



Braemar Shipping Services Plc

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Annual Report and Accounts 2022

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

Financial highlights

- Underlying financial performance ahead of management's expectations:
 - Revenue from continuing operations of £101.3 million ("m") (2021 restated*: £83.7m)
 - Underlying operating profit from continuing operations of £10.1m (2021 restated*: £7.7m)
 - Reported continuing profit before tax of £8.5m (2021 restated*: £5.1m)
- Final dividend of 7.0 pence per share making a total of 9.0 pence per share for the year (2021: 5.0 pence)
- Underlying earnings per share of 27.95 pence (2021 restated*: 13.96 pence)

Strategic highlights

- Refocused strategy on core Shipbroking business
- Disposal of Cory Brothers on 28 February 2022
- Restructuring of Braemar Naves acquisition liabilities in June 2021
- Disposal of investment in AqualisBraemar in May/August 2021
- Disposal of loss-making Wavespec in March 2021

Post period end highlights

- Receipt on 2 March 2022 of £6.5m upfront cash consideration from the disposal of Cory Brothers
- Re-branding and launch of new corporate website on 15 June 2022

* The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations and a prior period adjustment as disclosed in Note 34 of the Financial Statements.

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"The strong trading results are testament to the hard work and dedication of our people, and to our clear and focused strategy which has been delivered by a united new board and management team. Under unusual conditions and working from home for much of 2021, our achievements have been a huge team effort and prove we are well positioned for future growth."

James Gundy, CEO

Strategic update

During the year the board has successfully executed several transactions with the aim of simplifying the Group's operations to concentrate on a new growth strategy centred around Shipbroking.

Disposal of Cory Brothers 28 February 2022

- The Group completed the disposal of its Logistics Division, Cory Brothers to Vertom for upfront cash consideration of £6.5m and further deferred and contingent consideration of up to £9.0m over a three-year earnout period.
- The Group expects to receive £4.8m of the deferred and contingent consideration.
- Vertom are a long-term strategic partner of Braemar, and we look forward to continuing working with them and seeing the new VertomCory business thrive.
- The disposal will provide a strong platform for the new VertomCory business to accelerate growth and the Group will share in that success via an earnout mechanism.

Braemar Naves deferred consideration restructuring 3 June 2021

- The Group strengthened its Balance Sheet during the year by agreeing a restructuring of deferred consideration amounts owed in relation to its acquisition of Braemar Naves in 2017.
- The restructuring sees over £2.5m, which was previously due for repayment before the end of December 2022, deferred to be paid no earlier than September 2025.
- The development of this business as the Corporate Finance desk of the Group's overall Shipbroking activities is progressing well.

Disposal of investment in AqualisBraemar 19 May 2021/20 August 2021

- The Group further strengthened the Balance Sheet by selling its entire remaining non-core investment in AqualisBraemar.
- On 19 May 2021 9,640,621 shares were sold for cash proceeds of £7.2m, additionally on 20 August 2021 1,000,000 warrants vested and the resulting shares were sold for cash proceeds of £0.7m.
- The residual investment in AqualisBraemar was the result of the disposal in June 2019 of the loss-making Offshore, Adjusting and Marine businesses.
- Including 9,600,000 shares sold in FY20/21, the Group has realised total cash proceeds of £13.9m in respect of this disposal.

Disposal of Wavespec 31 March 2021

- The Group completed the disposal of its loss-making Engineering Division, Wavespec.
- Although no proceeds are expected to be received, the disposal of the Engineering business was the final step in exiting the activities of the Group's Technical Division.

Chairman's Statement

I am delighted to have been appointed as Chairman of the board in May 2021 with a remit to help the Group's new management team simplify its operations and develop an ambitious growth strategy centred around Shipbroking.

I am pleased to report that during the year, in addition to successfully navigating the challenges of the global pandemic, the Group has completed all the key strategic steps required to simplify its operations and provided the framework to further expand the business.

In addition to maintaining a first class service to its clients, during the year the board has put in place a clear and focused strategy; increased the scale of the business; disposed of non-core assets and businesses; delivered a strong trading performance exceeding the board's expectations; reduced net debt (including £6.5m of Cory Brothers disposal proceeds received on 2 March 2022) to £2.8m (2021: £8.9m) and restored the payment of interim and final dividends to shareholders.

Strong trading results

The Group traded well throughout the financial year, because of increasing the scale of its Shipbroking operations as well as generally favourable market conditions. Revenue from continuing operations increased by 21% to £101.3m (2021: £83.7m) and operating profit from continuing operations increased by 31% to £10.1m (2021: £7.7m), ahead of the board's previously upgraded expectations. Reported profit after tax increased by 209% to £13.9m (2021: £4.5m), reflecting the strong underlying trading, combined with a profit of £4.1m on the disposal of Cory Brothers and a profit of £3.4m on the disposal of the Group's investment in AqualisBraemar.

Underlying earnings per share increased by 100% to 27.95 pence (2021: 13.96 pence). Reported earnings per share, which amongst other things includes the benefit of the sale of the non-core investment in AqualisBraemar and the disposal of Cory Brothers, increased by 215% to 45.56 pence (2021: 14.45 pence).

Well-covered dividend

Mindful of the importance of dividends to shareholders and reflecting the strong cash generation of the Group's Shipbroking business, the board has decided to supplement its growth strategy with a progressive dividend policy, subject to financial performance.

The board will recommend a well-covered final dividend for the current financial year of 7.0 pence per share for approval by shareholders at its reconvened AGM which will be held on 6 October 2022. This is in addition to the interim dividend of 2.0 pence per share in respect of the six months to 31 August 2021 which was paid on 16 December 2021, yielding a total dividend for the year of 9.0 pence per share (2021: 5.0 pence).

The final dividend will be paid on 14 October 2022 to shareholders who are on the register at the close of business on 9 September 2022, with a corresponding ex-dividend date of 8 September 2022. The last date for Dividend Reinvestment Plan ("DRIP") elections will be 23 September 2022.

Delay in publishing results

Over the past year and a half, the new board has made substantial progress in laying the foundations for growth, clarifying Braemar's strategic direction and substantially increasing its profitability. Loss-making business have been closed, ongoing central costs have been reduced, the core Shipbroking business has been expanded, the board has been strengthened, net debt reduced to near zero and dividend payments restored.

However, while we can celebrate the progress that has been made in the business, we must also acknowledge that this year's accounts are being published later than would normally be the case. In summary, this delay has been caused by the auditors and the board reviewing the accuracy of certain foreign exchange and other Balance Sheet reserve accounts of the business. The foundations of an accelerated growth agenda mandate a solid bedrock of accounting integrity and I regard it as essential that a full check on the integrity of these areas over the past three years has been carried out.

A very significant workstream was initiated, therefore, re-examining these Balance Sheet areas over the past three years. In doing so, some errors, largely historic, in accounting for the Naves acquisition, the foreign exchange gain on the AqualisBraemar share disposal and the Balance Sheet classification of certain other reserves have been identified and corrected. None of these prior year errors impact the underlying profitability of the business that has been previously reported.

The board has now completed this exercise and these areas have been subject to audit to the extent required. I trust that shareholders will fully understand that it was essential that this exercise was done in order that we can move forward with confidence. I would like to take this opportunity to thank the auditors and Braemar's finance team for carrying out this significant piece of work over the past few weeks with unstinting diligence, clarity of focus and sheer effort.

Climate-smart shipping

The Group recognises the importance of climate change generally and specifically the importance of environmental, social and governance factors in our business and in the shipping industry. During the year the Group launched its environmental, people, social and governance framework ("EPSG Framework"). The board has chosen four of the seventeen United Nations Sustainable Development Goals ("SDGs") to underpin its mission to facilitate climate-smart shipping.

The drive for both those owning and chartering ships to operate in a climate-friendly environment continues to develop, and the Group has made good progress in developing responsible climate-smart shipping policies that are fit-for-purpose in this sought-after greener environment.

Further information can be found in the EPSG Report on page 28.

Board changes

With effect from 1 August 2021, Tristram Simmonds and Elizabeth Gooch MBE were appointed to the board of the Company as Chief Operating Officer (Executive) and non-executive director respectively.

Tristram was previously the Managing Director of Braemar Atlantic Securities, the Group's derivative brokerage business. Elizabeth has over 16 years' experience of governance, compliance and financial reporting of publicly listed companies. Elizabeth has joined the Group's Audit and Nomination Committees and has chaired the Group's Remuneration Committee since Jürgen Breuer stood down from the board on 26 August 2021.

With effect from 1 March 2022, Joanne Lake was appointed to the board of the Company as a Non-Executive Director. Joanne has over 25 years' experience of business development, strategy and corporate finance in several financial and professional services organisations. Joanne was appointed Audit Committee Chair with effect from 1 April 2022. Joanne joined the Remuneration and Nomination Committees from 1 March 2022. Lesley Watkins resigned from the board with effect from 31 March 2022, and Elizabeth Gooch succeeded Lesley in the role of senior independent director from 1 April 2022.

I am delighted to welcome Tristram, Elizabeth and Joanne to the board. The addition of Tristram creates a stronger executive team with the bandwidth and experience needed to deliver the board's growth aspirations to the benefit of all stakeholders of the Group. Both Elizabeth's and Joanne's prior governance, public company, and technology experience in growth-oriented, people-based businesses is highly complementary to the Group's strategy and existing non-executive skill base. I would also like to thank Jürgen and Lesley for their significant contributions to the Group, and I wish them the very best for the future.

Our people

The results for the year are a tribute to the dedication and expertise of our staff. The calibre of our people is central to the high quality of service that we provide to our clients. It is their hard work and creativity that enables Braemar to continue to build its brand and reputation as we develop our business. I would like to thank all our staff for their continuing efforts on behalf of the Group.

Outlook

The present global marketplace is generally characterised today by geopolitical uncertainty, trading sanctions, exchange rate volatility, logistical challenges remaining from the global pandemic, together with inflationary and interest rate pressures.

Notwithstanding these challenges, market conditions in the Shipbroking industry remain favourable, driven both by strong demand and restricted supply. For Braemar, trading during the first five months of the new financial year has been very strong and the Group continues to benefit from the increased scale and breadth of its broking operations in these generally favourable market conditions. As a result expectations for the current financial year are expected to be well ahead of the board's previous expectations.

Compliance with existing sanctions, put in place because of the conflict in the Ukraine, is not expected to have any material effect on trading or cash flows in the current financial year nor does the Group have any existing material exposure. The board continues to look to the future with confidence as it sets about delivering on its growth strategy centred on Shipbroking.

Nigel Payne
Chairman
28 August 2022

Business model

Who we are

Expert advisers in shipping investment, chartering and risk management.

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

Why Braemar

Purpose

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

How we operate

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

Management structure

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

Vision

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

What we do

Shipping Investment Advisory

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

Chartering

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

Shipping Risk Advisory

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

How we operate

Expertise

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

Experience

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

Values

We are committed to proactive, measurable ESG initiatives and the facilitation of climate-smart shipping. We set high standards for our team and give them clear frameworks and policies within which to operate.

Collaboration

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

Stakeholders

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

For shareholders

By streamlining our key services towards Shipbroking and maintaining a strong, clear Balance Sheet, we're focused on creating sustainable growth that delivers long-term returns for our shareholders.

For clients

Our team has a proven track record of delivering expert advice in Investment Advisory, Chartering and Risk Advisory. We leverage our strong network to secure the best prices for our clients.

For our team

Without our team, Braemar would not exist. Our people are integral to our business and are the key to our success. We provide a positive working environment, rewarding careers and opportunities for development.

For communities

Our EPSG framework seeks to support long-term, strategic partnerships with charities and organisations that support the communities in which we operate. Further information on our EPSG framework can be found on pages 29 to 30 of this Annual Report.

Underlying EPS

27.95 pence

2021 restated*: 13.96 pence

Reported EPS

45.56 pence

2021 restated*: 14.45 pence

Dividend per share

9.0 pence

2021: 5.0 pence

Global reach (worldwide continuing operations)

14 offices

2021 restated*: 14 offices

* The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and Aqualis Braemar as discontinued operations and a prior period adjustment as disclosed in Note 34 of the Financial Statements.

Strategic direction

Our new strategy is focused on Shipbroking

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

We have focused the business on our Shipbroking core with its strong track record of growth. We have simplified the Group through targeted divestments and strengthened the Group's Balance Sheet through the sale of our AqualisBraemar shares and rescheduling of Naves acquisition liabilities.

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

01. Grow Shipbroking breadth and market share

Diversify and grow our geographical presence

Expand our activities into growth sectors including renewables and carbon offsetting

Grow our capabilities in existing areas of business

Integrate Corporate Finance activities

02. Technology-driven innovation

Develop technology solutions that enhance our offering as a broker

Use Braemar Offset to offer a carbon offsetting solution

Continue to develop Braemar Screen in partnership with Zuma Labs Limited

Deliver market-leading digital solutions to the shipping industry

Future-proof our business

03. Build our brand

Using our new brand as a bedrock for growth

Unite our team and our client offering

Facilitating climate-smart shipping

Shipping will remain the most energy-efficient way to transport freight for the foreseeable future. On average, it produces 25 grams of CO₂ per tonne-kilometre, compared to 600g CO₂/tonne-km for aviation and 50–150g CO₂/tonne-km for road-based transportation. Nevertheless, the international shipping industry still accounts for approximately 2–3% of worldwide greenhouse gas emissions – roughly the same as the aviation industry – and it faces significant challenges in reducing its carbon emissions and transitioning to net zero.

Braemar's direct environmental footprint is a very small percentage of the shipping industry's emissions. Although we can have no direct role in delivering the decarbonisation of the industry, we can work with owners and charterers to support them as they navigate towards a low carbon shipping industry. We recognise that we have a responsibility to minimise our own office-based emissions as well as a role in facilitating the decarbonisation of the wider industry.

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

Offsetting Braemar's operational emissions

We recognise that carbon offsetting is our only solution to historic emissions but going forward we aim to reduce our direct carbon footprint and use carbon credits to offset our unavoidable emissions. We have purchased carbon offsets sufficient to make our operations carbon neutral since 2017.

Enhancing Braemar's environmental footprint

As we transition towards net zero, we aim to reduce our direct footprint by becoming more energy efficient and incorporating sustainability into our decision making.

Enabling clients to achieve their climate change ambitions through carbon offsetting

Working in partnership with CHOOOSE – a respected provider of digital tools, including to several of the biggest names in aviation – we have created Braemar Offset. Braemar Offset directly connects our clients with some of the most impactful and verified climate projects available today. By working with Braemar Offset to reduce their carbon footprint, companies will be able to play a proactive role in improving their sustainability and accelerate climate action.

Growing our renewables offering

As part of our overall growth strategy, we are investing in our renewables offering. We are positioning the business to support the transition to a low carbon economy and for future growth in renewable energy and low carbon fuels. While transporting fossil fuels is a key part of our clients' businesses today, we expect – and are planning for – major change on this front as the industry transitions to net zero. We do not expect that phasing out the use of coal will have a significant impact on our business in the short to medium term.

Helping our clients navigate new regulations

We are assessing the ways in which we can provide support and advice to our clients. For example, advising charterers who are facing new regulations such as the EU Emissions Trading System ("ETS") which comes into force in 2023, or advising owners who are facing uncertainty around alternative fuels. There is a strong drive in the industry to ensure that future investment is focused on more sustainable and cleaner ships and our brokers are working alongside owners to help them make the right choices of investment.

Investment case

Proven history, promising future.

By streamlining our key services towards Shipbroking and maintaining a strong, clear Balance Sheet, we're focused on creating sustainable growth that delivers long-term returns for our shareholders.

We are one of only two publicly traded Shipbroking companies on the London Stock Exchange, offering an attractive opportunity to invest in the shipping industry without needing to invest directly in ships.

As a leading global shipbroker with offices in London, Singapore, Geneva, Dubai, Athens, Aberdeen, Hamburg, Beijing, Shanghai, Melbourne, Mumbai, Perth and Houston, we're well-positioned to serve key industry players across different time zones and cultures. Our operations are diversified across Tankers, Dry Cargo, Sale and Purchase, Renewables, Financial and Offshore to generate a reliable, less cyclical income stream.

Our new, future-facing strategy is clearly designed toward sustainable profit and growth. We refreshed our management team and successfully divested any non-core businesses to lessen our liquidity risk while strengthening our Balance Sheet.

In line with our commitment to UN SDG 8.4, we will endeavour to decouple our profit from environmental degradation while promoting inclusive and sustainable economic growth across the industry.

James Gundy Q&A

Q1 What do you see as the key challenges facing the shipping industry today?

The consequences of interconnected global supply chains is the unifying theme of the 2020s so far. Over the last two and a half years every country has received a daily tutorial about the practical realities of supply and demand, and how integral shipping is to their GDP and the lifestyles of their citizens.

Shipping's vital role must never be taken for granted. The world relies on our sector, and it's a trust that we must earn every day. Over the next 12 to 24 months there are several challenges ahead which must be successfully overcome if shipping is to thrive and not just survive as an industry: regulation, climate change, energy prices, and the evolution of supply chains.

Q2 What has changed in shipping over the last year? Can we expect those changes to last?

Whether it comes in the form of regionalisation, replication or reshoring it seems increasingly likely that we will see a reconfiguration of trade as businesses adapt to the disruption that has become globally common.

The conflict in the Ukraine is only the most recent catalyst for nearshoring, supply chain redundancy, or diversification. But whether it's conflict, pandemic or resource nationalism that's causing it, we're seeing an increasing need for more strategic thinking to navigate these complicated currents.

To take one example, if manufacturing becomes more dependent upon robots than humans, the price of electricity will become more important than the cost of labour. Countries with the lowest, most sustainable energy would be poised to benefit, and the trade routes and the ships that serve them would need to adjust.

Q3 How have the changes in energy markets affected shipping?

The link between economic growth and energy use has been self-evident since the Industrial Revolution. I started my career as a tanker broker, and I've seen all too clearly the impact that high prices or resource scarcity can have on our clients as well as the global economy.

Even before the recent conflict in Ukraine, it was clear that the lack of spare production capacity and small oil inventories could lead to high prices if demand picked up. The price of the most used ship fuel more than doubled over the last year, and there are credible reasons to believe prices will remain higher for longer. To remain competitive in this market shipowners will need to invest in "eco" technologies, either through retrofits or future-proofed newbuilds.

Q4 The shipping industry is a critical part of the global economy, but it has a huge carbon footprint. What do you see as the key challenges for decarbonising the industry?

There is a clear consensus that shipping must improve its environmental footprint. Shipping's global regulator, the International Maritime Organization, has set some rules, such as short-term targets for reductions in carbon intensity.

However, the overall lack of regulatory clarity is delaying investment and making long-term compliance very challenging. Until we see final, comprehensive legislation from the IMO and other bodies such as the EU, shipowners will remain hesitant to invest. Nobody wants to back the propulsion technology that turns out to be the shipping equivalent of Betamax.

Q5 How might current geopolitical issues affect the industry?

The scope and complexity of shipping's operating environment is likely to remain challenging in the coming years. Sanctions, piracy and trade wars – to name only three risks shipping faces – are disrupting supply chains and making it harder to operate.

These risks have no geographical constraint, and the political environments can change rapidly. However, we don't expect our compliance with existing sanctions put in place because of the conflict in Ukraine to have a material effect on trading in the current financial year.

Q6 In light of these challenges how would you describe the outlook for Braemar?

Over the next decade shipping could revolutionise the way it operates. I believe sustainability and success are going to become two sides of the same coin, and those who make the right investments will benefit their bottom line and our world.

Fossil fuels represent almost 40% of freight volumes today, and that will continue to be the case in the short to medium term. However, while the cargoes that ships carry will change enormously in the longer term, there will still be a huge need for transport of hydrogen, ammonia, or whatever other low carbon fuels that the world chooses to replace fossil fuels to meet our energy needs. We see this as a huge opportunity, and we are investing in our renewables offering and our capacity to serve these trades in the physical and paper markets.

Moreover, most of the global fleet will need to be renewed if it's to become compliant with the ambitions of the Paris Agreement. While I don't expect it to be at the same level of intensity, decarbonisation could well be the biggest driver of demand since China in the first few years of this century. For brokers who know the market, and who can help their clients to effectively navigate this rapidly evolving market, there is a huge opportunity ahead.

Group Chief Executive Officer's Statement

I am extremely proud of our performance in my first full year leading the Group. Before I became CEO, I led Shipbroking at Braemar, and I was previously the CEO of ACM, which merged with Braemar in 2014. That division was always Braemar's driving force, and my vision for the Company has long been to take the business back to its basics.

As you'll see below in more detail, we've started to see the results of our focus on Shipbroking and Corporate Finance. We've become a more effective and more dynamic company by trimming the fat, investing in our people and technology, and focusing on what we know works through our wealth of experience.

The strong trading results are testament to the hard work and dedication of our people, and to our clear and focused strategy which has been delivered by a united new board and management team. Under unusual conditions and working from home for much of 2021, our achievements have been a huge team effort and prove we are well positioned for future growth.

Our future success: We have rebuilt the foundations, now we grow

Trading in our Shipbroking business was very strong throughout the year, with revenue and profits significantly ahead of our initial expectations from the previous year. Our performance reflects the core steps we have taken to increase the scale of our Shipbroking activities as well as favourable market conditions.

Examples of where our expanded and diversified business and market conditions combined to increase the Group's profitability include:

- a volatile and busy Dry Cargo market which helped increase revenue on our expanded Physical and Securities desks;
- our global Sale and Purchase team concluding a significantly higher number of transactions within their market; and
- a strong container market volume which augmented the synergies gained from working closely with our Corporate Finance business.

Although Tanker market rates remained suppressed throughout the year due to continued pandemic-related weakness for oil demand, the number of transactions we performed increased by more than 21% compared to the previous year. Chartering fixture volumes were up 8% across all desks, Securities' revenue increased 60%, and Sale & Purchase volumes grew 59%.

Strengthening the Balance Sheet

The board has focused this year on reducing the net bank debt of the Group, and I am delighted that we have achieved our objective; a total reduction of £17.2m from 29 February 2020 to 2 March 2022.

Enhancing our cash flow

Cash flow from operating activities in the year increased by 61% to £20.5m (2021: £12.7m). Excluding the initial proceeds of the sale of Cory Brothers, as of 28 February 2022, the Group held cash of £14.0m (2021: £14.1m). The initial consideration of £6.5m from the disposal was received on 2 March and is accounted for as a receivable on the Balance Sheet date.

Reducing the debt burden

The board previously stated that it had set a target of achieving a net bank 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. Net bank debt at 28 February 2022 was £9.3m (2021: £8.9m) with the ratio falling to 0.96 times for the twelve months to 28 February 2022, down from 1.32 times for the prior year. Including the £6.5m proceeds from Cory Brothers which were received on 2 March 2022, net bank debt reduces to £2.8m and the ratio falls further to 0.60 times.

Moreover, the future earnout consideration that will be received for Cory will almost totally offset the outstanding debt relating to the Naves acquisition, and it means that we enter the new financial year very close to debt-free. When you compare this situation to where we were four years ago, it's like colour versus black and white. A similarly concrete change has been achieved in our reduced exposure to deferred share promises relating to the employee bonus scheme now, and in the future.

The Group's revolving credit facility with our main bankers, HSBC, is due to expire in September 2023. We have already received acceptable indicative terms for an extension and we expect to conclude these discussions well in advance of the current facility end.

Successful execution of strategic changes

While we've achieved plenty during my first complete year in charge, there will be no resting on our laurels. There is too much left to do if we're to achieve our objectives.

I have a strong, experienced team around me led by my CFO, Nicholas Stone, and COO, Tristram Simmonds, and we are executing on our plan that was agreed by the board. We've reduced net debt, invested in our people and technology, and implemented a focused programme of change. This has strengthened the Group compared to where we were recently, and will allow us to continue to grow organically, or through acquisitions.

Disposal of Cory Brothers

The disposal of Cory Brothers was completed on 28 February 2022, the last key step on the execution of Braemar's strategy of focusing on our core Shipbroking business. The all-cash consideration consists of a £6.5m upfront payment with deferred and contingent payments of up to £9.0m over a three-year earnout period. The Group expects to receive £4.8m of the deferred and contingent consideration. The buyers of Cory are a long-term strategic partner of the Group, and we look forward to seeing the new combined VertomCory business thrive. The business combination will provide a strong platform from which to accelerate growth and Braemar will share in the success of the new business via an earnout mechanism.

Braemar Naves consideration restructuring

On 3 June 2021, the Group amicably restructured the deferred consideration owed in relation to its 2017 acquisition of Braemar Naves. The restructuring saw over £2.5m, which was previously due for repayment before the end of December 2022, deferred to be paid no earlier than September 2025. Total liability for the Naves acquisition is now reduced to £4.7m, which is conveniently offset with receipts from the VertomCory transaction.

The development of this division as the Corporate Finance offering of the Group's Shipbroking business has progressed well with many transactions concluded together. The expected synergies with our sale and purchase department are strong and growing, especially in the container market.

Disposal of investment in AqualisBraemar

The Group further strengthened its Balance Sheet by selling its non-core investment in AqualisBraemar. On 19 May 2021 9,640,621 shares were sold for cash proceeds of £7.2m and on 20 August 2021 1,000,000 warrants vested and the resulting shares were sold for cash proceeds of £0.7m. The investment in AqualisBraemar was the result of the June 2019 disposal of the loss-making Offshore, Adjusting and Marine businesses. Including 9,600,000 shares sold in the year ending 28 February 2021, the Group has realised total cash proceeds of £13.9m in respect of this disposal.

Disposal of Wavespec

The Group completed the disposal of its loss-making Engineering Division, Wavespec on 31 March 2021. Although no proceeds are expected to be received, the disposal of this engineering business was the final step in disposing of the Group's Technical Division.

Reinvigorating the Braemar brand

The board's strategic development work has included a re-branding initiative. An important part of this was the launch of our new corporate website in June 2022, which clearly positions and communicates the Group's new focus, objectives and purpose. This was also an ideal time to set out the Group's work regarding compliance and ESG. We see many new growth opportunities created by the rapidly developing area of environmental sustainability, and we are positioning the Company to capture an outside share of them.

Our new strategic ambition and direction

Our primary medium-term ambition is, through strategic hires and acquisitions, to double the size of the business, such that our sustainable annual underlying operating profit, regardless of market factors, is twice the £7.7m underlying operating profit restated in FY20/21. It is pleasing to note that we have already achieved a 30% increase over the last year, we've grown our operating margin from 9% to 10%, and we continue to believe that this can be achieved within the four-year timeline we outlined in 2021.

We believe that scale has become increasingly important within our industry to service the needs of our clients. It is also needed to provide us with sufficient geographical and product diversification, reduce the impact of cyclical markets, and create further cost efficiencies. Buoyant shipping markets, a strong market share and a robust forward order book position us well to grow at an accelerated pace.

