 2021. His annual fee is £108,000, which is the same as the base fee of the previous Chairman (excluding amounts paid to the previous Chairman by AqualisBraemar for serving on the board of AqualisBraemar). The fee policy for the non-executive Directors will remain unchanged. A summary is in the table below, which only includes the non-executive Chairman's base fee for 2020/21.

	2020/21 £'000	**2021/22 £'000**	Change
Chairman fee	108	**108**	0%
Non-executive Director fee	42.5	**42.5**	0%
Audit Committee Chair fee	10	**10**	0%
Remuneration Committee Chair fee	7.5	**7.5**	0%

Directors' Remuneration Report continued

ANNUAL REPORT ON REMUNERATION CONTINUED

Implementation of the Policy in 2020/21

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2021. Those sections that have been audited have been identified below.

Single total figure of remuneration for 2020/21 (audited)

The remuneration of the executive Directors in respect of 2020/21 is shown in the table below (with the prior year comparative).

	Base salary		Benefits[1]		Pension[2]		Annual bonus[3]	
£'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000
Ronald Series[5]	**172.5[6]**	153[6]	**n/a**	–	**n/a**	–	**79**	–
James Gundy	**70.8[7]**	–	**0.5[8]**	–	**3.5[9]**	–	**310[10]**	–
Nick Stone	**242.7**	194	**1.8**	3	**18.7**	29	**203**	153[11]

	LTIP[4]		Total		Total Fixed		Total Variable	
£'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**	2019/20 £'000
Ronald Series[5]	**n/a**	–	**251.5**	153	**172.5**	153	**79**	–
James Gundy	**n/a**	–	**384.8**	–	**74.8**	–	**310**	–
Nick Stone	**–**	–	**466.2**	379	**263.2**	226	**203**	153

1 Benefits include private healthcare.
2 Pension includes the value of pension contributions to the Company's defined contribution pension scheme (or an equivalent cash allowance) in respect of the relevant year.
3 Annual bonus represents the full value of the annual bonus awarded in respect of the relevant financial year, including the portion that is deferred into shares pursuant to the DBP.
4 LTIP represents the value of the LTIP award that vests in respect of a performance period ending in the relevant financial year. James Gundy was granted an LTIP award in 2018, which vested in respect of a 2020/21 performance period on 26 May 2021 in regard to 33,294 shares and is now subject to a two-year holding period, following which it will be released and becomes exercisable. This has not been included due to it being granted prior to his appointment as a Director and solely in connection with his role of Chief Executive Officer of the Shipbroking Division. Based on the closing share price on 26 May 2021, this award is worth approximately £78,000.
5 Ron's figures include the remuneration that he received both as interim Executive Chairman through to 31 December 2020 and non-executive Chairman from 1 January 2021 following James Gundy's appointment as Group Chief Executive Officer.
6 This figure includes the additional pro-rated amount that the Company decided should be paid to Ronald Series for his services as a non-executive Director of AqualisBraemar since 27 September 2019, at the request of the Company. This amount is to be paid by AqualisBraemar.
7 This figure is James' base salary since his appointment as Group Chief Executive Officer as of 1 January 2021.
8 This figure represents a 2/12ths pro-rated amount of James' benefits for 2020/21.
9 This figure is James' equivalent cash allowance since his appointment as Group Chief Executive Officer as of 1 January 2021.
10 This figure represents a 2/12ths of James' total discretionary bonus for 2020/21. £1,412,000 of this total amount has been awarded since James' appointment as Group Chief Executive Officer (but was awarded pursuant to his bonus arrangement existing prior to his appointment, as further discussed below).
11 This figure includes a £50,000 sign-on bonus that was paid at the commencement of Nick Stone's employment in April 2019 and a £103,000 annual bonus.

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

	Fixed Fee	
	2020/21 £'000	2019/20 £'000
Jürgen Breuer	**50**	50
Lesley Watkins	**52.5**	52.5
Stephen Kunzer	**42.5**	42.5

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

There are no payments to disclose.

Annual bonus for 2020/21 (audited)

Nick Stone participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of his salary. The annual bonus was based on a mix of financial, operational and strategic objectives aligned to the business priorities for the year, assessed against objectives set by the Committee.

This year, financial performance comprised 75% of the potential outcome and was measured against underlying operating profit metrics as follows:

	Threshold (25% attainment) £'m	Target (50% attainment) £'m	Maximum (100% attainment) £'m	Performance attained £'m	Vesting outcome (of this part)
Underlying operating profit for 2020/21	£7.328	£7.710	£9.619	£8.910	81% vesting

The operational and strategic objectives, comprising 25% of the potential outcome, changed throughout the year on account of a number of unforeseen developments, including the COVID pandemic and the need to efficiently steward the working capital of the business. The Committee set strategic and operational objectives, including relating to cash collection, the structuring and monitoring of financial reporting and matters related to his additional responsibilities as Group Chief Operating Officer and the Group's non-shipbroking businesses. The Committee assessed performance against these objectives, as well as taking into consideration the achievement, resilience and flexibility shown by Nick Stone in the face of these challenges and considered that a fair outcome on this proportion of his annual bonus would be 80%. This resulted in an overall achievement of 81% of the maximum opportunity, which equated to a bonus of £202,681. A third of this is to be deferred into shares under the DBP.

The Committee decided that Ronald Series should also participate in the annual performance-related bonus arrangements on account of his performing an executive role during the year. The Committee decided that his maximum annual bonus opportunity should be set at £144,000, being 75% of his 2020/21 annual fee as Executive Chairman, excluding amounts paid to him by AqualisBraemar for serving on the Board of AqualisBraemar. His annual bonus was also based on a mix of financial, operational and strategic objectives aligned to the business priorities for the year, assessed against objectives set by the Committee. Financial performance comprised 50% of the potential outturn and was measured in the same way as Nick Stone's objectives, producing an outcome of 81% for this part; and operational and strategic objectives, also comprising 50% of the potential outturn, focused on his additional responsibilities as Executive Chairman and the Group's non-shipbroking businesses. The strategic objectives delivered an outcome of 50%. This resulted in an overall achievement of 66% of the maximum opportunity, which when pro-rated for the ten months of the year serving as Executive Chairman equated to a bonus of £78,858. A third of this is to be deferred into shares under the DBP.

Due to James Gundy starting his position as Group Chief Executive Officer towards the end of the financial year (on 1 January 2021) and being an existing employee of the Group, the Committee agreed that his existing bonus arrangement should be honoured for 2020/21. An amount pro-rated for the two months of the year that James served as Group Chief Executive Officer has been included in the single figure table, approximately 24% of which was deferred into shares under the DBP.

LTIP award – granted during 2020/21 (audited)
The Committee granted LTIP awards to James Gundy and Nick Stone during the period at a level of 100% of salary with a performance condition measured against the Company's underlying EPS performance in the 2022/23 financial year (the final year of the performance period of the awards), with threshold vesting (25% of the maximum) to occur for underlying EPS of 30p and maximum vesting to occur for adjusted EPS of 42p, with vesting between these points to be on a straight-line basis. Nick's award is to be measured solely on this metric, but, as James' award was granted prior to his becoming Group Chief Executive Officer, his award included a performance condition linked to underlying operating profit achieved by the Shipbroking Division with 35% of the award vesting by reference to the underlying EPS metric and 65% vesting by reference to the Shipbroking Division's underlying operating profit achieved in the 2022/23 financial year (the final year of the performance period for the award) with 25% of this portion vesting for the Shipbroking Division's underlying operating profit of £13.8m rising on a on a straight-line basis for 100% vesting for the Shipbroking Division's underlying operating profit of £18m.

Shareholding guidelines and share interests (audited)
Under the shareholding guidelines, executive Directors are required to build and retain a shareholding in the Group at least equivalent to 100% of their base salary. This guideline is expected to be met within five years of appointment to the Board. Non-executive Directors are not subject to a shareholding guideline. The following table sets out the shareholdings (including by connected persons) of the Directors in the Company as at 28 February 2021. This shows that James Gundy has met the shareholding guideline, but that Nick Stone has not yet done so (Nick was appointed to the Board with effect from 1 April 2019).

	Number of shares beneficially held at 28 February 2021	Shareholding as % of salary[1]	Guideline met?
Executive Directors			
James Gundy	594,109	310%	Yes
Nick Stone	0	0%	No
Non-executive Directors			
Jürgen Breuer	81,300		
Stephen Kunzer	10,000		
Ronald Series	9,000		
Lesley Watkins	3,000		

1 Shareholding as a percentage of salary is calculated using the base salary/fee and the closing share price on 26 February 2021 (the last trading day in the 2020/21 financial year).

Directors' Remuneration Report continued

ANNUAL REPORT ON REMUNERATION CONTINUED

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

	Awards held at 1 Mar 2020	Grant date	Share price on grant £[1]	Granted	Exercised/ released	Lapsed	Awards held at 28 Feb 2021	Exercise price £	Exercisable from	Exercisable to
James Gundy										
2015 RSP	6,250	25 July 15	4.89	–	6,250	–	–	–	–	–
2017 DBP	32,581	31 May 17	3.02	–	32,581	–	–	–	–	–
2018 DBP	38,354	22 June 18	2.58	–	–	–	38,354	–	–	–
2018 LTIP	150,537	29 Oct 18	2.30	–	–	–	150,537[2]	–	26 May 23	29 Oct 28
2019 DBP	194,000	17 June 19	2.10	–	–	–	194,000	–	–	–
2019 LTIP	184,210	1 July 19	1.855	–	–	–	184,210	–	1 July 24	1 July 29
2019 SAYE	5,625	5 July 19	1.80	–	–	–	5,625	1.60	1 Aug 22	1 Feb 23
2020 DBP	–	9 July 20	1.21	386,195	–	–	386,195	1.22[3]	9 July 23	16 July 23
2020 LTIP	–	24 July 20	1.23	218,750	–	–	218,750	–	24 July 25	24 July 30
Nick Stone										
2019 LTIP	105,263	1 July 19	1.855	–	–	–	105,263	–	1 July 24	1 July 29
2019 SAYE	5,625	5 July 19	1.80	–	–	–	5,625	1.60	1 Aug 22	1 Feb 23
2020 DBP	–	9 July 20	1.21	28,245	–	–	28,245	1.22[3]	9 July 23	16 July 23
2020 LTIP	–	24 July 20	1.23	156,250	–	–	156,250	–	24 July 25	24 July 30

1 Share price included is the market price on the date of grant. When calculating the number of awards to be made, the Company uses the middle market quotations for the three trading days prior to grant.
2 James Gundy's 2018 LTIP award vested in regard to 33,294 shares on 26 May 2021, with the remainder lapsing. The award that vested is now subject to a two-year holding period, following which it will be released and becomes exercisable.
3 James Gundy and Nick Stone were also given corresponding options under the Company Share Option Plan ("CSOP") over 24,650 shares, which will vest on the same date as the DBP award. The number of shares in respect of which the DBP award will vest will be reduced to take account of any gain in value, as at exercise, of the CSOP options.

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

- 2018 LTIP: James Gundy's 2018 LTIP award was granted to him prior to him becoming Group Chief Executive Officer and solely in connection with his role as Chief Executive Officer of the Shipbroking Division. 15% of the award was to vest by reference to underlying EPS in the 2020/21 financial year (the final year of the performance period for the award) with 25% of this portion vesting for underlying EPS of 33p rising on a on a straight-line basis for 100% vesting for underlying EPS of 44p; the other 85% of the award was to vest by reference to the Shipbroking Division's underlying operating profit achieved in the 2020/21 financial year (the final year of the performance period for the award) with 25% of this portion vesting for underlying operating profit of £10m rising on a on a straight-line basis for 100% vesting for underlying operating profit of £15m. The EPS targets were not met, but the Shipbroking Division delivered underlying operating profit of £10,068,000, resulting in the award vesting in regard to 33,294 shares. This award is now subject to a two-year holding period, following which it will be released and becomes exercisable. The remainder of the award has lapsed.
- 2019 LTIP: Nick Stone's 2019 LTIP award is tested solely on underlying EPS in the 2021/22 financial year (the final year of the performance period for the award) with 25% vesting for underlying EPS of 35p rising on a straight-line basis for 100% vesting for underlying EPS of 46p. As James Gundy's award was granted prior to his becoming Group Chief Executive Officer, his award again included a performance condition linked to underlying operating profit achieved by the Shipbroking Division with 35% of the award vesting by reference to underlying EPS (with the same thresholds as Nick Stone's award) and 65% vesting by reference to the Shipbroking Division's underlying operating profit achieved in the 2021/22 financial year (the final year of the performance period for the award) with 25% of this portion vesting for underlying operating profit of £11.25m rising on a on a straight-line basis for 100% vesting for underlying operating profit of £15m.
- 2020 LTIP: Nick Stone's 2020 LTIP award is tested solely on underlying EPS in the 2022/23 financial year (the final year of the performance period for the award) with 25% vesting for underlying EPS of 30p rising on a straight-line basis for 100% vesting for underlying EPS of 42p. As James Gundy's award was granted prior to his becoming Group Chief Executive Officer, his award again included a performance condition linked to underlying operating profit achieved by the Shipbroking Division with 35% of the award vesting by reference to underlying EPS (with the same thresholds as Nick Stone's award) and 65% vesting by reference to the Shipbroking Division's underlying operating profit achieved in the 2022/23 financial year (the final year of the performance period for the award) with 25% of this portion vesting for underlying operating profit of £13.8m rising on a on a straight-line basis for 100% vesting for underlying operating profit of £18m.

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

The following table shows the year-on-year percentage change in the salary, benefits and annual bonus of the Directors and the average for the Group's UK employees for 2020/21 compared to 2019/20. The Company chose the Group's UK employees as the appropriate comparator group, as both the Group Chief Executive Officer and the majority of the Group's workforce are UK-based.

	James Gundy[1]	UK employee average	Ronald Series	Nick Stone	Jürgen Breuer	Lesley Watkins	Stephen Kunzer
Salary	N/A	3%	0%	25%	0%	0%	0%
Benefits	N/A	1%	0%	-40%	N/A	N/A	N/A
Annual bonus	N/A	-42%	N/A[2]	32%	N/A	N/A	N/A

1 James Gundy joined the Board on 1 January 2021, so there is no prior year comparison.
2 There is no prior year comparison for Ronald Series' annual bonus, as he did not receive an annual bonus in 2019/20, as the Company's Directors' Remuneration Policy at the time did not permit the Chairman to receive a bonus (regardless of whether or not they were executive or non-executive)

CEO pay ratio

The table below shows how the Group Chief Executive Officer's single-figure remuneration for 2020/21 compares to the equivalent single-figure remuneration for the Group's UK employees ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	21:1	13:1	5:1
2020	Option A	11:1	7:1	3:1

2021	CEO	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Total pay and benefits	636,097	30,980	50,770	118,480
Salary element of total pay and benefits	243,363	26,500	39,000	85,000

The Company has again selected Option A as the method for calculating the CEO pay ratio. Option A calculates a single figure for every UK-based employee in the year to 28 February 2021 and identifies the employees that fall at the 25th, 50th and 75th percentiles. This method was chosen as it is considered the most accurate way of identifying the relevant employees and aligns to how the single figure table is calculated.

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

This resulted in a single figure for each employee, from which the individuals at the 25th, 50th and 75th percentiles could be identified. The Company notes the increase in the ratios from last year, which may largely be explained by the appointment of a full-time Group Chief Executive Officer (rather than the part-time, interim Executive Chairman) during the year. However, it believes that the median pay ratio for the year remains comparatively modest and consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

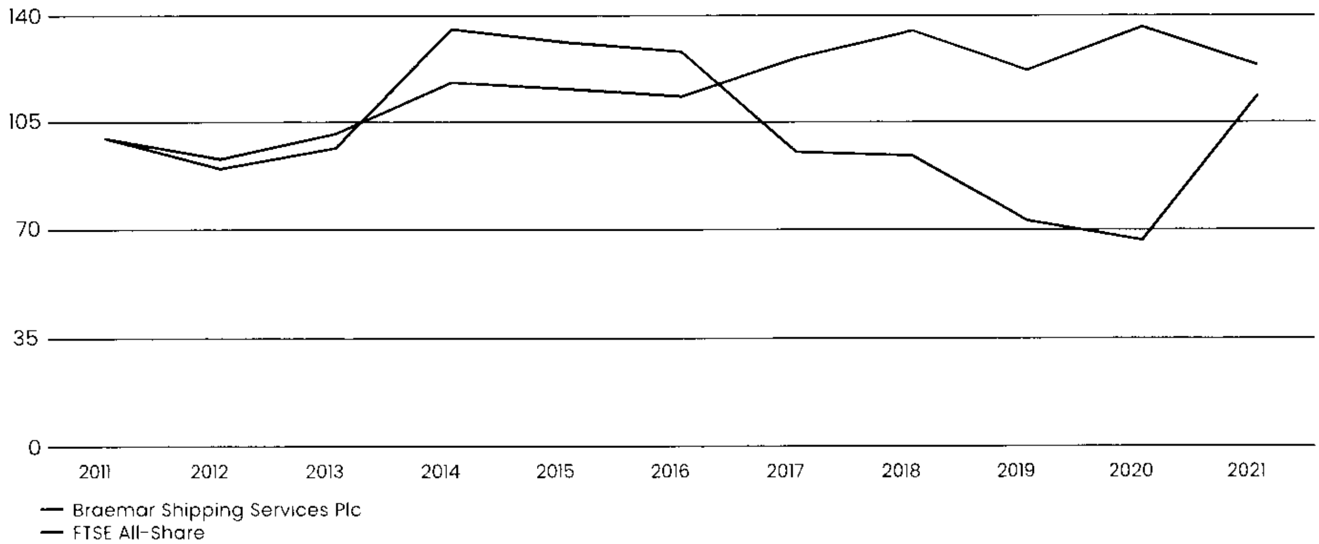
Relative importance of spend on pay

The chart below shows total employee remuneration and distributions to shareholders paid during the financial years 2020/21 and 2019/20 (and the difference between the two).

	2020/21 £m	2019/20 £m	Change (%)
Total employee remuneration	**71.0**	71.0	0%
Distributions to shareholders	**0**	5.0	-100%

Performance graph and table

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



Directors' Remuneration Report continued

ANNUAL REPORT ON REMUNERATION CONTINUED

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

CEO	**2020/2021 £'000 Ronald Series/ James Gundy[1]**	2019/20 £'000 James Kidwell/ Ronald Series[2]	2018/19 £'000 James Kidwell	2017/18 £'000 James Kidwell	2016/17 £'000 James Kidwell
Single total figure of remuneration	**636**	324	404	579	404
Annual bonus (% of maximum)	**34%**	10%	0%	50%	0%
LTIP vesting (% of maximum)	**0%[5]**	0%[4]	0%[3]	0%	0%

CEO	2015/2016 £'000 James Kidwell	2014/2015 £'000 James Kidwell	2013/2014 £'000 James Kidwell	2012/2013 £'000 James Kidwell/ Alan Marsh	2011/2012 £'000 Alan Marsh
Single total figure of remuneration	577	549	438	662	550
Annual bonus (% of maximum)	60%	55%	23%	87%	9%
LTIP vesting (% of maximum)	N/A[3]	0%	0%	0%	N/A

1 The 2020/21 remuneration is the pro-rata amount paid to Ronald Series and James Gundy during the year for their respective periods of employment as Executive Chairman and Group Chief Executive Officer during the year. The maximum is based on a pro-rated proportion of Ronald Series' maximum bonus potential and the cap that is to apply to James Gundy's bonus.
2 The 2019/20 remuneration is the pro-rata amount paid to James Kidwell and Ronald Series during the year for their respective periods of employment as Group Chief Executive and Executive Chairman during the year.
3 No LTIP awards were made in 2013, which would have vested in respect of performance to 2015/16.
4 James Kidwell was paid £25,000 in lieu of LTIP entitlements on his retirement.
5 James Gundy was granted an LTIP award in 2018, which vested in respect of a 2020/21 performance period on 26 May 2021 in regard to 33,294 shares and is now subject to a two-year holding period, following which it will be released and becomes exercisable. This has not been included due to it being granted prior to his appointment as a Director and solely in connection with his role of Chief Executive Officer of the Shipbroking Division

Statement of voting at AGM

The following table sets out the votes cast (including those cast by proxy) at the AGM held on 19 August 2020 in respect of the Committee's report for the year ended 29 February 2020 and in respect of the new Policy. This was the last general meeting of the Company at which a resolution was moved by the Company in respect of the Policy.