The board believes that the delivery of our core strategic ambition requires investment in our business support infrastructure and technology. Together, they will provide essential foundations for growth, as well as ensuring that we can continue to meet the growing demands of our clients. We continue to develop technology solutions that enhance our offering as a broker, for example, by investing and working in partnership with Zuma Labs Limited, and most recently by partnering with CHOOOSE, a supplier of digital toolkits that enable climate-based solutions for

many industries. Through these partnerships we are delivering market-leading digital solutions to the shipping industry and future-proofing our business.

We have an active programme for organic expansion, and recent highlights include the establishment of Geneva and Houston offices as we expand into new markets, as well as moving to a larger Dubai office and growing our market-leading specialisms. Our Australian Dry Cargo Business in Melbourne and Perth continues to grow, and it remains the dominant broker in its field. Our Singapore office continues to expand and is a key partner with the Singapore Maritime Academy ("SMA"), providing an approved trainee scheme for young Singaporeans wanting to join the maritime industry.

Our expansion strategy is already paying dividends and there are good indications within the year's trading performance that the investments we are making to increase the breadth, focus and depth of the Group's Shipbroking activities are starting to deliver growth unrelated to movements in market rates themselves. Notably, amid the volatile Dry Cargo market, the Group increased both revenue and market share on the Physical and Securities desks. The Sale and Purchase desk has concluded a significantly higher number of transactions partially due to the strong container market, as well as through the synergies gained from working closer with the Corporate Finance desk. Tanker market rates remained low, impacted by pandemic-related weakness in oil demand. However, Tanker transaction volumes have increased by more than 25% compared with the previous year, aided by strategic hires and growth of the Geneva office within the oil product sector.

To better align shareholder and employee interests and support the growth agenda, the board concluded that it should reduce the overall amount of deferred equity issued annually as part of employee remuneration arrangements. Under the previous scheme, deferred shares were awarded and issued to employed recipients over a three-year vesting period and generally settled by shares purchased in the market. Whilst this scheme will remain unchanged, the amount paid in such deferred shares will be halved with an increase in cash bonuses paid of the same amount for the current and future years. Future years will involve claw back arrangements on the additional cash payments to encourage employees to remain in Braemar's employment. During the year the ESOP acquired 2.7m shares. This reduced the Company's exposure, and it ensures that all historic liabilities are now covered.

Outlook

Trading at the start of the new financial year has been strong and I look forward to the remainder of the year with confidence as we continue to reap the benefits of our increased scale and focused strategy.

Over the last year, the advisory and facilitation that Braemar provides to shipowners and charterers have increased our forward order book by 15% to US\$50.0m (£37.3m) at the year-end compared with US\$43.4m (£31.1m) at the beginning of the period. Since the year-end, the order book has grown by a further 14% to US\$57.1m (£42.6m) at the end of July 2022.

We have seen strong ordering, particularly in the gas carrier and container markets, where there's very high demand for new buildings, and capacity at many shipyards is now unavailable until 2025 at the earliest. Shipowners in other sectors are therefore finding it hard to renew their fleets and relying upon the second-hand market instead. All these factors have strongly benefitted our Sale and Purchase desk.

In the coming years, these factors are likely to benefit several of our chartering desks as well, because if older ships are retired and there's no ability to replace them it will restrict vessel supply in those sectors and put a higher floor on charter rates. I firmly believe that it is through our investments in our people as well as offices and technology that we have achieved these high levels of activity. I look forward to another strong year of trading as their benefits continue to compound.

The only other point I wanted to raise is that I'm enjoying working with Nigel and the other non-executives. The synergies and their benefit to Braemar are already apparent as we now focus on looking forward, with confidence about what the future holds.

James Gundy
Group Chief Executive Officer
28 August 2022

Operating Review

Introduction

Seaborne trade continues to recover from the global pandemic. Growth in ton-miles and logistical disruption have combined to strengthen freight rates in many markets, which, in turn, has benefitted Braemar.

The Dry Cargo, Gas and Container sectors have performed particularly strongly. Specialised Tankers has made a slower recovery, and Deep Sea Tankers has recently returned to better rates. The resurgent interest in the shipping industry from both a lending and equity investment point of view has meant the Corporate Finance desk has also performed well. As a result, we have grown our revenue and volume of fixtures in almost every sector.

The macroeconomic outlook for shipping is broadly favourable to Braemar. Seaborne volumes are expected to continue increasing, and between a combination of high ship recycling prices and shipyard capacity, only Containers and Gas are likely to see major fleet growth in the coming years. Through office expansion, new hires and the positive momentum in the markets, we are well positioned for strong performance in the Dry Cargo and Specialised Tanker markets; to continue to increase our Securities' market share; and well positioned for a full recovery in Deep Sea Tankers.

In April 2022, we created a Digital Transformation desk and appointed our first Head of Digital Transformation. The desk is working to further integrate digital tools into all areas of the Group to enhance our ability to serve our clients' growing requirements, as well as to make workflows more engaging and efficient for our people.

Shipbroking

	FY21/22 £'000	FY20/21 restated £'000
Revenue	94,659	77,727
Underlying operating profit	12,422	10,068

Sale and Purchase

Sale and Purchase activity has been exceptionally strong throughout the financial year ending 28 February 2022, which has driven a major increase in our revenues, and the desk has made several strategic new hires who are already making good contributions. Strong spot and time charter markets in the Dry and Container sectors since 2020 have lifted asset values to long-term highs. Consequently, asset value and transaction growth continued in the Containership sector for the second consecutive year, as charter rates and asset values grew to exceptional highs and fed into enhanced revenue for the desk.

Containerships and LNG carriers are dominating the newbuild orderbook, but in other sectors newbuilding ordering activity has been suppressed by a lack of space in shipyards, rising labour and material costs, and a lack of clarity regarding what fuels and technologies to adopt to ensure regulatory compliance. Owners have therefore focused their investment on second-hand units, which has resulted in one of the busiest periods of asset play in recent memory, which Braemar has profited from our superior ability to connect buyers and sellers. We expect second-hand activity and prices to remain elevated for the dry cargo and container sectors. Due to the lack of newbuilding capacity, even in a weak tanker market we are still seeing an increase in second-hand values in this sector. On top of that we are seeing one of the strongest ship recycling markets, which has been to the advantage of our Demolition team.

With interest rates close to historic lows and a consensus that the worst of the COVID pandemic is behind us, there was a lot of liquidity in the capital markets this year. Improving markets also enabled restructurings in Multipurpose/Heavylift and Offshore, for example, to be completed after years of preparation, all of which also benefitted Braemar's Corporate Finance desk.

Sale and Purchase's revenue increased by 31% from £15.0m in FY20/21 to £19.6m in FY21/22 and represented 19% of Braemar's total revenue. Fixture volumes increased by 59% compared with the previous year.

Deep Sea Tankers

Tanker markets have weakened throughout the financial year as successive waves of COVID-related restrictions have reduced global oil demand, particularly for diesel and jet fuel. A large "shadow" fleet of tankers moving sanctioned Iranian and Venezuelan crude oil has provided employment for vessels that would otherwise have been sold to ship recyclers for their steel, and reduced employment for other vessels. Despite these hindrances, the desk has achieved fixture growth that's a fifth better than the preceding financial year. The conflict in the Ukraine

threatens to withdraw crude supply from the already undersupplied market. A global stock build, once oil prices have eased, is likely to support tanker trades, and the desk is well positioned for when this occurs.

Deep Sea Tankers' revenue decreased by 32% from £26.3m in FY20/21 to £17.8m in FY21/22 and represented 18% of Braemar's total revenue. Although revenue decreased due to weak markets, fixture volumes were up 21% compared to the previous year.

Specialised Tankers and Gas

The Specialised Tankers and Gas market is diverse, and it includes very different types of vessels servicing the unique needs of the oil products, LPG, petrochemicals and LNG markets – to take only four examples that Braemar services.

The return of activity from oil products' end users as COVID vaccinations were rolled out as well as a sizeable percentage of ships reaching their maximum trading age caused the global fleet's availability to tighten towards the end of 2021. This has continued into 2022 to Braemar's advantage as charter rates have remained robust. The Chemical market struggled at the start of the financial year with a combination of lower volumes, higher bunker prices, and increased competition from swing tonnage. It took until Q4 2021 for a significant increase in tanker earnings to occur, and Braemar has realised good gains as this upturn continued into 2022. There is cautious optimism about the sector's potential over the next twelve months, and that is expected to create further growth for the desk. Braemar's decision to invest in our Geneva office is already showing dividends, with substantial new business growth already from its recent hires, and the expectations that the compound benefits of this expansion will reap larger dividends in the new financial year.

Total demand is growing across the gas markets, and production is expected to continue to grow in tandem, which has combined to improve the desk's margins. A substantial number of larger capacity ships are set to be delivered in the next few years and it is hoped that the cumulative demand growth of these products will be able to absorb these newbuilds. However, there is a continued lack of newbuilding orders in smaller sectors as well as further owner consolidation. Braemar's Gas desk has substantially increased its spot and period business over the last year for petrochemicals and larger LPG, and it continues to diversify its client base. The desk has also increased its forward physical freight agreements, which has provided Braemar with increased liquidity for future spot business.

In previous years, relatively stable LNG delivered prices averaged at around \$7–12 per MMBtu with seasonal fluctuations of between \$5–6, has given way to highs of almost \$70 this year and rapid fluctuations of \$20–30 almost over 24-hour periods. Consequently, Braemar is seeing huge interest in LNG shipping, as charterers are being forced to take longer-term charters to mitigate these commodity price swings, which has soaked up almost all available tonnage. Braemar has benefitted from the high price for LNG as it has led to an increase of newbuild orders. On the chartering side, Braemar has recently achieved two 7–10-year charters, and several multi-month charters as customers work to secure their long-term security of supply. The long-term revenue for Braemar's LNG desk has almost doubled over the last twelve months, and it is optimistic about the prospects for the sector over the next year.

Specialised Tankers' and Gas revenue increased by 6% from £10.9m in FY20/21 to £11.6m in FY21/22 and represented 11% of Braemar's total revenue. Fixture volumes increased by 12% compared with the previous year.

Dry Cargo

Dry freight markets rose strongly during the first half of the financial year, reaching highs not seen since before the financial crisis in 2008, and we have realised substantial gains from its advisory and facilitation. COVID-related port congestion coupled with resurgent demand for raw materials, particularly in China, resulted in a significant tightening in the supply and demand balance, and consequently higher rates from which Braemar has profited. While the conflict in the Ukraine is likely to dent economic growth, we expect dry cargo demand to be supported by Chinese growth when COVID restrictions are fully eased. Thanks to sanctions and the loss of Ukraine's port facilities, the loss of Russian coal and grain exports to Europe will need to be replaced from further afield. The resulting reshuffling of global trades is likely to increase the average length of haul, supporting dry cargo freight rates in the short term and the profitability of this desk.

Dry Cargo's revenue increased by 95% from £15.3m in FY20/21 to £29.8 in FY21/22 and represented 29% of Braemar's total revenue. Fixture volumes were marginally lower than the previous year.

Offshore and Renewables

A combination of high oil and gas prices, political pressure for low carbon energies, and an increase in total demand has created some of the brightest prospects for the offshore energy markets and the Offshore desk in many years. Activity in traditional and new energy sectors will prove beneficial for almost all vessel classes, as well as providing a welcome relief from the low demand and massive overcapacity that has inhibited the sector over much of the last decade. Braemar's Offshore Energy Services desk achieved 30% more business in FY21/22 compared to the previous twelve months, and in collaboration with other desks beat off stiff competition to be awarded a seven-year framework agreement with the UK's Ministry of Defence. Driven by end user pressure, progressive

environmental regulation and cost declines, there is significant worldwide demand for offshore wind projects and clean energy more broadly that is likely to remain elevated for several years. To capitalise on this trend, Offshore has doubled its number of Renewables brokers, and recently became the first major shipbroker to hire a dedicated Renewables broker on the east coast of the USA.

Offshore and Renewables' revenue increased by 41% from £2.7m in FY20/21 to £3.8m in FY21/22 and represented 4% of Braemar's total revenue. Fixture volumes increased by 43% compared with the previous year.

Securities

High volatility over the course of the last twelve months has helped to drive overall market volumes higher. Braemar has been able to capture an increasingly large proportion of trading volumes, growing our market share considerably. Major concerns about European energy security led to exponential moves in dry FFAs. After several years of depressed values on dry cargo, 2021 finally achieved levels not seen for over a decade, with the Capesize index peaking in early October at US\$86,593. Over the following six months, supply disruptions and seasonality saw the same index approach US\$5,000, but positive 2H22 expectations have kept the forward curve in a steep contango, with deferred contracts trading at large premiums. **(Coal FFA)**

Braemar's dry FFA desk has grown substantially during this period, catering to the needs of investors who wish to speculate on price moves as well as those who need high performance tools to manage their risk exposure. Braemar's partnership with Zuma Labs Limited and the popularity of Braemar Screen is bringing clear, sustainable benefits to the business despite only being developed less than three years ago. The Braemar FFA desk is one of the few desks in the market that has an active trading platform, which has helped us to substantially increase our market share. The prospects for further growth are good, and the desk will continue to focus on developing digital, data-led solutions for its client base. Revenue growth for 2021 versus 2022 was nearly 4.5x, and market share more than doubled over the same period. **(Dry FFA)**

The lack of global oil demand caused by COVID has dragged rates on the largest ships to the floor and kept them there since Q3 2020. The decline was only stopped by the conflict in the Ukraine, which caused major volatility. Ultimately, that is what all forward curves have been missing for some time, and so liquidity wasn't far behind. Our desk was well positioned as this disruption occurred. Market volumes in March 2022 were only surpassed by November 2021 in the last twelve months. This was largely due to an exciting aspect of FFAs in the last year: traders covering their positions much further into the future. The desk has seen good volume out to 2025, and this has enabled it to provide our clients with the opportunity to capably manage their shipping exposure for up to almost four years. This is the first time that the market has seen open interest extending that far, and it puts the desk and the whole market in a very strong position moving forward. This desk is a joint venture between Braemar and GFI. **(Wet FFA)**

Securities' revenue increased by 60% from £7.5m in FY20/21 to £12.0m in FY21/22 and represented 12% of Braemar's total revenue.

Financial

	FY21/22 £'000	FY20/21 restated £'000
Revenue	6,651	5,968
Underlying operating profit	1,798	1,034

Braemar's Corporate Finance desk (formerly "Braemar Naves") is continuing to benefit from its extensive restructuring experience and relationships in two ways. Firstly, several large international restructuring mandates were completed after years of preparation in the financial year ending February 2022 as well as in Q1/2022. Such restructuring mandates involved accompanying capital raising activities in the Offshore, Multipurpose and Heavylift segments. Secondly, the strong recovery in the Container and Multipurpose market enabled us to support our clients to refinance loans – many of which Braemar's Corporate Finance desk had helped to restructure in preceding years. The desk diversified its market presence, and it worked with several large Container lines for the first time. The successful cooperation and combination of expertise with Braemar's Sale and Purchase desk was a key driver of this success. In expectation that the worst is behind in the passenger shipping markets, cruise companies, lenders and investors have started to request Braemar's support to find solutions to financial problems that were caused by the COVID pandemic. Investor appetite is returning in this segment, and expectations are to complete a number of similar assignments in the coming year. Corporate Finance's revenue increased by 12% from £6.0m in FY20/21 to £6.7m in FY21/22 and represented 7% of Braemar's total revenue.

Logistics

	FY21/22 £'000	FY20/21 £'000
Revenue	45,215	28,083
Underlying operating profit	2,456	1,191

Cory Brothers, the Group's Logistics business was sold to Vertom on 28 February 2022 and consequently the results for the current and prior year are presented as discontinued operations. Cory Brothers had an extremely strong year, particularly from its Freight Forwarding activities. The pressure on container space and Brexit-related import/export complexities led to a greater demand for services. Challenges were faced in the UK Agency business, particularly due to the loss of a key contract which will impact revenue in FY22/23.

Revenue increased by 61% from £28.1m in FY20/21 to £45.2m in FY21/22. As this revenue is presented within discontinued operations it does not form part of Braemar's total revenue.

The board took the decision to sell Cory Brothers to Vertom, a long-term strategic partner of the business, because they believe scale and management expertise are key to the long-term success of the business. This will be better achieved under the new ownership, whilst Braemar has tightened its Balance Sheet because of the transaction and *is better placed to grow its core Shipbroking business. The board look forward to seeing Cory Brothers thrive under its new ownership*, and Braemar has retained upside potential in the future performance of the business from the three-year earnout mechanism.

Conclusion

Over the last twelve months there has been stimulus from almost every government, and huge vaccination progress has released pent-up consumer demand in ways that are likely to benefit shipping for at least the next year. Outside of the tanker market, almost every sector has achieved profitability levels that have not been seen in many years. Moreover, the logistical bottlenecks which continue to exist around the world have balanced the fleet expansion. Consequently, we are predicting another year of strong rates across almost every sector. Thanks to our strong investments in our people, technology, and growing our geographical footprint we are well positioned to secure an outsize share of opportunities available in those markets.

We have realised total revenue growth of 21% across all our Shipbroking and Corporate Finance desks over the last year, and in the growing and evolving markets in FY22/23, we are optimistic about seeing further return on our investments and continuing to grow both revenues and fixtures.

Key performance indicators

Trading in our Shipbroking business was very strong with revenue and profits significantly ahead of our expectations and the previous year. The strong performance reflects good market conditions and a return from the steps that we have made to increase the breadth and focus of our Shipbroking activities.

The Dry Cargo, Gas and Container sectors have performed particularly strongly. Specialised Tankers has made a slower recovery, and Deep Sea Tankers has recently returned to better rates. The resurgent interest in the shipping industry from both a lending and equity investment point of view has meant the Corporate Finance desk has also performed well.

As a result, we have realised total revenue growth of 21% across all our Shipbroking and Corporate Finance desks. Our underlying operating profit has increased by 31% and our cash flow from operations by 61%.

All KPIs relate to continuing operations.

Revenue

+21%

2022: £101.3m

2021 restated*: £83.7m

Number of employees

2022: 362

2021 restated*: 359

Underlying operating profit

+31%

2022: £10.1m

2021 restated*: £7.7m

Equity scheme participation

2022: 37%

2021 restated*: 37%

Cash generated from operations

+61%

2022: £20.5m

2021 restated*: £12.7m

Number of locations

2022: 11

2021 restated*: 11

Underlying EPS

2022: 27.95 pence

2021 restated*: 13.96 pence

Number of offices

2022: 14

2021 restated*: 14

Reported EPS

2022: 45.56 pence

2021 restated*: 14.45 pence

Full-year dividend per share

2022: 9 pence

2021: 6 pence

* The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations.

Financial Review

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

"This excellent performance reflects the investments we have made to increase the breadth, focus and depth of the Group's core Shipbroking activities."

Nicholas Stone, Chief Financial Officer

Summary Income Statement 2022

The strong trading and higher revenues have meant that all our profit measures have increased significantly.

- Statutory operating profit over the last year increased by 44% to £9.5m (2021 restated*: £6.6m).
- Underlying operating profit increased by 31% to £10.1m (2021 restated*: £7.7m).
- Statutory reported profits for the year were up 209% to £13.9m (2021 restated*: £4.5m).

The final measure benefitted from the Group's strong underlying trading, as well as the profits on disposal of non-core assets and businesses.

	2022 £'000	2021 Restated* £'000	% Inc/(Dec)
Revenue	101,310	83,695	21%
Operating costs	(87,090)	(72,593)	20%
Central costs	(4,160)	(3,383)	23%
Underlying operating profit before specific items	10,060	7,719	30%
Specific items – Acquisition and disposal-related expenditure	(122)	(835)	(85%)
Specific items – Other operating costs	(392)	(262)	50%
Operating profit	9,546	6,622	44%
Share of associate loss	(19)	–	100%
Net finance costs	(984)	(1,486)	(34%)
Taxation	(1,839)	(1,574)	17%
Profit after tax from continuing operations	6,704	3,562	88%
Discontinued operations – underlying	1,493	(513)	391%
Discontinued operations – specific	5,722	1,483	286%
Profit attributable to equity shareholders of the Company	13,919	4,532	209%

* The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations and a prior period adjustment as disclosed in Note 34 of the Financial Statements.

Continuing operations

Revenue

Revenue from continuing operations grew by 21% from £83.7m to £101.3m. As seaborne trade recovered from the COVID pandemic and logistical disruption strengthened freight rates, revenue and fixture volumes across almost every Shipbroking desk increased. Total revenue also increased on the Corporate Finance desk and due to the completion of several large mandates, and there was a consequent increase in success fees compared with retainer income.

Operating costs

Due to the substantial increase in revenue there was a corresponding increase in profit-related bonuses paid to the brokers responsible for generating them, which was the main contributor to the increase in operating costs. The increase in the percentage of cash bonuses paid on last year's profits, as noted in the CEO Report, also contributed to this increase. Cash bonuses are charged in the year in which they are earned whereas deferred share bonuses, which were reduced at the same time, are charged over multiple years. Future years will see a consequent reduction in deferred share charges as a result.

As COVID restrictions were eased during 2021, travelling and entertaining expenditure increased as the Group's brokers re-engaged with charterers and ship owners. In the prior year, £0.9m of Singaporean and Australian Government grants were netted off against staff costs; these grants were received by the Group for retaining employees during the COVID pandemic. No such grants were received in the current year. As a result of all these factors, operating costs increased by 20% from £72.6m to £87.1m.

Central costs

Central costs increased in total by 23% from £3.4m to £4.2m. This was the result of various changes to the Group's board as well as additional one-off professional fees associated with the delayed year-end audit process and a one-off impact of £0.5m of costs related to an office building that was vacated by a sub-tenant during the year. The office lease was assigned to a new tenant in March 2022 and that cost will not re-occur in FY22/23. Therefore, on an ongoing basis, central costs were reduced during the year.

Net finance costs

Net finance costs for the year decreased by 34% to £1.0m (2021: £1.5m). The cost has three elements: the revolving credit facility provided by HSBC which provides the seasonal working capital needed by the business as well as the core indebtedness; the convertible loan notes associated with the acquisition of Braemar Naves; and the interest charge associated with right-of-use assets under IFRS 16. The reduction in cost follows the reduction seen in net debt in the business, as well as the ongoing repayment of the convertible loan notes.

Included within the net finance costs is a credit of £0.2m. This is in respect of the accounting for the restructuring of deferred consideration owed in relation to the acquisition of Braemar Naves. In the prior year £0.4m was charged to finance costs in respect of interest payable on tranches of the revolving credit facility that was used to fund the acquisition of Braemar Naves. This is no longer considered specific, and in the current year all interest payable is included in underlying finance costs.

Prior period adjustments

As mentioned in the Chairman's Statement, a thorough review of the historic accounting for several corporate transactions and the classification of various reserve balances was carried out as part of the year-end audit process. The process was prompted by the errors identified in the accounting for the 2017 Naves acquisition and was extended to incorporate a detailed review of other transactions and consolidation adjustments. The results of the process are described in detail in Note 34 to the Financial Statements.

Specific items and discontinued operations

During the year the board has successfully executed several transactions with the aim of simplifying the Group's operations to concentrate on a new growth strategy centred around Shipbroking.

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

The financial results of Wavespec, AqualisBraemar and Cory Brothers which were disposed of during the year have been presented as discontinued operations.

Specific items

Acquisition-related expenditure – Braemar Naves

There were £0.1m (2021 restated: £0.6m) of acquisition-related charges during the year for the acquisition of Naves Corporate Finance GmbH in 2017. This charge includes £0.2m elements of post-acquisition consideration payable to the sellers; £0.1m of interest charges; and an FX gain of £0.2m on conversion of Euro denominated acquisition liabilities to GBP.

Other operating costs – lease assignment

On 28 March 2022 the assignment of the office referred to above was completed. The lease was impaired to reflect the commercial terms of the assignment at 28 February 2022. A charge of £0.4m was recognised as a specific item in other operating costs. This compares with a prior year charge of £0.3m in respect of the sublet of the same office.

Braemar Naves consideration restructuring

On 3 June 2021, a restructuring of the deferred consideration owed in relation to its 2017 acquisition of Braemar Naves was agreed. This restructuring will see the deferral of more than £2.5m (€2.9m) that was previously due for repayment before the end of December 2022 paid no earlier than September 2025. In addition, a further amount of approximately £0.7m (€0.75m) is to be satisfied by the issue of new ordinary shares in the capital of the Company in three tranches. The first two tranches were completed during the year, and the third is due in December 2022. At 28 February 2022 the total principal amount outstanding was £5.0m (€6.0m).

At 28 February 2022 the net present value of the outstanding liabilities was £4.9m (2021 restated: £8.1m).

As a result of the rescheduling, the model that had been used to generate the accounting entries for the acquisition since it was made in 2017 was reviewed to determine the amendments needed. That review identified certain computational errors. In particular the calculation of amounts in relation to the outstanding deferred consideration arising from the acquisition and the consequent entity accounting eliminations on consolidation were incorrect. The error resulted in an overstatement of liabilities at February 2021 and February 2020, and an overstatement of charges in other comprehensive income in 2021. There is no impact on profit and loss or earnings per share in either period. Further details of the restatement can be found in Note 34 of the Financial Statements.

Discontinued operations

A total of £7.2m has been recognised from discontinued operations, as can be seen in the table below. £1.5m relates to the underlying trading results of Cory Brothers and Wavespec prior to the disposal, as well as the Group's share of AqualisBraemar's results to 19 May 2021. £5.7m relates to the specific profits and losses on the disposal transactions.

	Underlying £'000	Specific £'000	Total £'000
Cory Brothers	1,563	4,134	5,697
AqualisBraemar	78	3,375	3,451
Wavespec	(146)	(1,787)	(1,933)
Total	1,493	5,722	7,215

Disposal of Cory Brothers

On 28 February 2022, the planned disposal of Cory Brothers, its Logistics Division, to Vertom was completed; total consideration will range between £10.25m and £15.5m. The consideration comprises initial cash proceeds of £6.5m, together with three further deferred and contingent payments based on the percentage of the gross profit of the newly formed VertomCory business for a three-year earnout period ending on 31 December 2024. The three earnout payments combined will be a minimum of £3.75m and a maximum of £9.0m. The fair value of the expected earnout consideration at 28 February 2022 is estimated to be £4.8m. The consideration from the disposal will be used to reduce net debt and strengthen the Balance Sheet in furtherance of the Group's growth strategy. The trading result for Cory Brothers up to the point of disposal was a profit of £2.4m, although this is drawn before amortisation and depreciation charges of £0.3m which were reversed upon the assets being held for sale. After costs of disposal and recycling of foreign exchange, the Group realised a profit on disposal of £4.1m.

Disposal of investment in AqualisBraemar

On 19 May 2021, the Group sold 9,640,621 shares of its non-core investment in AqualisBraemar for cash proceeds of £7.2m. On 20 August 2021, 1,000,000 warrants vested and were exercised, and the remaining warrants lapsed. The resulting shares were sold for additional cash proceeds of £0.7m on 31 August 2021. After legal costs and recycling of foreign exchange, the Group realised a total profit of £3.4m on these disposal transactions.

As part of the exercise to re-examine and Balance Sheet reserves balances, it was identified that the amount recycled from other comprehensive income from the foreign exchange translation reserve in the previous year and reported as gain of £0.5m was misstated and should have been a loss of £0.5m. The gain on disposal that arose from the partial sale in the year to 28 February 2021 is therefore restated as described in Note 34 to the accounts.

On 19 May 2021 the Group's interest in AqualisBraemar was limited to its holding of 6,523,977 performance-based warrants. Consequently, the Group ceased to equity account for its interest in AqualisBraemar. The Group's share of profits in AqualisBraemar up to 19 May 2021 was £0.1m.

Disposal of Wavespec

On 31 March 2021, the Group completed the disposal of its loss-making Engineering Division, Wavespec, for a maximum consideration of £2.6m. The consideration was intended to be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The recognised fair value of the consideration of £2.4m was based on

the net present value of the promissory note and this resulted in a profit on disposal of £0.6m. However, as at 28 February 2022, the buyer had not delivered on its obligations to secure the promissory note and the board took a view that the promissory note was unlikely to be honoured, and that consequently the consideration has been credit impaired. The total loss for the year from Wavespec was £1.9m. This consisted of a trading loss of £0.1m, a gain on disposal of £0.6m and a credit impairment of charge of £2.4m.

Balance Sheet

Net assets at 28 February 2022 were £75.1m (2021 restated: £66.5m). The year saw a decrease in gross trade receivables to £25.0m from £27.3m at the previous year end due to the disposal of Cory Brothers, partially offset by the growth in debtors in Shipbroking and Financial due to the strong revenue growth in the period. The proportion of trade receivables provided against was broadly in line with the previous year. A receivable of £6.5m is included in other receivables in respect of the VertomCory completion proceeds received on 2 March 2022. A receivable of £4.8m is included in other long-term receivables in respect of the VertomCory deferred and contingent consideration.

Capital expenditure

Total capital expenditure was £2.3m (2021: £2.3m). The most significant item of capital expenditure relates to the treatment of office leases under IFRS 16 whereby the lease is treated as an asset addition. These lease additions totalled £1.0m in the year (2021: £1.2m) and do not relate to cash payments in the year. The balance relates to capitalised expenditure on computer software of £0.6m (2021: £0.6m) and other expenditure on fixtures and fittings and leasehold improvements of £0.7m (2021: £0.5m).

Borrowings and cash

At the Balance Sheet date, the Group had a revolving credit facility with HSBC of £30.0m. The facility also provides access to a global cash pooling facility in the UK, Germany and Singapore which enables efficient management of liquidity between its main regional hubs. The Group operates a pooling arrangement for cash management purposes and at the end of the year the Group had net debt across those pools of £9.3m (2021: £8.9m). Including the £6.5m proceeds from Cory Brothers which were received on 2 March 2022, net bank debt reduces to £2.8m. The Group's revolving credit facility ("RCF") liability was previously reported as a short-term liability. However, a review of the facility agreement has confirmed that the lender is obliged to continue the facility for a period greater than twelve months from the respective reporting date. The liability has therefore been restated as a non-current liability at 29 February 2020 and 28 February 2021.

Retirement benefits

The Group has a defined benefit pension scheme which was closed to new members during FY15/16. The scheme has a net liability of £2.1m (2021: £3.8m), which is recorded on the Balance Sheet at 28 February 2022. 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.

Foreign exchange

The US Dollar exchange rate has moved from US\$1.39/£1 at the start of the year to US\$1.34/£1 at the end of the year. A significant proportion of the Group's revenue is earned in US Dollars. To protect the future Sterling value of those revenues, at 28 February 2022, the Group held forward currency contracts to sell US\$53.8m at an average rate of US\$1.37/£1.

An error in allocating amounts between the translation reserve and hedging reserve has been identified. These reserves are both presented within other reserves in the primary statements as detailed in Note 30. The hedging reserve was understated and the translation reserve overstated by £0.5m at 29 February 2020. At 28 February 2021, the hedging reserve was understated and the translation reserve overstated by £0.6m. These errors have been corrected in the restated Balance Sheets at 28 February 2020 and 28 February 2021.

Taxation

The Group's underlying effective tax rate in relation to continuing operations in FY21/22 was a charge of 21.2% (2021: charge of 31.4%) which is broadly in line with the UK tax rate in the current year. The tax charge on discontinued operations was £0.8m (2021: £0.2m).

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. 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 2,740,164 shares in the Company were purchased by the Trustee and 596,398 shares were released; as a result, at 28 February 2022, the ESOP held 2,669,603 shares (2021: 525,837 shares). The total cash outflow as a result of these share purchases was £6.3m (2021: £0.9m). Subsequent to the year-end the ESOP purchased a further 1,670,000 shares. As at 10 August 2022 the ESOP held 4,339,603 shares and now contains sufficient shares as are expected to be needed to cover all current share awards as described in Notes 28 and 29 of the Financial Statements.

Dividend

The Directors are recommending for approval at the reconvened AGM on 6 October 2022 a final dividend of 7.0 pence per share. The interim dividend of 2.0 pence per share in respect of the six months to 31 August 2021 was paid on 16 December 2021. The total dividend of 9.0 pence for the year is covered 3.1 times by the underlying earnings per share from continuing operations of 27.95 pence. The total cash outflow in respect of dividends paid during the year ended 28 February 2022 was £2.1m (2021: £nil).

Going concern

Particular care has been taken in preparing these accounts to the going concern review and viability statement due to the ongoing geopolitical impacts on global trade. The Group's compliance with sanctions put in place because of the conflict in the Ukraine is not expected to have any material effect on trading in the current financial year nor does the Group have any existing material exposure. The strong cash flows exhibited during the year and the Cory Brothers cash consideration received on 2 March 2022 have meant that the Group is in a much stronger position than at the previous year-end. Nevertheless, careful and frequent monitoring of cash forecasts and client payments will be maintained to ensure this situation continues. The Group's revolving credit facility is due to expire in September 2023, however the Group has already received acceptable indicative terms for an extension and expects discussions to be concluded well in advance of the expiration of the current facility.

Nicholas Stone
Chief Financial Officer
28 August 2022

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, 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 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, 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 52 and information on how the Company engaged with various stakeholders during the year can be found in the ESG report on pages 28-37, the Chairman's introduction to governance section on page 49 and the shareholder relations section of the Corporate Governance Report on page 52 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 page 52 of this Annual Report.

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 disposal of Wavespec which was the final step in disposing of the Group's Technical Divisions, more information on which can be found in the Strategic Update on page 4 and in the Chief Executive's Report on page 14 of this Annual Report;
- the sale of the Group's entire remaining non-core interest in AqualisBraemar which followed the sale of 9,600,000 shares in FY20/21 in the Strategic Update on page 4 and in the Chief Executive's Report on page 14 of this Annual Report;
- the rescheduling of deferred consideration amounts owed in respect of the 2017 acquisition of Braemar Naves and the integration of the Group's Shipbroking and Corporate Finance activities, more information on which can be found in the Strategic Update on page 4 and in the Chief Executive's Report on page 14 of this Annual Report;
- the strategic review of the Cory Brothers and the decision to dispose of that business rather than enter a joint venture arrangement, more information on which can be found in the Strategic Update on page 4 and in the Chief Executive's Report on pages 14 of this Annual Report;
- the decision to appoint Tristram Simmonds as Chief Operating Officer and Elizabeth Gooch and Joanne Lake as non-executive directors, more information on which can be found in the Nomination Committee report on pages 60 & 61 of this Annual Report;
- the decision to reduce the overall amount of deferred equity issued annually as part of employee remuneration arrangements to better align shareholder and employee interests and support the Group's growth agenda, more information on which can be found in the Chief Executive's Report on page 16 and in the Remuneration Committee Report on page 63 of this Annual Report;
- the decisions to pay an interim dividend of 2.0 pence per share, and to recommend a final dividend of 7.0 pence per share more information on which can be found in the Chairman's Statement on pages 5, in the Financial Review on page 26 and in the Viability Statement on page 45 of this Annual Report; and
- the launch of the Group's Environmental, People, Social and Governance ("ESPG") Framework, more information on which can be found on pages 28 to 37 of this Annual Report.

EPSG Report

We have recently launched our Environmental, People, Social and Governance ('EPSG') framework. At Braemar, we recognise the importance of sustainability to our success as a business. The environmental, social, and governance elements of traditional 'ESG' criteria help us to measure, manage, and demonstrate our contributions to fairer, more prosperous, and more sustainable way of doing business. However, we believe that because of the importance of people to our business, we need to explicitly recognise their contribution in the title of our Framework and to ensure we maintain equal focus on our most important asset. Without our team, Braemar would not exist.

Shipping will remain the most energy-efficient way to transport freight for the foreseeable future. On average, it produces 25 grams of CO₂ per tonne-kilometre, compared to 600g CO₂/tonne-km for aviation and 50-150g CO₂/tonne-km for road-based transportation. Nevertheless, the international shipping industry still accounts for approximately 2-3% of worldwide greenhouse gas emissions – roughly the same as the aviation industry – and it faces significant challenges in reducing its carbon emissions and transitioning to net zero. As climate change and the transition to net zero emissions becomes increasingly important to the shipping industry and the world at large, we believe we can have a role in supporting the industry accelerate the sustainability of ships and shipping. Or, as we've defined it in our mission, to facilitate climate-smart shipping.

As a broker, our direct environmental footprint is a very small percentage of the shipping industry's emissions. Although we can have no direct role in delivering the decarbonisation of the industry we can work with owners and charterers to support them as they navigate towards a low carbon shipping industry. Our goals are to support our clients with this transition as well as minimise our own office-based emissions. Further details on what this means for our business can be found on page 10 of this Annual Report.

Tristram Simmonds, COO and Nicholas Stone, CFO are the executive directors leading management's implementation of our EPSG framework.

"We aim to optimise our EPSG framework so that we can fully align our business and our customers with the sustainability challenges that our industry faces."

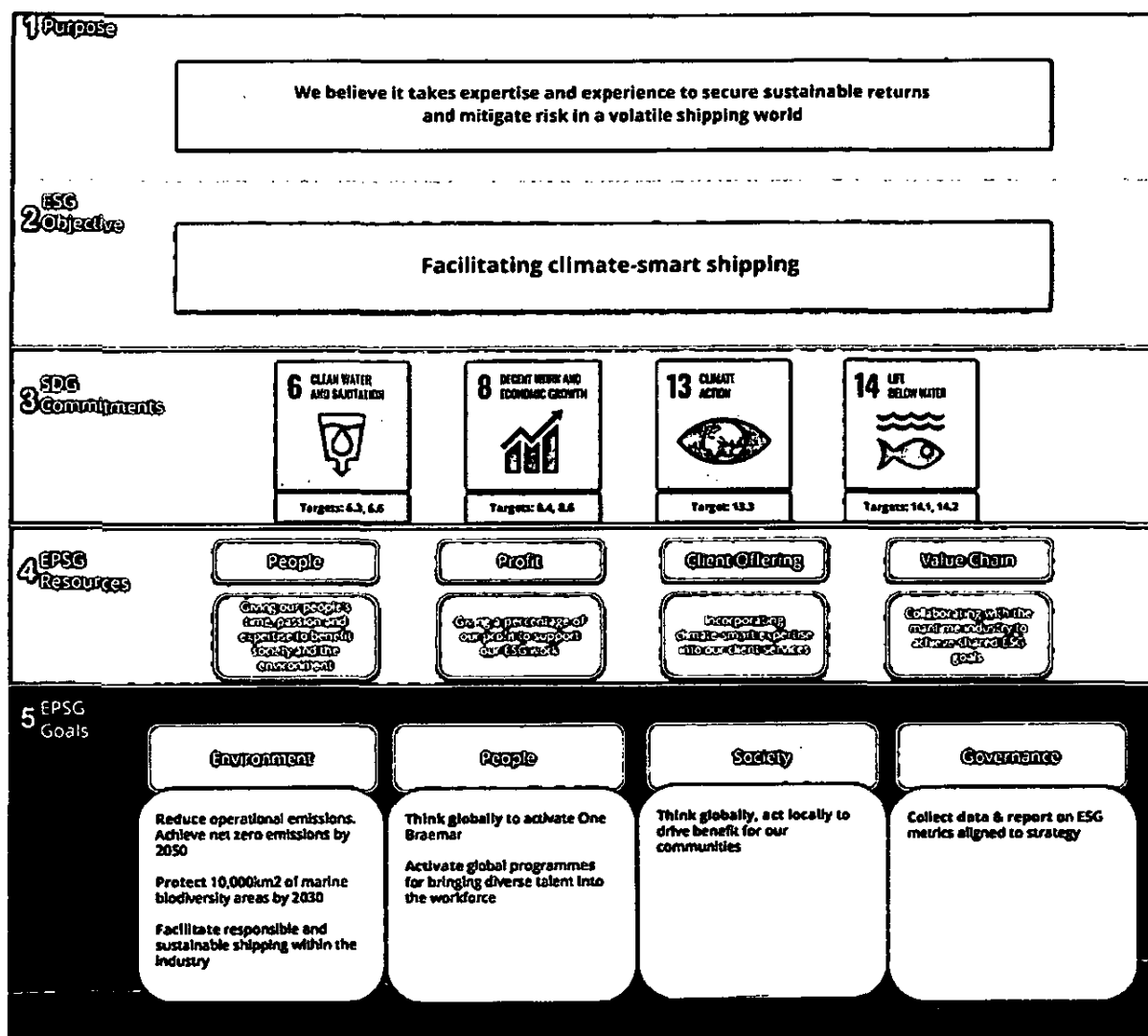
Tristram Simmonds, COO and Nicholas Stone, CFO

Elizabeth Gooch, non-executive director and senior independent director is the non-executive director responsible for oversight of our EPSG framework.

"I am delighted to work with my fellow board members and our wider team as we implement the activities we have planned to achieve our EPSG goals and targets. We are confident that our EPSG strategy will benefit both Braemar and our world."

Elizabeth Gooch, non-executive director and senior independent director

EPSG Framework



Our EPSG Framework is aligned to four of the 17 United Nations SDGs. The SDGs that we have selected, and the references to specific targets which we are working towards are as follows. Ongoing work is being carried out in FY22/23 to define the Group's targets and metrics as well as the effect on the business and any material costs. Performance against these targets will be measured once they have been defined.

SDG 6: Clean water and sanitation

Ensure availability and sustainable management of water and sanitation for all

Target 6.3 ... improve water quality by reducing pollution ... minimising release of hazardous chemicals and materials ... and substantially increasing recycling and safe reuse globally

Target 6.6 ... protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

SDG 8: Decent work and economic growth

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

Target 8.4 ... endeavour to decouple economic growth from environmental degradation

Target 8.6 ... reduce the proportion of youth not in employment, education or training

SDG 13: Climate action

Take urgent action to combat climate change and its impacts

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

SDG 14: Life below water

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

Target 14.1 ... prevent and significantly reduce marine pollution of all kinds

Target 14.2 ... sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans

(Source: United Nations Department of Economic and Social Affairs)

These SDGs were chosen by our team as the most currently relevant to Braemar. We will keep a watching brief on the SDGs and our strategic alignment as the EPSG Framework evolves in the future.

Environment

Working in partnership with CHOOOSE – a respected provider of digital tools, including to several of the biggest names in aviation – we have created Braemar Offset. Braemar Offset directly connects our clients with some of the most impactful and verified climate projects available today. By working with Braemar Offset to reduce their carbon footprint, companies will be able to play a proactive role improving their sustainability and accelerate climate action. The Group is developing metrics to report on the success of Braemar Offset from FY22/23.

We used the Braemar Offset platform to purchase carbon credits to offset 3,500 tonnes of carbon dioxide, which are approximately equal to our entire Scope 1, 2 and 3 emissions for the last five years. The schemes that these carbon credits invested in included wind power, solar photovoltaic projects, conservation initiatives and biomass/landfill gas projects, two case studies are detailed below.

Our EPSG strategy, including our commitment to our chosen SDGs, guided the selection of these schemes. By aligning our carbon offsetting investments with our EPSG strategy we are strengthening the impact of our contribution to our chosen SDGs.

Hasanbeyli Wind Farm, Turkey

Hasanbeyli Wind Farm is a 50MW onshore wind power project. It is located in Osmaniye, Turkey. The main purpose of this project is to generate electricity from the Power Plant and supply power generated to the Turkey national grid.

SDGs: 7 Affordable and clean energy, 8 Decent work and economic growth, 13 Climate action

Nii Kaniti Community Forest Management in Peru

The Nii Kanti project in Peru focuses on protecting rainforest and avoiding deforestation on community land. The main purpose of this project is to integrate conservation activities and sustainable community forest management.

SDGs: 1 No poverty, 2 Zero hunger, 8 Decent work and economic growth, 12 Responsible consumption and production, 13 Climate action, 15 Life on land

We recognise that carbon offsetting is our only solution to historic emissions but going forward we aim to first reduce our direct carbon footprint, and then use carbon credits to offset our unavoidable emissions. During the year ended 28 February 2022, we put in place several initiatives to minimise our direct carbon footprint. For example, we have optimised all our computer equipment with power saving modes and we have moved from on-site servers to cloud storage in order to reduce energy consumption and emissions. In our offices we continue to promote recycling and reduced paper consumption. We also launched an electric vehicle salary-sacrifice scheme in the UK to support our team members who wish to reduce their own carbon footprint.

Climate-related risks and opportunities

Our TCFD disclosures on pages 47 to 48 set out how we incorporate climate-related risks and opportunities into the four pillars set out by the TCFD. These disclosures also provide references to other sections of this Annual Report where further disclosures are provided.

Streamlined Energy and Carbon Reporting (“SECR”)

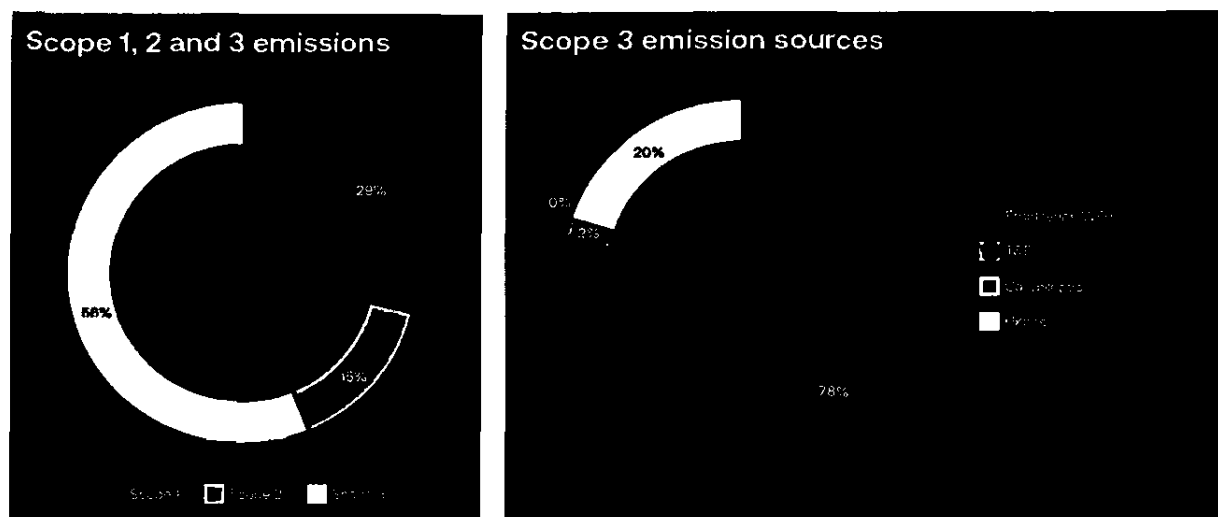
We measure and monitor our energy and calculate our greenhouse gas emissions based on the use of gas and electricity in our offices, car usage for business purposes and business travel, as shown in the table below. The data in this table represents the Group’s GHG emissions and excludes associates and joint ventures. In the current year the data for Cory Brothers is presented as discontinued operations. The prior year comparatives include Cory Brothers and have been restated to include the impact of working from home. The effect of the restatement for working from home increased Scope 3 emissions by 197 tCO₂e to 287 tCO₂e (2021 published Scope 3 emissions: 90 tCO₂e). Cory Brothers had no RoW Scope 1 or Scope 2 emissions in either year because the business did not have any of its own offices outside of the UK. Cory Brothers occupied RoW offices owned by the continuing Group and therefore the Scope 1 and Scope 2 emissions associated with these offices are reported in continuing.

Braemar Shipping Services Plc – Group Energy Use and Associated GHG Emissions

Year 1 March 2021 to 28 February 2022

	Year ended 28 February 2022					Year ended 28 February 2021 restated		
	Continuing		Discontinued		Total	Total		
	UK	RoW	UK	RoW		UK	RoW	Total
Energy consumption								
Gas	-	10,000	100,686	-	110,686	43,848	1,386	45,234
Electricity	313,063	263,338	98,160	-	674,561	298,125	107,450	405,575
Mileage	-	56,064	90,409	-	146,473	30,619	22,600	53,219
Total energy consumption in kWh	313,063	329,402	289,255	-	931,720	372,592	131,436	504,028
GHG emissions								
Scope 1 in tCO₂e	-	10	41	-	51	9	6	15
Emissions from combustion of gas	-	2	18	-	20	4	5	9
Emissions from combustion of fuel for the purposes of owned transport	-	9	22	-	31	5	1	6
Scope 2 tCO₂e	66	126	21	-	213	71	24	95
Emissions from purchased electricity (location based)	66	126	21	-	213	71	24	95
Scope 3 tCO₂e	116	149	75	6	346	195	93	288
Emissions from transportation and distribution (T&D of electricity)	6	5	2	-	13	7	1	8
Emissions from employees working from home	40	49	58	6	152	118	72	190
Emissions from business travel in rental cars or employee-owned vehicles	-	5	-	-	5	3	1	4
Emissions from flights	70	91	15	-	176	67	19	86
Intensity ratio								
Total gross emissions tCO₂e	183	286	136	6	611	275	123	398
Number of employees	174	188	173	17	552	341	196	537
Carbon intensity per employee	1.1	1.5	0.8	0.4	1.1	0.8	0.6	0.7

The Group's total emissions have increased by 213 tCO₂e to 611 tCO₂e (2021 restated: 398 tCO₂e). This is mainly due to increases in electricity consumption and emissions from flights. As pandemic restrictions have been lifted the number of employees returning to our offices and travelling for business purposes has increased. We are seeking to reduce these emissions going forward by making use of video conferencing where possible and being mindful of our carbon footprint when considering business travel.



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.

Scope 1 covers direct emissions from owned or controlled sources.

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

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

Our carbon footprint has been calculated using the GHG Protocol Corporate Standard guidelines, using the UK emission conversion factors produced for 2021 by the UK Department of Business, Energy and Industrial Strategy ("BEIS") and Department for the Environment, Food and Rural Affairs ("DEFRA"). The model used to calculate the Group's GHG emissions was developed by an independent consultant however the data used to populate this model has not been independently verified.

People

The biggest achievements in a business are never the result of one person; they require a group effort. Braemar has thrived over the last twelve months, and the success we've had is a direct result of the calibre of people that we employ and the team-spirit that connects us.

"My priority is to develop a HR strategy that unites our teams across the globe and provide a rock-hard foundation for building our brand and growing our business."

Becki Mackay, Group Head of HR.

Shipbroking is a people-driven business. Our ability to recruit and retain high performing individuals is a competitive strength, and we recognise that our future success will depend upon our ability to continue to do so.

In FY21/22 the Group's continuing operations had an average of 362 employees (2021: 359) located in 14 offices (2021: 14) across 11 countries (2021: 11).

We are making an increased effort to ensure that our business objectives are aligned with our team's interests, and that we are enabling a high-performance working environment. The well-being and productivity of our team has a substantial impact on our shareholder returns, and that is why we are investing more in how we support, motivate and manage our people.

In January 2022, Becki Mackay was appointed Group Head of HR. Becki was previously Global HR Manager at Cory Brothers and from July 2021 held a dual Braemar-Cory Brothers position. Becki has a track record of creating environments in which people feel valued and productive, and removing barriers which prevent them from delivering their full potential.

Well-being

Under Becki's direction the Group has focused on navigating out of pandemic restrictions, while continuing to build on the people-focused initiatives that were put in place in recent years.

During the COVID pandemic we focused on efforts to better support mental health and well-being, as well as supporting clients, colleagues and their families who'd been affected by COVID. The Mental Health First Aider scheme continues to run successfully in the UK, and our Employee Assistance Programme has been rolled out globally.

The conflict in the Ukraine has sent ripples through the global shipping markets. Although we don't have anyone directly employed in either country, Russians and Ukrainians crew many of the ships we charter, several of our colleagues have family connections to those countries, and many of our clients have offices in the Black Sea. Our sympathies are with those affected during this difficult period.

Employee engagement

In October 2021 we surveyed our global Shipbroking team. During a time when we were still often working from spare rooms or the kitchen, we were delighted to see that 75% of respondents felt proud to work for Braemar, and 81% understood how their specific role contributes to the success of the business. The next engagement survey is planned for October 2022 and will provide vital insights into the development and enhancement of our HR approach.

In FY22/23 several initiatives are planned to execute the Group's HR strategy and respond to some of the themes identified in the engagement survey. Stephen Kunzer and Elizabeth Gooch, our non-executive directors responsible for employee engagement, are progressing additional workstreams.

During the year Stephen has reviewed the global broker desk coverage while Elizabeth has benchmarked employee remuneration. Elizabeth has also reviewed, clarified and improved employee incentive packages, and taken overall responsibility for the EPSG Framework. Through the Remuneration Committee chaired by Elizabeth, the board intends to further encourage and improve employee engagements in FY22/23 through closer discussion, and the next employee engagement survey.

Training and development

Over the last couple of years, we have been actively working to develop the next generation of leaders at Braemar. Millennials are already the largest generation in the workforce, and through our Associate Director programme we're actively identifying, training and developing those who'll be at the helm in years to come. The West cohort

(Europe and the US) is twelve strong, mainly based in London and the East cohort (Singapore and Australia) has eleven members.

In Singapore, our Graduate Trainee programme is now in its second year. A pioneer group started in July 2021 and were offered permanent positions on various desks as Trainee Broker, Operator and Research Analyst in May 2022. In the forthcoming year up to ten new graduates and young adults will join us in July 2022. The twelve-month programme offers personal development, in-depth understanding of Shipbroking and career coaching through a combination of workshops, desk rotations, on-the-job training and mentoring. Following the success of the programme in Singapore, plans are in place to launch a similar scheme in London, and possibly in other key locations.