	Votes for		Votes against		Total votes cast	Votes withheld
Resolution	#	%	#	%	#	#
Approval of Remuneration Report for year ended 29 February 2020	5,179,104	66.00	2,668,132	34.00	7,847,236	1,511,859
Approval of Remuneration Policy	7,623,464	97.50	195,386	2.50	7,818,850	1,540,245

The Committee was delighted by the high level of support for the new Policy, but noted the significant vote against the Remuneration Report. The Company identified and contacted shareholders comprising over 90% of the votes against the Remuneration Report, but those shareholders declined the invitation to discuss the matter further and explain the reasons behind their votes. In the absence of such explanation, and with the clear support for the new Policy, the Committee intends to continue to follow the new Policy.

Jürgen Breuer
On behalf of the Remuneration Committee
2 June 2021

Directors' Report

For the year ended 28 February 2021

This section contains additional information that the Directors are required to include within the Annual Report. Together with the Strategic Report on pages 2-39, it forms the Management Report for the purposes of DTR 4.1.5R. Other information that is relevant to this Directors' Report, and which is incorporated by reference into this Directors' Report, can be found elsewhere in this Annual Report, as follows:

- Results and decisions relating to dividends on pages 2-3.
- Important events during the year ended 28 February 2021 and likely future developments in the business of the Company or its subsidiaries on pages 2-22.
- Greenhouse gas emissions on page 27.
- Employee engagement and diversity on pages 24-27 and 51.
- Engagement with clients and other key stakeholders on pages 24-27, and 46.
- Corporate Governance Report on pages 40-63.
- Section 172(1) Statement on page 23.
- Risk and compliance framework review on pages 34-39.
- Principal decisions taken during the year on pages 3, 10, 11, 14, 33, 39 and 50.
- Non-Financial Information Statement on page 28.

Amendment of Articles of Association

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

Branches outside the United Kingdom

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

Change of control – significant agreements

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

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

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

Convertible loan note instruments

On 26 September 2017, the Company completed the acquisition of Braemar Naves. A new class of convertible loan note instruments (the "convertible loan notes") formed a core part of the consideration for this transaction and the Group has committed to the issue of up to €24.0m convertible loan notes in respect of this acquisition. To date, the Company has issued €16,802,956's worth of convertible loan notes in connection with this acquisition, of which €8,003,956's worth remain outstanding.

These convertible loan notes are unsecured and unlisted. The Convertible Loan Notes are denominated in Euros and carry a 3% per annum coupon. Each tranche is redeemable by the Group or by the individual note holder on or after two years from the date of issue of the convertible loan notes. The conversion prices were fixed at 390.3 pence for management note holders and 450.3 pence for non-management note holders. For more information on the convertible loan notes, please see Note 14 to the Financial Statements.

Political contributions

There were no political contributions during the year ended 28 February 2021 (2020: £nil).

Share capital and voting rights

As at 28 February 2021, the Company's total issued ordinary share capital was 31,731,218 shares of 10 pence each (29 February 2020: 31,673,829 shares). All of the Company's shares are fully paid up and quoted on the London Stock Exchange plc's Official List. The rights and obligations attaching to the Company's ordinary shares (as well as the powers of the Company's Directors) are set out in the Company's Articles of Association, copies of which can be found online at Companies House, or by writing to the Company Secretary. There are no restrictions on the voting rights or the transfer restrictions attaching to the Company's issued ordinary shares.

At the upcoming AGM, shareholders will be asked to consider a resolution to renew the Directors' authority to allot shares in the Company. Further details will be provided in the Notice of the AGM.

Purchase of own ordinary shares

The Company is authorised to make market purchases of the Company's ordinary shares pursuant to the authority granted by its shareholders at the AGM held on 19 August 2020. This authority will expire at the end of the next AGM. The Company did not use this authority in either the year ended 29 February 2020 or the year ended 28 February 2021.

However, the Directors will propose that this authority is renewed at the 2021 AGM in accordance with the Company's Articles of Association. In accordance with the ABI Investor Protection Guidelines, the maximum number of ordinary shares which may be acquired under such authority is 10% of the Company's issued ordinary shares. The Directors will only make a purchase of shares using this authority if it is expected to result in an increase in earnings per share and will take into account other available investment opportunities, appropriate gearing levels and the overall position of the Company. Any shares purchased in accordance with this authority will subsequently be cancelled.

Directors' Report continued

For the year ended 28 February 2021

Options and ESOP Trust

The total number of options to subscribe for shares in the Company that were outstanding as at 28 February 2021 was 1,315,402, being 4.14% of the issued share capital. If the options to subscribe for shares were fully exercised, the proportion of issued share capital represented by all options would be equivalent to 3.98%.

During the year ended 28 February 2021, 540,000 of the Company's ordinary shares were purchased by SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust (2020: nil). The Trustee had absolute discretion and independence in respect of any trading decisions it made in respect of these purchases. As at 28 February 2021, the ESOP holds 525,837 shares.

Directors and their interests

The Directors of the Company as at the date of this Directors' Report are shown on pages 42 and 43. In addition, and as discussed elsewhere in this Annual Report, Ronald Series served as a Director of the Company during the year ended 28 February 2021 and until 30 April 2021.

The Directors' beneficial interests in the ordinary shares and share options of the Company as at 28 February 2021 are disclosed in the Directors' Remuneration Report on pages 57-58. There have not been any changes in such interests between 28 February 2021 and 2 June 2021.

As at 28 February 2021, the executive Directors, in common with other employees of the Group, also have an interest in 525,837 (2020: 348,400) ordinary 10 pence shares held by SG Kleinwort Hambros Trust Company (CI) Ltd on behalf of the Employee Share Ownership Plan and in 62,290 (2020: 62,290) ordinary 10 pence shares held by Computershare Trustees (Jersey) Limited on behalf of the ACM Shipping Limited Employee Trust.

The Directors held no material interest in any contract of significance entered into by the Company or its subsidiaries during the year ended 28 February 2021.

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

Significant shareholdings

As at 28 February 2021, the Company was aware of approximately 11% of its ordinary shares being held by Group employees and the ESOP Trust. The working vendors of Braemar Naves Corporate Finance GmbH currently hold €7,582,556's worth of convertible loan notes.

As at 28 February 2021, the Company was aware of the following significant direct or indirect shareholdings of 3% or more:

Name	Number of shares	Percentage of issued ordinary share capital[1]
Chelverton Asset Management	1,925,000	6.07%
Quentin Soanes	1,288,990	4.06%
Unicorn Asset Management	1,619,363	5.10%

1 Percentages are shown as a percentage of the Company's total voting rights as at 28 February 2021.

The Company has not received any notification in relation to the above between 28 February 2021 and 2 June 2021.

Financial instruments

The Group's financial risk management objectives and policies are set out in the Corporate Governance Report on page 45 and in the Strategic Report on pages 34-38.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under such law, they are required to prepare the Group Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and applicable law and have elected to prepare the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state for the Group Financial Statements whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and for the Company Financial Statements, state whether applicable UK Accounting Standards have been followed;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to demonstrate and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement which complies with that law and those regulations. Copies of these reports and statement are included in this Annual Report.

The Directors are responsible for ensuring that this Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of Financial Statements, which may differ from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the Company's website and the ongoing integrity of the financial information included on the Company's website.

Responsibility statement of the Directors in respect of the annual financial report

The Directors hereby confirm that to the best of their knowledge:

- the Financial Statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors confirm that they consider this Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Company's shareholders to assess the Group's position, performance, business model and strategy.

Disclosure of information to the auditors

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

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

Forward-looking statements

Where this Annual Report contains forward-looking statements, these are based on current expectations and assumptions and only relate to the date on which they are made. These statements should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward-looking information. The Group cautions investors that a number of factors, including matters referred to in this Annual Report, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed on pages 35-39 of this Annual Report.

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

Reappointment of the auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming AGM.

AGM

The 2021 AGM of the Company will be held at 2 p.m. on 20 July 2021 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN. A separate document accompanying this Annual Report contains the Notice convening the AGM and a description of the business to be conducted thereat.

By Order of the Board

PJ Mason

Peter Mason
Company Secretary
2 June 2021

Independent Auditor's Report

to the members of Braemar Shipping Services Plc

Opinion on the Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Company's affairs as at 28 February 2021 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group Financial Statements have been properly prepared in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements of Braemar Shipping Services Plc (the "Company") and its subsidiaries (the "Group") for the year ended 28 February 2021 which comprise:

	Composition	Financial reporting framework
Group	- Consolidated Income Statement - Consolidated Statement of Comprehensive Income - Consolidated Balance Sheet - Consolidated Statement of Changes in Total Equity - Consolidated Cash Flow Statement - Notes to the Financial Statements, including a summary of significant accounting policies.	Applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006; and International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union
Parent Company	- Company Balance Sheet - Company Statement of Changes in Total Equity - Notes to the Financial Statements, including a summary of significant accounting policies.	Applicable law and FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 2 October 2018 to audit the Financial Statements for the year ended 28 February 2019 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 28 February 2019 to 28 February 2021. We remain independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Company.

Conclusions relating to going concern

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

- Evaluation of the going concern and forecasts prepared, including the relevance and reliability of underlying data used to make the assessment, potential impact of COVID, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other particularly the revenue growth assumptions.
- Assessment of whether the forecasts used by the Directors are consistent with those used for other purposes such as goodwill impairment reviews.
- Evaluation of the sensitivity analysis performed by the Directors and where appropriate, performed our own.
- Review of Directors' reverse stress test forecast and potential mitigating measures to evaluate the likelihood or remoteness of stress case scenario.
- Assessment of the adequacy and appropriateness of Financial Statement disclosures regarding going concern and any material uncertainties that may exist.
- Reviewed the documentation supporting the extension of the revolving credit facility to September 2023.
- Reviewed and confirmed the Group's covenant compliance calculations (both at year-end and post year-end) against facility agreements with third party financial institutions, including reviewing the confirmation as to the relaxation of covenants.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

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

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

Overview

Audit coverage[1]	*93% (2020: 89%) of Group revenue*		
	96% (2020: 89%) of Group underlying profit		
Key audit matters		**2021**	2020
	Cut-off on revenue recognition and compliance with the requirement of IFRS 15 revenue recognition	✓	
	Accounting treatment for the disposal of Braemar Technical Services ("BTS") and acquisition of the investment in associate		✓
	Recoverability of trade receivables		✓
	Going concern		✓
	COVID pandemic impact		✓
	Accounting treatment for the disposal of Braemar Technical Services ("BTS") and acquisition of the investment in associate is no longer considered to be a key audit matter for the 2021 audit on the basis that the transaction was fully completed in 2020.		
	Recoverability of trade receivables, going concern and COVID pandemic impact were assessed to be key audit matters in 2020 in light of the uncertainties brought by the pandemic at the time of signing the 2020 audit report. We considered the assessment of these risks in the current year and based on trading in the year, no deterioration of credit quality and forecasts in place, these risks were not identified as key audit matters.		
Materiality	*Group Financial Statements as a whole*		
	£400,000 (2020: £405,000) based on 5% (2020: 5%) of underlying profit before tax		

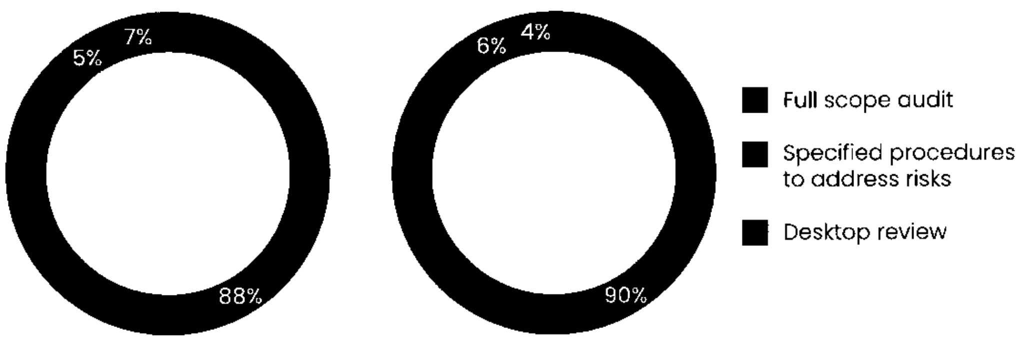
1 These are areas which have been subject to a full scope audit or specific audit procedures.

An overview of the scope of our audit

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

We designed an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion. Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of Group balances on which to base our audit opinion. The coverage of our audit procedures is summarised graphically below and then detailed in the following table.

Group Revenue **Group underlying profit**



Independent Auditor's Report continued
to the members of Braemar Shipping Services Plc

Our involvement with component auditors
Our involvement with component auditors included the following:

Significant components	– We focussed our Group audit scope primarily on the audit work at seven significant components including the Company, which were subject to full scope audit procedures. – These significant components and the Company comprise 88% of Group revenue, and 90% of Group underlying profit. – BDO UK audited all significant components with the exception of the Singapore, Germany and Australia Divisions which were audited by local BDO member firms in the respective countries. – The Group audit team issued the Group instructions, ensured involvement in the risk assessment and set the overall audit approach and strategy with the component auditors at the planning stage. Due to the restriction on travel the Group audit team performed remote reviews of the significant components working papers. The Group audit team attended several virtual conference meetings with the component auditors throughout the planning, fieldwork and completion stages of the audit. – All testing was performed by BDO Member Firms under the direction and supervision of the Group audit team.
Specified procedures	– There were two components which were considered for specific audit procedures. – Specified audit procedures were performed to address the risk of material misstatement arising from key balances in non-significant components, inclusive but not limited to our significant risks of revenue and trade receivables. – This specific scope audit testing was performed on components that contribute 5% of the Group Revenue and 6% of the Group underlying profit. – These specific audit procedures were performed by both BDO and a Non-BDO Member firm, and the Group audit team directed the work for the specified procedures through the issuance of detailed instructions, briefings and performing a review of selected working papers on significant risk areas.
Remaining components	– All other components were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information. – All of the analytical reviews were completed by BDO UK or member firms with the exception of two components which were subject to analytical review performed by non-BDO Member firms.

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

Key audit matter		How the scope of our audit addressed the key audit matter
Cut-off on revenue recognition and compliance with the requirement of IFRS 15 revenue recognition (see accounting policy in note 1(e))	The Group's entitlement to commission's revenue in the Shipbroking Division and success fee income in the Financial Division are dependent upon the fulfilment of certain obligations. IFRS 15 requires the Group to consider underlying performance obligations and the point at which revenue should be recognised. There is a risk in respect of cut-off at the year-end in determining when services or performance obligations have been delivered and related commission recognised. The other revenue streams were not considered complex from a revenue recognition perspective.	Our procedures included: - assessment of the design and implementation of controls carried out by management in respect of the cut-off on revenue recognition; - on a sample basis, testing of the revenue and accrued income with a focus on revenue from Spot Fixtures recognised close to the year-end through obtaining third party evidence to confirm the discharge date evidencing satisfaction of the performance obligation and ensure that cut-off had been correctly applied; - sample of invoices on either side of the year end across Shipbroking Division and Finance Division revenue streams have been confirmed for cut-off through reference to the third party evidence confirming the date of satisfaction of the IFRS 15 performance obligation; - challenged and assessed management's revenue recognition for compliance against requirement of IFRS 15 with a particular focus on revenue from commissions; and - we have tested manual journals posted in Shipbroking Division and Finance Division against Revenue above performance materiality and success fees around year end. **Key observations:** No issues were identified in relation to the revenue cut-off within the Shipbroking Division and the Financial Division. Based on the procedures performed, we are satisfied with cut-off in the Shipbroking and Financial Division and the recognition of revenue being in line with IFRS 15.

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

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

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

	Group	Company
Materiality	£400,000 (2020: £405,000)	£350,000 (£120,000)
Basis	5% (2020: 5%) of underlying profit before tax.	Capped at 90% (2020: 30%) of group materiality
Rationale	Underlying profit is considered the most appropriate benchmark based on the nature of the trading business where in our judgement the stakeholders would be most interested in the performance of the business and underlying profit being a key performance measure in this regard. This is also consistent with the market practice and investor expectations.	Capped materiality at 90% (2020: 30%) of group given the assessment of components aggregation risk. It was identified that the operations of the components are the key drivers of the group with the Company holding group debt and incurring head office costs. As there is limited trading activity in the Company we deem that it is reasonable to apply 90% to Group materiality to arrive at a Company materiality.

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

	Measure	Application
Performance materiality	Group: £280,000 (2020: £283,500) Parent: £245,000 (2020: £84,000)	The application of materiality at the individual account or balance level is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.
Component materiality	The range of materiality used for components ranged from £100,000 to £320,000. (2020: £80,000 to £360,000)	Our audit work at each component has been executed at levels of materiality applicable to each individual entity based on its size and risk as approved by the Group audit team and in each case, lower than that applied to the Group.
Reporting threshold	£8,000 (2020: £8,000)	All audit differences in excess of the *'reporting threshold'* are reported to the Audit and Risk Committee, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.
Quantitative & qualitative disclosures	We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.	

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

We have nothing to report in this regard.

Independent Auditor's Report continued

to the members of Braemar Shipping Services Plc

Corporate governance statement

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

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

Going concern and longer-term viability	– The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 75; and – The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 75.
Other Code provisions	– Directors' statement on fair, balanced and understandable set out on page 63; – Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 34-38; – The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 34-38; and – The section describing the work of the Audit Committee set out on pages 47-49.

Other Companies Act 2006 reporting

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

Strategic Report and Directors' Report	In our opinion, based on the work undertaken in the course of the audit: – the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and – the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Directors' remuneration	In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: – adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or – the Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or – certain disclosures of Directors' remuneration specified by law are not made; or – we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

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

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

- we gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, through discussion with management and the Audit Committee and our knowledge of the industry;
- we focused on significant laws and regulations that could give rise to a material misstatement in the Financial Statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules, IFRSs as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, Health and Safety, the Bribery Act 2010 and tax legislations;
- we considered compliance with these laws and regulations through discussions with management, in-house legal counsel, reviewing internal audit reports and the Audit Committee. Our procedures also included reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations as well as attending Audit Committee meetings;
- we assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls and improper revenue recognition, we tested the appropriateness of journal entries made throughout the year by applying specific criteria;
- we performed a detailed review of the Group's year end adjusting entries and investigated any that appeared unusual as to nature or amount; assessed whether the judgements made in accounting estimates were indicative of a potential bias and tested the application of cut-off and revenue recognition;
- we also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- the component teams also considered the susceptibility of the Financial Statements due to fraud in respect of the relevant component. Testing of management override was completed by the component teams through testing the appropriateness of a sample of journal entries and assessment of risk of management bias.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

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

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

DocuSigned by:
Scott McNaughton
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Scott McNaughton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
2 June 2021

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

Consolidated Income Statement

For the year ended 28 February 2021

		28 Feb 2021			29 Feb 2020 restated		
Continuing operations	Notes	**Underlying £'000**	**Specific items £'000**	**Total £'000**	Underlying £'000	Specific items £'000	Total £'000
Revenue		**111,778**	**–**	**111,778**	117,655	–	117,655
Cost of sales		**(17,000)**	**–**	**(17,000)**	(18,121)	–	(18,121)
Gross profit		**94,778**	**–**	**94,778**	99,534	–	99,534
Operating expense:							
Other operating costs	3,8	**(85,868)**	**(262)**	**(86,130)**	(88,504)	(446)	(88,950)
Restructuring costs	8	**–**	**–**	**–**	–	(890)	(890)
Acquisition and disposal-related income/(expenditure)	8	**–**	**1,873**	**1,873**	–	(2,008)	(2,008)
		(85,868)	**1,611**	**(84,257)**	(88,504)	(3,344)	(91,848)
Operating profit/(loss)		**8,910**	**1,611**	**10,521**	11,030	(3,344)	7,686
Share of associate profit/(loss) for the period	18	**255**	**91**	**346**	(262)	698	436
Finance income	6	**170**	**–**	**170**	458	–	458
Finance costs	6	**(1,250)**	**(432)**	**(1,682)**	(1,861)	(450)	(2,311)
Profit/(loss) before taxation		**8,085**	**1,270**	**9,355**	9,365	(3,096)	6,269
Taxation	7	**(1,999)**	**198**	**(1,801)**	(182)	228	46
Profit/(loss) for the year from continuing operations		**6,086**	**1,468**	**7,554**	9,183	(2,868)	6,315
Loss for the year from discontinued operations	9	**(1,706)**	**(754)**	**(2,460)**	(1,407)	(892)	(2,299)
Profit/(loss) for the year attributable to equity shareholders of the Company		**4,380**	**714**	**5,094**	7,776	(3,760)	4,016

Total							
Earnings per ordinary share							
Basic	11	**13.96p**		**16.24p**	24.94p		12.88p
Diluted	11	**11.55p**		**13.44p**	22.54p		11.64p

Continuing operations							
Earnings per ordinary share							
Basic	11	**19.40p**		**24.08p**	29.45p		20.26p
Diluted	11	**16.05p**		**19.92p**	26.62p		18.31p

The year ended 29 February 2020 has been restated for the presentation of Engineering as discontinued operations.