In FY22/23 the Group plans to launch a custom performance management platform. This will better enable the Group to align and engage our employees with clearer objectives and enhance our ability to provide structured feedback about their promotional prospects and career paths.

Gender diversity

The shipping industry has traditionally been dominated by men and Braemar is no exception. As at 28 February 2022, women accounted for 23% of our global workforce (2021: 25%). The Group's senior management comprises one female and ten males, with two females and five male directors on the board. Addressing the gender imbalance across our organisation is a priority for our HR and ESG strategy and we look to report on our progress in this area going forward.

Society

Under the new EPSG Framework our approach to social issues will change. We will seek to support long-term, strategic partnerships with charities and organisations that align with our goals, such as addressing inequalities in the locations where we have offices. We will also engage our teams locally and globally regarding issues they feel passionate about, with a particular focus on the marine environment.

During FY21/22 many of our teams have participated in charitable initiatives and some examples are shown below. We also continue to support Mercy Ships – an international surgical care charity; Ronald MacDonald House – a children's hospital in Singapore; and Willing Hearts – a soup kitchen in Singapore. Cory Brothers was an active member of the Suffolk Chamber of Commerce and Managing Director Peter Wilson was included in the Suffolk 100, a collection of 100 individuals who have made a positive difference to the commercial, community or cultural life of the county.

Going forward we are excited to align our charitable and fundraising initiatives with our EPSG Framework and we wish Cory Brothers well in their continuing efforts under the new ownership.

The Mission to Seafarers

In February 2022, team members from Braemar's Singapore office took part in Eastern Pacific Shipbroking's Around the World Fundraiser, an event which raised money for The Mission to Seafarers. This charity provides help and support to the 1.5 million crewmen and women who literally keep the global economy afloat. Our team ran, walked and cycled through Singapore's green corridor, tracking the kilometres they travelled to help the maritime community collectively achieve 100,000km during the fundraising period.

"Our participation in this fundraiser was an important part of bringing the maritime industry together to support a cause that is near and dear to all of us."

Shenny, Singapore.

The Special Boat Services Association ("SBSA")

In partnership with GFI, the Wet FFA desk supported The Special Boat Services Association, a charity that provides practical, financial and emotional support for members of the Special Boat Services and their families. The desk was a significant contributor to the SBSA's annual fundraising event which raised money via open and silent auctions.

"The SBSA is a thoroughly deserving cause, and we recognise the importance of supporting veterans and their families in times of hardship and trouble."

Jay, London.

Crisis at Christmas

In London we see homelessness as a key local issue which is why we support Crisis at Christmas, a campaign run by Crisis, a charity committed to ending homelessness. Our donations help Crisis to open centres over the festive week that provides companionship, support and a wide range of vital services to people without homes. Each centre delivers a safe, warm and friendly sanctuary over the Christmas period for people who have nowhere else to go.

"We see homelessness every day here in London, so we're pleased to be able to support Crisis. As a people business we're minded to think about supporting others, and especially at this time of year we know that our donations can make a big difference to those experiencing homelessness."

Katie, London.

Governance

We maintain a high standard of corporate governance, which is essential to enable our business to succeed in delivering its strategy. Moreover, it is integral to enhancing its reputation and maintaining the trust and support of its shareholders, clients, employees and other stakeholders. Further details of the Group's compliance with the UK Corporate Governance Code can be found in the Corporate Governance Report on pages 49 to 53 of this Annual Report.

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

The importance of sanctions screening to our compliance programme and KYC processes has been reiterated by the recent events in Ukraine. The Group has reviewed its sanctions policy considering these events and is providing regular communication to employees. The Group's compliance with sanctions put in place as a result of the conflict in the Ukraine is not expected to have any material effect on trading in the current financial year nor does the Group have any existing material exposure.

Our Anti-Money Laundering ("AML") and Know Your Customer ("KYC") policies and procedures form a key component of Braemar's governance framework. The importance of compliance with this policy's customer due diligence process was reinforced with training this year to help ensure the approach is consistent across our organisation. Initial screening of new customers includes a risk assessment, with the customer's risk profile determining if enhanced due diligence is required. Where customers are approved to proceed, the risk profile also determines automated re-screening alert intervals (6, 12, or 24 months). Additionally, to help ensure timely update of customer screening information, we have enabled automatic alerts for any changes in screening data and require any new sanctions indicators to be escalated to our Legal team for review.

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.

As part of employee onboarding, new joiners must complete our Governance Framework training which covers all our key policies and includes the following training modules:

- Module One: Anti-Money Laundering/Know your Customer, Modern Slavery, Sanctions and Anti-Bribery and Corruption policies and procedures.
- Module Two: Conflicts of Interest, Anti-Fraud, Anti-Tax Evasion, Entertainment, Meals and Gifts, Whistleblowing and Complaints policies and procedures.
- Module Three: Data Protection, Health & Safety, Share Dealing, Cybersecurity Awareness and IT Acceptable Use policies.

In addition to training, this year we implemented annual attestations for each policy. Employees are required to attest that they understand, and comply with, our policies. Completion of training and attestations are monitored and reported quarterly to the Group Risk and Audit Committees.

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	<ul style="list-style-type: none"> • Health, safety and environmental 	For more on environment See pages 31 to 33
Our employees	<ul style="list-style-type: none"> • Employee handbook • Whistleblowing • Health and safety 	For more on our people See pages 34 to 35
Social matters		For more on communities See page 52
Human rights	<ul style="list-style-type: none"> • Anti-slavery • GDPR 	For more on ethics See page 37
Anti-bribery and corruption	<ul style="list-style-type: none"> • Anti-Bribery and Corruption • Anti-Tax Evasion • Anti-Fraud • Anti-Money Laundering/Know Your Customer • Entertainment, Meals and Gifts 	For more information See page 37
Our business model		For more information See page 7
Principal risks – Risk management		For more information See pages 39 to 46
Non-financial key performance indicators		For more on key performance indicators See page 21

Principal risks and uncertainties for the year ended 28 February 2022

Risk management

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

The Group's Risk Management Framework

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

The board is responsible for managing the Group's risk, overseeing the internal control framework, and determining the nature and extent of the principal risks the Company is willing to take to achieve its long-term objectives. The Group's risk management and internal control frameworks are continually monitored and reviewed by the board and the Audit Committee, with support from a Management Risk 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 are mindful that the approach must be balanced with both employee interests and the Group's need to foster business relationships. As such, Group policies and procedures have been designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and aligned with the Group's long-term strategy, but also to avoid a disproportionate administrative burden on employees, clients and counterparties.

Reporting to the Chair of the Audit Committee and administratively to the Chief Financial Officer, 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:

- senior management teams have initial responsibility for identifying, monitoring, and updating business risks, while
- Group IT, HR, Legal and Finance management teams assess their respective functions for operational and functional risks not identified by senior management.

The Group's Risk Management Framework is managed via a new online system/solution which is accessible to the senior management team and operational and functional management teams globally. The new system's functionality has allowed for enhanced monitoring and reporting automation, which was a limitation of the system previously used. The new system allows for:

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

The Group's Risk Management Framework considers both the likelihood and the impact of identified risks materialising. Risks are offset, where possible, by the implementation of control activities, which are evaluated to determine their effectiveness in mitigating or reducing risk to acceptable levels.

All identified risks are aggregated and reviewed to assess their impact on the Group's strategic objectives and the resources required to manage them effectively. 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. Unmitigated risks can be significant, but our control processes and management actions reduce the risk level.

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

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

Environment and climate change

During FY21/22 environment and climate change risk was assessed as part of ongoing discussions of key and emerging risks for the Group and the shipping and energy sectors within which it operates. Consideration of the potential short to medium-term impact of environment and climate change risk resulted in its inclusion as a Group principal risk this year. Review and analysis of Group principal risks, including environment and climate change risk, is a standing agenda topic for the Risk Committee, and as such was discussed in Risk Committee meetings throughout FY21/22. Below is a summary of matters considered.

Classification of environment and climate change risks

The Risk Committee recognised that there are several specific environmental and climate-related risks. Under TCFD recommendations climate-related risks can be classified into two main categories:

Transitional risks: The risks associated with transitioning to a lower-carbon economy which include regulatory, market and technology-related risks and adaptations related to climate change.

Physical risks: The risks associated with acute weather events or longer-term shifts in climate patterns.

Further work is in progress to develop a climate-related risk matrix which classifies all climate-related risks and opportunities into the two main categories and documents them in a way that is consistent with the Group's overall Risk Management Framework.

Timeframe

The nature of climate-related risks is such that the potential impacts to the Group can be classified into short, medium and long term. The Risk Committee have initially identified these timeframes as follows:

Short term: 0–2 years

Medium term: 3–10 years

Long term: Beyond 10 years

Impacts to the Group's strategy

The Risk Committee discussed several climate-related opportunities such as carbon offsetting, growing the Renewables desk and supporting clients with climate-friendly ship design and sustainable ship recycling via the Sale and Purchase desk. In the short term, carbon offsetting is a key part of the Group's strategy and further details of the implementation of the CHOOSE platform can be found on page 31.

Impacts on financial performance

Management does not expect climate-related risks to have a material impact on the Group's short-term financial performance. The potential impact of climate change and other environmental issues has not formed a significant element in any key judgements or estimates disclosed in the Group's Financial Statements for the year ended 28 February 2022.

Significance relative to other principal risks

The Group has not ranked any of its principal risks and therefore the significance of environment and climate related-risks relative to the Group's other principal risks has not been assessed.

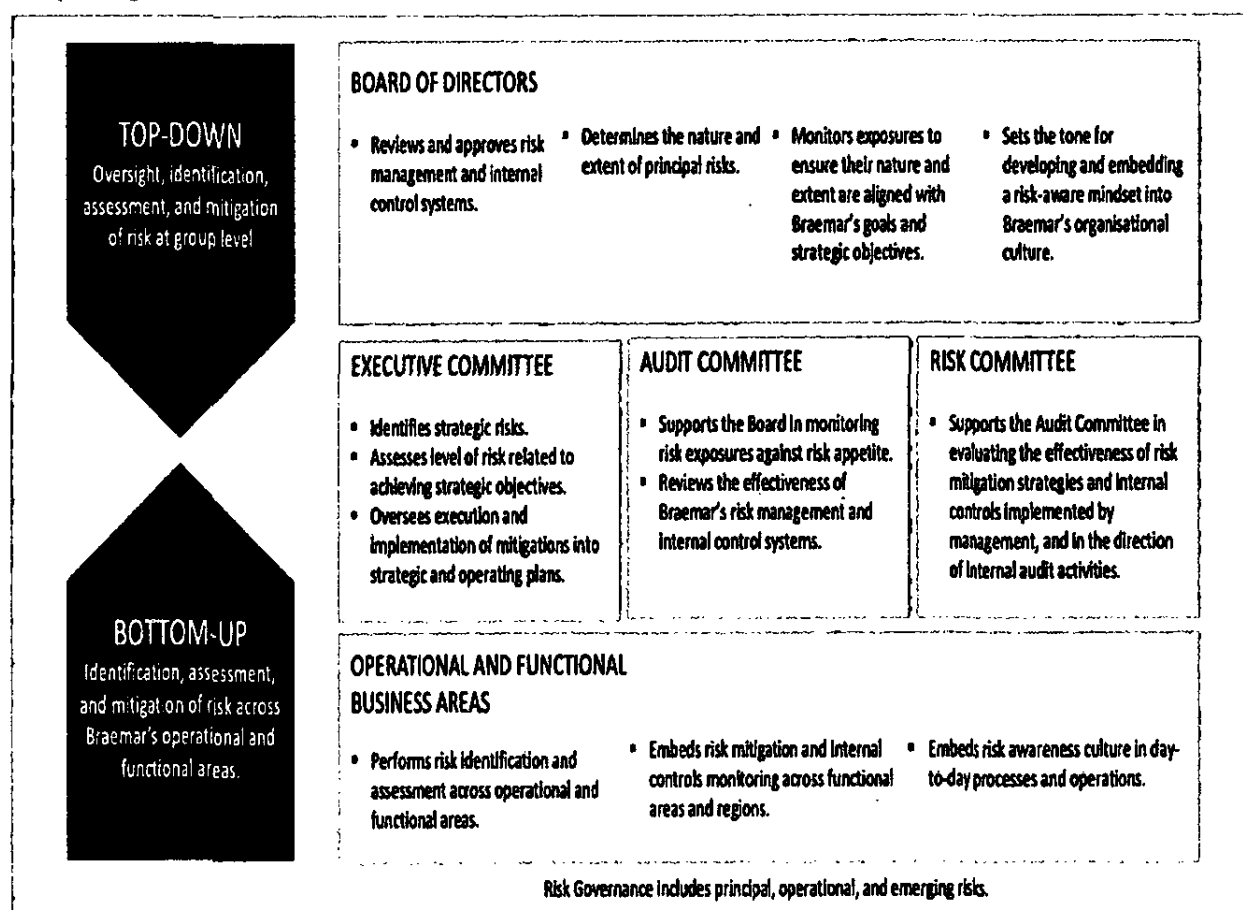
The Chief Financial Officer was responsible for providing the board and the Audit Committee with updates on these discussions. After our financial year-end, the Group established a Climate Change Management Committee which has specific responsibility for identifying and managing the Group's climate-related risks and opportunities. The Climate Change Committee is chaired by the Group's Chief Operating Officer and includes the Managing Director of the Singapore office plus other team members from Shipbroking and Corporate. The Climate Change Committee will report to the board and the Audit Committee via the Chief Operating Officer. The Risk Committee retains responsibility for monitoring this as a principal risk, incorporating this risk into the Group's overall Risk Management Framework, and ensuring that the impacts of the risks are appropriately monitored and mitigated.

Risk mitigation

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

- ongoing periodic review and updating of policies and procedures, including AML and KYC, to enhance/strengthen the Group's Governance Framework, with ongoing monitoring of Employee compliance by the Group Head of Internal Audit & Group Risk and Compliance Manager;
- a system of internal checks and authorisations, complemented by independent assurance activities;
- usage of common finance, HR and operations systems across the Group supported by our IT team;
- succession planning and strategic recruitment supported by the Group HR team;
- establishment of board-approved Group budgets with ongoing performance monitoring against budgets/forecasts and investigation of significant variances;
- regular reporting of Treasury management activity to the board by the Chief Financial Officer (note the Group does not enter speculative treasury transactions);
- ongoing monitoring of contractual risk by the Group legal team;
- operation of the Group's whistleblowing procedure; and
- maintenance of appropriate insurance cover.

Group risk governance




Principal risks

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

Change management

<p>Shipbroking is a business that is evolving in nature and Braemar needs to ensure it evolves with it. The lack of an appropriate change management framework and leadership structure could lead to the ineffective introduction and embedding of change required to achieve the Group's strategic objectives</p>	<p>The business may not operate efficiently and effectively, leading to projected revenue or returns not being realised and strategic objectives not being achieved. Internal and external relationships could be damaged or lost. Business development opportunities could be damaged.</p>	<p>Ongoing review and enhancement of Braemar's corporate governance framework, management structure, and succession planning and job mapping processes to help ensure:</p> <ul style="list-style-type: none"> • continuous improvement; and • alignment with leading industry practice. <p>Training programme to help ensure all employees are kept updated with the governance framework and related policies.</p> <p>Ongoing monitoring to ensure employee completion of Group governance training, compliance with all relevant Group policies, and completion of Group policy attestation requirements.</p> <p>The effectiveness of Internal Audit and Compliance processes is enhanced by Senior Leadership and Audit Committee oversight, and career path transparency is improved by our management infrastructure changes.</p>	<p>UNCHANGED</p> <p>(The residual or net risk after consideration of current mitigating actions is unchanged from the prior year.)</p>
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Compliance with laws and regulations

<p>Braemar generates revenues from a global business that exposes the Group to risks associated with legal and regulatory requirements, including sanctions.</p>	<p>Legal and regulatory breaches could result in fines, sanctions being imposed on our business, and the loss of Braemar's ability to continue operating.</p> <p>Note: Recent increased scrutiny from regulatory bodies and rising geopolitical and macroeconomic issues, including the current conflict in the Ukraine, has increased the potential impact of risks associated with breaches of legal and regulatory requirements.</p>	<p>Group-wide training programme to help ensure employee awareness of, and compliance with, all relevant legal and regulatory obligations:</p> <ul style="list-style-type: none"> • Braemar Corporate Governance Framework; • Braemar Risk Management methodology; • compliance with our policies, including our AML/KYC policies' (enhanced) customer due diligence requirements; and • compliance with relevant laws & regulations. <p>Enhanced KYC procedures and ongoing monitoring of compliance with governance policies and legal/regulatory requirements across the Group to help ensure requirements are not breached.</p>	<p>INCREASED</p> 
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Currency fluctuations

<p>The Group is exposed to foreign exchange risk because of a large proportion of its revenue being generated in US Dollars while the cost base is in multiple currencies.</p>	<p>A change in exchange rates could result in a financial gain or loss.</p>	<p>On a continuous basis, the board monitors macroeconomic issues to assess possible foreign exchange movements.</p> <p>Forward currency (US\$) contracts are entered into to mitigate the risk of adverse currency movements.</p>	<p>UNCHANGED</p>
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Cybercrime/data security

<p>Cybercrime could result in loss of business assets or disruption to the Group's IT systems and its business. Lack of appropriate data security could result in loss of data.</p>	<p>Loss of service and associated loss of revenue. Reputational damage. Potential for loss of cash due to fraud or phishing.</p>	<p>Globally, cyber-attacks increased significantly during and post the COVID pandemic. To address the increased risk, and to enhance security measures already in place, management partnered with external advisers to develop and implement a Cyber Assurance programme, which will be rolled out during FY22/23.</p> <p>Ongoing implementation of Security Operations Centre using DarkTrace technology.</p> <p>Improved security with the movement of on-premises data storage facilities in Singapore and Australia to the cloud.</p> <p>Ongoing implementation of a range of security measures including Microsoft's Advanced Threat Protection suite and a new SD-WAN to provide improved security and connectivity to our corporate systems.</p>	<p>UNCHANGED</p>
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Disruptive technology



<p>Shipbroking is still largely a business that is transacted via personal relationships dependent on quality service. Hence the risk of technological change, disintermediation and increased customer demands for enhanced technological offerings could render aspects of our current services obsolete, potentially resulting in loss of customers.</p>	<p>Relationships could be devalued and replaced by disruptive technology platforms, resulting in increased competition, consequent price reductions, and loss of revenue</p>	<p>Investment in technology through our venture with Zuma Labs Limited has resulted in effectively differentiating Braemar, as our brokers have begun utilising Zuma Labs Limited's versatile Venetian platform in advance of other firms. Ongoing modernisation of our infrastructure to allow for focus on innovation and strategic direction.</p>	<p>UNCHANGED</p>
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Environment and climate change

<p>Seaborne transportation is estimated to create 2.5% of the world's carbon emissions and there will be increased pressure to reduce that in future years. Failure to monitor and address the risks associated with that reduction process could result in loss of revenue for Braemar and its customers and counterparties.</p>	<p>The Group's P&L and liquidity could be negatively impacted if customers are lost as a result of our not keeping pace with our peers and industry best-practice. Non-compliance with regulations or disclosure requirements could result in fines or penalties. Failure to appropriately monitor and mitigate these risks could lead to Braemar suffering serious reputational damage.</p> <p>Note: Management does not expect climate-related risks to have a material impact on the Group's short-term financial performance.</p>	<p>Investment in the offshore renewables market and technology to allow the Group and its clients to offset carbon emissions. Ongoing development of an ESG strategy which allows the Group to monitor and report on environmental and climate-related risks. Establishment of a Climate Change Committee to help ensure climate-related risks are identified, monitored and appropriately managed.</p>	<p>INCREASED</p> 
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Financial capacity

<p>Braemar has set itself a growth strategy that will require investment in the coming years and limited financial capacity could hamper our ability to deliver on the objectives.</p>	<p>Without sufficient financial resources the Group may not be able to meet current and near-term obligations and may not be able to take advantage of potential growth opportunities.</p>	<p>Several strategic achievements have strengthened the Group's Balance Sheet, effectively decreasing financial capacity risk:</p> <ul style="list-style-type: none"> Disposal of Cory Brothers for all-cash consideration generated £6.5m of cash in March 2022. £4.7m of earnout cash consideration is expected to be received between May 2023 and May 2025. Restructuring of deferred consideration amounts owed in respect of the acquisition of Braemar Naves resulted in a repayment deferral of £2.5m which was due for repayment before the end of December 2022. The repayment is now to be paid no earlier than September 2025. Disposal of non-core investment in AqualisBraemar generated £7.2m of cash proceeds during FY21/22. <p>Ongoing mitigations include:</p> <ul style="list-style-type: none"> prioritisation of identified growth opportunities to ensure resources are appropriately allocated to opportunities with the best potential return on investment; regular review of debt levels, our dividend policy, and a three-year extension of banking facilities; and consultations with external advisers to review current banking relationships as compared to other potential banks and/or banking facilities. 	<p>DECREASED</p> 
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Geopolitical and macroeconomic			
Braemar's businesses is reliant on global trade flows and as such may be negatively impacted by geopolitical and/or macroeconomic issues, such as changes in crude oil price, restrictions in global trade due to pandemics such as COVID, sanctions, and changes in supply and demand.	<p>A downturn in the world economy could affect transaction volumes, resulting in reduced revenue. Changes in shipping rates and/or changes in the demand or pricing of commodities could affect supply activity.</p> <p>Note:</p> <p>The current conflict in the Ukraine and related global sanctions has increased the potential impact of risks associated with both geopolitical and/or macroeconomic issues and compliance with relevant laws and regulations.</p>	<p>Diversification on a sector and geographic basis reduces dependency on individual business areas. Ongoing monitoring to ensure the Group is appropriately resourced across its activities and geographies.</p> <p>Ongoing management of costs based on current and reasonably foreseeable market conditions.</p> <p>Enhanced KYC procedures and ongoing monitoring of compliance with governance policies, sanctions, and other legal/regulatory requirements across the Group to help ensure laws and regulations are not breached.</p>	<p>INCREASED</p> 
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.	<p>Significant investment upgrading our network and telecoms estate to provide a more robust, scalable and resilient platform for global delivery of applications and services.</p> <p>Network and telecoms upgrades include:</p> <ul style="list-style-type: none"> • decommissioning of on-premises data storage in Singapore and Australia to facilitate movement to the cloud; • re-architecting of our network with an SD-WAN to improve security and connectivity to our corporate systems; and • increased utilisation of the Microsoft 365 suite to allow for more efficient and effective work and communication across the Group. <p>Enhanced systems monitoring to help ensure improved and uninterrupted service delivery. Identification of key staff and potential points of failure, and the consideration of adaptable/flexible ways of working, help to ensure preparedness in the event of major business disruption.</p>	UNCHANGED
People and culture			
<p>Braemar is a people-based business and people are vital to its success. Inadequate policies and reward structures could incentivise negative behaviours, create internal conflict, lead to reputational damage, and contribute to failure in attracting and/or retaining skilled personnel.</p> <p>Failure to adapt to, or align with, post COVID market expectations, including the offering flexible or hybrid working arrangements, could result in the inability to attract and retain skilled personnel. Lack of appropriate consideration of environmental and wider social issues could also contribute to the inability to attract and retain skilled personnel.</p>	<p>Employee relations claims/litigation /tribunals attributed to negative behaviours or actions, increases the potential for reputational damage because of negative publicity in the public domain. Loss of key staff could result in reduced revenue when staff take "their" contacts and business with them.</p> <p>Strategic growth objectives may not be achieved if Braemar fails to attract and retain skilled personnel.</p> <p>Note:</p> <p>The potential impact of risks associated with failing to attract and retain personnel has increased post the relaxation of COVID social restrictions due to current market expectations for flexible or hybrid working arrangements for both current and prospective employees.</p> <p>Whilst the Group has not formally implemented flexible or hybrid working, the increase of People risk is partially mitigated by ongoing consideration of roles suitable for flexible working arrangements, as included under mitigating controls/actions.</p> <p>Recognition of environmental and social issues is becoming increasingly important to certain people, particularly graduates and younger skilled professionals who are at the start of their careers. Failure to attract or retain these people could negatively affect the Group's recruitment, retention and succession planning.</p>	<p>Ongoing review of policies including Conflict of Interest, Code of Conduct, and the Employee Handbook, to ensure behavioural expectations and employment practices for managers and employees are clearly defined.</p> <p>Organisation structure changes included the creation of associate director roles to identify key employees and more clearly show progression opportunities.</p> <p>Ongoing development of a culture of engagement and professional development, including implementation of performance management objectives, clearly defined pathways for career progression, and succession planning at senior management levels.</p> <p>Annual review of compensation with external benchmarking helps to ensure remuneration packages continue to be appropriate and competitive.</p> <p>Ongoing consideration of roles potentially suitable for hybrid and flexible working arrangements.</p> <p>Ongoing development an EPSG strategy which allows the Group to monitor and report on environmental and social risks.</p> <p>Communication of the EPSG strategy to existing and potential employees, demonstrating Braemar's commitment to efforts addressing environmental and social issues.</p>	<p>INCREASED</p> 

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 58 to 59 of this Annual Report.

Going concern

The Group generated strong underlying operational cash flow in the year, 61% higher than in FY20/21, and has continued to do so in the first months of trading in the current year. In addition, the Group's Balance Sheet has been strengthened significantly due to the strong trading and disposals of non-core assets during the year. Therefore, the directors believe that the Group is well positioned to manage its risks. Whilst there are still uncertainties facing the business including those related to the conflict in the Ukraine and COVID disruptions, they are nothing like those that were the case in the previous two years.

A more detailed analysis of the risks facing the business is outlined in Note 1 (see page 99). The analysis concludes that 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 twelve months from the date of the approval of these Financial Statements and for this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Viability statement

In accordance with the UK Corporate Governance Code, the directors have assessed the prospects of the Group over a period of 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.

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

During the year, the directors have continued to work with HSBC such that acceptable indicative terms have been offered for a longer-term facility to replace the current one which expires in September 2023. It is the intention that these discussions will be concluded well in advance of the expiry of the current facility. The viability assessment therefore assumes that similar banking facilities will be made available to the Group for the balance of the three-year viability period. The directors' assessment considers those current facility terms and includes a review of the financial impact of significant adverse scenarios.

In generating those scenarios, consideration was also given to the risks to the business that have been identified in this report on pages 42 to 44 as increasing:

Compliance with laws and regulation – the risks to the business caused by the increasing degree of sanctions resulting from the conflict in the Ukraine have clearly increased over the last six months but have yet to manifest itself in reduced revenues. Exposure to sanctioned business isn't material to the Group and experience to date suggests that although freight patterns are changing as a result, overall volumes are not declining.

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

Geopolitical and macroeconomic – similar to the compliance with laws and regulation risk the conflict in the Ukraine war raised the risk level due to geopolitical and macroeconomic risk with a resultant global downturn or recession likely to have a negative impact on the business. The experience to date is that the shipping market volatility has if anything increased revenue generation rather than reduced it.

People and culture – failure to adapt to changing cultural and working practise norms following the COVID pandemic and to maintain competitive remuneration structures could lead to difficulties in attracting new employees and to existing employees leaving. Losing and not replacing revenue generating employees in the business would lead to reductions in revenue if suitable policies are not put in place.

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

In considering these potential mitigations, the board was mindful of its duties under Section 172 of the Companies Act 2006 and considered the potentially competing interests of different stakeholder groups and the potential

long-term consequences of the actions, including the use of funds for employee remuneration (and the role this plays in the retention of staff), paying dividends, making investments and repaying debt.

The assessment involves the production of cash flow forecasts designed to assess the ability of the Group to operate both within the banking facility covenants and liquidity headroom. The main downside sensitivities used were annual revenue reductions of 7.5% and 15% from September 2022 to August 2023 and stabilised thereafter. Under these two cases the board concluded that even without use of any of the cost-saving or cash management mitigations available to it, the Group could continue to operate under the current banking facilities over the three-year period.

The assessment also incorporated a “reverse stress test” which was designed to identify scenarios under which the Group’s banking facilities would be inadequate to continue as a going concern despite using all the mitigating options available. The result of this test shows that all available mitigations would be exhausted, and facilities breached if there was a 41% decrease in forecast revenue from September 2022 through to August 2023.

The directors have concluded that whilst future outcomes cannot be guaranteed or predicted with certainty the revenue and operating margin scenarios that would lead to such a failure are highly unlikely. This is especially so in the light of current trading where revenues are running ahead of previous forecasts. They also noted that the facility headroom in terms of liquidity remained adequate even under the reverse stress test conditions and that it was the leverage covenant which would be breached if revenue fell by more than 41% and then only during 2024.

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

Task Force on Climate-related Financial Disclosures

The Group recognises that the international shipping industry accounts for approximately 2–3% of worldwide greenhouse gas emissions which presents significant risks and opportunities for our business. We seek to incorporate Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations into our decision making and in our first year of TCFD reporting we have developed a solid foundation from which the Group can progress to full compliance with TCFD-recommended disclosures in future years.

The following summary sets out how the Group incorporates climate-related risks and opportunities into the four pillars set out by the TCFD: governance, strategy, risk management, and metrics and targets. This summary includes references to other sections of this Annual Report where further disclosures are provided and an explanation is given where the Group’s compliance with TCFD disclosures is partial or omitted.

Governance

Describe the board’s oversight of climate-related risks and opportunities	Full	The board has overall responsibility and oversight of climate-related risks and opportunities. The Audit Committee reviews the impact of climate-change risks and opportunities and incorporates these risks and opportunities into the Group’s Risk Management Framework. The Risk Committee and the newly created Climate Change Committee report to the board and the Audit Committee via the COO and CFO. Further details of the respective roles and responsibilities of these two management committees can be found on page 52.
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Principal risks and uncertainties on page 40
Audit Committee Report on page 57

Describe management’s role in assessing and managing climate-related risks and opportunities	Full	During FY21/22 the CFO, with the support of the Risk Committee, had overall responsibility for assessing and managing climate-related risks and uncertainties. In FY22/23 the COO and the newly created Climate Change Committee became responsible for identifying, assessing and managing climate-related risks and opportunities. The Risk Committee retains responsibility for monitoring this as a principal risk.
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Principal risks and uncertainties on page 40

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Partial	The Risk Committee has considered the Group’s climate-related risks and opportunities and has identified the following relevant timeframes: Short term: 0–2 years Medium term: 3–10 years Long term: Beyond 10 years Work is ongoing to develop a climate-related risk matrix which categorises climate-related risks and opportunities according to these timeframes. This matrix will be published in the Group’s FY22/23 Annual Report.
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Principal risks and uncertainties on page 40

Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning	Omitted	The Group has not yet quantified the impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning. The Climate Change Committee has been tasked with ensuring that the impacts of climate-related risks and opportunities are assessed in the Group’s business, strategy and financial planning. Further updates will be provided in the FY22/23 Annual Report.
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Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Omitted	The Group has not yet developed a model climate-related scenarios and therefore cannot assess the resilience of the organisation’s strategy to these scenarios. The Group incorporates various financial scenarios in its strategic modelling, including freight rates, commodity prices and foreign exchange rates. In FY22/23 work will commence to incorporate climate change scenarios into the Group’s financial modelling. When this work is complete the Group will be able to quantify the impacts and assess the resilience of the Group’s strategy. Further updates will be published in the Group’s FY22/23 Annual Report.
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Risk management

Describe the organisation's processes for identifying and assessing climate-related risks	Full	During FY21/22 the Risk Committee had responsibility for identifying and assessing climate-related risks. In FY22/23 the Climate Change Committee became responsible for identifying, assessing and managing climate-related risks and opportunities. The Risk Committee retains responsibility for monitoring this as a principal risk.
Describe the organisation's processes for managing climate-related risks	Full	The Risk Committee is responsible for monitoring climate change as a principal risk. The Climate Change Committee is responsible for identifying and managing the Group's climate-related risks and opportunities.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Full	The processes described above are fully integrated into the Group's overall risk management processes.

Principal risks and uncertainties on page 40

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Omitted	The Group has not yet identified the metrics that will be used to assess climate-related risks and opportunities. Work is ongoing in FY22/23 to develop a set of metrics. An update on this work will be published in the FY22/23 Annual Report. These metrics will be aligned to the Group's specific climate-related risks as well as the Environment pillar of the Group's EPSG Framework.
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EPSG Report on page 31

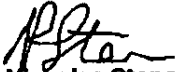
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Partial	The Group has disclosed all mandatory Scope 1 and Scope 2 GHG emissions. The Group has also disclosed certain voluntary Scope 3 emissions, including the GHG emissions as a result of employees working from home.
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SECR Disclosures on page 33

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Omitted	The Group has not yet identified the targets that will be used to manage climate-related risks and opportunities and performance against targets. Work is ongoing in FY22/23 to develop a set of targets from which performance can be measured and monitored. An update on this work will be published in the FY22/23 Annual Report. In its EPSG framework, the Group has committed to aligning its climate-related targets to certain references in the United Nations Sustainable Development Goals ("SDGs"). The references that are relevant to climate-related risks and opportunities are: SDG 8.4 Improve Resource Efficiency in Consumption and Production. The Group is developing targets to improve the energy-efficiency of its offices. SDG 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning. The Group is developing targets to raise awareness of climate change and mitigations in our industry amongst both our team and our clients.
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EPSG Report on pages 29 to 30

On behalf of the board


Nicholas Stone
Director
28 August 2022

Corporate Governance Report

Chairman's introduction

I am delighted to introduce this report in my first full year as Chairman of the board, having been appointed in May 2021. The board is responsible for ensuring that the governance controls within the Group help to support the Group's long-term strategy and values, and continues to be committed to maintaining a high standard of corporate governance across the Group. This framework creates a strong foundation for the Group to build on its global brand and develop its relations with its clients, shareholders and other key stakeholders.

In FY21/22, 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.

This year has also seen the launch of our ESG framework, which places the governance pillar alongside the traditional environmental and social pillars and an additional fourth pillar of people to recognise that people are the foundation of our business. A high standard of corporate governance is essential for the Group to succeed in delivering its strategy and is integral to enhancing its reputation and maintaining the trust of its shareholders, clients, employees and other stakeholders. More information on our ESG Framework can be found on pages 29 to 30 of this Annual Report.

This report, which comprises this introduction, the following pages 50 to 53, the Audit Committee Report on pages 54 to 59, the Nomination Committee Report on pages 60 to 61, together with the Directors' Remuneration Report on pages 62 to 64, describes how the board and its Committees operate and how the Company has applied the Code during the year ended 28 February 2022.

Nigel Payne
Chairman
28 August 2022

The board

The board is responsible for ensuring that the governance controls within the Group help to support the Group's long-term strategy and values. The board is committed to maintaining a high standard of corporate governance across the Group and ensuring that a framework is in place to create a strong foundation for the Group to deliver on its growth strategy in line with its core values, desired culture and risk appetite.

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

The non-executive directors, none of whom has fulfilled an executive role within the Company, are appointed for an initial three-year term subject to annual re-election at the AGM in accordance with the Code. The non-executive directors are responsible for constructively challenging and scrutinising the strategies and performance of the executive directors using their independence and perspectives gained from their diverse experiences, as well as having broader oversight of the Group, 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 the following pages of this Annual Report. All of the Directors have access to the Company Secretary, Emma Camilleri, 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 (FY20/21: 15) and the attendance by each of the directors is set out below.

Non-executive directors	Attended	Executive directors	Attended
Jürgen Breuer ¹	9/9	Nicholas Stone	15/15
Stephen Kunzer	15/15	James Gundy	15/15
Lesley Watkins ²	15/15	Tristram Simmonds ³	7/7
Ronald Series ⁴	3/3		
Nigel Payne ⁵	12/12		
Elizabeth Gooch ⁶	7/7		
Joanne Lake ⁷	0/0		

	James Gundy	Nicholas Stone	Tristram Simmonds
	57	58	52
	Group Chief Executive Officer	Chief Financial Officer	Chief Operating Officer
Committee Memberships	None.	None.	None.
Background and relevant experience	James has over 35 years' Shipbroking experience specialising in Tankers and Sale and Purchase Projects. He joined the Company in 2014 as Chief Executive Officer of Shipbroking following the merger of Braemar Shipping Services Plc and ACM Shipping Group Plc. James was an integral part of the successful integration of the two businesses which led to his appointment as Group Chief Executive Officer in January 2021.	Nicholas joined the Company as Finance Director in April 2019 with over 20 years' experience in operational and financial director roles in organisations including The Appointment Group, Hornby Plc and KB Advanced Technologies Plc. He occupied a dual Chief Operating Officer/Chief Financial Officer role during Braemar's recent management transition and was appointed as Chief Financial Officer in August 2021. Nicholas is a chartered accountant.	Tristram has over 30 years' experience in the commodities industry including 14 years at GFI Group where he became Head of European Commodities. Tristram founded Atlantic Brokers in 2013 which was sold to Braemar Shipping Services Plc in 2018. Since the acquisition in 2018 Tristram held the position of Managing Director of Braemar's derivative brokerage business and he was appointed as Chief Operating Officer in August 2021.
External appointments	None.	None.	None.

¹ Jürgen Breuer left the board on 26 August 2021.

² Lesley Watkins left the board on 31 March 2022.

³ Tristram Simmonds joined the board with effect from 1 August 2021.

⁴ Ronald Series left the board on 30 April 2021.

⁵ Nigel Payne joined the board as non-executive Chairman with effect from 1 May 2021.

⁶ Elizabeth Gooch joined the board with effect from 1 August 2021.

⁷ Joanne Lake joined the board with effect from 1 March 2022.

	Nigel Payne	Elizabeth Gooch MBE	Joanne Lake
	62	61	58
	Chairman of the Board	Non-executive director and Senior Independent Director (from 1 April 2022)	Non-executive director
Committee memberships	Chair of the Nomination Committee	Chair of the Remuneration Committee Member of the Nomination and Audit Committees	Chair of the Audit Committee Member of the Nomination and Remuneration Committees
Background and relevant experience	Nigel joined the Company as non-executive Chairman in May 2021, previously he was the CEO of Sportingbet Plc. He has a proven record of enhancing shareholder value and over 30 years' experience on public and private boards both as an executive and non-executive director with organisations including EG Solutions Plc, Stride Gaming Plc, Hangar8 Plc, ECSE Plc and Gamma Aviation Plc. Nigel is a chartered accountant.	Elizabeth joined the Company as non-executive director on 1 August 2021 and was appointed Senior Independent Director on 1 April 2022. She has over 16 years' experience in governance, compliance and financial reporting of publicly listed companies, having founded and run EG Solutions plc from 2005 until its acquisition by Verint Systems Inc. In 2017, Elizabeth was awarded an MBE in 2012.	Joanne joined the Company as non-executive director on 1 March 2022. She has over 30 years' experience in financial and professional services – both in investment banking, with firms including Panmure Gordon, Evolution Securities and Williams de Broe, and in audit and business advisory services with Price Waterhouse. Joanne is a chartered accountant and fellow of the Chartered Institute for Securities & Investment.
External appointments	Non-executive chairman of Gateley (Holdings) Plc Non-executive chairman of Green Man Gaming Ltd Non-executive director of Ascot Racecourse Betting & Gaming Ltd Non-executive director of Kwalee Ltd Director of Bubble Stuff Ltd Non-executive Director of GetBusy Plc	Non-executive director of ECSC Group Plc Non-executive director of Nivo Solutions Ltd Director of Expandly Ltd	Non-executive chair of Made Tech Group Plc Non-executive director of Henry Boot Plc Non-executive director of Gateley (Holdings) Plc Non-executive director of Honeycomb Investment Trust Plc Non-executive director of Morson Group Ltd

	Stephen Kunzer	Lesley Watkins
	55	63
	Non-executive director	Non-executive director and Senior Independent Director (Resigned 31 March 2022)
Committee memberships	Member of the Audit, Nomination and Remuneration Committees	Chair of the Audit Committee Member of the Nomination and Remuneration Committees
Background and relevant experience	Stephen has over 30 years' experience in the shipping industry in the UK and the Asia Pacific region and joined the Company as a non-executive director in February 2019. His previous roles include Chief Executive Officer of Eastern Pacific Shipping Pte Ltd and Managing Director of Tanker Pacific Management (Singapore) Pte Ltd. Stephen has also held a number of held a number of management positions with Zodiac Maritime Agencies Ltd.	Lesley has over 18 years' experience in the banking industry and joined the Company as non-executive director in June 2017. She has also held a number of executive and non-executive positions including Finance Director and Company Secretary of Calculus Capital Ltd, non-executive director of Metropolitan Safe Custody Ltd and non-executive Council Member and Chair of the Audit Committee of the Competition Commission. Lesley is a Chartered Accountant.
External appointments	Independent Director of Dampskibsselskabet NORDEN A/S	Non-Executive Director of Investec Bank Plc Non-Executive Director of Chaucer Syndicates Ltd

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 54, 60 to 61 and 62 of this Annual Report respectively. The Remuneration Committee Report on pages 62 to 64 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 Executive Committee comprises the executive directors, the Group Finance Director, the Global Head of Sale and Purchase and the Managing Director of Braemar Corporate Finance.

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 emerging risks and other changes to the risk matrix, the work of the internal audit function, and the day-to-day monitoring of the Group's Risk Management Framework. It comprises the Group Chief Financial Officer, the Group Chief Operating Officer, the Group Finance Director, the Head of Human Resources, the Group IT Director, the Group Head of Internal Audit and Group Risk and Compliance Manager and representatives of the Group's finance team and other functions and locations. 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 81 to 82 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 page 58 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 39 to 44 of this Annual Report.

Culture and values

As mentioned above, we have recently launched our ESG Framework. The framework recognises the three pillars of environmental, social and governance that have become the widespread definition of ESG, with the addition of a fourth pillar to recognise the people that are the foundation of our business and integral to the communities we live and work in. As part of this framework, Braemar remains committed to providing its services to the highest standards and operating ethically, lawfully and with professional integrity at all times. The framework will allow us to create a Group-wide culture and operating practices that incorporate our values. We believe that this will support the Group with its strategy to grow the Braemar brand in an increasing number of global markets. More information on our culture and values, what action has been taken during the year to ensure that policies, practices and behaviour across the Group are aligned with them, how we engage with, invest in and reward our workforce, and our commitment to diversity and inclusion, can all be found in the ESG Report on pages 28 to 37 of this Annual Report.

Shareholder relations

The board recognises the importance of maintaining good communication with key stakeholders of the Company's business and taking the interests of those stakeholders into consideration in its decision making. Key stakeholders of the Company include its shareholders, with whom the board seeks to engage regularly in order to fulfil its duties under Section 172 of the Companies Act 2006. The Company follows an active investor relations programme carried out mostly through regular meetings of the Group Chief Executive Officer and Group Chief Financial Officer with existing and potential investors following the announcements of the interim and preliminary full year results of the Group. The Company has also organised a number of other investor events throughout the year to enable existing and prospective investors to hear more from the executive directors on the business and its strategy. From

time to time the non-executive directors and the non-executive Chairman will also consult with the Company's major shareholders. Feedback from the Company's shareholders is also received through the Group's corporate broker and public relations team. The Company ensures that shareholders are 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 which are made available on the Company's website and through an RNS, in accordance with legal and regulatory requirements.

The Company 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. The board was delighted to welcome the Company's shareholders to attend the 2021 and 2022 AGM in person, after the 2020 AGM took place behind closed doors due to the COVID pandemic. The Company notes that at last year's AGM, all resolutions proposed were passed with the requisite majorities of votes and comfortably above 80% of votes cast.

Report of the Audit Committee

The Audit Committee (the "Committee") comprises three independent non-executive directors. The Committee continued to be chaired during the financial year by Lesley Watkins and its terms of reference can be found in the *Investors* section of the Company's website. The Committee is now chaired by non-executive director Joanne Lake, who was appointed to the board with effect from 1 March 2022 and succeeded Lesley as chair of the Committee following Lesley's departure on 31 March 2022. Joanne is a chartered accountant with a strong financial background and with the complementary skills of the other members, continues to ensure that the Committee has a sufficient level of both financial experience and competence relevant to the sector in which the Company operates. The qualifications and experience of the members of the Committee can be found on pages 50 to 51 of this Annual Report.

Meetings of the Committee are attended, by invitation, by the Chairman of the board, the Group Chief Executive Officer, the Group Chief Operating Officer, the Chief Financial Officer, the Company Secretary, the Group Risk and Compliance Manager and Group Head of Internal Audit, and representatives of the external auditor. The Committee held four meetings during the year, the attendance of which was as follows:

	Attended
Jürgen Breuer ¹	1/1
Stephen Kunzer	4/4
Lesley Watkins ²	4/4
Elizabeth Gooch ³	3/3
Joanne Lake ⁴	0/0

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

¹ Jürgen Breuer left the Committee on 26 August 2021.

² Lesley Watkins left the Committee on 31 March 2022.

³ Elizabeth Gooch was appointed to the Committee with effect from 26 August 2021.

⁴ Joanne Lake joined the Committee with effect from 1 March 2022.

The following sections describe the work of the Committee during the year ended 28 February 2022.

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 Chief Financial Officer, together with reports presented by the external auditor summarising the findings of their annual audit and interim reviews.

The key areas of estimates and judgements considered for the year ended 28 February 2022 are:

Estimates

- ***Impairment of goodwill***

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

The Committee considered the work done to support the discount rate and growth assumptions and are satisfied these estimates are appropriate and that there are no indications of impairment.

- ***Fair value of VertomCory deferred consideration***

The current estimate of the fair value of the earnout payments is £4.7m. The fair value of the earnout payments involves two critical estimates; the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business and was reviewed by management as part of the financial due diligence process. The discount rate was used to calculate the net present value which was based on the credit risk of Vertom Agencies BV following a credit check performed by management.

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

- ***Recoverability of deferred tax assets***

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

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

- ***Share option vesting***

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

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

- ***Provision for impairment of trade receivables and accrued income***

The provision for impairment of trade receivables and accrued income represents management's best estimate at the Balance Sheet date. 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. Further details can be found in Note 21 to the Financial Statements.

The Group has considered the impact of both COVID and the conflict in the Ukraine on the Financial Statements at 28 February 2022. However, at 28 February 2022 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 or

the conflict in the Ukraine. No impairment allowances were made in respect of either COVID or the conflict in the Ukraine.

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

- **Valuation of defined benefit pension scheme**

The Group uses an independent actuary to provide annual valuations of the defined benefit pension scheme. The actuary uses a number of estimates in respect of the scheme membership, the valuation of assets and assumptions regarding discount rates, inflation rates and mortality rates. The membership details are provided by an independent trustee while the valuation of assets is verified by an independent fund manager. The discount rates, inflation rates and mortality rates are reviewed by management for reasonability. Further details can be found in Note 27 to the Financial Statements.

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

Judgements

- **Wavespec**

Fair value of consideration

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

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

Impairment

As at 28 February 2022, the buyer had not delivered on its obligations to secure the promissory note and therefore management have made a judgement that the promissory note is unlikely to be honoured and consequently the fair value of the consideration is impaired and an impairment charge of £2.4m has been recorded within discontinued operations.

The Committee considered the likelihood of the purchaser delivering on its obligations and are satisfied with the decision to impair the promissory note.

- **Measurement of right-of-use assets and liabilities**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for the Group to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

The Committee is satisfied that the process to determine the lease term of each lease is appropriate.

- **Revenue recognition**

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

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

- **Classification and recognition of specific items**

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

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

- **Climate-related risks**

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

The Committee has also assessed the short-to-medium-term impact relating to climate change risks and believes that it is not significant for the Group.

- **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. Three years is used because the Group's revolving credit facility renews every three years.

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

Prior period adjustments

During the year ended 28 February 2021, the Group restructured part of the outstanding liabilities due to management sellers of Naves. As part of its work the Committee considered the rescheduling of the Naves acquisition liabilities in the last year and the impact on the Group's Balance Sheet. This exercise identified that the carrying amount of the future obligations in the Group Balance Sheet exceeded the nominal value of consideration to be paid and prompted a review of the accounting for the Naves consideration in full and of certain other corporate acquisition and disposal transactions in recent years.

The review took a critical analysis of the historical accounting for the amounts paid and payable on the Naves acquisition, including the issue of shares, and identified a number of errors. In order to address these errors, accounting analysis was reviewed and new calculations were performed from the original acquisition in September 2017 to date. The review also examined the classification of certain reserves on the Balance Sheet and identified certain other misstatements that have been corrected in these accounts.

As a result of these errors, which are described in detail in Note 34 to the Financial Statements, the year-end audit was prolonged while additional reconciliation work was performed in order to satisfy the board and the Group's auditors that there were no further misstatements.

Dividend payments

The year-end process also identified certain procedural errors in connection with the payment of the Group's final dividend relating to FY20/21 and the interim dividend relating to FY21/22, each made by the Company during FY21/22 (the "Relevant Distributions"). Notwithstanding these procedural errors, the Company had sufficient reserves at the respective dates of approving and making each of the Relevant Distributions. However, the Company did not satisfy the requirements of the Companies Act 2006 to properly prepare and file interim accounts that justified the Relevant Distributions.

No party has been or is in a worse position as a result of these procedural breaches, but the Company has been advised that a consequence of the Relevant Distributions being made otherwise than in accordance with the Companies Act 2006 is that it may have claims against past and present shareholders who were recipients of the Relevant Distributions and against those persons who were directors of the Company at the time of the declaration and payment of the Relevant Distributions.

The Company wishes to put all potentially affected parties so far as possible in the position in which they were always intended to be had the Relevant Distributions been made in accordance with the procedural requirements, and consequently intends to present resolutions at the reconvened Annual General Meeting which will, if passed, give the board authority to enter into deeds of release to discharge these parties from any obligation to repay any amount to the Company in connection with the Relevant Distributions. The errors are explained in more detail in the Group's AGM notice which included full details of the errors and the resolutions being proposed in its notice of Annual General Meeting.

Review of the control environment and financial processes

The year-end audit has highlighted weaknesses in certain of the Group's accounting processes. The Committee is reviewing the causes of these errors and the associated control environment, under the leadership of the new Chair. In order to make the changes required to ensure there is no repeat, a plan is under way to strengthen the resources within the Finance team and the tools available to it. In particular, the errors highlighted weaknesses in the Group's consolidation processes and system when dealing with complex non-trading transactions. Investment in the consolidation system is required to strengthen its reporting capability to ensure more regular monitoring is possible.

External audit

BDO LLP was reappointed as external auditor at the 2021 AGM. The lead audit partner at BDO LLP responsible for the external audit is Scott McNaughton, who has held the role for four 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 (FY20/21: 91%). The Committee also continues to agree the scope and related fee for the annual external audit. The only non-audit service performed relates 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

Internal audit is an independent assurance function which supports Braemar in improving its overall control framework. The internal audit function contributes to the maintenance of a systematic and disciplined approach to evaluate and improve the design and effectiveness of Braemar's risk management, internal control, and governance processes. The Audit Committee defines the responsibility and scope of the internal audit function and approves its annual plan. The Group Head of Internal Audit reports functionally to the Chair of the Audit Committee and administratively to the Chief Financial Officer.

The Audit Committee ensures that the internal audit plan is met during the year and that management is sufficiently responsive to any audit findings. The Group Head of Internal Audit is supported in the completion audit activities by a co-sourcing arrangement with Mazars UK LLP.

Business functions, processes and areas forming part of the rolling three-year risk-based Group internal audit plan are based on assessment of risks to the business, as described on pages 39 to 46 of this Annual Report. The plan is reviewed and updated at least annually to help ensure key Group and new or emerging risks receive appropriate and timely audit focus. Updates or changes to the audit plan, and internal audit reports, are reviewed by the Audit Committee during the year.

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

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

Audits were conducted this year on banking and cash processes, data protection and data security, and on integrated assurance. Management action plans were developed and agreed with action implementation dates for identified control gaps or deficiencies. Timely implementation of management actions from these audits, and from a FY20/21 payroll audit, are monitored through regular updates to the Audit Committee. While no significant findings were identified in the completion of these audits, actions completed to address audit findings included the establishment of BACS direct credit payments and the implementation of a formal delegation of authority, while actions are ongoing to address findings related to vendor due diligence, vendor data maintenance, and data protection processes.

In its final meeting of 2022, the Audit Committee revisited the rolling three-year plan and confirmed its agreement with the audits proposed for the coming year.

Risk and internal control framework

During the year, the Audit Committee continued its focus on review and enhancement of the Group's risk and internal control framework. Braemar is committed to the highest standards of conduct in all aspects of its business. In reviewing and improving this framework of policies, processes and procedures, the directors remained mindful of the potentially competing interests of the Company's stakeholders, particularly the need to balance cost, resource, and the interests and perspectives of clients and other market participants with the need to maintain its reputation for integrity and to comply with international laws and best practice. This review, and the Audit Committee's ongoing responsibilities in this area, saw the Audit Committee involved in:

- reviewing the work of the Risk Committee, particularly on matters such as the regular reviews of the Group's emerging and principal risks and the development of its enhanced Risk Management Framework;
- reviewing and improving the Group's framework of compliance policies and procedures, including in relation to Sanctions, Bribery and Corruption, Conflicts of Interest, Know Your Customer, Entertainment, Meals, and Gifts, Tax Evasion, and Whistleblowing;
- reviewing the design of a comprehensive programme of compliance training for all staff;
- reviewing the financial reporting framework and improving the processes for regular reporting of key financial judgements and estimates, as well as other elements of risk management across the business;
- reviewing the Group's IT cyber security monitoring and planning programme;
- reviewing the Group's insurance coverage; and
- reviewing the Group's foreign exposure and hedging strategy.