The accompanying notes on page 75-122 form an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 28 February 2021

	Notes	28 Feb 2021 £'000	29 Feb 2020 £'000
Profit for the year		**5,094**	4,016
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial loss on employee benefit schemes – net of tax		**(424)**	(1,638)
Items that are or may be reclassified to profit or loss:			
Foreign exchange differences on retranslation of foreign operations		**(715)**	(503)
Recycling of foreign exchange reserve*	18	**(488)**	–
Cash flow hedges – net of tax	29	**2,126**	(828)
Other comprehensive income/(expense)		**499**	(2,969)
Total comprehensive income for the year from continuing operations		**5,593**	1,047
Recycling of foreign exchange reserve		**–**	670
Total comprehensive income for the year from discontinued operations		**–**	670
Total comprehensive income for the year attributable to equity shareholders of the Company		**5,593**	1,717

* The recycling of foreign exchange reserve relates to the dilution and partial disposal of the Group's investment in AqualisBraemar LOC ASA. See Note 18.

The accompanying notes on pages 75-122 form an integral part of these Financial Statements.

Balance Sheets

As at 28 February 2021

	Note	Group As at 28 Feb 2021 £'000	Group As at 29 Feb 2020 £'000	Company As at 28 Feb 2021 £'000	Company As at 29 Feb 2020 £'000
Assets					
Non-current assets					
Goodwill	12	**83,955**	83,812	**–**	–
Other intangible assets	13	**2,129**	2,411	**539**	632
Property, plant and equipment	15	**9,841**	11,928	**5,670**	7,559
Other investments	17	**1,962**	1,962	**106,678**	104,886
Investment in associate	18	**3,763**	7,315	**3,247**	7,000
Financial assets	21	**–**	1,184	**–**	–
Derivative financial instruments	21	**200**	–	**–**	–
Deferred tax assets	7	**2,900**	3,620	**584**	1,273
Other long-term receivables	19	**1,888**	2,467	**1,471**	2,040
		106,638	114,699	**118,189**	123,390
Current assets					
Trade and other receivables	20	**34,800**	39,541	**45,854**	40,812
Financial assets	21	**746**	–	**–**	–
Derivative financial instruments	21	**1,573**	–	**–**	–
Cash and cash equivalents	22	**14,111**	28,749	**634**	26
Assets held for sale	9	**436**	–	**–**	–
		51,666	68,290	**46,488**	40,838
Total assets		**158,304**	182,989	**164,677**	164,228
Liabilities					
Current liabilities					
Derivative financial instruments	21	**60**	527	**–**	–
Trade and other payables	23	**46,237**	48,031	**52,660**	24,702
Short-term borrowings	24	**23,000**	48,758	**23,000**	49,785
Current tax payable		**1,318**	1,334	**–**	–
Provisions	25	**307**	201	**–**	–
Convertible loan notes	14	**5,130**	4,340	**–**	–
Deferred consideration	14	**608**	600	**–**	–
Liabilities directly associated with assets classified as held for sale	9	**125**	–	**–**	–
		76,785	103,791	**75,660**	74,487
Non-current liabilities					
Long-term borrowings	24	**8,634**	10,943	**6,386**	8,763
Deferred tax liabilities	7	**174**	903	**–**	–
Provisions	25	**690**	765	**541**	541
Convertible loan notes	14	**1,217**	2,398	**–**	–
Deferred consideration	14	**3,358**	3,031	**–**	–
Pension deficit	26	**3,819**	3,672	**–**	–
		17,892	21,712	**6,927**	9,304
Total liabilities		**94,677**	125,503	**82,587**	83,791
Total assets less total liabilities		**63,627**	57,486	**82,090**	80,437
Equity					
Share capital	27	**3,174**	3,167	**3,174**	3,167
Share premium	27	**55,805**	55,805	**55,805**	55,805
Shares to be issued	28	**(1,362)**	(2,498)	**(1,362)**	(2,498)
Other reserves	29	**22,790**	22,279	**21,742**	21,742
Retained earnings		**(16,780)**	(21,267)	**2,731**	2,221
Total equity		**63,627**	57,486	**82,090**	80,437

In accordance with the exemptions allowed by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. A profit of £693,000 (2020: loss of £3,301,000) has been dealt with in the Financial Statements of the Company.

The Financial Statements on pages 70-122 were approved by the Board of Directors on 2 June 2021 and were signed on its behalf by:

James Gundy
Group Chief Executive Officer

Nick Stone
Group Chief Operating Officer & Finance Director

Registered number: 02286034

Consolidated Cash Flow Statement

For the year ended 28 February 2021

	Notes	Group 28 Feb 2021 £'000	Group 29 Feb 2020 restated £'000
Profit before tax		**9,355**	6,269
Loss from discontinued operations	9	**(2,460)**	(2,299)
Depreciation and amortisation charges	13, 15	**3,702**	3,390
Loss on disposal of fixed assets		**78**	801
Gain on sub-lease arrangements		**–**	(101)
Share of profit in associate		**(346)**	(436)
Share scheme charges		**1,820**	1,582
Net foreign exchange gains of financial instruments		**(84)**	(70)
Net finance cost	6	**1,512**	1,853
Fair value loss/(profit) on warrants	8	**438**	(418)
Rights issue gain on shareholding in AqualisBraemar LOC ASA	8	**(826)**	–
Gain on disposal of shares in AqualisBraemar LOC ASA	8	**(2,229)**	–
Gain on recycling of foreign exchange on rights issue and disposal of shares	8	**(488)**	–
Impairment of right-of-use asset	8	**210**	–
Impairment of assets held for sale	9	**432**	–
Loss on disposal	9	**–**	892
Contribution to defined benefit scheme	26	**(450)**	(450)
Operating cash flow before changes in working capital		**10,664**	11,013
Decrease/(increase) in receivables		**5,493**	(1,629)
(Decrease)/increase in payables		**(1,468)**	631
Increase in provisions and employee benefits		**31**	552
Cash flows from operating activities		**14,720**	10,567
Interest received	6	**84**	385
Interest paid	6	**(1,274)**	(1,895)
Tax (paid)/received		**(822)**	1,193
Net cash generated from operating activities		**12,708**	10,250
Cash flows from investing activities			
Purchase of property, plant and equipment and computer software	13, 15	**(502)**	(1,743)
Purchase of other intangible assets	13	**(643)**	–
Investment in associate	18	**–**	(1,605)
Dividend received from associate	18	**641**	–
Acquisition of associate		**(418)**	–
Acquisition of other investment		**–**	(150)
Cash in subsidiaries disposed		**–**	(3,910)
Proceeds from disposal of investments	18	**5,983**	–
Principal received on finance lease receivables	16	**804**	661
Net cash generated from/(used in) investing activities		**5,865**	(6,747)
Cash flows from financing activities			
Proceeds from borrowings		**11,333**	8,500
Repayment of principal under lease liabilities	16	**(3,928)**	(3,473)
Repayment of revolving credit facility		**(11,975)**	(6,339)
Repayment of overdraft facilities		**(25,116)**	–
Net proceeds from pooling arrangements		**–**	4,595
Dividends paid	10	**–**	(4,630)
Gift to ESOP for purchase of shares		**(860)**	–
Deferred consideration paid		**(1,901)**	(600)
Net cash used in financing activities		**(32,447)**	(1,947)
Increase/(decrease) in cash and cash equivalents		**(13,874)**	1,556
Cash and cash equivalents at beginning of the period	22	**28,749**	28,021
Foreign exchange differences		**(711)**	(828)
Cash and cash equivalents at end of the period	22	**14,164**	28,749

The year ended 29 February 2020 has been restated for the presentation of Engineering as discontinued operations.

The accompanying notes on pages 75-122 form an integral part of these Financial Statements.

Statements of Changes in Total Equity

For the year ended 28 February 2021

Group	Note	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2019		3,144	55,805	(3,446)	22,857	(20,007)	58,353
Change in accounting policy – IFRS 16	1a	–	–	–	–	381	381
At 1 March 2019 after adoption of IFRS 16		3,144	55,805	(3,446)	22,857	(19,626)	58,734
Profit for the year		–	–	–	–	4,016	4,016
Actuarial loss on employee benefits schemes – net of tax		–	–	–	–	(1,638)	(1,638)
Foreign exchange differences		–	–	–	167	–	167
Cash flow hedges – net of tax		–	–	–	(828)	–	(828)
Total other comprehensive expense		–	–	–	(661)	(1,638)	(2,299)
Total comprehensive (expense)/income		–	–	–	(661)	2,378	1,717
Dividends paid	10	–	–	–	–	(4,630)	(4,630)
Deferred tax on items taken to equity		–	–	–	83	–	83
RSP shares purchased		23	–	–	–	(23)	–
ESOP shares allocated		–	–	948	–	(948)	–
Share-based payments		–	–	–	–	1,582	1,582
At 29 February 2020		**3,167**	**55,805**	**(2,498)**	**22,279**	**(21,267)**	**57,486**
Profit for the year		–	–	–	–	**5,094**	**5,094**
Actuarial loss on employee benefits schemes – net of tax		–	–	–	–	**(424)**	**(424)**
Foreign exchange differences		–	–	–	**(1,203)**	–	**(1,203)**
Cash flow hedges – net of tax		–	–	–	**2,126**	–	**2,126**
Total other comprehensive income/(expense)		–	–	–	**923**	**(424)**	**499**
Total comprehensive income					**923**	**4,670**	**5,593**
Deferred tax on items taken to equity		–	–	–	**(412)**	–	**(412)**
RSP shares purchased		**7**	–	–	–	**(7)**	–
Gift to ESOP for purchase of own shares		–	–	**(860)**	–	–	**(860)**
ESOP shares allocated		–	–	**1,996**	–	**(1,996)**	–
Share-based payments		–	–	–	–	**1,820**	**1,820**
At 28 February 2021		**3,174**	**55,805**	**(1,362)**	**22,790**	**(16,780)**	**63,627**

Company	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2019	3,144	55,805	(3,446)	21,742	9,530	86,775
Change in accounting policy – IFRS 16	–	–	–	–	(76)	(76)
At 1 March 2019 after adoption of IFRS 16	3,144	55,805	(3,446)	21,742	9,454	86,699
Loss for the year	–	–	–	–	(3,301)	(3,301)
Dividends paid	–	–	–	–	(4,630)	(4,630)
RSP shares purchased	23	–	–	–	(23)	–
ESOP shares allocated	–	–	948	–	(948)	–
Share-based payments	–	–	–	–	1,669	1,669
At 29 February 2020	**3,167**	**55,805**	**(2,498)**	**21,742**	**2,221**	**80,437**
Profit for the year	–	–	–	–	**693**	**693**
RSP shares purchased	**7**	–	–	–	**(7)**	–
Gifts to ESOP	–	–	**(860)**	–	–	**(860)**
ESOP shares allocated	–	–	**1,996**	–	**(1,996)**	–
Share-based payments	–	–	–	–	**1,820**	**1,820**
At 28 February 2021	**3,174**	**55,805**	**(1,362)**	**21,742**	**2,731**	**82,090**

The accompanying notes on pages 75-122 form an integral part of these Financial Statements.

Notes to the Financial Statements

General information
The Group and Company Financial Statements of Braemar Shipping Services Plc for the year ended 28 February 2021 were authorised for issue in accordance with a resolution of the Directors on 2 June 2021. Braemar Shipping Services Plc is a public limited company incorporated in England and Wales.

The term "Company" refers to Braemar Shipping Services Plc and "Group" refers to the Company and all its subsidiary undertakings and the Employee Share Ownership Plan trust.

1 Accounting policies
a) 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 for a period of greater than 12 months from the date of signing of these Financial Statements.

The cash flow forecasts have been prepared by the Directors having considered the impact of the COVID pandemic. Although the Group has faced considerable operational challenges as a result of the pandemic, the Group's underlying financial performance from continuing operations for the year is ahead of management's expectations that were set at the beginning of the pandemic. Therefore, the Directors have concluded that COVID is unlikely to have a significantly adverse impact on the Group's future cash flows.

As at 28 February 2021 the Group's net debt was £8.9m with available headroom in the £35.0m revolving credit facility ("RCF") of £12.0m. As at 31 May 2021 net debt had decreased by £2.9m to £6.0m with available headroom in the extended and amended £30.0m RCF of £11.0m and cash balances of £13.0m.

During the year the Group disposed of 9,600,000 shares in AqualisBraemar LOC ASA for net cash proceeds of £6.0m which significantly reduced net debt at 28 February 2021. On 19 May 2021 the Group disposed of its remaining 9,640,621 shares for net cash proceeds of £7.2m which significantly offset the annual bonus payments made in May. The Group's interest in AqualisBraemar LOC ASA is now limited to its holding of 6,523,977 performance-based warrants, of which one million are expected to vest shortly. See Note 21.

	Notes	31 May 2021 £m	28 Feb 2021 £m
Secured revolving credit facilities	24	**(19.0)**	**(23.0)**
Cash	22	**13.0**	**14.1**
Net debt		**(6.0)**	**(8.9)**

The RCF has a number of financial covenant tests that must be adhered to. During the year the financial covenant relating to debt to 12 months' rolling EBITDA was relaxed. The ratio was increased from 3x to 4x until May 2021, reducing to 3.5x until May 2022 and returning to 3x until the facility expires in September 2022. At 31 May 2021 and for the year ended 28 February 2021 the Group met all financial covenant tests.

On 25 May 2021 the Group completed an extension and amendment to the RCF. The RCF facility limit was reduced from £35.0m to £30.0m while the accordion limit was increased from £5.0m to £10.0m. Drawdown of the accordion facility is subject to additional credit approval. The EBITDA covenant is set at 3.0x until January 2022, and 2.5x until the facility expires in September 2023. At 31 May 2021 and for the year ended 28 February 2021 the Group met all financial covenant tests.

The cash flow forecasts assessed the ability of the Group to operate both within the revised covenants and the facility headroom, and included a number of downside sensitivities, including a reverse stress test scenario. The reverse stress test performed ascertained the point at which the covenants would be breached in respect of the key assumption of forecast revenue decline. The Directors considered from a review of the forecast assumptions and principal risks that revenue was the most sensitive assumption in the models. The reverse stress 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 29% in budgeted revenue in the base case assumptions from June 2021 through to June 2022. In light of current trading, forecasts and the Group's performance since the COVID pandemic begun in March 2020, the Directors having assessed this downturn in revenue and concluded the likelihood of such a reduction to be remote, such that it does not impact the basis of preparation of the Financial Statements and there is no material uncertainty in this regard.

In reaching this conclusion, the Directors have considered forward-looking market data in respect of the shipping market, the forward order book within the Shipbroking Division, the resilience within the Logistics Division owing to the flexible cost model and the nature of the clients supplying essential goods and the potential within the Financial Division, should a global recession become apparent.

The Directors consider revenue as the key assumption in the Group's forecasts as there is a low level of cost of sales, other than in the Freight Forwarding business within its Logistics Division, which generates a low gross margin. The remaining costs are largely fixed or made up of discretionary bonuses, predominately within the Shipbroking Division and which are directly linked to profitability. Should the need arise, further mitigating actions would be available to reduce the size of the workforce or defer bonus payments to reflect the downturn in revenue.

Over the course of the COVID pandemic the Group has faced unprecedented challenges and has operated successfully despite the various lockdown restrictions. The Group has the benefit of this experience when assessing how COVID may impact future trading but some uncertainty remains over the outlook, and revisions to trade projections are possible. The Directors are, however, comfortable that under the reverse stress test scenarios we have run, the Group could withstand a decline in revenue and continue to operate within the available banking facilities. Accordingly, the Group and the Company continues to adopt the going concern basis in preparing the Financial Statements.

Notes to the Financial Statements
continued

1 Accounting policies continued

b) Basis of preparation and forward-looking statements

The Financial Statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Company Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). No Income Statement is presented for Braemar Shipping Services Plc as provided by Section 408 of the Companies Act 2006.

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

Certain statements in this Annual Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give 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. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

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

FRS 101

The Financial Statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework. The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:
- a Cash Flow Statement and related notes; and
- disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated Financial Statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
- IFRS 2 "Share-based Payment" in respect of Group settled share-based payments;
- certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instrument Disclosures"; and
- the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and the exemption to disclose key management compensation.

New standards, amendments and interpretations effective for the financial year beginning 1 March 2020

There were no new standards or amendments adopted in the annual Financial Statements for the year ended 28 February 2021 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 2020 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 for reporting periods beginning on or after 1 January 2022 that the Group has decided not to adopt early. The most significant of these are as follows:
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3)

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. The amendments were originally effective for Annual Reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to Annual Reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of liabilities.

c) Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Group and the Company made up to 28 February each year or 29 February in a leap year.

The results of subsidiaries are consolidated using the purchase method of accounting, from the date on which control of the net assets and operation of the acquired company are effectively transferred to the Group. Similarly, the results of subsidiaries divested cease to be consolidated from the date on which control of the net assets and operations are transferred out of the Group.

The following are key areas where the Group typically makes critical accounting estimates and judgements:

d) 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.

The following are key areas where the Group typically makes judgements involving estimates:

Estimates
Associates
Where the reporting dates of the Group and the associate differ, the most recent full-year Financial Statements of the associate are used for the Group's full-year Financial Statements to 28 February.

Judgement is also required when assessing whether or not to adjust for significant transactions or events between the reporting dates of the Group and the associate and in the determination of significant influence. See Judgements.

Warrants
Warrants are classified as financial assets at fair value. In the current year the fair value of the warrants is based on a guaranteed minimum number of warrants which will vest regardless of the performance conditions. See Note 18. In the prior year, the fair value of the warrants was a critical estimate because the estimated number of warrants that would vest was based on a forecast put together by the management team of AqualisBraemar LOC ASA and valued using a Black-Scholes model. See Note 21.

Measurement of right-of-use assets and liabilities
A critical estimate in determining the lease term is the assessment of extension and termination options. Extension and termination options are accounted for as lease modifications when management estimate it is highly probable that the options will be exercised.

Where the interest rates implicit in the Group's leases are not available, incremental borrowing rates will be used to discount lease liabilities. Estimates will be applied to reflect the "halo effect" of Group companies' membership of the Group when borrowing in local markets and, where relevant, the existence of the Group's revolver facilities and funding arrangements. See Note 16.

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 7.

Share option vesting
The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The 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 27.

Assets and liabilities held for sale
The estimation of the fair value less costs to sell for assets held for sale is a critical accounting estimate. These estimates are prepared by internal management with the advice of independent valuation experts when considered necessary. There were a number of estimates that management undertook to determine the fair value of net assets held for sale, including the fair value of the consideration and the costs to sell. See Note 9.

Carrying value of deferred and contingent consideration
Deferred and contingent consideration is initially recognised at fair value and subsequently reassessed at each reporting date to reflect changes in estimates and assumptions. The three-year earnout period following the acquisition of NAVES Corporate Finance GmbH ("NAVES") ended in August 2020, therefore the fair value of deferred consideration at 28 February 2021 is based on actual performance and is not subject to estimates or assumptions. The fair value of the deferred consideration at 28 February 2021 was determined using an income approach which required estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. See Note 14.

Provision for impairment of trade receivables and accrued income
Trade receivables and accrued income are amounts due from customers in the ordinary course of business. Trade receivables and accrued income 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.

Notes to the Financial Statements
continued

1 Accounting policies continued
The provision for impairment of trade receivables and accrued income 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.

The application of IFRS 9 "Financial Instruments" results in an additional provision for expected credit losses. 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 conditions. See Note 20.