More information on the Group's emerging and principal risks, including a summary of the principal risks facing the Group and how these are managed can be found on pages 39 to 46 of the Annual Report.

Joanne Lake
On behalf of the Audit Committee
28 August 2022

Report of the Nomination Committee

The Nomination Committee comprises three independent non-executive directors. As documented in last year's report, 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 meetings were also attended, by invitation, by the Group Chief Financial Officer, the Group Chief Operating Officer, 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 four meetings during the year, the attendance of which was as follows:

	Attended
Jürgen Breuer ¹	2/3
Elizabeth Gooch ²	1/1
Stephen Kunzer	4/4
Lesley Watkins ³	4/4
Ronald Series ⁴	2/2
Nigel Payne ⁵	2/2
Joanne Lake ⁶	0/0

The following sections describe the work of the Nomination Committee during the year ended 28 February 2022.

Board changes

In FY21/22, the Committee considered the appointment of two non-executive and one executive board members. In considering the optimum criteria and attributes for these roles, the Committee considered the existing structure and diversity of the board and senior management, the culture of the organisation and the focus of the Group's future strategy. The Committee felt that it was important to add bandwidth and experience to the executive team, in order to assist the board with the delivery of the Group's new growth strategy, and was delighted to be able to recommend an internal candidate, Tristram Simmonds, Managing Director of Braemar Atlantic, as its preferred candidate for the role of Group Chief Operating Officer. Tristram takes these responsibilities as Group Chief Operating Officer from Nicholas Stone (current Group Chief Financial Officer) who previously held both the role of Group Chief Operating Officer and Group Chief Financial Officer prior to the recent management transition.

The Committee also needed to lead the processes to find a successor for Jürgen Breuer, who decided not to offer himself for re-election at the 2021 AGM, and Lesley Watkins, who announced her intention to resign from the board with effect from 31 March 2022 in February. As part of these processes, the Committee decided not to spend additional money using an external search consultancy. Both Elizabeth Gooch and Joanne Lake were known to the board and the Committee believed that the process with Heidrick & Struggles earlier in the financial year which had culminated in Nigel Payne's appointment as Chairman had provided a good indication of available candidates to which both Elizabeth and Joanne Lake compared. The Committee also scrutinised the independence of Elizabeth and Joanne as a result of this decision and their having both served on the boards of other companies with Nigel Payne, and determined that both would be independent (a decision that was supported by the board). Whilst the Committee believes that appointments should be based on merit and objective criteria, it was delighted to be able to recommend two female candidates for these roles and thus improve an important element of diversity on the board, together with the broader diversity of skills, experience, knowledge and other cognitive and personal strengths that Elizabeth and Joanne bring.

The Committee was also pleased that Stephen Kunzer agreed to serve as a non-executive director for a further three-year term (subject to annual re-election and the terms of his letter of appointment). This will be his second three-year term.

¹ Jürgen Breuer left the Committee on 26 August 2021.

² Elizabeth Gooch was appointed to the Committee with effect from 26 August 2021.

³ Lesley Watkins left the Committee on 31 March 2022.

⁴ Ronald Series left the Committee with effect from 30 April 2021.

⁵ Nigel Payne joined the board and took up the role of Chair of the Nomination Committee with effect from 1 May 2021.

⁶ Joanne Lake joined the Committee with effect from 1 March 2022.

As reported in last year's Annual Report, an important task for the Committee at the start of FY21/22 was to find a new non-executive Chairman following Ronald Series' decision to step down from the board – a process that resulted in the appointment of Nigel Payne with effect from 1 May 2021. The Committee was chaired by the Senior Independent Director when dealing with this matter and, following a tender process, chose to engage Heidrick & Struggles to assist with the process. Whilst the Committee had professional contacts at Heidrick & Struggles, and one of the directors had previously been placed by them into another role, the Committee felt that this would not undermine the firm's ability to assist with a rigorous and transparent process.

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 34 and 35 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. As at the date of this report, approximately 10% 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 EPSG Report on pages 52 and 35 of this Annual Report.

Board evaluation

The board carries out regular self-evaluations to monitor and improve on its performance and address any weaknesses. Action continued in FY21/22 in addressing the findings of the evaluation exercise done in 2021, including the strengthening of the board (as discussed above), the development and launch of the Company's new growth strategy, the improvement of monthly financial and non-financial management reporting, and the in-house development and introduction of a new board portal to improve access to board materials. It was again decided that the formal annual evaluation done earlier in 2022 could be effectual without the need of external facilitation, with the process being led by the Chairman with the assistance of the Company Secretary. As with the previous year's exercise, an important component of the evaluation was the completion of a set of questionnaires by the directors. The outcomes of this evaluation exercise will be further considered and addressed during FY22/23.

Nigel Payne

On behalf of the Nomination Committee

28 August 2022

Directors' Remuneration Report

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

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

In discharging these responsibilities, the Committee may call for information and advice from advisers inside and outside the Group. During the year, the Committee took advice from the Chairman of the board, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer 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 received independent remuneration advice from FIT Remuneration Consultants LLP ("FIT") on a range of matters within the Committee's remit, for which fees of £46,305 (excluding VAT and disbursements and calculated on a time-spent basis) were charged during the year. The Committee also received independent advice from PricewaterhouseCoopers LLP ("PwC") relating to two reviews conducted by the Committee during the year, for which fees of £8,500 (excluding VAT and calculated on a time-spent basis) were charged during the year. FIT and PwC are members of the Remuneration Consultants Group and, as such, voluntarily operate under the Code of Conduct in relation to executive remuneration consulting in the UK. FIT were also engaged to provide advice in relation to the operation of the Company's share plans, and the Committee is comfortable that the FIT team continues to provide objective and independent advice. PwC were also engaged to provide tax advice to the Group, and the Committee is comfortable that the PwC team also provided objective and independent advice.

Remuneration philosophy

The Committee's approach to executive remuneration remains unchanged. The pay structures in our sector are atypical compared with the norm of Executive pay. However, they are proven to work within Braemar as well as being accepted practice across the Shipbroking sector as a whole. The Committee is focused on retaining our executive directors and incentivising them appropriately to deliver shareholder value, whilst also being mindful of best practice and market trends (including the guidelines of investor bodies). This year the new Executive team has made substantial progress in laying the foundations for growth, substantially increasing profitability whilst also reducing net debt as well as restoring dividend payments. The Committee has worked within the existing approved shareholder policy to reward these achievements.

Our framework is based on five core principles:

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

Activity during the year

This year has been another busy one for the Committee, with eight meetings being held, the attendance of which was as follows:

	Attended
Jürgen Breuer ¹	5/5
Lesley Watkins ²	8/8
Stephen Kunzer	8/8
Elizabeth Gooch ³	3/3
Joanne Lake ⁴	0/0

The Committee undertook three main activities in the year as well as considering performance and reward for FY21/22 as detailed below.

Review of firm-wide deferred equity plans

The Company has a long-standing pay policy which sees a large number of employees receiving part of their bonus deferred into the Company's shares for a three-year period under the Company's Deferred Bonus Plan ("DBP"). This policy has had a number of positive features for Braemar, including material numbers of our senior employees becoming shareholders, thereby creating a direct alignment of interests between a wide body of employees and all other shareholders.

However, an unintended consequence of high levels of bonus deferral and share retention by employees within a relatively "SmallCap" company has been a negative impact on the liquidity of Braemar's stock. This position is then accentuated by strong company performance: this produces higher bonus outcomes, higher deferral amounts as absolute values, and (in the foreseeable future as deferred awards mature) further reduced liquidity.

It was for this reason that, as announced on 3 February 2022, the proportion of deferred share awards would be reduced by around half (from c.14% to c.7% of total annual bonus outcomes) for the financial year ended 28 February 2022 and future years.

The Committee believes that this change is both proportionate and in shareholders' best interests given continuing high levels of employee shareholdings and strong company performance driving high absolute values of bonus deferral. However, we will continue to monitor this position and, if it becomes appropriate to do so, we will revert to higher bonus deferral levels to maintain the positive benefits of aligning our senior employees with shareholder experience as we have described above.

Review of Executive Leadership Team remuneration

During the year, the Committee also undertook a review of the pay levels and structures for both the executive directors and the next level of the Executive Leadership Team. This review focused on achieving consistency within the executive group regarding annual bonus, pension and LTIP provision, aligning with market practice amongst the Group's peers, as well as incentivising and retaining our team.

Appointment of COO

Tristram Simmonds was appointed as our COO from 1 August 2021. Details of Tristram's remuneration are contained throughout the Directors' Remuneration Report but in summary included:

- salary on appointment of £250,000 per annum;
- consistent with his existing terms and conditions and our shareholder approved policy for those undertaking broking activities, continued participation in the Brokers' Bonus which Tristram has participated in for a number of years before his appointment to the plc-Board; and
- pension contribution aligned with employee levels at 5% of base salary.

Following the year-end, the Committee further reviewed Tristram's remuneration package and confirmed that his basic salary should be increased to £375,000 per annum during FY22/23 (effective from 1 July 2022). This represented a phased approach to Tristram attaining the salary level which was considered appropriate for his role, given the responsibilities which it entails and also recognising his strong performance since coming into post. In addition, Tristram will receive an LTIP award over shares worth 200% of base salary in FY22/23. This represents two years worth of LTIP awards following his appointment. Tristram did not participate in the LTIP in FY21/22, and the Company's normal policy allows up to 200% of base salary in exceptional circumstances. The Committee

¹ Jürgen Breuer left the Committee on 26 August 2021.

² Lesley Watkins left the Committee on 31 March 2021.

³ Elizabeth Gooch joined the board and became Chair of the Remuneration Committee on 26 August 2021.

⁴ Joanne Lake joined the Committee with effect from 1 March 2022.

recognises that Tristram has made a significant contribution to Group performance in the year and these changes to his remuneration reward him for his outstanding contribution.

The Remuneration Committee also reviewed the base salary of the Chief Executive Officer, James Gundy, in the light of his significant contribution to Group performance and recommended that his base salary be increased to £475,000. This took effect from 1 July 2022.

Performance and reward for FY21/22

As is detailed in the Strategic Report, FY21/22 has seen very strong performance from Braemar, which is reflected in the proposed executive directors' annual bonus outcomes for the year. In line with the amendment to firm-wide deferred equity plans mentioned above, the Committee agreed that the percentage of Executive bonuses to be deferred into shares should be set at 10%, the same level that applies for our CEO and the Group's peers.

A further action taken by the Committee was to consider the vesting outcomes of the 2019 LTIP awards, which were assessed against adjusted EPS targets for FY21/22 (target range of 35 pence to 46 pence). The Committee determined that a vesting level slightly above threshold (35% vesting) was an appropriate outcome and reflected overall shareholder experience. As detailed on page 73, in making this assessment technical adjustments to reported EPS for continuing operations (27.95 pence) were approved by the Committee to recognise the impact of the sale of Cory Brothers and the acceleration of remuneration costs in FY21/22 resulting from the changes to firm-wide deferred share awards described above. Without proportionate adjustments, the recipients of these LTIP awards would have been adversely impacted by the steps taken by the board in the year, on these two matters of strategic importance which were identified as being in shareholders' long-term best interests.

Statement of voting at AGM

The following table sets out the votes cast (including those cast by proxy) at the 2021 AGM in respect of the Committee's report for the year ending 28 February 2021 and at the 2020 AGM in respect of the new Directors' Remuneration Policy ("Policy") (which was the last general meeting of the Company at which a resolution was moved by the Company in respect of the Policy).

Resolution	Votes for		Votes against		Total votes cast	Votes withheld
	#	%	#	%	#	#
Approval of Remuneration Report for year ending 28 February 2021	8,749,027	83.51	1,333,085	16.49	8,082,112	26,957
Approval of Remuneration Policy	7,623,464	97.50	195,386	2.50	7,818,850	1,540,245

Format of the report and matters to be approved at our 2022 AGM

The remainder of this report comprises two sections:

1. a summary of the Policy (pages 65 to 69). This is included solely for information purposes and the full Policy can be found within the Company's Annual Report and Accounts 2020, which are available on the Company's website. As this is the first full year in which James Gundy has been the Company's Group Chief Executive Officer, we have also included the summary of his remuneration structure for the year that was included in the Company's Annual Report and Accounts 2021; and
2. the Annual Report on Remuneration, which sets out the details of how the Policy was implemented during FY21/22 and the decisions taken in relation to the application of the Policy in FY22/23.

This report reflects how the Committee has implemented the policy that was approved by shareholders at the 2020 AGM. We trust that our shareholders will recognise the outstanding year of performance from our Executive team and vote in favour of this report at our forthcoming 2022 AGM.

Finally, the Committee would like to put on record its thanks to its previous Committee Chair, Jürgen Breuer, for his work and his contribution to the business of the Committee.

Elizabeth Gooch
On behalf of the Remuneration Committee
 28 August 2022

Remuneration Policy

The Remuneration Committee is not proposing to make any changes to the Policy approved by shareholders at the 2020 AGM. The full Policy is contained on pages 46 to 53 of the Company's Annual Report and Accounts 2020, and can be found on our website at <http://braemar.com/investors/>. Key extracts of the current Policy are shown below for information.

Policy table for Executive Directors

BASE SALARY			
Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide an element of fixed remuneration as part of a market-competitive remuneration package to attract and retain the calibre of talent required to deliver the Group's strategy.	<p>Base salaries are determined by the Committee, taking into account:</p> <ul style="list-style-type: none"> • skills and experience of the individual; • size, scope and complexity of the role; • market competitiveness of the overall remuneration package; • performance of the individual and of the Group as a whole; and • pay and conditions elsewhere in the Group. <p>Base salaries are normally reviewed annually with changes effective from the start of the financial year.</p>	<p>While there is no defined maximum, salary increases are normally made with reference to increases for the wider employee population.</p> <p>The Committee retains discretion to award larger increases where considered appropriate, to reflect, for example:</p> <ul style="list-style-type: none"> • an increase in scope or responsibility; • development and performance in role; and • alignment to market-competitive levels. 	None.

BENEFITS			
Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide a market-competitive benefits package for the nature and location of the role.	<p>Incorporates various cash/non-cash benefits which are competitive in the relevant market, and which may include such benefits as a car (or car allowance), club membership, healthcare, life assurance, income protection insurance, and reimbursed business expenses (including any tax liability).</p> <p>Where relevant, other benefits on broadly the same terms as provided to the wider workforce or to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances may also be provided.</p> <p>Executive Directors may also participate in the Company's Save As You Earn ("SAYE") scheme on the same basis as other employees and subject to statutory limits.</p>	Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role.	None.

PENSION			
Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
To provide a post-retirement benefit to attract and retain talent.	The Committee may offer participation in a defined contribution pension scheme or provide a cash allowance.	The maximum contribution for any executive director will be in line with the level available for the majority of UK employees at any given time (currently 5% of salary).	None.

ANNUAL BONUS			
Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p>To incentivise and reward annual performance aligned with the long-term objectives of individuals and the delivery of strategy.</p> <p>Deferral into shares strengthens long-term alignment with shareholders</p>	<p>Executive directors are eligible to participate in the annual bonus at the discretion of the Committee each year.</p> <p>The performance measures and targets are determined annually by the Committee to reflect prevailing Group financial and strategic objectives.</p> <p>Pay-out levels are determined by the Committee after year-end based on performance against targets set at the start of the year.</p> <p>The Committee retains the discretion to override formulaic bonus outcomes, both upward and downward, where necessary, to take account of overall or underlying Group performance. The Committee will consult with shareholders prior to the exercise of any upward discretion.</p> <p>A portion of the annual bonus will be deferred into shares under the Deferred Bonus Plan ("DBP"), described in more detail below.</p> <p>Clawback provisions will also apply as explained below.</p>	<p>100% of base salary.</p> <p>The payment for threshold performance will not exceed 25% of the maximum. Any part of the annual bonus that is subject to financial measures will be made on a straight-line basis for performance between threshold and target, and on a separate straight-line basis for performance between target and maximum.</p>	<p>At least 50% of the annual bonus will be based on Group financial performance.</p> <p>The Committee may make up to 50% of the annual bonus subject to performance measures and targets to reflect:</p> <ul style="list-style-type: none"> Group strategic or operational objectives; and/or targets specific to a subsidiary company or section of the Group (if applicable to an executive director); and/or individual objectives, <p>and will make the pay-out by reference to these measures and targets subject to a financial underpin.</p>
	Where an appointed executive director will undertake broking activities, they may, at the discretion of the Committee, be eligible to participate in the Brokers' Bonus arrangements (instead of the normal annual bonus referred to above).		

LONG-TERM INCENTIVE PLAN ("LTIP")			
Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p>To provide a variable element which aligns the reward of all executive directors with long-term performance delivered for shareholders.</p>	<p>Awards are made under the 2014 Long-Term Incentive Plan ("LTIP") as approved by shareholders at the 2014 AGM.</p> <p>Awards vest subject to performance measured over a period of at least three years.</p> <p>Vested awards are subject to an additional holding period, which unless the Committee determines otherwise will run up to the fifth anniversary of the date of grant.</p> <p>All executive directors are eligible to participate each year at the discretion of the Committee.</p> <p>The Committee retains the discretion to override formulaic vesting outcomes downward, where necessary, to take account of overall or underlying Group performance.</p> <p>Awards are subject to clawback provisions as described in more detail below.</p>	<p>The usual maximum award opportunity in respect of a financial year is 100% of base salary.</p> <p>However, in circumstances that the Committee considers to be exceptional, awards of up to 200% of base salary may be made.</p>	<p>Vesting is based on the achievement of performance targets set in respect of key performance measures aligned to the strategy and shareholder value (currently underlying earnings per share).</p> <p>25% vests for threshold performance.</p>

SHAREHOLDING REQUIREMENTS

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p><i>In-employment shareholding requirement</i></p> <p>To create greater alignment between executive directors and shareholders.</p>	<p>Executive directors are required to build a shareholding of 100% of base salary within five years of appointment. Shares subject to unvested or vested but unexercised awards under the DBP and vested but unexercised LTIP awards may be included, in all cases on a net of tax basis.</p> <p>Executive directors will be required to retain all of the shares (net of tax) that vest under the DBP and the LTIP until the shareholding requirement is met.</p> <p>The Committee shall retain a discretion to waive the requirements, in whole or in part, in exceptional circumstances such as critical illness or personal financial hardship (including divorce).</p>	Not applicable	Not applicable
<p><i>Post-employment shareholding requirement</i></p> <p>To ensure continued alignment of the long-term interests of executive directors and shareholders post-cessation.</p>	<p>Executive directors are required to maintain a shareholding equivalent to the in-employment shareholding requirement immediately prior to departure (or the actual share and award holding on departure, if lower) for two years post-cessation. Shares subject to unvested awards under the DBP and vested but unexercised LTIP awards may be included, in both cases on a net of tax basis.</p> <p>The requirement will only apply to shares vesting under DBP and LTIP awards made from the effective date of the amended Policy onwards and will not apply to shares acquired either from awards granted before this date or from shares purchased directly by the executive director.</p> <p>There are appropriate contractual arrangements in place to ensure enforceability.</p> <p>The Committee shall retain a discretion to waive the requirements, in whole or in part, in exceptional circumstances such as death, critical illness or personal financial hardship (including divorce).</p>	Not applicable	Not applicable

Bonus deferral

A portion of the annual bonus will be deferred into share awards under the DBP, the latest plan rules for which were approved by the approved by shareholders on 26 August 2021. Such awards will vest, unless the Committee determines otherwise, after three years from the date of grant, subject to continued employment with the Group.

The Committee may determine that DBP awards are made in conjunction with the Company Share Option Plan ("CSOP") to enable UK tax resident individuals to benefit from the growth in value of the shares subject to the awards in a tax-efficient manner. In such circumstances, when DBP awards are granted, a corresponding market value option will be granted under the terms of the CSOP, the maximum, aggregate face value of which will be £30,000. The options will vest on the same terms as and on the same date as the corresponding DBP awards. Under the terms of a CSOP, no income tax or employees' or employer's National Insurance contributions will be payable, on exercise, on the growth in value of the shares. The number of shares in respect of which the DBP awards will vest will be reduced to take account of the gain in value, as at exercise, of the corresponding CSOP options. CSOP awards would only be made in conjunction with the DBP as described above, and not on a stand-alone basis.

Clawback

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

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

Clawback will also apply in the case of the cash element of the annual bonus.

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

Chief Executive remuneration

James Gundy's remuneration as Chief Executive Officer is set within the scope of the Policy and aligns to the norms of pay for senior brokers across global markets in the sector. As this is his first full year as Chief Executive Officer, we thought it would be helpful to repeat the summary of his remuneration for FY21/22 that was included in the Company's Annual Report and Accounts 2021, as follows:

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	<p>Participation in the "Broker's Bonus" commission arrangements, which deliver a percentage of profits from personal Shipbroking revenues for the year.</p> <p>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.</p> <p>A cap applies, so that James' annual bonus cannot exceed £4m in any one year.</p> <p>A proportion of outcomes for each year will be deferred into shares under the Deferred Bonus Plan ("DBP"):</p> <ul style="list-style-type: none"> • where James' shareholding is worth at least £700,000, which it currently is (see Shareholding Guidelines and Share Interests below), this will be deferral of 10% of outcomes, • in any other case, one-third of outcomes will be deferred, • deferral under the DBP is for a period of three years.
LTIP	<p>Standard participation in the LTIP, with awards subject only to goals to be based on the Group's strategic and/or financial performance.</p> <p>Normal annual award levels will be over shares worth up to 100% of base salary, although in FY21/22, James' award will be over shares worth 200% of base salary as a one-off promotion matter.</p>
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 2022) is worth over 372% of base salary.
Malus and clawback	Applies to both annual bonuses and to LTIP awards.

Policy table for Chairman and non-executive directors

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

Service contracts and letters of appointment

The policy for executive directors is for them to have rolling service contracts that provide for a notice period by either party. The notice period for each of the executive directors is six months. The Company may terminate the executive director's contract by making a payment in lieu of notice of the unexpired notice period equivalent to a value comprising salary, pension and contractual benefits with such payment being able to be made on a phased basis subject to mitigation. There is no provision in any of the service contracts of the executive directors for any ex-gratia payments. It is intended that the policy above would be applied to the service contracts for future executive director appointments.

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

	Date of contract/letter	Unexpired term as at 28 February 2022
Executive		
James Gundy	10 November 2020	6 months
Tristram Simmonds	21 July 2021	6 months
Nicholas Stone	11 December 2018	6 months
Non-executive		
Elizabeth Gooch	21 July 2021	1 month
Stephen Kunzer	26 February 2019	1 month
Joanne Lake	2 February 2022	1 month
Nigel Payne	6 April 2021	1 month

ANNUAL REPORT ON REMUNERATION

Implementation of the Policy for FY22/23

This part of the report sets out details of how the Remuneration Committee intends to apply the Directors' Remuneration Policy (the "Policy") to the current Directors in FY22/23.

Base salary

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

	FY21/22 £'000	FY22/23 £'000	Change
James Gundy	425	475 ²	12%
Nicholas Stone	250	250	0%
Tristram Simmonds	250 ¹	375 ²	50%

Benefits and pension

James Gundy, Tristram Simmonds and Nicholas Stone receive benefits and pension in line with the Policy.

Annual bonus

In line with the Policy, as James Gundy continues to undertake Shipbroking activities, he continues to be eligible to participate in the Brokers' Bonus arrangements instead of the Group annual bonus. This bonus is non-contractual and is based on profits generated in respect of the year from commission received through individual broking activities. Whilst any award under these arrangements remains discretionary, the Committee has agreed additional provisions including an underpin assessed against Group financial performance and a maximum annual cap of £4m. A proportion of the Brokers' Bonus outcome is deferred into share awards. 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.

The annual bonus for Tristram Simmonds also reflects his continuing involvement in broking activities. In line with our shareholder approved remuneration policy for those undertaking broking activities, and in line with his existing terms and conditions, Tristram remains eligible to participate in the Brokers' Bonus arrangements. These are non-contractual and are calculated as a percentage of the profits generated during the year through broking activities of the relevant desk or reporting unit. A portion of any bonus awarded will be deferred into shares under the Deferred Bonus Plan. The deferral level will be at 10% of bonus outcomes in line with the CEO and the review of firm-wide deferred equity plans.

The annual bonus for Nicholas Stone is based on a combination of performance measures linked to Group financial performance and the achievement of the Group's strategy and operational objectives for the year. The deferral level will be at 10% of bonus outcomes in line with the CEO and the review of firm-wide deferred equity plans.

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. A portion of any bonus awarded will be deferred into shares under the Deferred Bonus Plan.

LTIP

The Committee proposes to grant our CEO and COO an LTIP award for FY22/23. For the CEO this award will be at normal policy levels of 100% of salary. As disclosed in the introduction to this report, the COO's LTIP award for FY22/23 only will be at 200% of base salary (representing two years' worth of LTIP awards following his promotion to the COO role). All awards will take the form of nil cost options to acquire ordinary shares of 10 pence each in the Company following a three-year vesting period subject to meeting the performance criteria and the rules of the LTIP. The performance criteria will be based on increasing the Group's Earnings Per Share by CAGR 20% per annum over a three-year performance period. More detail on the performance metrics and targets will be disclosed in the related RNS when the awards are made. Any vested awards will be subject to a further two-year holding period.

¹ Tristram Simmonds was appointed Chief Operating Officer with effect from 1 August 2021 and this is his salary with effect from that date.

² To take effect from 1 July 2022. The rationale for this increase is more fully set out in the introduction to this report.

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 board also reviewed the fees of the other non-executive directors at the time of the appointment of Joanne Lake in February this year and decided that she should be appointed on an increased annual fee of £50,000, plus the additional £10,000 fee for her role as Audit Committee chair. The board also decided that Elizabeth Gooch's fee should be increased to £50,000, plus an additional £10,000 for her role as Remuneration Committee chair, with effect from 1 March 2022. These reflect the first increase in the non-executive director fees since 2016 and the board believes they are both reasonable (as relating to newly appointed non-executive directors) and required in order to recruit and retain individuals of the calibre to help the Company to deliver its strategy. A summary is set out in the table below.

	FY21/22 £'000	FY22/23 £'000
Chairman fee	108	108
Non-executive director fee	42.5	50
Audit Committee Chair fee	10	10
Remuneration Committee Chair fee	7.5	10

Implementation of the Policy in FY21/22

This section sets out details of the remuneration outcomes in respect of the year ended 28 February 2022. Those sections that have been audited have been identified below.

Single total figure of remuneration for FY21/22 (audited)

The remuneration of the executive directors in respect of FY21/22 is shown in the table below (with the prior year comparative).

	James Gundy		Nicholas Stone		Tristram Simmonds ¹	
	FY21/22 £'000	FY20/21 £'000	FY21/22 £'000	FY20/21 £'000	FY21/22 £'000	FY20/21 £'000
Base salary	425	70.8 ²	250	242.7	145.8	-
Benefits ³	3.6	0.5 ⁴	2.2	1.8	2.1	-
Pension ⁵	21.3	3.5 ⁶	12.5	18.7	7.3	-
Annual bonus ⁷	1,948	310 ⁸	44	203	145	-
LTIP ⁹	479	78 ¹⁰	106	-	-	-
Total	2,877	463	414	466	300	-
Total Fixed	449.9	74.9	264.7	263.2	155.2	-
Total Variable	2,427	388	150	203	145	-

¹ Tristram was appointed as Group Chief Operating Officer on 1 August 2021 and this row represents his remuneration for the year as a director and does not include his remuneration as an employee for his role prior to his promotion.

² This figure represents the amount of base salary paid to James during the financial year ending 28 February 2021 following his appointment as Group Chief Executive Officer on 1 January 2021.

³ Benefits include private healthcare.

⁴ This figure represents a 2/12ths pro-rated amount of James' benefits for FY20/21.

⁵ 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.

⁶ This figure is James' equivalent cash allowance since his appointment as Group Chief Executive Officer on 1 January 2021.

⁷ 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.

⁸ This figure represents 2/12ths of James' total discretionary bonus for FY20/21.

⁹ LTIP represents the value of the LTIP award that vests in respect of a performance period ending in the relevant financial year.

¹⁰ This figure represents the value of the LTIP award that vested in respect of a performance period ending in the financial year in which James was appointed as Group Chief Executive Officer on 1 January 2021.

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

	Fixed fee	
	FY21/22 £'000	FY20/21 £'000
Jürgen Breuer ¹	24.6	50
Ron Series ²	19.5	–
Lesley Watkins	52.5	52.5
Stephen Kunzer	42.5	42.5
Elizabeth Gooch ³	28.7	N/A
Nigel Payne ⁴	90	N/A
Joanne Lake ⁵	N/A	N/A

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

As reported in the 2020 Annual Report, James Kidwell, the Group's former CEO, was awarded a bonus for FY19/20 of £70,000, half of which was deferred to be released on a sliding scale according to the number of warrants received as part of the AqualisBraemar transaction vesting in 2021. 1,000,000 of the 6,523,977 warrants vested (approximately 15% of the maximum), which resulted in £5,364.83 being released to James in September 2021.

Annual bonus for FY21/22 (audited)

Nicholas Stone participated in the annual performance-related bonus arrangements, with a maximum annual bonus opportunity of 100% of 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 65% of the potential outcome and was measured against underlying operating profit metrics as follows:

Underlying Operating Profit for FY21/22	Threshold (25% attainment) £'m	Target (50% attainment) £'m	Maximum (100% attainment) £'m	Performance attained £'m	Vesting outcome (of this part)
	8.0	8.5	9.5	10.1	100% vesting

The following bonus payments have been provided for:

- Tristram participated in the Broker's Bonus arrangements for the period prior to his joining the board and in the PLC directors' bonus for the period since his appointment as COO. His COO's bonus for the year was £145,000.
- James continues to participate in the Broker's Bonus, which delivered an outturn of £1,948,000 from a successful year.
- Nicholas did not believe it was appropriate to take a full year-end bonus in the light of the delays to the production of the accounts for the year and a bonus of £44,000 was determined.

LTIP award – granted during 2021/22 (audited)

The Committee granted LTIP awards to James Gundy and Nicholas Stone during the period at a level of 100% of salary for Nicholas Stone and an exceptional 200% of salary for James Gundy in his first year as Chief Executive Officer. The awards have performance criteria based on the Company's growth in absolute Total Shareholder Return ("TSR"), measured over a three-year performance period ending on 13 June 2024, as follows: the maximum possible opportunity will vest if growth in TSR is equivalent to a compound annual growth rate ("CAGR") of 22% or

¹ Jürgen Breuer resigned on 28 August 2021.

² Ron Series resigned on 30 April 2021. Prior to the appointment of James Gundy as Group Chief Executive Officer on 1 January 2021, Ron was Executive Chairman of the Group, and so there is no prior year comparison available.

³ Elizabeth Gooch joined the board on 1 August 2021.

⁴ Nigel Payne joined the board on 1 April 2021.

⁵ Joanne Lake joined the board on 1 March 2022.

more per annum over the three-year performance period; if CAGR over the performance period is less than 12% per annum, none of the awards will vest; if CAGR is 12% per annum, 25% of the award will vest; and if CAGR is between 12% and 22% per annum, the vesting outcome will be calculated on a straight-line basis between 25% and 100%.

TSR reflects movement in share price and reinvestment of dividends over the performance period, with the share prices to be used being the three-month averages ending on 13 June 2021 and 13 June 2024. To ensure sufficient stretch within the targets for awards, the base point measurement (three-month average TSR to 13 June 2021) was raised by a further 10%.

2019 LTIP award – vesting in respect of FY21/22 (audited)

The 2019 LTIP awards were granted in July 2019 and were based on performance over a three-year performance period ending 28 February 2022 against the following adjusted EPS targets set when the award was granted: 25% vesting for adjusted EPS of 35 pence in FY21/22 (the final year of the performance period for the award), rising on a straight-line basis for 100% vesting for adjusted EPS of 46 pence.

As described in the introduction to this report, the adjusted EPS number (36.44 pence) used for the assessment of the performance conditions for the 2019 LTIP awards reflects adjustments approved by the Committee from the reported EPS number for FY21/22 (27.95 pence), which reflects continuing operations only. The adjustments reflect the following:

1. the inclusion of Cory Brothers' profits for FY21/22 (£2.45m). These are not reflected in the reported Underlying Operating Profit, which relates only to continuing operations. This adjustment maintains integrity with the original targets which were set out on the basis of a group that included Cory Brothers;
2. the exclusion of the accelerated recognition of remuneration costs for FY21/22 (£2.7m) resulting from the changes to firm-wide deferred equity plans described in the introduction to this report; and
3. the inclusion of the related increased tax impacts from these adjustments.

The adjustment for the accelerated recognition of remuneration costs in FY21/22, while a technical matter, likewise maintains integrity with the assumptions when the targets were originally set and (as explained in the introduction to this report) the related change in compulsory deferral requirements was undertaken to benefit shareholders by seeking to improve the liquidity of the Company's shares.

As James Gundy's 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 15% of the award vesting by reference to adjusted EPS (with the same thresholds as Nicholas Stone's award) and 85% vesting by reference to the Shipbroking Division's underlying operating profit achieved in FY21/22 (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 straight-line basis for 100% vesting for underlying operating profit of £15m.

With an adjusted EPS outturn of 36.44 pence and a Shipbroking Division underlying operating profit outturn of £15.2m, the vesting outturn for each of Nicholas and James was 36,653 and 166,200 awards respectively, with the remainder of the awards lapsing. The awards that vested are now subject to a two-year holding period, following which they will be released and become exercisable.

Shareholding guidelines and share interests (audited)

Under the shareholding guidelines, executive directors are required to build and retain a shareholding in the Group at least equivalent to 100% of their base salary. 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 2022. This shows that James Gundy and Tristram Simmonds have met the shareholding guideline, but that Nicholas Stone has not yet done so (Nicholas was appointed to the board with effect from 1 April 2019).

	Number of shares beneficially held at 28 February 2022	Shareholding as % of salary ¹	Guideline met
Executive directors			
James Gundy	657,436	372%	Yes
Nicholas Stone	10,000	10%	No
Tristram Simmonds	320,080	308%	Yes
Non-executive directors			
Stephen Kunzer	10,000		
Nigel Payne	8,258		
Elizabeth Gooch	0		
Joanne Lake	0		
Lesley Watkins ²	3,000		

¹ Shareholding as a percentage of salary is calculated using the base salary/fee and the closing share price on 28 February 2022.

² Lesley Watkins resigned on 31 March 2022.

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

	Awards held at 1 Mar 2021	Grant date	Share price on grant £ ¹	Granted	Exercised/ released	Lapsed	Awards held at 28 Feb 2022	Exercise price £	Exercisable from	Exercisable to
James Gundy										
2018 DBP	38,354	22 Jun 18	2.58	–	38,354	–	–	–	–	–
2018 LTIP	150,537	29 Oct 18	2.30	–	–	117,243	33,294 ²	–	26 May 23	29 Oct 28
2019 DBP	194,000	17 Jun 19	2.10	–	–	–	194,000	–	30 Aug 22	30 Aug 22
2019 LTIP	184,210	1 Jul 19	1.855	–	–	–	184,210	–	1 Jul 24	1 Jul 29
2019 SAYE	5,625	5 Jul 19	1.80	–	–	–	5,625	1.60	1 Aug 22	1 Feb 23
2020 DBP	386,195	9 Jul 20	1.21	–	–	–	386,195	1.22 ³	9 Jul 23	9 Jul 23
2020 LTIP	218,250	24 Jul 20	1.23	–	–	–	218,750	–	24 Jul 25	24 Jul 30
2021 DBP	–	8 Jun 21	2.66	169,925	–	–	169,925	2.66	8 Jun 24	8 Jun 24
2021 LTIP	–	14 Jun 21	2.91	300,884	–	–	300,884	–	14 Jun 26	14 Jun 31
Nicholas Stone										
2019 LTIP	105,263	1 Jul 19	1.855	–	–	–	105,263	–	1 Jul 24	1 Jul 29
2019 SAYE	4,500	5 Jul 19	1.80	–	–	–	4,500	1.60	1 Aug 22	1 Feb 23
2020 DBP	28,245	9 Jul 20	1.21	–	–	–	28,245	1.22 ³	9 Jul 23	9 Jul 23
2020 LTIP	156,250	24 Jul 20	1.23	–	–	–	156,250	–	24 Jul 25	24 Jul 30
2021 DBP	–	8 Jun 21	2.66	25,398	–	–	25,398	2.66	8 Jun 24	8 Jun 24
2021 LTIP	–	14 Jun 21	2.91	88,495	–	–	88,495	–	14 Jun 26	14 Jun 31
Tristram Simmonds										
2019 DBP	50,000	17 Jun 19	2.035	–	–	–	50,000	2.00 ³	30 Aug 22	1 Sep 22
2020 DBP	34,511	9 Jul 20	1.22	–	–	–	34,511	–	9 Jul 23	9 Jul 23
2021 DBP	–	8 Jun 21	2.66	26,315	–	–	26,315	–	8 Jun 24	8 Jun 24

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

- 2019 LTIP: Nicholas Stone's 2019 LTIP award is tested solely on adjusted EPS in FY21/22 (the final year of the performance period for the award) with 25% vesting for adjusted EPS of 35 pence rising on a straight-line basis for 100% vesting for adjusted EPS of 46 pence. As James Gundy's award was granted prior to his becoming Group Chief Executive Officer, his award included a performance condition linked to underlying operating profit achieved by the Shipbroking Division with 15% of the award vesting by reference to adjusted EPS (with the same thresholds as Nicholas Stone's award) and 85% vesting by reference to the Shipbroking Division's underlying operating profit achieved in FY21/22 (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 straight-line basis for 100% vesting for underlying operating profit of £15m. Detail on the outturn of these awards is set out above.
- 2020 LTIP: Nicholas Stone's 2020 LTIP award is tested solely on underlying EPS in FY22/23 (the final year of the performance period for the award) with 25% vesting for underlying EPS of 30 pence rising on a straight-line basis for 100% vesting for underlying EPS of 42 pence. As James Gundy's award was granted prior to his becoming Group Chief Executive Officer, his award again included a performance condition linked to underlying operating profit achieved by the Shipbroking Division with 35% of the award vesting by reference to underlying EPS (with the same thresholds as Nicholas Stone's award) and 65% vesting by reference to the Shipbroking Division's underlying operating profit achieved in FY22/23 (the final year of the performance period for the

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

award) with 25% of this portion vesting for underlying operating profit of £13.8m rising on a straight-line basis for 100% vesting for underlying operating profit of £18m.

- 2021 LTIP: Both James Gundy's and Nicholas Stone's 2021 LTIP awards had performance criteria based on the Company's growth in absolute TSR measured over a three-year performance period ending on 13 June 2024, as follows: the maximum possible opportunity will vest if growth in TSR is equivalent to a CAGR of 22% or more per annum over the three-year performance period; if CAGR over the performance period is less than 12% per annum, none of the awards will vest; if CAGR is 12% per annum, 25% of the award will vest; and if CAGR is between 12% and 22% per annum, the vesting outcome will be calculated on a straight-line basis between 25% and 100%.

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

The following table shows the year-on-year percentage change in the salary, benefits and annual bonus of the directors and the employees of the Company for FY21/22. The table also includes a comparison against the average for the Group's UK employees for FY21/22 compared to FY20/21. The Company considers that the Group's UK employees is the more representative comparator group, as the majority of the Group's employees are not employed by the Company itself, and as the Group Chief Executive Officer and the majority of the Group's workforce are UK-based.

	% Change in base salary		% Change in benefits		% Change in Annual Bonus	
	FY20/21 to FY21/22	FY19/20 to FY20/21	FY20/21 to FY21/22	FY19/20 to FY20/21	FY20/21 to FY21/22	FY19/20 to FY20/21
All UK Employees	6%	3%	0%	1%	13%	-42%
All PLC Employees	10%	N/A	-20%	N/A	119%	N/A
Executive directors						
James Gundy	500%	N/A ¹	535%	N/A	528%	N/A
Nicholas Stone	3%	25%	22%	-40%	-78%	32%
Tristram Simmonds ²	N/A	N/A	N/A	N/A	N/A	N/A
Non-executive directors						
Jürgen Breuer ³	0%	0%	N/A	N/A	N/A	N/A
Lesley Watkins ⁴	0%	0%	N/A	N/A	N/A	N/A
Stephen Kunzer	0%	0%	N/A	N/A	N/A	N/A
Nigel Payne ⁵	N/A	N/A	N/A	N/A	N/A	N/A
Elizabeth Gooch ⁶	N/A	N/A	N/A	N/A	N/A	N/A
Ronald Series ⁷	N/A	N/A	N/A	N/A	N/A	N/A

¹ James Gundy joined the board on 1 January 2021, so there is no prior year comparison in respect of FY19/20 and FY20/21.

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

³ Jürgen Breuer resigned on 26 August 2021.

⁴ Lesley Watkins resigned on 31 March 2022.

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

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

⁷ Ronald Series resigned on 30 April 2021, having reverted to the role of non-executive director on 1 January 2021 following a period as interim Executive Chairman. The table simply includes N/A as there are no direct prior year comparisons.

CEO pay ratio

The table below shows how the Group Chief Executive Officer's single-figure remuneration for FY21/22 compares to the equivalent single-figure remuneration for the Group's UK employees ranked at the 25th, 50th and 75th percentile.

Year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2022	Option A	80:1	54:1	21:1
2021	Option A	21:1	13:1	5:1
2020	Option A	11:1	7:1	3:1

2022	CEO	25 th percentile pay £	Median pay £	75 th percentile pay £
Total pay and benefits	2,830,279	30,140	44,350	114,930
Salary element of total pay and benefits	425,000	26,510	37,500	100,000

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 2022 and identifies the employees that fall at the 25th, 50th and 75th percentiles. This method was chosen as it is considered the most accurate way of identifying the relevant employees and aligns to how the single figure table is calculated.

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

This resulted in a single figure for each employee, from which the individuals at the 25th, 50th and 75th percentiles could be identified. The Company notes the increase in the ratios from last year, which can be explained by it being the first full financial year that the Group Chief Executive Officer has been in post.

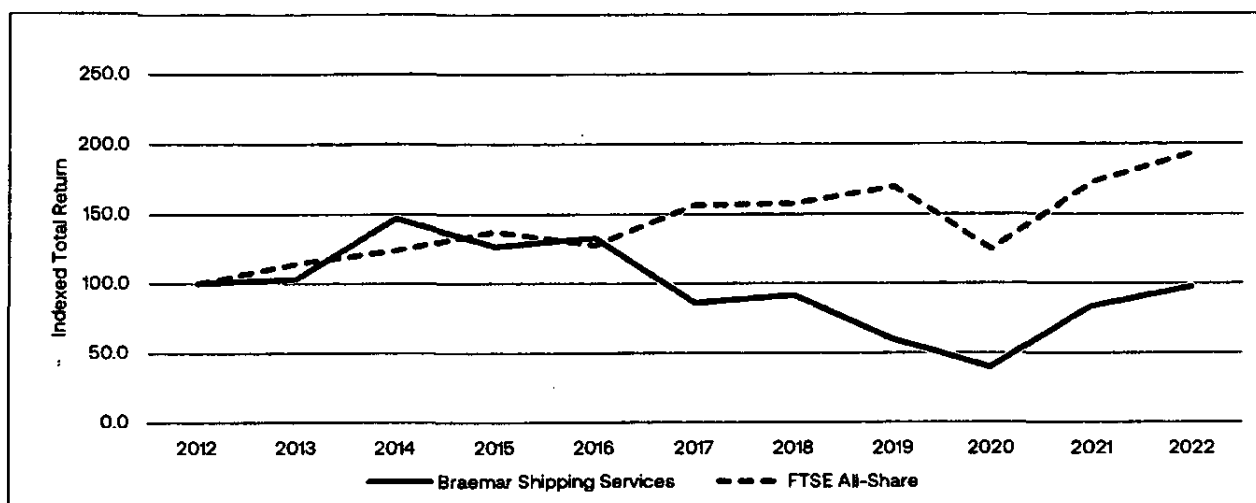
Relative importance of spend on pay

The chart below shows total employee remuneration and distributions to shareholders paid during FY21/22 and FY20/21 (and the difference between the two).

	FY21/22 £ million	FY20/21 £ million	Change (%)
Total employee remuneration	72.0	68.8	4.7%
Distributions to shareholders	2	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.



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	FY21/22 £'000 James Gundy	2020/21 £'000 Ronald Series/ James Gundy ¹	FY19/20 £'000 James Kidwell/ Ronald Series ²	FY18/19 £'000 James Kidwell	FY17/18 £'000 James Kidwell	FY16/17 £'000 James Kidwell	FY15/16 £'000 James Kidwell	FY14/15 £'000 James Kidwell	FY13/14 £'000 James Kidwell	FY12/13 £'000 Alan Marsh/ James Kidwell
Single total figure of remuneration	2,830	714	324	404	579	404	577	549	438	662
Annual bonus (% of maximum)	49%	34%	10%	0%	50%	0%	60%	55%	23%	87%
LTIP vesting (% of maximum)	90%	18	0% ³	0%	0%	0%	N/A ⁴	0%	0%	0%

Elizabeth Gooch

On behalf of the Remuneration Committee

28 August 2022

¹ The FY20/21 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 FY19/20 remuneration is the pro-rata amount paid to James Kidwell and Ronald Series during that year for their respective periods of employment as Group Chief Executive Officer and Executive Chairman during that year.

³ James Kidwell was paid £25,000 in lieu of LTIP entitlements on his retirement.

⁴ No LTIP awards were made in 2013, which would have vested in respect of performance to FY15/16.

Director's Report

FOR THE YEAR ENDED 28 FEBRUARY 2022

This section contains additional information that the Directors are required to include within the Annual Report. Together with the Strategic Report on pages 4 to 48, 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 page 5.
- Important events during the year ended 28 February 2022 and likely future developments in the business of the Company or its subsidiaries on pages 5 and 12 to 16.
- Greenhouse gas emissions on page 32.
- Employee engagement and diversity on pages 34 and 35.
- Engagement with clients and other key stakeholders on pages 27, and 52.
- Corporate Governance Report on pages 49 to 53.
- Section 172(1) Statement on page 27.
- Risk and compliance framework review on pages 39 and 59.
- Principal decisions taken during the year on pages 4, 14 to 16 and 27.
- Non-Financial Information Statement on page 38.

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 €17,623,956's worth of Convertible Loan Notes in connection with this acquisition, of which €5,421,956's worth remain outstanding.

In June 2021, the Company agreed a rescheduling of the deferred consideration amounts owed in relation to the Convertible Loan Notes, which deferred €2.9m that was originally due for repayment before the end of December 2022 to be paid no earlier than September 2025. Additionally, €0.75m was agreed to be satisfied by the issue of new ordinary shares in the Company in three tranches between September 2021 and December 2022. Two of these tranches occurred during the financial year ended 28 February 2022, leaving approximately €125,000 still to be satisfied by the issue of new ordinary shares in the Company in December 2022.

These Convertible Loan Notes are unsecured and unlisted. The Convertible Loan Notes are denominated in Euros and, as part of the restructuring, it was agreed that they would carry a 5% per annum coupon from September 2025, increasing from 3%. The conversion prices were fixed at 390.3 pence for management note holders and 450.3 pence for non-management note holders. For more information on the Convertible Loan Notes, please see Note 15 to the Financial Statements.

Political contributions

There were no political contributions during the year ended 28 February 2022 (2021: £nil).

Share capital and voting rights

As at 28 February 2022, the Company's total issued ordinary share capital was 32,200,279 shares of 10 pence each (28 February 2021: 31,731,218 shares). All of the Company's shares are fully paid up and quoted on the London Stock Exchange plc's Official List. The rights and obligations attaching to the Company's ordinary shares (as well as the powers of the Company's directors and any rules relating to their appointment and replacement) are set out in the Company's Articles of Association, copies of which can be found online at Companies House, or by writing to the Company Secretary. There are no restrictions on the voting rights or the transfer restrictions attaching to the Company's issued ordinary shares.

At the 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 26 August 2021. This authority will expire at the end of the next AGM. The Company did not use this authority in either the year ended 28 February 2021 or the year ended 28 February 2022.

However, the directors will have proposed that this authority be renewed at the 2022 AGM in accordance with the Company's Articles of Association and, at the 2022 AGM held on 19 August 2022, this authority was renewed. In accordance with the ABI Investor Protection Guidelines, the maximum number of ordinary shares which may be acquired under such authority is 10% of the Company's issued ordinary shares. The Directors will only make a purchase of shares using this authority if it is expected to result in an increase in earnings per share and will take into account other available investment opportunities, appropriate gearing levels and the overall position of the Company. Any shares purchased in accordance with this authority will subsequently be cancelled.

Options and ESOP Trust

The total number of options to subscribe for shares in the Company that were outstanding as at 28 February 2022 was 1,554,620, being 4.83% 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 4.61%.

During the year ended 28 February 2022, 2,740,164 of the Company's ordinary shares were purchased by SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust (2021: 540,000). The Trustee had absolute discretion and independence in respect of any trading decisions it made in respect of these purchases. As at 28 February 2022, the ESOP held 2,669,603 shares.

Directors and their interests

The directors of the Company as at the date of this Directors' Report are shown on pages 50 to 51. In addition, and as discussed elsewhere in this Annual Report, Lesley Watkins served as a director of the Company during the year ended 28 February 2022 and until 31 March 2022. Jürgen Breuer also served as a director of the Company during the year ended 28 February 2022 and until 26 August 2021.

The directors' beneficial interests in the ordinary shares and share options of the Company as at 28 February 2022 are disclosed in the Directors' Remuneration Report on page 74 and 75. There have not been any changes in such interests between 28 February 2022 and 28 August 2022.

As at 28 February 2022, the executive directors, in common with other employees of the Group, also have an interest in 2,669,837 (2021: 525,837) ordinary 10 pence shares held by SG Kleinwort Hambros Trust Company (CI) Ltd on behalf of the Employee Share Ownership Plan and in 62,290 (2021: 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 2022.

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 2022, the Company was aware of approximately 19% of its ordinary shares being held by Group employees and the ESOP Trust. The working vendors of Braemar Naves Corporate Finance GmbH currently hold €5,211,256's worth of Convertible Loan Notes.

As at 28 February 2022, the Company was aware of the following significant direct or indirect shareholdings of 3% or more:

Name	Number of shares	Percentage of issued ordinary share capital ¹
SG Kleinwort Hambros Trust Company (CI) Limited as Trustee of the Braemar Shipping Services Plc ESOP	2,641,893	8.20%
Hargreaves Lansdown Asset Management	2,561,280	7.95%
Interactive Investor	2,312,804	7.18%
Barclays Wealth	1,318,533	4.09%
Quentin Soanes	1,288,990	4.00%
Unicorn Asset Management	1,184,363	3.68%
National Financial Services	1,154,429	3.59%
Magnus Halvorsen	1,117,607	3.47%
Charles Stanley	1,059,849	3.47%

Following 28 February 2022, the Company has received a number of notifications in relation to the shareholdings held by SG Kleinwort Hambros Trust Company (CI) Limited and, as at 96 August 2022, the latest of such notifications reported the Trustee's shareholding to be 4,189,603 shares (equivalent to 13.01% of the Company's issued ordinary share capital). Apart from these notifications, the Company has not received any other notifications in relation to the above between 28 February 2022 and 28 August 2022.

Financial instruments

The Group's financial risk management objectives and policies are set out in the Corporate Governance Report on pages 52 and in the Strategic Report on pages 39 to 46.

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 UK adopted international accounting standards 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 Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state for the Group Financial Statements whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Group Financial Statements and for the Company Financial Statements, state whether applicable UK Accounting Standards have been followed;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show 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 the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

¹ Percentages are shown as a percentage of the Company's total voting rights as at 28 February 2022.

Website publication

The directors are responsible for ensuring that the 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 vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to DTR4:

The directors confirm that to the best of their knowledge:

- the Group Financial Statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, 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 42 to 44 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 2022 AGM of the Company was held at 10 a.m. on 19 August 2022 at the Company's head offices. It was proposed at the AGM that only the resolutions which were not dependent on the Annual Report being available to shareholders be voted upon at such meeting. All such resolutions were duly passed at the AGM and the AGM was adjourned. The remaining business of the AGM will be dealt with at a reconvened meeting, which will be held at 10 a.m. on 6 October 2022. Further details of such meetings will be published on the Company's website and posted to shareholders.