The Group has considered the impact of COVID on the Financial Statements at 28 February 2021. However, at 28 February 2021 there was no evidence to suggest that the Group's trade receivables may be at a higher risk of becoming credit impaired as a result of the pandemic. No impairment allowances were made in respect of COVID.

Impairment of goodwill and other intangible assets
Goodwill is tested for impairment on an annual basis. However, the Group will also test for impairment at other times if there is an indication that an impairment may exist. See Note 13.

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 requires estimation of future cash flows expected to arise for the cash-generating unit. The selection of suitable discount rates and the estimation of future growth rates vary between cash-generating units depending on their sensitivity and materiality.

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 for reasonability. See Note 26.

Investments in subsidiaries
The Company recognises provisions for impairment of investments from subsidiaries based on management's judgement of whether or not there is an indication of impairment at the Balance Sheet date. A judgement is made based on the net assets, cash balance and future trading performance of the subsidiary.

Provision for impairment of amounts due from subsidiaries
The Company recognises provisions for impairment of amounts due from subsidiaries based on management's estimate of what is recoverable at the Balance Sheet date. A judgement is made based on the net assets, cash balance and future trading performance of the subsidiary.

Judgements
Associates – significant transactions and events
Management review the most recent financial information and trading updates where available when assessing whether or not to adjust for significant transactions or events between the reporting dates of the Group and associates.

Associates – assessment of significant influence
On 17 December 2020 the Group's shareholding in AqualisBraemar LOC ASA reduced from 27.32% to 20.79% as a result of a rights issue; the Group's shareholding further reduced to 10.42% on 28 January 2021 when the Group disposed of 9,600,000 shares in AqualisBraemar LOC ASA. In accordance with IAS 28, where the Group holds more than 20% of the voting power of the associate, management presume to have significant influence and the investment is treated as an associate.

When the Group has the power to exercise significant influence though representation on the board of the associate, such an investment is treated as an associate. The Group retained representation on the board of AqualisBraemar LOC ASA, and considers the overall composition of the board of the associate, the relative rights of other investors and decision-making processes to determine whether the Group has significant influence. Management have concluded that the Group has significant influence as a result of representation on the board and the ability to participate in decision making. If the Group classified this as an equity investment its market value at 28 February 2021 would be £6.3m (2020: £5.9m) compared to its carrying value as an associate of £3.35m (2020: £7.3m). See Note 18.

Classification of assets held for sale
Significant judgements are involved in determining whether or not a non-current asset or disposal group should be classified as held for sale. Management use the classification criteria in IFRS 5 to determine whether or not it is highly probable that a sale transaction will occur within 12 months of the balance sheet date.

In August 2020 the Group announced its intention to dispose of the Engineering Division and engaged a corporate finance advisor to conduct a sale process. At 28 February 2021 a single buyer had been identified and final negotiations regarding the sale and purchase agreement were ongoing. On 31 March 2021 the sale was completed. Therefore, the results of the Engineering Division have been presented as discontinued operations. The net assets of the Engineering Division have been reclassified to assets held for sale and impaired to the fair value less cost to sell. See Note 9.

On 8 March 2021 the Group signed a non-binding term sheet with Vertom UCS Holdings BV ("Vertom") with a possibility of forming a joint venture between Vertom and the Group's Logistics Division. Management have concluded that at 28 February 2021 the sale of the Logistics Division into a joint venture with Vertom was not highly probable. At 28 February 2021 the possibility of entering into a joint venture with Vertom had not been approved by the Board; it remained possible that the plan could be changed or withdrawn. At 28 February 2021 the Board was committed to a plan to enter into a profit-sharing arrangement with Vertom, however this arrangement could be terminated with three months' notice and did not result in the loss of control of the Logistics Division. The Board will only consider the merits of entering into a next stage joint venture with Vertom once the results of the profit-sharing arrangement can be assessed. As a result the Board are not committed to a plan that would result in the loss of control, furthermore Board approval will also be subject to a due diligence process and consideration of banking and shareholder approval. Therefore, the results of the Logistics Division have not been classified as held for sale and presented as discontinued operations.

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 Shipbroking, the Group has defined the performance obligation to be the point in time where the negotiated contract between counterparties has been successfully completed, 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 at a different point in time.

Classification and recognition of specific items
The Group excludes specific items from its underlying earnings measure. The Directors believe that such additional performance measures can provide the users of the Financial Statements with a better understanding of the Group's underlying financial performance, if properly used. 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 8.

e) Revenue recognition
Revenue is recognised in accordance with satisfaction of performance obligations. Revenue of the Group consists of:

i) Shipbroking – income comprises commission arising from tanker and dry cargo charter broking, sale and purchase broking, offshore broking and consultancy, valuation fees and fees relating to the facilitation of commodity and commodity derivatives. The Group acts as a broker for several types of shipping transactions, each of which gives rise to an entitlement to commission:
   - 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;
   - 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; and
   - for income derived from commodity broking, the commission is recognised when the services have been performed.

ii) 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.

iii) Logistics – the performance obligation for agency income is satisfied at the point in time when the ship 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.

iv) Engineering – fee income comprises fees for the supply of technical, survey and loss adjusting services. The performance obligation is at the point of supply and income from such services is recognised on a time incurred and recoverable expenses basis net of provisions.

At the Balance Sheet date, there may be amounts where invoices have not been raised but performance obligations are deemed satisfied, and these are recognised as accrued income. 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.

Other income of the Company consists of dividends from investments. Dividend income from investments is recognised when the shareholders' legal rights to receive payment have been established with certainty.

f) 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 3.

Notes to the Financial Statements
continued

1 Accounting policies continued
g) Foreign currencies
The presentational currency of the Group and the Company and the functional currency of the Company is Sterling. 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 instruments contracts, mainly forward contracts and other derivative currency contracts (see Note 1(n)).

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 dealt with through the foreign currency translation reserve (see Note 29), whilst those arising from trading transactions are dealt with in the Income Statement. 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.

h) Taxation
The taxation expense represents the sum of the current and deferred tax.

The tax currently payable is based on taxable profit for the period. 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.

Full provision is made for deferred taxation on all taxable temporary differences. Deferred tax assets and liabilities are recognised separately on the Balance Sheet. Deferred tax assets are recognised only to the extent that they are expected to be recoverable. Deferred taxation is recognised in the Income Statement unless it relates to taxable transactions taken directly to equity, in which case the deferred tax is also recognised in equity. The deferred tax is released to the Income Statement at the same time as the taxable transaction is recognised in the Income Statement. Deferred taxation on unremitted overseas earnings is provided for to the extent a tax charge is foreseeable.

i) Goodwill
Business combinations are accounted for using the purchase method.

On the acquisition of a business, fair values are attributed to the net assets (including any identifiable intangible assets) acquired. Goodwill arises where the fair value of the consideration given exceeds the fair value of the net assets acquired. Goodwill is recognised as an asset and is reviewed for impairment at least annually. Impairments are recognised immediately in operating costs in the Income Statement. Goodwill is allocated to cash-generating units for the purposes of impairment testing. 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.

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.

j) Intangible assets
i) 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. 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.

ii) 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 15 years. See Note 13.

Research costs are expensed as incurred.

iii) 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 provisions 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 of the lesser of two to ten years or when based on historical attrition rates. The amortisation in respect of capitalised brand assets is expensed to the Income Statement over an estimated useful life of three years.

The carrying values of intangible assets are reviewed for impairment at least annually or when there is an indication that they may be impaired.

k) Property, plant and equipment
Property, plant and equipment are shown at historical cost less accumulated depreciation and any impairment value.

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
Computers	– four years
Fixtures and equipment	– four years

l) 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 bargain purchase is recognised in the Income Statement and the carrying value of the investment in the Consolidated Balance Sheet is increased.

When the Group's investment in associates or joint ventures is diluted the Group recognises a profit or loss on the book value of the investment that is derecognised along with any recycling of foreign exchange previously recognised in other comprehensive income. On a rights issue the Group remeasures its share of net assets and recognises a corresponding gain.

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.

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.

In the Company Balance Sheet investments in subsidiaries, associates and joint ventures are held at cost less accumulated impairment.

Investments where the Group has no significant influence are held at fair value, with movements in fair value recorded in profit and loss.

m) 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 at each Balance Sheet date to determine whether there is an indication of impairment. If any such indication exists, or annually for goodwill, 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.

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.

n) 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. 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 Group elected to transition from IAS 39 to IFRS 9 from 1 March 2020. The hedge accounting model under IFRS 9 has been applied prospectively. Upon initial application the Group reassessed the existing hedges previously accounted for under IAS 39 and determined there was no material difference in their treatment under IFRS 9. The effective portion of changes in the fair value of these derivatives is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. 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.

Notes to the Financial Statements
continued

1 Accounting policies continued
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 hedging instruments and the hedged transactions offset each other in currency terms and in amounts, meaning there is a clear economic relationship between the hedging instrument and hedged item as required under IFRS 9. Thereby, management qualitatively demonstrate that the hedging instrument and the hedged items will move equally in the opposite direction. Additionally, the credit rating of the counterparty to the derivatives is high, so the effect of credit risk is considered as neither material nor dominant in the economic relationship.

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 forward foreign exchange contracts is based either directly (i.e. as prices) or indirectly (i.e. derived from prices) at the Balance Sheet date.

Financial assets are initially recognised at fair value and are subsequently measured at fair value through profit or loss at each Balance Sheet date.

Financial assets and liabilities are classified in accordance with the fair value hierarchy specified by IFRS 13. See Note 21.

o) Trade receivables and accrued income
Trade receivables and accrued income are recognised and carried at the lower of their original value less impairment. 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 accrued income 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 were determined based on historical credit loss experience as well as forward-looking information. Expected credit loss provisions are made for other receivables and amounts due from subsidiaries 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.

p) 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.

q) 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.

r) Share-based payments
The Group operates a number of equity-settled share-based payment schemes.

During the year the Company operated employee save-as-you-earn option schemes called 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"). No option may be granted under either scheme 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). Options are granted at up to a 20% discount to the prevailing market price.

In 2005 the Company put in place a Deferred Bonus Plan (the "Plan") whereby part of the annual performance-related bonus is delivered in shares, on a discretionary basis, to staff including executive Directors. Under the Plan the shares are bought and held in an employee trust ("ESOP") until vesting, which will normally occur after three years from the date of grant, subject to the employee beneficiary remaining in employment with the Group, at which time the award will be settled by the transfer of shares to the beneficiary. Shares are valued at fair value at the date of grant.

The Company adopted a new Deferred Bonus Plan in May 2020 (the "New 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 "New CSOP"). Where an employee receives a linked award under the New DBP, where the Company's share price rises over the vesting period, the New CSOP award can be exercised with the value of shares delivered on the vesting of the New DBP award being reduced by the exercise gain on the New CSOP award. Awards under the New DBP and the New CSOP will continue to be settled via the transfer of shares from the ESOP and not through new issue.

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.

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 subject to a performance condition based on earnings per share ("EPS").

The Company reflects the fair value of the share-based payments as an investment in its subsidiaries.

s) 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.

t) 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 holds 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 liabilities 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 excluding interest are recognised in the period in which they arise within the Statement of Comprehensive Income.

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.

u) 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 will be recognised as a euro liability initially recognised at fair value and prospectively accounted for applying the effective interest rate method. The derivative conversion feature will be 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.

v) Segmental analysis
The Group's segmental analysis is based on its three continuing business segments: Shipbroking, Financial and Logistics. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting. The prior year comparatives have been restated as a result of the Engineering Division being reclassified as held for sale.

Notes to the Financial Statements
continued

1 Accounting policies continued
The second analysis is presented according to the geographic markets, comprising the UK, Singapore, the US, Australia, Germany and the Rest of the World. The Group's geographical segments are determined by the location of the Group's assets and operations.

w) Specific items
Specific items are significant items considered material in size or nature. These are disclosed separately to enable a full understanding of the Group's ongoing financial performance. Results from discontinued operations have therefore been included in specific items.

Restructuring costs include all costs of employment termination, office closure and relocation and any Balance Sheet asset impairment associated with a material business reorganisation.

Acquisition and disposal-related expenditure relates to significant items directly associated with business combinations and considered material in size or nature. These are disclosed separately to enable a full understanding of the Group's underlying financial performance.

x) 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.

2 Segmental information and revenue
a) Business segments
Management has determined the operating segments for the Group based on the reports reviewed by the Chief Operating Decision Maker to make strategic decisions. The Chief Operating Decision Maker is the Group's Board of Directors.

The Board considers the business from both service line and geographic perspectives. A description of each of the lines of service is provided on pages 17-22.

The Group was previously organised into four operating Divisions: Shipbroking, Financial, Logistics and Engineering. Following the decision to dispose of the Engineering Division the Group's continuing operations are organised into three operating Divisions: Shipbroking, Financial and Logistics while the results of the Engineering business are presented as discontinued 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.

Sales between and within business segments are carried out on an arm's-length basis.

Capital expenditure comprises additions to property, plant and equipment, goodwill and other intangibles including additions resulting from business acquisitions.

Segment assets consist primarily of intangible assets (including goodwill), property, plant and equipment, receivables and other assets. Receivables for taxes, cash and cash equivalents and investments have been excluded. Segment liabilities relate to the operating activities and exclude liabilities for taxes and borrowings.

Corporate assets consist primarily of property, plant and equipment and receivables. Corporate liabilities relate to deferred consideration and lease liabilities.

The segmental information provided to the Board for reportable segments for the year ended 28 February 2021 is as follows:

	Revenue		Operating profit/(loss)	
	2021 £'000	2020 restated £'000	**2021 £'000**	2020 restated £'000
Shipbroking	**77,727**	82,377	**10,068**	11,763
Financial	**5,968**	5,931	**1,034**	1,101
Logistics	**28,083**	29,347	**1,191**	1,023
Trading segments revenue/results	**111,778**	117,655	**12,293**	13,887
Central costs			**(3,383)**	(2,857)
Underlying operating profit			**8,910**	11,030
Specific operating costs			**(262)**	(1,336)
Acquisition-related income/(expenditure)			**1,873**	(2,008)
Operating profit			**10,521**	7,686
Share of associate profit for the period			**346**	436
Finance expense – net			**(1,512)**	(1,853)
Profit before taxation			**9,355**	6,269
Taxation			**(1,801)**	46
Profit for the year from continuing operations			**7,554**	6,315
Loss for the year from discontinued operations			**(2,460)**	(2,299)
Profit for the year			**5,094**	4,016

2021	**Shipbroking £'000**	**Financial £'000**	**Logistics £'000**	**Discontinued operations £'000**	**Corporate £'000**	**Total £'000**
Capital additions	**1,537**	**106**	**578**	**–**	**151**	**2,372**
Depreciation of property, plant and equipment and amortisation of computer software	**(1,195)**	**(50)**	**(433)**	**(37)**	**(1,923)**	**(3,638)**
Segment operating assets	**34,627**	**29,622**	**23,556**	**1,628**	**70,659**	**160,092**
Segment operating liabilities	**(25,757)**	**(28,661)**	**(21,711)**	**(23)**	**(18,540)**	**(94,692)**

2020	Shipbroking £'000	Financial £'000	Logistics £'000	Discontinued operations £'000	Corporate £'000	Total £'000
Capital additions	252	–	478	56	3,137	3,923
Depreciation of property, plant and equipment and amortisation of computer software	(430)	(13)	(104)	(124)	(2,696)	(3,367)
Segment operating assets	47,743	34,252	27,831	3,526	45,520	158,872
Segment operating liabilities	(28,571)	(28,322)	(22,070)	(409)	(21,014)	(100,386)

b) 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		Non-current assets	
	2021 £'000	2020 restated £'000	**2021 £'000**	2020 £'000
United Kingdom	**77,701**	79,904	**75,951**	82,128
Singapore	**14,135**	14,638	**1,299**	2,224
United States	**1,815**	2,173	**18**	124
Australia	**7,159**	7,672	**303**	296
Germany	**3,585**	4,870	**25,640**	25,770
Rest of the World	**7,383**	8,398	**1,074**	120
Continuing operations	**111,778**	117,655	**104,285**	110,662
Discontinued operations	**1,661**	3,139	**–**	–
Total	**113,439**	120,794	**104,285**	110,662

Notes to the Financial Statements
continued

2 Segmental information and revenue continued

c) Revenue analysis

The Group disaggregates revenue into Shipbroking, Financial and Logistics in line with the segmental information presented above. 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 the Shipbroking Division, 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

2021	Within 12 months £'000	1–2 years £'000	More than 2 years £'000	Total £'000
Sale and purchase	**3,594**	**1,337**	**290**	**5,221**
Chartering	**13,994**	**4,483**	**7,385**	**25,862**
Total	**17,588**	**5,820**	**7,675**	**31,083**

2020	Within 12 months £'000	1–2 years £'000	More than 2 years £'000	Total £'000
Sale and purchase	7,571	1,845	703	10,119
Chartering	17,235	2,954	8,412	28,601
Total	24,806	4,799	9,115	38,720

3 Operating profit

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	2021 £'000	2020 restated £'000
Staff costs	4	**69,123**	75,900
Depreciation of property, plant and equipment	15	**3,298**	2,980
Amortisation of computer software	13	**404**	410
Net movements in bad debt provisions		**(187)**	166
Auditor's remuneration	5	**793**	623
Net foreign exchange losses		**193**	69
Specific items included in operating profit		**(1,873)**	3,344

A total of £0.9m (2020: £nil) has been netted against staff costs. £0.5m relates to a grant from the Singaporean Government for retaining all Singaporean locals during the COVID pandemic. £0.4m relates to a grant from the Australian Government for maintaining the wages of Australian employees above a certain threshold during the COVID pandemic. All criteria for the retention of both grants has been satisfied and therefore the full amount has been recognised in the Income Statement.

4 Staff costs

a) Staff costs for the Group during the year (including Directors)

		Group		Company	
	Notes	2021 £'000	2020 restated £'000	2021 £'000	2020 £'000
Salaries, wages and short-term employee benefits		**61,577**	62,161	**1,918**	1,696
Other pension costs	26	**1,862**	1,562	**47**	33
Social security costs		**3,557**	3,536	**194**	205
Share-based payments	27	**1,821**	1,455	**10**	1,669
		68,817	68,714	**2,169**	3,603
Discontinued operations		**1,160**	7,186	**–**	–
		69,977	75,900	**2,169**	3,603

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Directors' Remuneration Report on pages 52–60. The exception to this is for James Kidwell who received aggregate remuneration of £465,000 in the previous financial year.

b) Average number of full-time employees

	2021 number	2020 restated number
Shipbroking	**323**	314
Financial	**23**	24
Logistics	**169**	177
Central	**13**	11
	528	526
Discontinued operations	**9**	82
Total	**537**	608

The Directors' remuneration is borne by Braemar Shipping Services Plc.

The average number of full-time employees of the Company was 13 (2020: 11)

c) Key management compensation
The remuneration of key management is set out below. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report on pages 52-60. Key management represents the Board of the Company.

	2021 £'000	2020 restated £'000
Salaries, short-term employee benefits and fees	**3,410**	3,903
Other pension costs	**68**	128
Share-based payments	**71**	116
One-off costs related to Board changes	**–**	468
	3,549	4,615

Retirement benefits are accruing to three (2020 restated: three) members of key management in respect of a defined contribution pension scheme. The current year remuneration includes new key management personnel and to enable comparability, the prior year disclosure has been restated. This has increased the prior year total remuneration from £1.5m to £4.6m. The increases relate to a £2.9m increase in salaries, short-term employee benefits and fees, £0.1m increase in pension costs and £0.1m increase in share-based payments.

5 Auditor's remuneration
A more detailed analysis of the auditor's services is given below:

	2021 £'000	2020 £'000
Audit services		
– Fees payable to the Company's auditor for audit of the Company and Group Financial Statements	**288**	252
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	**435**	336
– Other service – interim review	**70**	35
	793	623

All fees paid to the auditor were charged to operating profit in both years.

6 Finance income and costs – net

	2021 £'000	2020 £'000
Finance income:		
– Interest on bank deposits	**84**	385
– Interest on IFRS 16 lease receivables	**86**	73
Total finance income	**170**	458
Finance costs:		
– Interest payable on rolling credit facility	**(912)**	(1,029)
– Interest payable on pooled overdraft facilities	**(107)**	(364)
– Interest payable on convertible loan notes	**(255)**	(502)
Subtotal finance costs before IFRS 16 lease liabilities	**(1,274)**	(1,895)
– Interest on IFRS 16 lease liabilities	**(408)**	(416)
Total finance costs	**(1,682)**	(2,311)
Finance costs – net	**(1,512)**	(1,853)

Interest payable on a rolling credit facility of £0.4m (2020: £0.2m) directly linked to acquisition-related activities has been incurred during the period and is included in the above.

Notes to the Financial Statements
continued

7 Taxation
a) Analysis of charge in year

	2021 £'000	2020 restated £'000
Current tax		
UK corporation tax charged to the Income Statement	**–**	–
UK adjustment in respect of previous years	**355**	(927)
Overseas tax on profits in the year	**2,003**	1,769
Overseas adjustment in respect of previous years	**(136)**	285
Total current tax	**2,222**	1,127
Deferred tax		
UK current year origination and reversal of timing differences	**(1,005)**	(923)
UK adjustment in respect of previous years	**573**	(13)
Overseas current year origination and reversal of timing differences	**(384)**	(324)
Overseas adjustment in respect of previous years	**395**	87
Total deferred tax	**(421)**	(1,173)
Taxation	**1,801**	(46)

Included within the UK current year origination and reversal of timing differences is a credit of £100,000 (2020: £384,000) in respect of deferred tax on the actuarial loss on the Group's defined benefit pension scheme.

Reconciliation between expected and actual tax charge	2021 £'000	2020 restated £'000
Profit before tax from continuing operations	**9,355**	6,269
Profit before tax at standard rate of UK corporation tax of 19% (2020: 19%)	**1,777**	1,191
Due to change in rate of tax	**(185)**	–
Net expenses not deductible for tax purposes	**21**	412
Utilisation of losses	**(104)**	(119)
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	**292**	151
Timing differences*	**(1,187)**	(819)
Other prior year adjustments	**1,187**	(862)
Total tax charge/(credit) for the year	**1,801**	(46)

*Included within timing differences are movements related to share options, cash flow hedges and IFRS 16.

The year ended 29 February 2020 has been restated for the presentation of Engineering as discontinued operations. Included within the total tax charge is a credit of £0.2m (2020: £0.2m) in respect of specific items disclosed separately on the face of the Income Statement. See Note 8.

A tax credit of £nil (2020: £nil) is included in the results for discontinued operations as a result of the trading loss contained therein (see Note 9). No tax charge arose on the disposal and the majority of expenses incurred in relation to discontinued operations are non-deductible for tax purposes.

b) Deferred tax asset

Analysis of the deferred tax asset	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Accelerated capital allowances (includes £25,000 (2020: £602,000) of overseas accelerated capital allowances)	**80**	573
Timing differences (includes £759,000 (2020: £113,000) of overseas short-term timing differences)	**1,503**	2,647
Employee benefits (including £nil of overseas employee benefits)	**1,317**	400
	2,900	3,620

The movement in the deferred tax asset	2021 £'000	2020 £'000
Balance at beginning of year	**3,620**	1,640
Movement in opening balance due to change in rate of tax	**289**	–
Movement to Income Statement – continuing operations	**371**	1,971
Movement to equity	**(412)**	83
Adjustments in respect of prior years	**(968)**	(74)
Balance at end of year	**2,900**	3,620

A deferred tax asset of £2.9m (2020: £3.6m) 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.

c) Deferred tax liability

Analysis of the deferred tax liabilities	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Timing differences	**(174)**	(903)
Balance at end of year	**(174)**	(903)

The movement in the deferred tax liability	As at 28 Feb 2021 £'000	As at 29 Feb 2020 £'000
Balance at beginning of year	**(903)**	(930)
Movement in opening balance due to change in rate of tax	**(104)**	–
Movement to Income Statement	**833**	27
Balance at end of year	**(174)**	(903)

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 £0.1m (2020: £0.1m).

At 28 February 2021 the Group had £1.4m of unutilised tax losses, for which a deferred tax asset has been provided.

In the Spring Budget 2021, the UK Government announced changes to the UK corporation tax rates. The rate of corporation tax from 1 April 2021 would remain at 19%, rising to 25% from 1 April 2023. This was substantively enacted in May 2021 when the Finance Bill 2021 was published. As the proposal to increase the rate to 25% from 1 April 2023 had not been substantively enacted at the Balance Sheet date, its effects are not included in these Financial Statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the Balance Sheet date, would be to reduce the tax expense for the year by £0.4m and increase the deferred tax asset by £0.4m.

8 Specific items

The following is a summary of specific items incurred. Each item has a material impact on the reported results for the year 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.

	2021 £'000	2020 £'000
Other operating costs		
Impairment of ROU assets	**(210)**	–
Board changes	–	(468)
(Loss)/profit on sublet of office	**(52)**	22
	(262)	(446)
Acquisition and disposal-related items		
– Acquisition of ACM Shipping Group plc	**(115)**	(153)
– Acquisition of NAVES Corporate Finance GmbH	**(949)**	(1,190)
– NAVES tax reimbursement	**115**	–
– Acquisition of Atlantic Brokers Holdings Limited	**(283)**	(1,083)
– Movement in fair value of warrants	**(438)**	418
– Gain on rights issue of AqualisBraemar LOC ASA	**826**	–
– Disposal of shares in AqualisBraemar LOC ASA	**2,229**	–
– Recycle of amounts in other comprehensive income and foreign currency translation reserve	**488**	–
	1,873	(2,008)
Other items		
Restructuring costs	–	(890)
Share of profit/(loss) in associate in respect of warrants	**91**	(120)
Gain on bargain purchase	–	818
Finance costs	**(432)**	(450)
Taxation	**198**	228
Loss on disposal of discontinued operations (Note 9)	**(754)**	(892)
Total	**714**	(3,760)

Notes to the Financial Statements continued

8 Specific items continued

Other operating costs

In the current year a loss of £0.3m has been recognised in other operating costs. £0.2m is an impairment to a right-of-use asset in respect of a London office which will be vacated by AqualisBraemar LOC ASA and £52,000 is a loss on disposal in respect of the Group subletting a portion of its Singapore office space to AqualisBraemar LOC ASA. In the prior year £0.5m of costs were incurred in relation to the former Chief Executive left the Board in July 2019 and a profit on disposal of £22,000 was recognised in the prior year in respect of the sublet of certain office space.

Acquisition and disposal-related items

The Group received total income of £1.9m (2020: expenditure of £2.0m) in respect of acquisition-related items.

£0.1m (2020: £0.2m) was incurred in relation to the restricted share plan implemented to retain key staff following the merger between Braemar Shipping Services Plc and ACM Shipping plc. This restricted share plan expired in July 2020.

Expenditure of £0.9m (2020: £1.2m) is directly linked to the acquisition of NAVES Corporate Finance GmbH. This includes charges of £0.1m related to foreign exchange translation of Euro liabilities plus charges of £0.3m in respect of interest and £0.6m of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement. This agreement has a three-year earnout period which ended on 31 August 2020, over which the contingent costs of the acquisition will be charged to the Income Statement depending on the earnings of the Financial Division during that period. See Note 14. A credit of £0.1m is included in respect of a reimbursement from the sellers of certain expenses incurred by the Financial Division prior to acquisition.

Expenditure of £0.3m (2020: £1.1m) is directly linked to the acquisition of Atlantic Brokers Holdings Limited in respect of incentive payments to working sellers. The cash payment was made in the year to 28 February 2018 but is subject to clawback provisions if the working sellers were to leave employment of the Group before 28 February 2021 and, as such, the costs are charged to the Income Statement over that clawback period.

The Group recognised a loss of £0.4m on the fair value movement of warrants. See Note 21.

The Group recognised a gain of £0.8m on a rights issue of AqualisBraemar LOC ASA as well as a gain of £2.2m on the disposal of 9,600,000 shares in AqualisBraemar LOC ASA. A further gain of £0.5m was recognised in respect of amounts recycled from other comprehensive income and foreign currency translation reserves both at the date of dilution and the date of disposal. See Note 18.

Other specific items

In the current year the Group did not incur any restructuring costs. In the prior year costs of £0.9m were incurred in the Logistics Division as a result of a restructuring programme.

The Group recognised specific income of £0.1m (2020: £0.7m) in relation to its investment in AqualisBraemar LOC ASA. This is the Group's share of the fair value movement of contingent consideration due from AqualisBraemar LOC ASA. The recognition of this investment is a one-off event and is therefore treated as a specific item. In the prior year a gain of £0.8m was recognised in relation to the gain on bargain purchase on initial recognition of the investment.

£0.4m (2020: £0.5m) of interest charges related to the Group's revolving credit facility have been included in finance costs. These charges relate to interest payable on tranches of the revolving credit facility that were used to fund the acquisition of NAVES Corporate Finance GmbH.

A tax credit of £0.2m (2020: £0.2m) has been recognised in respect of specific items which are allowable for UK corporation tax purposes.

The Group recognised a further £1.0m (2020: £0.9m) in relation to discontinued operations. See Note 9.

9 Discontinued operations

In August 2020 the Board announced its intention to dispose of Wavespec, the Group's Engineering Division and engaged a corporate finance advisor to conduct a sale process. Following the Group's decision to dispose of the Engineering Division, the results of the current and comparative periods have been re-presented to include the results of the Engineering Division as discontinued operations. Previously losses from discontinued operations comprised the results of the Offshore, Adjusting and Marine product lines which were divested to Aqualis ASA on 21 June 2019.

Subsequent to the year-end, the sale of the Engineering Division completed for a maximum consideration of £2.6m. See Note 32. The consideration will be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026, the fair value less cost to sell is based on the net present value of the promissory note less legal and professional fees directly associated with the transaction and intercompany receivables which will be waived on completion of the transaction.

The major classes of assets and liabilities comprising the operations held for sale are as follows:

	Year ended 28 Feb 2021 £'000	Year ended 29 Feb 2020 £'000
Intangibles	90	–
Property plant and equipment	1	–
Cash	53	–
Trade and other receivables	292	–
Assets held for sale	436	–
Trade and other payables	(125)	–
Liabilities directly associated with assets classified as held for sale	(125)	–
Net assets of discontinued operations	311	–

An impairment to fair value less costs to sell of £432,000 has been pro-rated across intangibles and property, plant and equipment.

The results of the discontinued operations which have been included in the Income Statement are as follows:

Engineering Division

	Year ended 28 Feb 2021 £'000	Year ended 29 Feb 2020 £'000
Revenue	1,661	3,139
Costs	(3,367)	(4,550)
Trading loss	(1,706)	(1,411)
Impairment to fair value less costs to sell	(432)	–
Disposal costs	(322)	–
Loss before taxation	(2,460)	(1,411)
Taxation	–	4
Loss for the year from the Engineering Division	(2,460)	(1,407)

No taxation arises in relation to discontinued operations as the Engineering Division is loss making.

Offshore, Marine and Adjusting product lines

	Year ended 28 Feb 2021 £'000	Year ended 29 Feb 2020 £'000
Net assets disposed of	–	(7,128)
Proceeds	–	8,509
Transactions costs	–	(1,741)
Disposal-related costs	–	(403)
Recycling of foreign exchange	–	670
Loss on disposal	–	(93)
Trading loss	–	(799)
Loss for the year from the Offshore, Marine and Adjusting product lines	–	(892)

Total discontinued operations

	Year ended 28 Feb 2021 £'000	Year ended 29 Feb 2020 restated £'000
Trading loss of the year from total discontinued operations	(1,706)	(1,407)
Specific items from total discontinued operations	(754)	(892)
Total loss for the year from total discontinued operations	(2,460)	(2,299)

The basic and diluted earnings per share in respect of discontinued operations were as follows:

	Year ended 28 Feb 2021	Year ended 29 Feb 2020 restated
Basic earnings per share	(7.84)p	(7.37)p
Diluted earnings per share	(7.84)p	(7.37)p

As any potential ordinary shares would have the effect of increasing a loss per share, they have been treated as anti-dilutive in the current and prior year.

During the year the discontinued operations had net operating cash flows of £1.0m (2020: £0.9m). There were no cash outflows relating to financing or investing activities (2020: £nil).

Notes to the Financial Statements
continued

10 Dividends

Amounts recognised as distributions to equity holders in the year:

	2021 £'000	2020 £'000
Ordinary shares of 10 pence each		
Final dividend of nil per share for the year ended 29 February 2020 (2019: 10.0 pence per share)	–	3,066
Interim dividend of nil per share (2020: 5.0 pence per share)	–	1,564
	–	4,630

The right to receive dividends on the shares held in the ESOP has been waived (see Note 28). The dividend saving through the waiver is £nil (2020: £87,000).

The distributable reserves of the Company at 28 February 2021 were £2.73m (2020: £2.22m).

11 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 588,127 ordinary shares held by the Employee Share Ownership Plan (2020: 410,690 shares) which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary shares. The Group has one class of dilutive ordinary shares, being those options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. The Group has other potential dilutive ordinary shares, including convertible loan notes, however these are not currently dilutive because the exercise price is less than the Group's current share price.

Total operations	2021 £'000	2020 £'000
Profit for the year attributable to shareholders	**5,094**	4,016
	pence	pence
Basic earnings per share	**16.24**	12.88
Effect of dilutive share options	**(2.80)**	(1.24)
Diluted earnings per share	**13.44**	11.64

As any potential ordinary shares would have the effect of decreasing a loss per share in the prior year, they have not been treated as dilutive.

Underlying operations	2021 £'000	2020 restated £'000
Underlying profit from continuing operations for the year attributable to shareholders	**4,380**	7,776
	pence	pence
Basic earnings per share	**13.96**	24.94
Effect of dilutive share options	**(2.41)**	(2.40)
Diluted earnings per share	**11.55**	22.54

Underlying continuing operations	2021 £'000	2020 restated £'000
Underlying profit for the year from continuing operations	**6,086**	9,183
	pence	pence
Basic earnings per share	**19.40**	29.45
Effect of dilutive share options	**(3.35)**	(2.83)
Diluted earnings per share	**16.05**	26.62

Continuing operations	2021 £'000	2020 restated £'000
Profit from continuing operations for the year attributable to shareholders	**7,554**	6,315
	pence	pence
Basic earnings per share	**24.08**	20.26
Effect of dilutive share options	**(4.16)**	(1.95)
Diluted earnings per share	**19.92**	18.31

The weighted average number of shares used in basic earnings per share is 31,366,379 (2020: 31,176,947)

The weighted average number of shares used in the diluted earnings per share is 37,914,547 (2020: 34,494,250) after adjusting for the effect of 6,548,168 (2020: 3,317,303) dilutive share options.

12 Goodwill

Group	£'000
Cost	
At 28 February 2019	91,471
Impairment	–
Exchange adjustments	–
At 29 February 2020	91,471
Impairment	–
Exchange adjustments	143
At 28 February 2021	**91,614**
Accumulated impairment	
At 28 February 2021 and 29 February 2020	**7,659**
Net book value at 28 February 2021	**83,955**
Net book value at 29 February 2020	83,812

All goodwill is allocated to cash-generating units. The allocation of goodwill to cash-generating units is as follows:

	2021 £'000	2020 £'000
Shipbroking	**68,696**	68,696
Financial	**11,614**	11,471
Logistics	**3,645**	3,645
	83,955	83,812

These cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

All goodwill is denominated in the Group's reporting currency, with the exception of the Financial Division which is denominated in Euros. Goodwill denominated in foreign currencies is revalued at the Balance Sheet date. The exchange adjustment at 28 February 2021 was a gain of £143,000 (2020: less than £1,000).

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 discount rate was determined from the pre-tax weighted average cost of capital calculation which was not based on an entity-specific capital structure. The discount rate for the Financial Division includes an additional premium of 1.5% to reflect the Group's risk assessment of this cash-generating unit.

Notes to the Financial Statements
continued

12 Goodwill continued
The estimated cash flows were based on the approved annual budget for the next financial year and management projections for the following four years which are based on management's estimates of revenue growth and cost inflation. 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. After five years a terminal value is calculated using a long-term growth rate of 1.0% (2020: 1.0%). The key assumptions and resulting net present values are as follows:

2021	Shipbroking	Financial	Logistics
Discount rate	**9.10%**	**10.60%**	**9.10%**
Operating profit margin years 2-5	**11.2-21.9%**	**23.1-25.8%**	**4.7-8.7%**

2020	Shipbroking	Financial	Logistics
Discount rate	9.48%	9.48%	9.48%
Operating profit margin years 2-5	12.2-13.1%	35.7-36.0%	3.9-4.8%

At 28 February 2021, the net present value of the Shipbroking Division 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. If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount of the Financial and Logistics Divisions would be equal.

	Financial	Logistics
Discount rate	14.96%	56.63%
Revenue growth rate*	(2.0%)	0.3%
Operating profit margin years 2-5	25.4%	2.5%

* The base case revenue growth rates for Financial and Logistics are 3.5% and 2.5% respectively.

Under the base case the net present value of the Financial Division is £14.3m, with headroom of £2.5m over the carrying value goodwill and cash-generating unit assets.

Under the base case the net present value of the Financial Division is £25.6m, with headroom of £16.7m over the carrying value goodwill and cash-generating unit assets.

Sensitivity to impairment
The tests performed indicated aggregate headroom over the carrying value of the goodwill of 100% in all three cash-generating units. To test the sensitivity of the results of the impairment review, the calculations have been re-performed under three scenarios:
- reducing revenue growth to zero;
- increasing the post-tax discount rate by 2.0%; and
- reducing underlying operating profit by 20%.

The results showed that in all scenarios the net present values of the three cash-generating units were still in excess of the carrying value and therefore there was no indication of impairment.

Management does not believe that climate-related risks would affect the recoverability of goodwill in any of the three cash-generating units. The potential impact of climate change on the Group's operations is not expected to be felt sufficient soon enough for it to affect the recoverability of goodwill.

13 Other intangible assets

Group	Computer software £'000	Research and development £'000	Other intangible assets £'000	Total £'000
Cost				
At 28 February 2019	5,238	836	11,005	17,079
Additions	567	–	–	567
At 29 February 2020	5,805	836	11,005	17,646
Additions	643	–	–	643
Reclassified as held for sale	(28)	(836)	–	(864)
At 28 February 2021	**6,420**	**–**	**11,005**	**17,425**

Amortisation and impairment				
At 28 February 2019	3,997	224	10,632	14,853
Charge for the year	410	–	–	410
Exchange adjustments	(28)	–	–	(28)
At 29 February 2020	4,379	224	10,632	15,235
Charge for the year	404	–	–	404
Reclassified as held for sale	(14)	(224)	(111)	(349)
Exchange adjustments	6	–	–	6
At 28 February 2021	**4,775**	**–**	**10,521**	**15,296**
Net book value at 28 February 2021	**1,645**	**–**	**484**	**2,129**
Net book value at 29 February 2020	1,426	612	373	2,411

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 five years; and brand which is being amortised over ten years.

Company	Computer software £'000	Total £'000
Cost		
At 29 February 2020	632	632
Additions	150	150
At 28 February 2021	**782**	**782**
Amortisation and impairment		
At 29 February 2020	–	–
Charge for the year	243	243
At 28 February 2021	**243**	**243**
Net book value at 28 February 2021	**539**	**539**
Net book value at 29 February 2020	632	632

At 28 February 2021, the Group had no contractual commitments for the acquisition of computer software (2020: £210,000).

14 Deferred and contingent consideration

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 a minimum consideration of £20.6m (€24.0m), excluding a working capital adjustment, and a maximum consideration of £30.0m (€35.0m). Following the conclusion of the assessment period, the total amount payable under the acquisition agreement was £25.3m (€29.3m). Management sellers represent Mark Kuchenbecker and Axel Siepmann, the managing partners of NAVES, and non-management sellers represent other investors.

The initial consideration payable at completion was:

- £12.7m (€14.8m), excluding a working capital adjustment, 50% of which was paid in cash, and 50% satisfied by the issue of convertible loan notes; and
- £1.3m (€1.5m) to be satisfied by the issue of 458,166 ordinary shares to non-management sellers only (representing a price of 300.2 pence per ordinary share (being the Reference Price).

Subsequent consideration which has been paid as at 28 February 2021 is:

- five annual instalments of £0.6m (€0.7m) totalling £3.0m (€3.5m) paid to management sellers only, to be satisfied by the issue of convertible loan notes.

Notes to the Financial Statements
continued

14 Deferred and contingent consideration continued
An additional aggregate amount of up to £9.4m (€11.0m), being the balance of the maximum consideration, may be payable over the three years following completion in accordance with the terms and conditions in the acquisition agreement which provide as follows:
- payable to the management sellers only and satisfied wholly by the issue of convertible loan notes;
- payable annually in tranches of £3.2m (€3.7m) in each case within 30 days of the determination of NAVES' EBIT for the relevant period; and
- requires NAVES to deliver EBIT in excess of £1.7m (€2.0m) in each period to trigger payment with the maximum consideration payable in each year if EBIT of £3.8m (€4.4m) is delivered subject, in each case, to certain agreed adjustments.

At 28 February 2021, the three-year earnout period was completed and this element of the consideration was no longer dependent on future performance. The total amount payable based on actual performance is £4.6m (€5.3m):
- Year 1 – £3.2m (€3.7m)
- Year 2 – £1.3m (€1.5m)
- Year 3 – £0.1m (€0.1m)

At 28 February 2021 the outstanding elements of deferred consideration total £8.2m (€9.5m):
- two annual instalments of £0.6m (€0.7m) will be payable to management sellers only, to be satisfied by the issue of convertible loan notes;
- two annual instalments of £1.2m (€1.4m) will be payable to the sellers, 50% in cash and 50% satisfied by the issue of convertible loan notes. Interest at a rate of 3% per annum will accrue on each of these tranches from the date of issue until the date of conversion or payment of the relevant tranche; and
- cash settlement of a total of £4.6m (€5.3m) earnout loan notes payable to management sellers.

Leaver provisions provide that if either of Mark Kuchenbecker or Axel Siepmann resigns or is dismissed for cause, then each management seller shall have their entitlements to receive further payments of the deferred consideration and earnout consideration reduced by an amount equal to the relevant individual's percentage ownership interest in each relevant management seller.

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.

Costs of £0.9m associated with the acquisition were incurred during the year ended 28 February 2021 (2020: £1.2m) and have been classified as acquisition-related expenditure under specific items in the Income Statement. See Note 8.

Convertible instruments and deferred consideration

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current				
Issued convertible loan notes	**5,130**	4,340	**–**	–
Deferred cash	**608**	600	**–**	–
	5,738	4,940	**–**	–
Non-current				
Issued convertible loan notes and deferred cash	**1,217**	2,398	**–**	–
Accrued retention convertible loan notes and deferred cash	**3,358**	3,031	**–**	–
	4,575	5,429	**–**	–
Total	**10,313**	10,369	**–**	–

Of the total convertible loan notes and deferred consideration, £5.7m is in relation to payments that will be paid within one year of the Balance Sheet date. Subsequent to the year-end an agreement was reached to reschedule these payments. See Note 32.

In total, the Group has committed to the issue of up to £20.6m (€24.0m) convertible loan note instruments in respect of the acquisition of NAVES Corporate Finance GmbH.

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 £42.8m (€50.0m) is reflected in the audited Financial Statements of the Group.

All deferred consideration and earnout consideration payable to management sellers is subject to Axel Siepmann and Mark Kuchenbecker remaining with the business during the relevant periods (subject to good leaver/bad leaver provisions).

The convertible loan notes and financial derivatives are valued using level 3 hierarchy techniques under IFRS 13. See Note 21.

Acquisition of Atlantic Brokers Holdings Limited
In February 2018 the Group acquired the entire share capital of Atlantic Brokers Holdings Ltd, the holding company for Atlantic Brokers Ltd (together, "Atlantic"). Atlantic is an established introducing broker of physical and financial coal products in both the Atlantic and Pacific basins.

The acquisition agreement provides for a total consideration of £4.8m (subject to a customary working capital adjustment). The total consideration payable was split:
- £2.7m in cash (subject to adjustment based on target net asset value and regulatory capital requirements); and
- £2.1m to be satisfied by the issue of 804,426 ordinary shares of 10 pence each in the capital of the Company, representing a price of 261.055 pence per share. The price per share represents the volume weighted average closing middle market share price for an ordinary share for the 30 consecutive trading days prior to completion.

The sellers who are engaged in the business, Tristram Simmonds, Michael Griffin and Kelvin Taaffe (together, the "Working Sellers"), entered into new service contracts on completion of the acquisition. The transaction terms include lock-in mechanisms to incentivise the Working Sellers to remain with Atlantic for at least three years following completion. Working Sellers who become "bad leavers" within three years will be required to return one-third of the value of their Core Consideration to the Group for each post-completion anniversary not reached.

IFRS 3 requires that payments to acquire a business are distinguished from other payments and that a contingent consideration arrangement in which payments are automatically forfeited if employment terminates is remuneration for post-combination services. On this basis, all consideration paid to the Working Sellers will be treated as post-acquisition expenses and expensed to the Income Statement over the period of the restrictions.

Costs of £0.3m associated with the acquisition were incurred during the year ended 28 February 2021 (2020: £1.1m) and have been classified as acquisition-related expenditure in the Income Statement. See Note 8.

15 Property, plant and equipment

Group	Leaseholds £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost or fair value				
At 28 February 2019	1,623	1,502	2,396	5,521
Recognised on adoption of IFRS 16	10,815	–	351	11,166
Additions at cost	2,986	73	292	3,351
Disposals	(1,620)	(501)	(668)	(2,789)
Exchange differences	14	8	43	65
At 29 February 2020	13,818	1,082	2,414	17,314
Additions at cost	1,232	237	260	1,729
Disposals	(784)	(75)	(153)	(1,012)
Impairment	(210)	–	–	(210)
Reclassification to assets held for sale	(65)	(385)	(170)	(620)
Exchange differences	107	–	33	140
At 28 February 2021	**14,098**	**859**	**2,384**	**17,341**
Accumulated depreciation				
At 28 February 2019	266	1,073	2,204	3,543
Charge for the year	2,555	101	324	2,980
Disposals	(83)	(478)	(617)	(1,178)
Exchange differences	4	5	32	41
At 29 February 2020	2,742	701	1,943	5,386
Charge for the year	2,886	94	318	3,298
Disposals	(397)	(75)	(153)	(625)
Reclassification to assets held for sale	(63)	(379)	(170)	(612)
Exchange differences	–	11	42	53
At 28 February 2021	**5,168**	**352**	**1,980**	**7,500**
Net book value at 28 February 2021	**8,930**	**507**	**404**	**9,841**
Net book value at 29 February 2020	11,076	381	471	11,928

On 1 March 2019 the Group adopted IFRS 16 "Leases" (Note 16) and consequently right-of-use assets were recognised within property, plant and equipment in the year ended 29 February 2020.

Notes to the Financial Statements
continued

15 Property, plant and equipment continued

At 28 February 2021, the Group had no contractual commitments for the acquisition of property, plant and equipment (2020: £nil).

Company	Leaseholds £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 28 February 2019	–	3	17	20
Recognised on adoption of IFRS 16	11,868	–	205	12,073
Additions at cost	–	3	–	3
Disposals	(2,726)	–	–	(2,726)
At 29 February 2020	9,142	6	222	9,370
Additions at cost	–	–	–	–
Impairment	(210)	–	–	(210)
At 28 February 2021	**8,932**	**6**	**222**	**9,160**
Accumulated depreciation				
At 28 February 2019	–	1	3	4
Charge for the year	1,711	1	95	1,807
At 29 February 2020	1,711	2	98	1,811
Charge for the year	1,583	1	95	1,679
Disposals	–	–	–	–
At 28 February 2021	**3,294**	**3**	**193**	**3,490**
Net book value at 28 February 2021	**5,638**	**3**	**29**	**5,670**
Net book value at 29 February 2020	7,431	4	124	7,559

16 Leases
Group
Right-of-use assets

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 1 March 2019	10,815	351	11,166
Additions	2,074	101	2,175
Amortisation	(2,136)	(182)	(2,318)
Disposals	(1,535)	–	(1,535)
Exchange differences	1	(3)	(2)
At 29 February 2020	9,219	267	9,486
Additions	1,148	37	1,185
Amortisation	(2,494)	(178)	(2,672)
Impairment	(210)	–	(210)
Disposals	(361)	–	(361)
Exchange differences	5	12	17
At 28 February 2021	**7,307**	**138**	**7,445**

Lease liabilities

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 1 March 2019	15,248	351	15,599
Additions	2,074	101	2,175
Interest expense	436	11	447
Lease payments	(3,403)	(70)	(3,473)
Exchange differences	29	–	29
At 29 February 2020	14,384	393	14,777
Additions	1,148	37	1,185
Interest expense	397	12	409
Lease payments	(3,853)	(75)	(3,928)
Exchange differences	111	–	111
At 28 February 2021	**12,187**	**367**	**12,554**

Lease receivables

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 1 March 2019	2,554	–	2,554
Additions	1,235	–	1,235
Interest received	86	–	86
Lease payments	(661)	–	(661)
Exchange differences	–	–	–
At 29 February 2020	3,214	–	3,214
Additions	324	–	324
Interest received	86	–	86
Lease payments	(804)	–	(804)
Exchange differences	7	–	7
At 28 February 2021	**2,827**	**–**	**2,827**

	2021 £'000	2020 £'000
Short-term lease expense	**282**	329
Short-term lease income	**73**	62
Low value lease expense	**–**	–

Lease liabilities

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
At 28 February 2021	**1,043**	**2,818**	**3,570**	**5,025**	**98**	**12,554**
At 29 February 2020	1,059	2,860	3,416	7,339	103	14,777

Lease receivables

	Within 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	More than 5 years £'000	Total £'000	Unearned interest £'000	Net investment £'000
At 28 February 2021	**939**	**939**	**900**	**289**	**–**	**–**	**3,067**	**(240)**	**2,827**
At 29 February 2020	808	953	953	910	291	–	3,915	(701)	3,214

Notes to the Financial Statements continued

16 Leases continued
Company
Right-of-use assets

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 29 February 2020	6,963	114	7,077
Additions	–	–	–
Amortisation	(1,483)	(91)	(1,574)
Impairment	(210)	–	(210)
Disposals	–	–	–
Exchange differences	1	–	1
At 28 February 2021	**5,271**	**23**	**5,294**

Lease liabilities

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 29 February 2020	11,187	250	11,437
Additions	–	–	–
Interest expense	297	18	315
Lease payments	(2,556)	(157)	(2,713)
Exchange differences	(2)	–	(2)
At 28 February 2021	**8,926**	**111**	**9,037**

Lease receivables

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 29 February 2020	2,674	–	2,674
Additions	–	–	–
Interest received	71	–	71
Lease payments	(642)	–	(642)
Exchange differences	1	–	1
At 28 February 2021	**2,104**	**–**	**2,104**

	2021 £'000	2020 £'000
Short-term lease expense	**–**	–
Short-term lease income	**–**	–
Low value lease expense	**–**	–

Lease liabilities

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
At 28 February 2021	**676**	**1,927**	**2,501**	**3,933**	**–**	**9,037**
At 29 February 2020	676	1,997	2,524	6,132	108	11,437

Lease receivables

	Within 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	More than 5 years £'000	Total £'000	Unearned interest £'000	Net investment £'000
At 28 February 2021	**642**	**642**	**642**	**289**	**–**	**–**	**2,215**	**(111)**	**2,104**
At 29 February 2020	642	642	642	642	290	–	2,858	(184)	2,674

17 Investments

Group	Unlisted investments £'000
Cost at 28 February 2019	1,773
Additions	189
At 29 February 2020 and 28 February 2021	**1,962**

Additions of £0.2m relate to the Group's investment in Cory-Wave Shipping Limited, Gibraltar.

The Group recognises unlisted investments at fair value through profit or loss.

Company	Subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost			
At 28 February 2019	120,235	1,500	121,735
Share-based payments	1,582	–	1,582
Disposal	(7,848)	–	(7,848)
At 29 February 2020	113,969	1,500	115,469
Share-based payments	1,792	–	1,792
At 28 February 2021	**115,761**	**1,500**	**117,261**
Impairment			
At 28 February 2019	9,187	–	9,187
Impairment of investment in Engineering Division	1,396	–	1,396
At 29 February 2020	10,583	–	10,583
At 28 February 2021	**10,583**	**–**	**10,583**
Net book value at 28 February 2021	**105,178**	**1,500**	**106,678**
Net book value at 29 February 2020	103,386	1,500	104,886

The Company recognises investments in subsidiaries at cost less impairment.

The Company invested £1.8m (2020: £1.6m) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year. See Note 27.

During the prior year, the Company impaired investments in the Engineering Division totalling £1.4m. The carrying amount of £1.4m was equal to the net assets of the Engineering Division.

A list of subsidiary undertakings is included in Note 31.

The Financial Statements of the principal subsidiary undertakings are prepared to 28 February 2021.

Unlisted investments
The Group's unlisted investments include 1,000 (2020: 1,000) ordinary £1 shares in London Tanker Broker Panel. The investment is carried at fair value, being the value of the most recent comparable transaction, which occurred during the year ended 28 February 2019. There have been no transactions or events in the current or prior year which would result in an adjustment to the fair value at 28 February 2021.

Notes to the Financial Statements
continued

18 Investment in associate
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, 160 City Road, London, United Kingdom, EC1V 2NX. Zuma Labs Limited has one share class and each share carries one vote. At 28 February 2021 the Group's shareholding was 1,000 shares, which equates to 9.09% of Zuma Lab Limited's share capital and 9.09% of voting rights. The Group has representation on the board of Zuma Labs Limited and has a commitment to purchase further shares which will result in the Group owning more that 20.00% of Zuma Labs Limited's share capital. Based on this the Group consider that it has the power to exercise significant influence for the year ended 28 February 2021.

The investment in Zuma Labs Limited has been accounted for using the equity method. The movement post acquisition is immaterial.

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.

On completion, 14,865,621 ordinary shares in AqualisBraemar LOC ASA were issued to the Group. Warrants were also issued to the Group, the vesting of which was subject to performance conditions over a two-year period. On 16 July 2019 the Group acquired a further 4,375,000 shares through a private placement at a cost of £1.6m. The Group's then Executive Chairman was appointed to the board of AqualisBraemar LOC ASA on completion of the transaction.

The Group is entitled to representation on the board of AqualisBraemar LOC for as long as the Group's shareholding remains more than 10.0%. Based on this the Group consider that it has the power to exercise significant influence for the year ended 28 February 2021.

During the year the Group reached an agreement with AqualisBraemar LOC ASA which specified a minimum number of warrants which would vest, regardless of the performance conditions over the two-year vesting period. See Note 21.

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 17 December 2020 the Group's shareholding was diluted as a result of a rights issue, resulting in a gain of £0.8m. On 28 January 2021 the Group disposed of 9,600,000 shares in AqualisBraemar LOC ASA for a profit of £2.7m. See Note 8.

At 28 February 2021 the Group's shareholding was 9,640,621 ordinary shares, which equates to 10.42% of AqualisBraemar ASA's share capital and 10.42% of voting rights.

The share price of AqualisBraemar LOC ASA on 28 February 2021 was NOK 7.85. The market value of the Group's shareholding at 28 February 2021 was £6.3m (NOK 75.7m). The market value of the Group's shareholding in the prior year at 29 February 2020 was £5.9m (NOK 71.2m).

On 19 May 2021 the Group sold its entire remaining shareholding in AqualisBraemar LOC ASA, see Note 32.

The investment in AqualisBraemar LOC ASA has been accounted for using the equity method.

	Zuma £'000	AqualisBraemar £'000	Total £'000
At 1 March 2019	–	–	–
Cost of investment	–	5,395	5,395
Private placement	–	1,605	1,605
Gain on bargain purchase	–	818	818
Share of loss in associate – underlying	–	(262)	(262)
Share of loss in associate – specific	–	(120)	(120)
Foreign exchange movements	–	(121)	(121)
At 1 March 2020	–	7,315	7,315
Cost of investment	418	–	418
Share of profit in associate – underlying	–	255	255
Share of profit in associate – specific	–	91	91
Share of associate's other comprehensive income	–	312	312
Dividends received	–	(641)	(641)
Gain on rights issue	–	826	826
Book value of 9,600,000 shares disposed	–	(3,753)	(3,753)
Foreign exchange movements	–	(1,060)	(1,060)
At 28 February 2021	**418**	**3,345**	**3,763**

In the prior year purchase price allocation ("PPA") exercise was carried out to compare the fair value of the Group's share of identifiable net assets in AqualisBraemar LOC ASA to the fair value of the purchase price. The notional PPA exercise resulted in a bargain purchase of £0.8m which increased the carrying value of the investment in associate to £6.2m. The gain on bargain purchase arises as a result of the fair value of the identifiable net assets acquired through the notional PPA exercise being greater than the cost of acquisition of the investment in AqualisBraemar LOC ASA.

A reconciliation of the book value of the 9,600,000 shares disposed of to the profit on disposal in Note 9 is as follows:

Number of shares sold	9,600,000
Share price NOK	7.50
	NOK'000
Gross disposal proceeds	72,000
Broker's commission at 2%	(1,440)
Net disposal proceeds	70,560

	£'000
Net disposal proceeds	5,982
Book value of shares sold	(3,753)
Recycle of amounts in other comprehensive income	488
Profit on disposal	2,717

Management have reviewed the carrying value of the investment at 28 February 2021 and do not consider this to be impaired.

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. AqualisBraemar LOC ASA has a year-end of 31 December and for practical reasons AqualisBraemar LOC ASA full-year accounts 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. For the period to 28 February 2021, the Group has included its share of the AqualisBraemar LOC ASA results to 31 December 2020. There were no other significant transactions or events between 31 December 2020 and 28 February 2021. At 31 December 2020 AqualisBraemar LOC ASA had no contingent liabilities.

The summarised financial information of AqualisBraemar LOC ASA for the period ended 31 December 2020 is as follows. These figures are taken from the Annual Report of AqualisBraemar LOC ASA, adjusted for any fair value adjustments but before any intercompany eliminations.

	31 Dec 2020 £'000	31 Dec 2019 £'000
Balance Sheet		
Current assets	**60,976**	36,741
Non-current assets	**15,269**	2,633
Current liabilities	**(28,586)**	(9,155)
Non-current liabilities	**(9,924)**	(3,450)
Net assets (100%)	**37,735**	26,769
Group share of net assets (10.42% / 27.3%)	**3,345**	7,315
Income Statement		
Revenues	**55,212**	42,650
Post-tax profit	**1,085**	7,034
Total comprehensive income	**2,273**	7,105
Dividends received from associate	**641**	–

The share of loss in associate recognised during the year has been adjusted for the elimination of gains and losses on transactions with AqualisBraemar ASA LOC.

Zuma Labs Limited will prepare its first set of Financial Statements for the year ended 31 March 2021. The Group has not recognised any share of profit or loss in Zuma Labs Limited as the amount is considered to be trivial.

The Company recognises its investment in AqualisBraemar LOC ASA at cost less impairment.

Company	£'000
Cost at 28 February 2019	–
Additions	7,000
At 29 February 2020	7,000
Disposal	(3,753)
Cost at 28 February 2021	**3,247**

Notes to the Financial Statements
continued

19 Other long-term receivables

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Other long-term receivables					
Security deposits		**35**	37	**–**	–
Finance lease receivables	16	**1,853**	2,430	**1,471**	2,040
		1,888	2,467	**1,471**	2,040

See Note 16 for a maturity analysis which reconciles the long-term finance lease receivables to the undiscounted lease receipts and unearned finance income.

20 Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade receivables	**27,266**	31,913	**–**	–
Provision for impairment of trade receivables	**(2,858)**	(3,405)	**–**	–
Net trade receivables	**24,408**	28,508	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**45,134**	40,058
Other receivables	**5,567**	6,561	**–**	–
Finance lease receivables	**974**	784	**634**	634
Accrued income	**2,570**	2,815	**–**	–
Prepayments	**1,281**	873	**86**	120
Total	**34,800**	39,541	**45,854**	40,812

Other receivables include security deposits, VAT and other sales tax receivables, employee loans and capitalised sign-on bonuses which are being charged to the Income Statement in accordance with the clawback provisions of the underlying contracts.

The total receivables balance is denominated in the following currencies:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
US dollars	**17,804**	22,511	**–**	–
Sterling	**13,792**	13,103	**17,412**	14,708
Other	**3,204**	3,927	**28,442**	26,104
Total	**34,800**	39,541	**45,854**	40,812

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 2021, trade receivables of £613,000 (2020: £220,000) which were over 24 months old were treated as credit impaired and have been provided for and trade receivables of £613,000 (2020: £2,262,000) which were between 12 months old and 24 months old were treated as impaired and have been provided for. A provision of £477,000 (2020: £23,000) 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:

2021	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
Up to 3 months	**19,668**	**0.014**	**110**	**275**	**385**
3 to 6 months	**2,794**	**0.022**	**134**	**61**	**195**
6 to 12 months	**2,906**	**0.046**	**233**	**135**	**368**
Over 12 months	**1,898**	**0.154**	**1,579**	**293**	**1,872**
Trade receivables	**27,266**	**0.028**	**2,056**	**764**	**2,820**
Accrued income	**2,570**	**0.015**	**–**	**38**	**38**
Total	**29,836**	**0.027**	**2,056**	**802**	**2,858**

2020	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
Up to 3 months	21,547	0.015	–	315	315
3 to 6 months	3,514	0.034	–	118	118
6 to 12 months	3,883	0.050	23	195	218
Over 12 months	2,969	0.079	2,482	235	2,717
Trade receivables	31,913	0.027	2,505	863	3,368
Accrued income	2,815	0.013	–	37	37
Total	34,728	0.026	2,505	900	3,405

The Company has no trade receivables (2020: £nil). Amounts due from subsidiary undertakings are interest-free, unsecured and repayable on demand. The Company provides for impairment using a lifetime expected credit loss provision for amounts due from subsidiary undertakings. At 28 February 2021 amounts due from subsidiary undertakings of £3.0m (2020: £1.6m) were treated as credit impaired. In both the current and the prior year these amounts related to amounts due from the Engineering Division.

Movements on the Group provision for impairment of trade receivables were as follows:

	2021 £'000	2020 £'000
At 1 March	**3,405**	3,239
Provision for receivables impairment	**(170)**	948
Receivables written off during the year as uncollectible	**(360)**	(782)
Reclassified as held for sale	**(17)**	–
At 28 February	**2,858**	3,405

21 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.

Notes to the Financial Statements
continued

21 Financial instruments and risk management continued
There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

a) Financial instruments
(i) Principal financial instruments
The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:
- Trade and other receivables
- Cash and cash equivalents
- Unlisted investments
- Warrants
- Trade and other payables
- Bank overdrafts
- Revolving credit facility
- Lease liabilities
- Forward currency contracts
- Deferred and contingent consideration

(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 2021 £'000
Financial assets				
Unlisted investments	–	**1,500**	–	**1,500**
Forward currency contracts	–	**1,773**	–	**1,773**
Warrants	–	–	**746**	**746**
Total	–	**3,273**	**746**	**4,019**
Financial liabilities			–	
Embedded derivative	–	–	**60**	**60**
Total	–	–	**60**	**60**

*At 28 February 2021, currency forwards with a fair value of £1,573,000 maturing within 12 months have been shown as current assets. Currency forwards with a fair value of £200,000 maturing within 12 to 18 months of the Balance Sheet date have been shown as non-current assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 29 Feb 2020 £'000
Financial assets				
Unlisted investments	–	1,500	–	1,500
Warrants	–	–	1,184	1,184
Total	–	1,500	1,184	2,684
Financial liabilities				
Forward currency contracts	–	437	–	437
Embedded derivative	–	–	90	90
Total	–	437	90	527

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 Broker Panel, see Note 17. 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.

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.

Warrants

The fair value of the warrants includes unobservable inputs and are therefore classified as Level 3. The key assumptions underpinning the fair value of the warrants relate to the future expected share price of AqualisBraemar LOC ASA, the GBP:NOK and GBP:US$ exchange rate and the future performance of both AqualisBraemar as a whole, and of the former Braemar Marine and Adjusting product lines. The fair value has been determined using the Black-Scholes valuation model. The inputs in the Black-Scholes valuation model are:

- the share price of AqualisBraemar LOC ASA NOK 4.03
- the exercise price of the option NOK 0.01
- the length of the exercise period 3 months
- the compound risk-free interest rate
- the annualised standard deviation

The fair value of the warrants was decreased from £1.2m on 29 February 2020 to £0.7m on 28 February 2021 on the assumption that the minimum number of guaranteed warrants will vest. A loss of £0.5m has been recognised in specific items, see Note 8.

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 the Black-Scholes valuation model.

£30,000 has been charged to the Income Statement in respect of the fair value movement of the embedded derivative from 1 March 2020 to 28 February 2021 (2020: £51,000).

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 costs. 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	2021 £'000	2020 £'000
Cash and cash equivalents	**14,111**	28,749
Trade and other receivables	**35,408**	41,135
Total	**49,519**	69,884

Financial liabilities	2021 £'000	2020 £'000
Trade and other payables	**30,335**	48,031
Deferred and contingent consideration	**10,313**	10,369
Loans and borrowings	**35,553**	59,701
Total	**76,201**	118,101

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 the exposure to US dollar currency variations by spot and forward currency sales and other derivative currency contracts, including participating hedging arrangements.

At 28 February 2021 the Group held forward currency contracts to sell US$48.8m at an average rate of US$1.328/£1.

At 29 February 2020 the Group held forward currency contracts to sell US$43.7m at an average rate of US$1.309/£1.

Notes to the Financial Statements
continued

21 Financial instruments and risk management continued
The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £1,773,000 asset (2020: £437,000 liability) which has been deferred in equity.

Amounts of £84,000 have been credited (2020: £638,000 charged) to the Income Statement in respect of forward contracts which have matured in the period.

Excluding the effect of hedging, the effect on equity and profit before tax if the US dollar 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 2021				
US dollars	**2,141**	**(2,141)**	**1,734**	**(1,734)**
Euros	**819**	**(819)**	**663**	**(663)**
Total	**2,960**	**(2,960)**	**2,397**	**(2,397)**
29 February 2020				
US dollars	2,695	(2,695)	2,183	(2,183)
Euros	335	(335)	272	(272)
Total	3,030	(3,030)	2,455	(2,455)

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:

		Group		Company	
	Notes	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Floating rate:					
Within one year					
Cash and cash equivalents	22	**14,111**	28,749	**634**	26
Secured bank pooled overdraft facilities	24	**–**	(25,116)	**–**	(25,117)
Secured rolling credit facilities and other borrowings	24	**(23,000)**	(23,642)	**(23,000)**	(24,668)
		(8,889)	(20,009)	**(22,366)**	(49,759)

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 2021				
Cash and cash equivalents	**7**	**(6)**	**5**	**(5)**
RCF and overdrafts	**(11)**	**10**	**(9)**	**8**
Total	**(4)**	**4**	**(4)**	**3**
29 February 2020				
Cash and cash equivalents	13	(12)	10	(10)
RCF and overdrafts	(22)	21	(18)	17
Total	(9)	9	(8)	7

d) Credit risk
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 the Group's 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 20.

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 carrying amount, by maturity, of the Group's financial instruments which are exposed to liquidity risk:

At 28 February 2021	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
Trade and other payables	**13,029**	**17,307**	–	–	–
Loans and borrowings	**23,000**	–	–	–	–
Deferred and contingent consideration	**3,188**	**2,551**	**1,521**	**3,054**	–
Total	**39,217**	**19,858**	**1,521**	**3,054**	–
Forward currency contracts (gross settled)	**517**	**1,056**	**200**	–	–

At 29 February 2020	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
Trade and other payables	36,994	11,037	–	–	–
Loans and borrowings	59,701	–	–	–	–
Deferred and contingent consideration	–	4,940	2,517	2,912	–
Total	96,695	15,977	2,517	2,912	–
Forward currency contracts (gross settled)	78	255	104	–	–

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 2021 and 29 February 2020.

Notes to the Financial Statements continued

21 Financial instruments and risk management continued

g) Reconciliation of financing cash flows

	Non-current loans and borrowings £'000	Non-current deferred consideration £'000	Non-current lease liabilities £'000	Current loans and borrowings £'000	Current deferred consideration £'000	Current lease liabilities £'000	Total £'000
At 1 March 2020	2,398	3,031	10,943	53,098	600	3,834	73,904
Cash flows	(684)	–	–	(25,758)	(1,217)	(3,928)	(31,587)
Non-cash flows:							
– Interest accruing in the period	–	–	409	–	–	–	409
– Lease adjustment	–	–	1,185	–	–	–	1,185
– Amounts reclassified from non-current to current	(601)	(907)	(3,970)	601	907	3,970	–
– Amounts reclassified from deferred consideration to loans	–	–	–	–	–	–	–
– Retention accrual net charge	–	976	–	–	–	–	976
– Effects of foreign exchange	104	258	67	189	318	–	936
At 28 February 2021	**1,217**	**3,358**	**8,634**	**28,130**	**608**	**3,876**	**45,823**

	Non-current loans and borrowings £'000	Non-current deferred consideration £'000	Non-current lease liabilities £'000	Current loans and borrowings £'000	Current deferred consideration £'000	Current lease liabilities £'000	Total £'000
At 1 March 2019	4,579	5,357	–	42,183	600	–	52,719
Cash flows	(502)	–	–	5,182	(600)	(3,473)	607
Non-cash flows:							
– Interest accruing in the period	502	–	447	1,393	–	–	2,342
– Lease adjustment	–	–	14,302	–	–	3,473	17,775
– Amounts reclassified from non-current to current	(4,579)	(600)	(3,834)	4,579	600	3,834	–
– Amounts reclassified from deferred consideration to loans	2,912	(2,912)	–	–	–	–	–
– Retention accrual net charge	–	1,189	–	–	–	–	1,189
– Effects of foreign exchange	(514)	(3)	28	(239)	–	–	(728)
At 29 February 2020	2,398	3,031	10,943	53,098	600	3,834	73,904

22 Cash and cash equivalents

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Cash at bank and cash on hand	**14,111**	28,114	**634**	26
Term deposits	**–**	635	**–**	–
	14,111	28,749	**634**	26
Cash held for sale	**53**	–	**–**	–
Total	**14,164**	28,749	**634**	26

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 £1.4m (2020: £1.3m) 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 Group utilises global cash pooling facilities, notably in our regional hubs of the UK, Singapore and Germany. The Consolidated Balance Sheet shows cash of £14.1m (2020: £28.7m) and short-term borrowings including overdrafts relating to the pooled facilities of £nil (2020: £25.1m), see Note 24. The Group has a legal offset in respect of the pooling arrangement but is required to present the separate cash and overdraft balances gross; the overdraft relating to the pooling facilities as identified in Note 24 does therefore not represent a formal overdraft facility available to the Group. The net cash balance available to the Group after deducting the pooled facilities is £14.1m (2020: £3.6m).

The Directors consider that the carrying amounts of these assets approximate to their fair value.

23 Trade and other payables

Current liabilities	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade payables	**21,875**	22,556	–	–
Lease liabilities	**3,920**	3,834	**2,651**	2,674
Amounts owed to subsidiary undertakings	–	–	**49,478**	21,839
Other taxation and social security	**988**	1,053	–	–
Other payables	**42**	844	**531**	189
Other accruals	**19,412**	19,744	–	–
Total	**46,237**	48,031	**52,660**	24,702

The average credit period taken for trade payables is 77 days (2020: 61 days). The Directors consider that the carrying amounts of trade payables approximate to their fair value.

The Company has trade payables of £nil (2020: £nil). Amounts owed to subsidiary undertakings are interest-free, unsecured and repayable on demand.

24 Borrowings

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Short-term borrowings				
Secured revolving credit facilities	**23,000**	23,642	**23,000**	24,669
Secured bank pooled overdraft facilities	–	25,116	–	25,116
Total	**23,000**	48,758	**23,000**	49,785
Long-term borrowings				
Lease liabilities	**8,634**	10,943	**6,386**	8,763

The revolving credit facility expires in September 2022 and has been classified as short-term on that basis. The Group holds no other bank borrowings with a contractual maturity of greater than one year from the Balance Sheet date and, as such, all bank borrowings are classified as short-term.

All revolving credit facilities are drawn within Braemar Shipping Services Plc and appear in the accounts of the Company. The revolving credit facility bears interest based on LIBOR and EURIBOR. See Note 22 for details of the Group's cash pooling arrangements and the net overdraft available to the Group.

On 1 March 2019 the Group adopted IFRS 16 "Leases" and now recognises short-term and long-term lease liabilities on the Balance Sheet.

For all borrowings, the Directors consider that the fair value of the liability is equivalent to the carrying amount.

Notes to the Financial Statements
continued

25 Provisions

Group	Dilapidations £'000	Employee entitlements £'000	Total £'000
At 28 February 2019	–	414	414
Reclassified to discontinued operations	–	–	–
Provided in the year	570	72	642
Utilised in the year	–	(90)	(90)
At 29 February 2020	570	396	966
Provided in the year	105	9	114
Utilised in the year	–	(83)	(83)
At 28 February 2021	**675**	**322**	**997**
Current	–	307	307
Non-current	675	15	690
At 28 February 2021	**675**	**322**	**997**

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 relate to statutory long service leave in Braemar ACM Shipbroking Pty Limited. This is based on the principal 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.

The Company holds a dilapidations provision of £0.5m (2020: £0.5m) which is classified as a non-current liability.

26 Retirement benefit schemes

The Company 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 as at 28 February 2021. All valuations were carried out by a qualified independent actuary.

The Group's obligations in respect of the funded defined benefit scheme at 28 February 2021 were as follows:

	Group	
	2021 £'000	2020 £'000
Present value of funded obligations	**16,174**	16,004
Fair value of scheme assets	**(12,355)**	(12,332)
Total deficit of defined benefit pension scheme	**3,819**	3,672

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 assets plus the day-to-day administration of the benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 60 of one-sixtieth 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 restricted to an earnings cap. Other benefits are payable, for example those provided on death.

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 60% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 40% 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 20.5 years.

Funding implications
UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2017 and showed a deficit of £3.4m. As a result, the Company has been paying deficit contributions of £450,000 p.a. since 31 March 2017 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 July 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
A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk
A significant 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 the 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.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the plan. We have made an estimate of the impact of this based on our current understanding and it will increase the liabilities by 0.36%.

The principal assumptions used for updating the latest valuation of the Scheme were:

	2021 (% p.a.)	2020 (% p.a.)
Discount rate	**1.9**	2.0
CPI inflation	**2.0**	2.8
Pension increases:		
CPI capped at 2.5% p.a.	**2.1**	1.9
CPI capped at 5.0% p.a.	**2.8**	2.1
Deferred pension increases:		
CPI capped at 2.5% p.a.	**2.1**	1.9
CPI capped at 5.0% p.a.	**2.8**	2.1

	2021 Years	2020 Years
Life expectancy from age 60 for:		
Current 60-year-old male	**27.9**	27.8
Current 60-year-old female	**29.1**	28.9
Pre-retirement mortality	**–**	–
Post-retirement mortality	95% of S2PXA Light Tables, CMI 2019 (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	

Notes to the Financial Statements
continued

26 Retirement benefit schemes continued
Under early retirement it is assumed that 33% of members will retire at age 55, with the remainder retiring at age 60.

Scheme assets	2021 £'000	2020 £'000
Scheme assets are comprised as follows:		
UK equities	**128**	501
Overseas equities	**3,926**	3,827
Unquoted equities	**352**	66
Absolute return	**200**	342
High yield debt	**303**	456
Cash	**350**	184
Inflation-linked bonds	**4,217**	4,312
Corporate bonds	**1,328**	1,221
Government bonds	**422**	471
Other	**1,129**	952
Total	**12,355**	12,332

Expense recognised in the Income Statement (included in operating costs)	2021 £'000	2020 £'000
Current service cost	**–**	–
Curtailment credit	**–**	–
Interest on net liability	**73**	113
Expense recognised in Income Statement	**73**	113
Remeasurements in other comprehensive expense:		
Return on assets in excess of that recognised in net interest	**(801)**	(315)
Actuarial losses due to changes in financial assumptions	**1,597**	2,195
Actuarial losses due to changes in demographic assumptions	**29**	214
Actuarial gains due to liability experience	**(301)**	(71)
Amount recognised in other comprehensive expense	**524**	2,023
Total amount recognised in Income Statement and other comprehensive expense	**597**	2,136

Changes to the present value of the defined benefit obligation are analysed as follows:

	2021 £'000	2020 £'000
Opening defined benefit obligation	**16,004**	13,705
Past service cost	**–**	57
Interest expense	**320**	384
Contributions by participants	**–**	–
Actuarial losses on liabilities	**1,325**	2,338
Net benefit payments from scheme	**(1,475)**	(480)
Closing value at 28 February	**16,174**	16,004

Changes in the fair value of plan assets are analysed as follows:

	2021 £'000	2020 £'000
Opening fair value at 1 March	**12,332**	11,719
Expected return on assets	**247**	328
Actuarial gains on liabilities	**801**	315
Contributions by employers	**450**	450
Contributions by participants	**-**	–
Net benefit payments from scheme	**(1,475)**	(480)
Closing value at 28 February	**12,355**	12,332

The Group expects to contribute £450,000 to its defined benefit pension scheme in the next 12 months.

Actual return on Scheme assets	2021 £'000	2020 £'000
Expected return on assets	**247**	328
Remeasurement gain on assets	**801**	315
Actual return on assets	**1,048**	643

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 28 February 2021 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	1,811
Inflation assumption reduced by 0.5% p.a.*	7.2	1,165
Increase in life expectancy of one year for all members reaching 60	2.2	355

* 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 £1,280,000 (2020: £1,207,000) of which £1,280,000 (2020: £1,207,000) was in respect of continuing operations.

Contributions of £97,000 were due to these schemes at 28 February 2021 (2020: £99,000).

The assets of these schemes are held separately from those of the Group in funds under the control of the Trustees.

27 Share capital

	Ordinary shares		Ordinary shares	
Group and Company	**2021 Number**	2020 Number	**2021 £'000**	2020 £'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	
Group and Company	**2021 Number**	2020 Number	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
b) Issued						
Fully paid ordinary shares of 10 pence each						
As at start of year	**31,673,829**	31,436,351	**3,167**	3,144	**55,805**	55,805
Shares issued as part of acquisitions	**–**	–	**–**	–	**–**	–
Shares issued and fully paid (see below)	**57,389**	237,478	**7**	23	**–**	–
As at end of year	**31,731,218**	31,673,829	**3,174**	3,167	**55,805**	55,805

No shares were issued as part of acquisitions during the year ended 28 February 2021.

During the year ended 28 February 2021, 57,389 shares were issued at nil cost as part of the restricted share plan scheme.

No shares were issued in the year as part of the Save As You Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2021 or 29 February 2020.

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

The Company operates an employee save-as-you-earn option scheme called the Braemar Shipping Services Plc Savings-Related Share Option Scheme 2014 ("SAYE") and the Braemar Shipping Services Plc International Savings-Related Share Option Scheme 2019 (the "International SAYE Scheme"). No option may be granted under any scheme 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). Options are granted at a 20% discount to the prevailing market price.

Notes to the Financial Statements
continued

27 Share capital continued
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 2020	Granted	Exercised	Lapsed	**Number at 28 February 2021**	Exercise price (pence)	Exercisable between
SAYE								
	2017	44,349	–	–	(44,349)	**–**	245.0	2020–2021
	2019	619,250	–	–	(205,479)	**413,771**	160.0	2021–2022
		663,599			(249,828)	**413,771**		

Options are valued using a binomial pricing model. The fair value per option granted and the assumptions used in the calculation at the date of grant were as follows:

	SAYE 2019	SAYE 2017
Grant date	5 Jul 2019	15 Jun 2017
Share price at grant date	199.67p	262.00p
Exercise price	160.0p	245.04p
Number of employees	164	204
Shares under option	656,070	523,737
Vesting period (years)	3.0	3.0
Expected volatility	30.49%	35.60%
Option life (years)	3.5	3.5
Risk-free rate	0.35%	0.38%
Expected dividends expressed as a dividend yield	7.51%	5.30%
Possibility of ceasing employment before vesting	9.62%	8.00%
Expectation of meeting performance criteria	100.00%	100.00%
Fair value per option	33.62p	47.30p

The expected volatility is based on historical volatility of the Company's shares as traded on the London Stock Exchange. The risk-free rate of return is based on LIBOR.

No options were exercised in the current year or the prior year. The weighted average share price for share options exercised in 2017 was 385.07 pence.

ii. Deferred Bonus Plan
In 2005, the Company put in place a Deferred Bonus Plan (the "Plan") whereby part of the annual performance-related bonus is delivered in shares, on a discretionary basis, to staff including executive Directors. Under the Plan the shares are bought and held in an employee trust ("ESOP") until vesting, which will normally occur after three years from the date of grant, subject to the employee beneficiary remaining in employment with the Group, at which time the award will be settled by the transfer of shares to the beneficiary. Shares are valued at fair value at the date of grant. The Company adopted a new Deferred Bonus Plan in May 2020 (the "New 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 "New CSOP"). Where an employee receives a linked award under the New DBP, where the Company's share price rises over the vesting period, the New CSOP award can be exercised with the value of shares delivered on the vesting of the New DBP award being reduced by the exercise gain on the New CSOP award. Awards under the New DBP and the New CSOP will continue to be settled via the transfer of shares from the ESOP and not through new issue.

Details of the share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2020	Granted	Exercised	Lapsed	**Number at 28 February 2021**	Exercise price (pence)	Exercisable between
Deferred Bonus Plan	3,029,673	3,697,604	(403,694)	(150,794)	**6,172,789**	nil	2020–2023

The weighted average exercise price for awards exercised during the year was £nil (2020: £nil).

The Company also grants certain awards under the Deferred Bonus Plan to attract and retain key staff hires. No options were granted in the financial year.

iii. Restricted Share Plan
During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up and awarded to employees to retain key staff following the merger between Braemar Shipping Services Plc and ACM Shipping 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.

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 2018 a further 77,120 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.

Details of the share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2020	Granted	Exercised	Lapsed	Number at 28 February 2021	Exercise price (pence)	Exercisable between
Restricted Share Plan	197,630	96,250	(30,000)	–	**263,880**	nil	2020–2023

The weighted average exercise price for awards exercised during the year was £1.24 (2020: £nil).

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 a performance condition based on earnings per share ("EPS").

In 2014, the performance criteria of the LTIP is that awards vest over a three-year period based on growth in EPS.

In June 2015, awards over 143,157 shares were made to two executive Directors and one senior member of management.

In June 2016, awards over 263,007 shares were made to two executive Directors and three senior members of management.

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.

28 Shares to be issued

Group and Company	£'000
At 28 February 2019	3,446
Gift of funds to ESOP for the acquisition of shares	–
ESOP shares allocated	(948)
At 29 February 2020	2,498
Gift of funds to ESOP for the acquisition of shares	860
ESOP shares allocated	(1,996)
At 28 February 2021	**1,362**

The net cost of the shares purchased for the shares to be issued in respect of the ESOP are a deduction from shareholders' funds and represent a reduction in distributable reserves.

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. As at 28 February 2021, the ESOP held 525,837 (2020: 348,400) 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 Trust ("EBT") previously run by ACM Shipping Group plc. As at 28 February 2021, the EBT held 62,290 (2020: 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 2021 was £1,362,000 (2020: £2,498,000) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 28 February 2021 of £1,305,642 (2020: £620,142). The distribution of these shares is determined by the Remuneration Committee.

362,563 shares (2020: 358,301) have been released to employees during the year.

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29 Other reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Hedging reserve £'000	Total £'000
At 28 February 2019	396	21,346	1,218	(103)	22,857
Cash flow hedges					
– Transfer to net profit	–	–	–	638	638
– Fair value losses in the period	–	–	–	(1,466)	(1,466)
Exchange differences	–	–	167	–	167
Deferred tax on items taken to equity	–	–	–	83	83
At 29 February 2020	396	21,346	1,385	(848)	22,279
Cash flow hedges					
– Transfer to net profit	–	–	–	(84)	(84)
– Fair value losses in the period	–	–	–	2,210	2,210
Exchange differences	–	–	(1,203)	–	(1,203)
Deferred tax on items taken to equity	–	–	–	(412)	(412)
At 28 February 2021	**396**	**21,346**	**182**	**866**	**22,790**

Company	Capital redemption reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Total £'000
At 1 March 2019, 29 February 2020, 28 February 2021	396	21,346	–	21,742

The capital redemption reserve arose on previous share buy-backs by the Company.

The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited.

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 £1,773,000 asset (2020: £437,000 liability). A movement of £74,000 in the deferred tax asset (2020: £83,000 liability) is attributable to these transactions.

30 Contingent liabilities

The Group has contingent liabilities in respect of guarantees entered into in the normal course of business given as follows:

	Group 2021 £'000	Group 2020 £'000
Bank guarantees given to:		
HM Revenue and Customs	**1,410**	1,410
Third parties (non-cash collateralised)	**787**	678
Total	**2,197**	2,088

In addition, 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 21).

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.

There are no bank guarantees issued by the Company.

The Company has issued guarantees to certain subsidiaries in order to exempt them from audit for the year ended 28 February 2021. See Note 31.

31 Related party transactions

During the period the Group entered into the following transactions with joint ventures and investments:

	2020/21			2019/20		
Group	Recharges to/(from) £'000	Dividends £'000	Balance due(to)/ from £'000	Recharges to/(from) £'000	Dividends £'000	Balance due from £'000
AqualisBraemar LOC ASA	**610**	**641**	**240**	669	–	175
London Tanker Broker Panel	**310**	**–**	**–**	310	–	–
Risorto GmbH	**(865)**	**–**	**(33)**	(856)	–	–
Worldscale	**60**	**–**	**–**	70	–	–

AqualisBraemar LOC ASA

Recharges to AqualisBraemar LOC ASA consist primarily of rent, IT services and HR services in accordance with a transitional services agreement. Included in the net recharge to AqualisBraemar LOC ASA is a fee payable to the Group's former Chairman, Ronald Series of £15,000 (2020: £15,000).

The Group received £641,000 of dividends from AqualisBraemar LOC ASA which have been credited to cost of investment. See Note 18.

A loss of £262,000 has been recognised in discontinued operations in respect of the Group subletting a portion of its Singapore office space to AqualisBraemar LOC ASA, and an impairment to a right-of-use asset in respect of a London office which will be vacated by AqualisBraemar LOC ASA. See Note 8.

The balance due from AqualisBraemar LOC ASA is unsecured, interest-free and immediately repayable.

London Tanker Broker Panel Limited

Recharges to London Tanker Broker Panel consist of a monthly fee payable to the Group for the provision of data.

Risorto GmbH

Risorto GmbH is controlled by the management of Braemar Naves Corporate Finance GmbH. The amount charged by Risorto GmbH in the year to the Group for management fees was €0.7m (2020: €1.1m) and the amount charged to Risorto GmbH in the year was €nil (2020: less than €0.1m). The balance owing to Risorto GmbH as at 28 February 2021 was less than €0.1m (2020: €nil).

Worldscale Association Limited

Recharges to Worldscale consist of a monthly fee payable to the Group for the provision of data.

All recharges to related parties are carried out on an arm's-length basis.

Key management compensation is disclosed in Note 4.

Transactions with wholly owned subsidiaries

The Company has applied the disclosure exemption of FRS 101 in respect of transactions with wholly owned subsidiaries. The amount charged to AqualisBraemar LOC ASA by the Company was £591,000 (2020: £275,000) and the balance due from AqualisBraemar LOC ASA to the Company at 28 February 2021 was £179,000 (2020: £146,000).

A list of the Group's subsidiary undertakings is on pages 120 and 121. 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.

Notes to the Financial Statements
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31 Related party transactions continued
Subsidiaries
Direct holdings of the Company as at 28 February 2021:

Incorporated in England & Wales One Strand, Trafalgar Square, London WC2N 5HR	Principal activity	Registration number
Braemar ACM Group Limited*	Holding company	05990315
Braemar Atlantic Securities Holdings Limited*	Holding company	10010995
Braemar Financial Holdings Limited*	Holding company	10917096
Braemar Shipbrokers Limited*	Shipbroking	01674710
Cory Brothers Shipping Agency Limited	Ship agents/logistics	04717201
Seascope Capital Services Limited	Dormant	03592796
GFL (UK) Limited	Dormant	02360525
Braemar Developments Limited*	Dormant	02186790
Braemar Tankers Limited	Dormant	02001027

Indirect holdings of the Company as at 28 February 2021:

Incorporated in England & Wales One Strand, Trafalgar Square, London WC2N 5HR	Principal activity	Registration number
Braemar ACM Shipbroking Group Limited*	Holding company	01611096
Braemar ACM Shipbroking Limited	Shipbroking	01020997
Braemar ACM Shipbroking (Dry Cargo) Limited*	Shipbroking	07223509
A.C.M. Shipping USA Limited*	Shipbroking	08391132
Braemar ACM Valuations Limited*	Valuations	03439765
Braemar Atlantic Securities Limited	Futures broker	07899358
Braemar Naves Corporate Finance Limited*	Corporate finance	02710842
Fred. Olsen Freight Limited	Ship agents/logistics	01868225
Braemar Wavespec Limited*	Energy consultants	02767739
Constantine & Company (Exports) Limited (50% owned)	Ship agents/logistics	01140583
Cagnoil Limited	Dormant	05696624
Orca Shipping Limited	Dormant	07067104
ACM Shipping EBT Limited	Dormant	05747447
ACM Shipping CIS Limited	Dormant	06934055
Braemar Maritime Limited	Dormant	03321899
Braemar Burness Maritime Limited	Dormant	03674230
Burness Marine (Gas) Limited	Dormant	01081837
Burness Marine (Tankers) Limited	Dormant	02367038
Braemar Chartering Limited	Dormant	01912501
Braemar Pension Trustees Limited	Dormant	05502209
CB (Newcastle) Limited	Dormant	00415497
Red Dragon Line Limited	Dormant	04717197

Incorporated in England & Wales Mersey Wharf Business Park Unit 2 Main Office, 2nd Floor, Dock Road South, Bromborough, Wirral, CH62 4SU	Principal activity	Registration number
Vertom Shipping UK Limited (49% owned)	Ship agents/logistics	02031926

Incorporated in Germany Domstrasse 17, 20095 Hamburg, Germany	Principal activity	Registration number
Braemar Naves Corporate Finance GmbH	Corporate finance	HRB 114161
Braemar Financial Holdings Germany GmbH	Holding company	HRB 146089

Incorporated in Gibraltar Suite 1&2, Newton House, 5 Kings Yard Lane, Gibraltar	Principal activity	Registration number
Cory-Wave Shipping Limited (50% owned)	Ship agents/logistics	113828

Incorporated in United Arab Emirates 15th Floor Sheikh Rashid Tower, Dubai World Trade Centre, Sheikh Zayed Road, PO Box 128913, Dubai, United Arab Emirates	Principal activity	Registration number
Braemar ACM Shipbroking FZE	Shipbroking	0073

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 Holdings (USA) Inc	Holding company	FEIN 81-1568938
Braemar ACM Shipbroking (USA) Inc	Shipbroking	46-2641490
Braemar Technical Services (USA) Inc	Energy loss adjuster	76-0036958
Braemar Wavespec Inc	Energy consultants	27-0329442
Cory Brothers (USA) Inc	Ship agents/logistics	46-5405234

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 ACM Shipbroking Pte Limited	Shipbroking	200602547M
Cory Brothers Shipping Agencies (S) Pte Limited	Ship agents/logistics	201224119W
ACM Shipping Asia Pte Limited	Shipbroking	200502889E
ACM Shipping Dry Cargo Asia Pte Limited	Shipbroking	201118978D
Braemar Naves Pte Limited	Corporate finance	201834760K

Incorporated in Australia Level 5, 432 St Kilda Road, Melbourne, Victoria 3004, Australia	Principal activity	Registration number
Braemar ACM Shipbroking Pty Limited	Shipbroking	ACN 000862 993 ABN 35 000 862 993
ACM Shipping Endeavour Holdings Pty Limited	Shipbroking	82 144 748 818
ACM Shipping Endeavour Pty Limited	Shipbroking	144 748 818

Incorporated in other overseas countries Piazza 2 Giugno No 14, 54033 Carrara, Italy	Principal activity	Registration number
Braemar Seascope Italia SRL	Shipbroking	01268770458

Fosfaatweg 48, Amsterdam, 1013 BM, the Netherlands	Principal activity	Registration number
Cory Brothers (The Netherlands) B.V.	Ship agents/logistics	33232646

Herikerbergweg 88, 1101 CM Amsterdam, the Netherlands	Principal activity	Registration number
Braemar LNG BV	Engineering consultants	61835862

Strawinskylaan 31278e verdiepin, Amsterdam, 1077 ZX, the Netherlands	Principal activity	Registration number
FSP LNG B.V. (33% owned)	Engineering consultants	61861456

Suite 2009, Building C Luneng International Center, No.211, GuoYoa Road, Pudong District, Shanghai, 200126	Principal activity	Registration number
Braemar Seascope (Shanghai) Limited	Shipbroking	913100005588064761

2nd Floor, Building No. 22, Pushp Vihar, Commercial Complex, Madangir, New Delhi – 110 062	Principal activity	Registration number
Braemar ACM Shipbroking India Private Limited (50% 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	Shipbroking	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 years ended 28 February 2021.

The Company has provided a guarantee of all outstanding liabilities to which these subsidiaries were subject as at 28 February 2021 in accordance with section 479C of the Companies Act 2006.

Notes to the Financial Statements
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32 Events after the reporting date

Logistics Division

On 8 March 2021 the Group signed a non-binding term sheet with Vertom UCS Holdings BV with the possibility of forming a joint venture with Cory Brothers. It is intended that the two businesses will work more closely together in the year ended 28 February 2022, with certain profit-sharing arrangements to be put in place. Depending on the success of the profit-sharing arrangement, the Group may explore a full corporate joint venture in the future.

Discontinued operations

On 31 March 2021 the Group completed the disposal of Wavespec for consideration of £2.6m. The consideration will be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026, which is currently expected to be retained by the Company. The disposal agreement contains 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. The disposal agreement contains an obligation for the buyer to secure the promissory note by providing a standby letter of credit issued by an international bank with an acceptable credit rating. Should the buyer fail to deliver such a letter of credit, the Group can elect to receive a sum of cash of £0.5m from the buyer with the balance of the note of £2.135m remaining unsecured.

Investment in AqualisBraemar LOC ASA

On 19 May 2021 the Group sold its entire remaining shareholding in AqualisBraemar LOC ASA. 9,640,261 shares were sold at a price of NOK9.0. The net proceeds were £7.2m and the carrying value of the shares was £3.3m, resulting in a profit on disposal of £3.9m. Following the sale, the Group's interest in AqualisBraemar LOC ASA is limited to its holding of 6,523,977 performance-based warrants, of which one million are expected to vest shortly.

Extension of revolving credit facility

On 25 May 2021 the Group completed an extension and amendment to the RCF. The RCF facility limit was reduced from £35.0m to £30.0m while the accordion limit was increased from £5.0m to £10.0m. The EBITDA to net debt covenant is set at 3.0x until January 2022, and 2.5x until the facility expires in September 2023.

Naves loan note and deferred consideration rescheduling

A rescheduling of deferred consideration amounts owed by the Group in relation to its acquisition of Naves in 2017 was agreed in principle in March 2021. The documents for this agreement are in agreed form and will be executed immediately following the announcement of the preliminary results for the year and the parties are free from the close period restrictions. As a result, over £2.5m (€2.9m), which was previously due for repayment before the end of December 2022, will be deferred to be paid no earlier than September 2025. In addition, a further amount of approximately £0.65m (€0.75m) will be satisfied by the issue of new ordinary shares in the capital of the Company in three tranches between September 2021 and December 2022, thereby tying in the management and extending their commitment to the Group.

Five-year financial summary (unaudited)

Consolidated Income Statement

Continuing operations	12 months to 28 February 2021 £'000	12 months to 29 February 2020 restated £'000	12 months to 28 February 2019 £'000	12 months to 28 February 2018 £'000	12 months to 28 February 2017 £'000
Group revenue	**111,778**	117,655	117,853	103,043	135,935
Other operating expenses	**(103,130)**	(106,625)	(108,787)	(95,721)	(131,708)
Specific items (net)	**1,873**	(3,344)	(11,719)	(9,067)	(3,713)
Total operating expenses	**(101,257)**	(109,969)	(120,506)	(104,788)	(135,421)
Operating profit/(loss)	**10,521**	7,686	(2,653)	(1,745)	514
Gain on revaluation of investment	**–**	–	500	–	–
Net interest expense	**(1,512)**	(1,853)	(987)	(643)	(303)
Share of associate profit for the period	**346**	436	–	–	–
Profit before taxation	**9,355**	6,269	(3,140)	(2,388)	211
Taxation	**(1,801)**	46	(1,525)	(474)	(20)
Loss for the year from discontinued operations	**(2,460)**	(2,299)	(22,700)	(32)	–
Profit/(loss) after taxation	**5,094**	4,016	(27,365)	(2,894)	191
Dividends					
Interim	**–**	1,564	1,501	1,501	2,838
Final proposed	**1,587**	–	2,951	2,951	1,476
	1,587	1,564	4,452	4,452	4,314
Earnings per ordinary share – pence					
Basic – underlying	**19.40p**	29.45p	23.32p	19.57p	10.72p
Diluted – underlying	**16.05p**	26.62p	21.36p	18.06p	9.70p

Note: The years ended 28 February 2019, 28 February 2018 and 28 February 2017 have not been restated for the reclassifications of discontinued operations.

Five-year financial summary (unaudited)
Consolidated Balance Sheet

	As at 28 February 2021 £'000	As at 29 February 2020 £'000	As at 28 February 2019 £'000	As at 28 February 2018 £'000	As at 28 February 2017 £'000
Assets					
Goodwill	**83,955**	83,812	83,812	88,961	77,806
Other intangible assets	**2,129**	2,411	2,226	3,393	2,215
Property, plant and equipment	**9,841**	11,928	1,978	3,322	4,561
Other investments	**1,962**	1,962	1,773	1,356	1,356
Investment in associate	**3,763**	7,315	–	–	–
Financial assets	**–**	1,184	–	–	–
Derivative financial instruments	**200**	–	–	–	–
Deferred tax assets	**2,900**	3,620	1,640	3,120	3,584
Other long-term receivables	**1,888**	2,467	264	300	385
	106,638	114,699	91,693	100,452	89,907
Current assets					
Trade and other receivables	**34,800**	39,541	37,128	52,605	57,199
Financial assets	**746**	–	–	–	–
Derivative financial instruments	**1,573**	–	–	159	–
Assets held for sale	**436**	–	10,611	2,865	–
Cash and cash equivalents	**14,111**	28,749	24,111	10,437	7,674
	51,666	68,290	71,850	66,066	64,873
Total assets	**158,304**	182,989	163,543	166,518	154,780
Liabilities					
Current liabilities					
Derivative financial instruments	**60**	527	49	–	–
Trade and other payables	**46,237**	48,031	44,887	41,462	46,707
Short-term borrowings	**23,000**	48,758	35,844	12,886	622
Current tax payable	**1,318**	1,334	1,408	1,858	996
Provisions	**307**	201	90	320	854
Convertible loan notes	**5,130**	4,340	6,339	–	–
Deferred consideration	**608**	600	600	366	–
Liabilities directly associated with assets classified as held for sale	**125**	–	2,797	766	–
	76,785	103,791	92,014	57,658	49,179
Non-current liabilities					
Long-term borrowings	**8,634**	10,943	–	–	–
Deferred tax liabilities	**174**	903	930	999	836
Provisions	**690**	765	324	424	288
Convertible loan notes	**1,217**	2,398	4,579	7,364	–
Deferred consideration	**3,358**	3,031	5,357	2,977	–
Pension deficit	**3,819**	3,672	1,986	3,437	4,305
	17,892	21,712	13,176	15,201	5,429
Total liabilities	**94,677**	125,503	105,190	72,859	54,608
Total assets less total liabilities	**63,627**	57,486	58,353	93,659	100,172
Equity					
Share capital	**3,174**	3,167	3,144	3,144	3,018
Share premium	**55,805**	55,805	55,805	55,805	52,510
Shares to be issued	**(1,362)**	(2,498)	(3,446)	(2,701)	(2,962)
Other reserves	**22,817**	22,279	22,857	26,085	28,951
Retained earnings	**(16,807)**	(21,267)	(20,007)	11,326	18,655
Total equity	**63,627**	57,486	58,353	93,659	100,172

Note: The years ended 28 February 2017 and 28 February 2018 have not been restated for the grossing up of cash and overdrafts.

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