On behalf of the board

Nicholas Stone

Director

28 August 2022

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

We have audited the Financial Statements of Braemar Shipping Services Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 28 February 2022 which comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit 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 four years, covering the years ended 28 February 2019 to 28 February 2022. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

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

- Evaluating the going concern assessment and forecasts prepared by management and approved by the Directors post the disposal of Cory Brothers Division. This including assessing the underlying base case cash flow forecasts, the potential impact of the ongoing Ukraine-Russia conflict on the business and the shipping industry as a whole, impact of current economic matters and climate-change considerations;
- Reviewing whether the forecast used in the going concern assessment is consistent with the forecast used in the impairment review;
- Assessing the forecasts used by the Directors to ensure consistency with those used for other purposes such as goodwill impairment reviews;

- Evaluating the stress tests performed by the Directors to ensure they are appropriate and whether further stress tests should be performed;
- Reviewing the reverse stress test forecast to assess the point at which covenants would be breached or a liquidity event occurred;
- Considering managements conclusion that the likelihood of the reverse stress case scenario materialising as being remote and the ability of the directors to undertake further mitigating actions should this be required;
- Assessing the Group's covenant compliance calculations (both at year end and post year end) with the terms of the new facility agreement;
- Assessing the impact of prior period adjustments on retrospective covenant compliance submissions; and
- Assessing the financial statement disclosures regarding going concern to ensure they are complete and accurate.

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

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

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

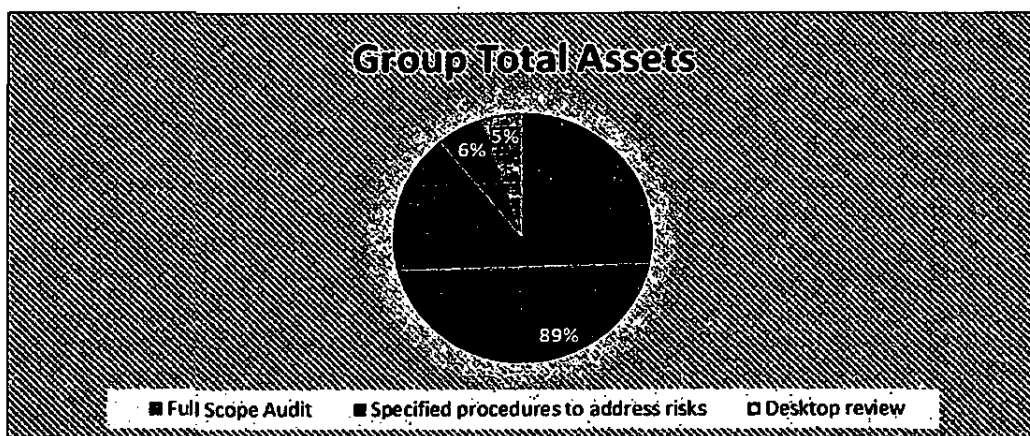
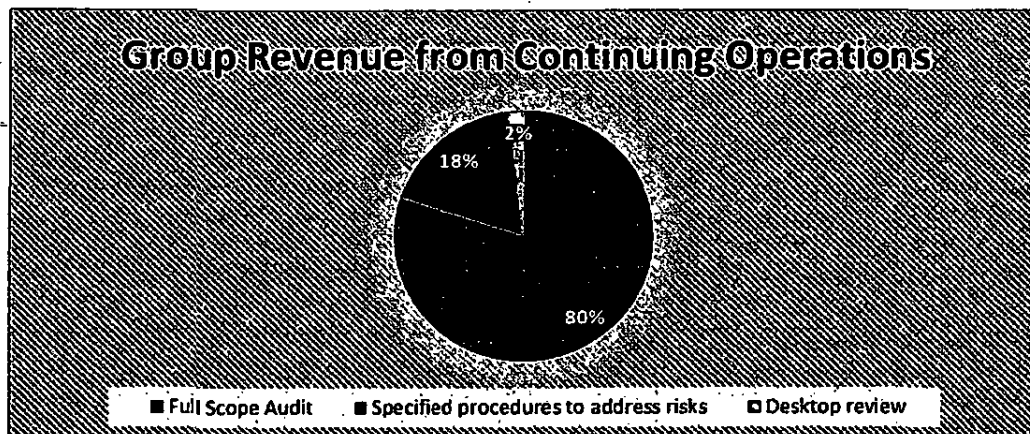
Overview

Coverage	98% (2021: 93%) of Group revenue from continuing operations and 95% (2021: 92%) of Group total assets		
Key audit matters		2022	2021
	Disposal of Cory Brothers Division	✓	
	Cut-off on revenue recognition and compliance with the requirement of IFRS 15 revenue recognition	✓	✓
Materiality	Group Financial Statements as a whole		
	£450,000 (2021: £400,000) based on 5% (2021: 5%) of underlying profit before tax from continuing operations		

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.



Our involvement with component auditors

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

Significant components

- We focussed our Group audit scope primarily on the audit work at five significant components (from continuing operations) including the Parent Company, which were subject to full scope audit procedures.
- These significant components comprise 80% of Group Revenue from continuing operations.
- The group audit team 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. 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 audit procedures	<ul style="list-style-type: none"> • There were four components which were considered for specific audit procedures. • Specified audit procedures were performed to address the risk of material misstatement limited to our significant risk on revenue recognition within these components. All other balances were scoped in for analytical review procedures. • This specific scope audit testing was performed on components that contribute an aggregate of 18% of the Group Revenue from continuing operations. • These specific audit procedures were performed by both BDO and a UK 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. • In addition a full scope audit was completed on the Cory Brother Division by a BDO UK component team.
Remaining components	<ul style="list-style-type: none"> • The remaining 21 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 the group audit team or BDO member firms with the exception of one component which was 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. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Disposal of Cory Brothers, formerly the Logistics Division (see Note 9)</p> <p>Effective 28 February 2022, Cory Brothers (also referred to as the Logistics Division or Cory) was sold to VertomCory Holdings Ltd (VertomCory).</p> <p>The sale consideration included £6.5m of initial cash consideration, £3.6m deferred consideration and £1.2m contingent consideration. The deferred consideration element is required to be discounted at an appropriate rate to determine its fair value at initial recognition. Furthermore, the determination of the contingent considerations' fair value involves judgements and estimates particularly the:</p> <ol style="list-style-type: none"> the future profitability of the combined VertomCory business; and the discount rate used to calculate its net present value. <p>Disposal accounting is complex and there is a risk that the profit on disposal has not been calculated appropriately.</p> <p>For these reasons we treated this area as a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Reviewed the Sale and Purchase Agreement ("SPA") and assessed the accounting treatment of the key terms and conditions to check that these were in line with the requirements of the applicable accounting standards; • Confirmed the transaction completed on 28 February 2022 through inspecting the signed SPA and receiving confirmation from the Group's external legal advisors; • Reconciled the assets and liabilities disposed of to the audited underlying ledgers at the date of disposal; • Reviewed the accuracy of the foreign currency translation reserve recycled to the profit and loss relating to the disposed Division's foreign operations; • Reviewed the gain on disposal by agreeing the inputs to underlying supporting documentation; and • Challenged management on the assumptions used in the earnout forecast of the combined VertomCory business used to calculate the fair value of contingent consideration as well as the discount rates used. This involved corroborating these assumptions to supporting documentation, sensitising the earnout forecast and inquiring with individuals involved with the combined VertomCory business. With regard to the discount rate used in both the deferred and contingent consideration, we involved our internal valuations expert to review the appropriateness of the rate used. <p>Key observations: Based on the procedures performed, we are satisfied with the accounting treatment for the disposal of Cory Brothers and the profit on disposal recorded.</p>

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Cut-off on revenue recognition (see note 2 and the accounting policy in note 1(e))</p> <p>The Group's entitlement to commission revenue in the Shipbroking Division and success fee income in the Financial Division are dependent upon the fulfilment of certain obligations.</p> <p>IFRS 15 Revenue from Customers with Contracts requires management to consider the underlying performance obligations and the point at which revenue should be recognised.</p> <p>There is a risk in respect of cut-off at the year end in determining when performance obligations have been delivered and therefore when the related commission or success fee income should be recognised.</p> <p>Timing of revenue recognition requires judgement to determine whether it is at a "point in time" or "over time" as well as determining the transfer of control for when performance obligations are satisfied.</p> <p>For these reasons we treated this area as a key audit matter</p> <p>The remaining revenue streams were not considered complex from a revenue recognition perspective.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Challenged and assessed management's revenue recognition policy for compliance with the requirements of IFRS 15 on revenue from commissions in the Shipbroking division and success fee income in the Financial Division; On a sample basis, testing of the revenue and accrued income with a focus on revenue from Shipbroking's Spot Fixtures recognised close to the year-end (pre- and post) through obtaining third party evidence to confirm the discharge date evidencing satisfaction of the performance obligation and that cut-off had been correctly applied; For a sample of invoices on either side of the year end across the Shipbroking Division and Financial Division revenue stream, we tested cut-off by agreeing to the third party evidence confirming the date of satisfaction of the IFRS 15 performance obligation. Where required, we obtained a third party confirmation from the customer to further corroborate the cut-off date; and We have tested material manual journals to revenue posted close to the year-end in the Shipbroking Division and Financial Division by tracing to third party supporting documents and assessed the validity and business rationale of these manual revenue journals. <p>Key observations: Based on the procedures performed, we are satisfied with cut-off in the Shipbroking's commission income and Financial Divisions' success fee income and the recognition of revenue being materially in line with IFRS 15.</p>

Our application of materiality

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

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

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

	Group	Parent company
Materiality	£ 450,000 (2021: £400,000)	£405,000 (2021: £350,000)
Basis	5% (2021: 5%) of underlying profit (before tax) from continuing operations	Based on 1% of total assets capped at 90% (2021: 90%) of group materiality
Rationale	Underlying profit (before tax) from continuing operations 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% (2021: 90%) of group given the assessment of components aggregation risk.

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

	Measure	Application
Performance materiality	Group: £283,000 (2021: £280,000)	Performance materiality was set at 63% (2021:70%) based on the history of misstatements identified in the prior years and the number of accounts subject to high degrees of estimation and judgement.
	Parent: £252,000 (2021: £245,000)	
Component materiality	The range of materiality used for components ranged from £120,000 to £405,000 (2021: £100,000 to £350,000)	<p>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.</p> <p>We set materiality for each component of the Group based on a percentage of between 27% and 90% (2021: 25% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £120,000 to £360,000. In the audit of each component, we further applied performance materiality levels of 62% to 70% (2021:70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.</p>
Reporting threshold	£8,000 (2021: £8,000)	<i>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.</i>
Quantitative & qualitative disclosures	We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.	

Other information

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

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	<ul style="list-style-type: none">• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 45; and• The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 99.
Other Code provisions	<ul style="list-style-type: none">• Directors' statement on fair, balanced and understandable set out on page 82;• Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 42;• The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 59; and• The section describing the work of the Audit Committee set out on page 54.

Other Companies Act 2006 reporting

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

- 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, UK adopted international accounting standards for the Group and United Kingdom Generally Accepted Accounting Practice for the Parent Company, Health and Safety legislations, the Bribery Act 2010 and tax legislations;
- We considered compliance with these laws and regulations through discussions with management and the in-house legal counsel, reviewing internal audit reports and discussing with the Audit Committee. Our procedures also included reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations as well as attending Audit Committee meetings;
- With the support of our internal tax specialists we also reviewed the Group's tax computations and Financial Statements against the requirements of the relevant tax legislation and applicable accounting framework respectively and where applicable, reviewed correspondences with relevant taxation authorities.
- We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur. We performed a robust risk assessment and obtained an understanding of the design and implementation of relevant controls surrounding the revenue recognition process for each revenue streams and the relevant controls over the financial reporting close process (FRCP) such as controls over the posting of journals and the consolidation process and obtained an understanding of the segregation of duties in these processes;
- In addressing the risk of fraud including management override of controls and improper revenue recognition, we tested the appropriateness of journal entries made throughout the year by applying specific criteria, verified to supporting documents and obtained an understanding of the business rationale for each of the journal entries. We also tested the application of cut-off in revenue recognition specifically on the revenue streams covered in our key audit matter;
- We performed a detailed review of the Group's year end adjusting and consolidation entries and investigated any that appeared unusual as to nature or amount through inquiry with management on the nature of the adjustment and verification to supporting evidence; assessed whether the judgements made and accounting estimates were indicative of a potential bias particularly on one-off transactions such as the disposal of Cory Brothers which involved judgements and estimates (refer to the key audit matter section above);
- With regards the consolidation process, due to the prior period errors identified coupled with the complexity of certain corporate transactions we undertook a detailed risk assessment of consolidation journals. We requested management, along with external third party support, undertake a full review of all consolidation journals for the years ended 28 February 2021 and 2022 to ensure they were complete and accurate. We assessed the process performed by management and scrutinised the output with a focus on transaction related consolidation journals;
- 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;
- The component teams also considered the susceptibility of the Financial Statements due to fraud in respect of the relevant components. Testing of management override was completed by the component teams through testing the appropriateness of a sample of journal entries in line with the journal testing procedures as detailed above and assessment of risk of management bias on the significant judgements and estimates as detailed in Note 1(d);
- We applied professional scepticism in our audit procedures and performed randomised procedures to include a level of unpredictability; and
- We performed an assessment of the Group's IT and the wider control environment and as part of this work obtaining an understanding of the design and implementation of IT access controls.

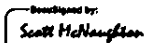
Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the

further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we are to become aware of it.

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

Use of our report

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

Designed by:


Scott McNaughton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
28 August 2022

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 2022

	Notes	28 Feb 2022			28 Feb 2021 (Restated)		
		Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Continuing operations							
Revenue	2	101,310	–	101,310	83,695	–	83,695
Operating expense:							
Operating costs	3,8	(91,250)	(392)	(91,642)	(75,976)	(262)	(76,238)
Acquisition-related expenditure	8	–	(122)	(122)	–	(835)	(835)
Total operating expense		(91,250)	(514)	(91,764)	(75,976)	(1,097)	(77,073)
Operating profit/(loss)		10,060	(514)	9,546	7,719	(1,097)	6,622
Share of associate loss for the period	19	(19)	–	(19)	–	–	–
Finance income	6	81	172	253	156	–	156
Finance costs	6	(1,237)	–	(1,237)	(1,210)	(432)	(1,642)
Profit/(loss) before taxation		8,885	(342)	8,543	6,665	(1,529)	5,136
Taxation	7	(1,839)	–	(1,839)	(1,772)	198	(1,574)
Profit from continuing operations		7,046	(342)	6,704	4,893	(1,331)	3,562
Profit/(loss) net of tax from discontinued operations	9	1,493	5,722	7,215	(513)	1,483	970
Profit attributable to equity shareholders of the Company		8,539	5,380	13,919	4,380	152	4,532
Total							
Earnings per ordinary share							
Basic	11	27.95p		45.56p	13.96p		14.45p
Diluted	11	22.78p		37.13p	11.55p		11.95p
Continuing operations							
Earnings per ordinary share							
Basic	11	23.06p		21.94p	15.60p		11.36p
Diluted	11	18.79p		17.88p	12.91p		9.40p

The year ended 28 February 2021 has been restated for prior period adjustments (see Note 34) and the presentation of Cory Brothers and AqualisBraemar as discontinued operations (see Note 9). As all of the Group's costs of sales relate only to discontinued operations, neither cost of sales nor gross profit is presented on the face of the Income Statement in respect of continuing operations.

The accompanying notes on pages 98 to 166 form an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 28 February 2022

	Notes	28 Feb 2022 £'000	28 Feb 2021 Restated £'000
Profit for the year		13,919	4,532
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain/(loss) on employee benefit schemes – net of tax		1,318	(424)
<i>Items that are or may be reclassified to profit or loss:</i>			
Foreign exchange differences on retranslation of foreign operations		538	719
Cash flow hedges – net of tax	30	(1,968)	1,790
Other comprehensive income from continuing operations		(112)	2,085
<i>Discontinued operations</i>			
Share of other comprehensive income/(expense) of associates		52	312
Foreign exchange differences on revaluation of investment		–	(1,060)
Recycling of foreign exchange reserve*	9, 19	408	471
Other comprehensive expense from discontinued operations		460	(277)
Total comprehensive income attributable to equity shareholders of the Company		14,267	6,340

The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations (see Note 9) and for a prior period adjustment (see Note 34).

*The recycling of foreign exchange reserve relates to the disposals of Cory Brothers and AqualisBraemar (2021: Dilution and partial disposal of AqualisBraemar). See Note 9 and Note 19.

The accompanying notes on pages 98 to 166 form an integral part of these Financial Statements.

Consolidated Balance Sheet

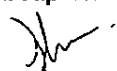
As at 28 February 2022

	Note	As at 28 Feb 2022 £'000	Restated As at 28 Feb 2021 £'000	Restated As at 1 Mar 2020 £'000
Assets				
Non-current assets				
Goodwill	12	79,891	83,955	83,812
Other intangible assets	13	997	2,129	2,411
Property, plant and equipment	16	7,078	9,841	11,928
Other investments	18	1,780	1,962	1,962
Investment in associate	19	724	3,763	7,315
Financial assets	22	-	-	1,184
Derivative financial instruments	22	8	200	-
Deferred tax assets	7	3,713	2,900	3,620
Other long-term receivables	20	5,836	1,888	2,467
		99,827	106,638	114,699
Current assets				
Trade and other receivables	21	38,808	34,800	39,541
Financial assets	22	-	746	-
Derivative financial instruments	22	54	1,573	-
Cash and cash equivalents	23	13,984	14,111	28,749
Assets held for sale	9	-	436	-
		52,826	51,666	68,290
Total assets		152,653	158,304	182,989
Liabilities				
Current liabilities				
Derivative financial instruments	22	688	-	437
Trade and other payables	24	38,629	45,647	47,209
Short-term borrowings	25	-	-	25,116
Current tax payable		1,608	1,318	1,334
Provisions	26	488	307	201
Convertible loan notes	25, 34	1,416	4,461	4,444
Deferred consideration	25, 34	-	-	177
Liabilities directly associated with assets classified as held for sale	9	-	125	-
		42,827	51,858	78,918
Non-current liabilities				
Long-term borrowings	25	28,331	31,634	34,585
Deferred tax liabilities	7	-	174	903
Derivative financial instruments	22	335	56	4
Provisions	26	797	690	765
Convertible loan notes	25, 34	2,755	2,881	2,639
Deferred consideration	25, 34	495	882	2,293
Pension deficit	27	2,052	3,819	3,672
		34,765	39,936	44,861
Total liabilities		77,592	91,794	123,779
Total assets less total liabilities		75,061	66,510	59,210
Equity				
Share capital	28	3,221	3,174	3,167
Share premium	28	53,030	52,510	52,510
ESOP reserve	29	(6,771)	(1,362)	(2,498)
Other reserves	30	27,124	28,094	25,862
Retained earnings		(1,543)	(15,906)	(19,831)
Total equity		75,061	66,510	59,210


The Balance Sheets as at 28 February 2020 and 28 February 2021 have been restated for a prior period adjustment, see Note 34 for more detail.

The Financial Statements on pages 98 to 166 were approved by the board of directors on 28 August 2022 and were signed on its behalf by:

James Gundy
Group Chief Executive Officer



Nicholas Stone
Chief Financial Officer



Registered number: 02286034

Consolidated Cash Flow Statement

For the year ended 28 February 2022

	Notes	28 Feb 2022 £'000	28 Feb 2021 restated £'000
Profit before tax from continuing operations		8,643	5,136
Profit before tax from discontinued operations	9	8,081	1,196
<i>Adjustment for non-cash transactions included in profit before tax</i>			
Depreciation and amortisation charges	13, 16	3,483	3,702
Loss on disposal of fixed assets		10	78
Share of profit in associate from continuing and discontinued operations	19	(56)	(346)
Share scheme charges		2,894	1,820
Net foreign exchange gains of financial instruments		–	334
Net finance cost		984	1,485
Fair value loss on warrants	8	–	438
Rights issue gain on shareholding in AqualisBraemar	8	–	(826)
Gain on disposal of shares in AqualisBraemar	8, 9	(3,375)	(1,758)
Gain on disposal of Cory Brothers	8, 9	(4,134)	–
Gain on disposal of Wavespec	8, 9	(594)	–
Loss on impairment of Wavespec receivable	8, 9	2,381	–
Impairment of right-of-use asset	8	392	210
Impairment of assets held for sale	9	–	432
<i>Adjustment for cash items in other comprehensive income/expense</i>			
Contribution to defined benefit scheme	27	(450)	(450)
Operating cash flow before changes in working capital		18,159	11,451
(Increase)/decrease in receivables		(9,209)	5,132
Increase/(decrease) in payables		14,203	(1,894)
Increase in provisions		285	31
Cash flows from operating activities		23,438	14,720
Interest received	6	112	84
Interest paid	6	(592)	(1,274)
Tax paid		(2,161)	(822)
Net cash generated from operating activities		20,797	12,708
Cash flows from investing activities			
Purchase of property, plant and equipment	13, 16	(652)	(502)
Purchase of other intangible assets	13	(515)	(643)
Investment in associate	19	(326)	(418)
Dividend received from associate	19	–	641
Disposal of Cory Brothers, net of cash disposed	9, 14	(12,353)	–
Disposal of Wavespec, net of cash disposed	9	(53)	–
Proceeds from disposal of investment in associate	19	7,232	5,983
Principal received on finance lease receivables	17	799	804
Net cash generated from/(used in) investing activities		(5,868)	5,865

For the year ended 28 February 2022

	Notes	28 Feb 2022 £'000	28 Feb 2021 restated £'000
Cash flows from financing activities			
Proceeds from borrowings		292	11,333
Repayment of principal under lease liabilities	17	(3,950)	(3,928)
Repayment of revolving credit facility		–	(11,975)
Repayment of overdraft facilities		–	(25,116)
Dividends paid	10	(2,109)	–
Purchase of own shares		(7,043)	(860)
Settlement of convertible loan notes	22	(2,596)	(1,901)
Net cash used in financing activities		(15,406)	(32,447)
Decrease in cash and cash equivalents		(477)	(13,874)
Cash and cash equivalents at beginning of the period	23	14,164	28,749
Foreign exchange differences		277	(711)
Cash and cash equivalents at end of the period	23	13,964	14,164
Cash and cash equivalents (continuing operations)		13,964	14,111
Cash and cash equivalents (included in assets held for sale)		–	53
Total cash and cash equivalents at end of the period		13,964	14,164

The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations and the impact of prior year adjustments described in Note 34.

The accompanying notes on pages 98 to 166 form an integral part of these Financial Statements.

Statements of Changes in Total Equity

For the year ended 28 February 2022

Group	Note	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 28 February 2020		3,167	55,805	(2,498)	22,279	(21,267)	57,486
Restatement	34	-	(3,295)	-	3,583	1,436	1,724
At 28 February 2020 (restated)		3,167	52,510	(2,498)	25,862	(19,831)	59,210
Profit for the year (restated)		-	-	-	-	4,532	4,532
Actuarial loss on employee benefits schemes – net of tax		-	-	-	-	(424)	(424)
Foreign exchange differences (restated)		-	-	-	719	-	719
Cash flow hedges – net of tax		-	-	-	1,790	-	1,790
Other comprehensive expense from discontinued operations		-	-	-	(277)	-	(277)
Other comprehensive expense		-	-	-	2,232	(424)	1,807
Total comprehensive income (restated)					2,232	4,108	6,340
Shares issued		7	-	-	-	(7)	-
Acquisition of own shares		-	-	(860)	-	-	(860)
ESOP shares allocated		-	-	1,996	-	(1,996)	-
Share-based payments		-	-	-	-	1,820	1,820
Transactions with owners		7	-	1,136	-	(183)	960
At 28 February 2021 (restated)		3,174	52,510	(1,362)	28,094	(15,908)	66,510
Profit for the year		-	-	-	-	13,919	13,919
Actuarial loss on employee benefits schemes – net of tax		-	-	-	-	1,318	1,318
Foreign exchange differences		-	-	-	638	-	638
Cash flow hedges – net of tax		-	-	-	(1,968)	-	(1,968)
Other comprehensive expense from discontinued operations		-	-	-	460	-	460
Other comprehensive expense		-	-	-	(970)	1,318	348
Total comprehensive income		-	-	-	(970)	15,237	14,267
Dividends	10	-	-	-	-	(2,109)	(2,109)
Shares issued	28, 29	47	520	(25)	-	-	542
Acquisition of own shares		-	-	(7,043)	-	-	(7,043)
ESOP shares allocated		-	-	1,659	-	(1,659)	-
Share-based payments	28	-	-	-	-	2,894	2,894
Transactions with owners		47	520	(5,409)	-	(874)	(5,716)
At 28 February 2022		3,221	53,030	(6,771)	27,124	(1,543)	75,061

The accompanying notes on pages 98 to 166 form an integral part of these Financial Statements.

Notes to the Financial Statements

General information

The Group Financial Statements of Braemar Shipping Services Plc for the year ended 28 February 2022 were authorised for issue in accordance with a resolution of the directors on 28 August 2022. 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. Basis of preparation and forward-looking statements

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

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

Certain statements in this Annual Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, 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 Financial Statements are presented in Sterling and all values are rounded to the nearest thousand Sterling (£'000) except where otherwise indicated.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its Consolidated Financial Statements on 1 March 2021. There was no impact or changes in accounting policies from the transition.

New standards, amendments and interpretations effective for the financial year beginning 1 March 2021
There were no new standards or amendments (including the amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16 in respect of Interest rate benchmark reform IBOR "phase 2") that were adopted in the annual Financial Statements for the year ended 28 February 2022 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 2021 and not early adopted

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

The following amendments are effective for the period beginning 1 March 2022:

- 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); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 March 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

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

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve 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.

b. Going concern

The Group and Company Financial Statements have been prepared on a going concern basis. In reaching this conclusion regarding the going concern assumption, the directors considered cash flow forecasts to 31 August 2023 which is twelve months from the date of signing of these Financial Statements and coincides with the expiry of the Group's current bank facilities with HSBC.

A set of cash flow forecasts ("the base case") have been prepared by the directors based on revenue and cost forecasts considered reasonable in the light of work done on budgets for the current year and the current shipping markets. Uncertainties related to the conflict in the Ukraine, around forecasting success fees in the Naves business, the need to continue purchasing shares for the employee trust, COVID and climate change and note the following:

- The Group's compliance with sanctions put in place as a result of the conflict in the Ukraine is not expected to have any material effect on trading FY22/23 nor does the Group have any existing material exposure.
- Forecasting success fee revenue involves uncertainties in terms of both timing and actual closure of transactions but current levels of transaction activity in the industry suggests that there won't be a significant decline in the going concern period and indeed one large transaction has already closed this year.
- The ESOP now contains sufficient shares as are expected to be needed to cover all current share awards that have not yet vested as described in Notes 28 and 29 to these accounts. This is on the assumption that the majority of recipients elect to sell sufficient shares back to the trust immediately in order to settle their tax liability as they have done in the past.
- The effects of COVID are nothing like those that were the case in the previous two years, despite some disruptions still prevalent, particularly in Asia. However, these are not expected to have a material impact on trading in the going concern period.
- The impact of climate change is not expected to have any material impact on the business in the short term and indeed could lead to additional opportunities.

The directors have concluded therefore that none of these factors are likely to have a significantly adverse impact on the Group's future cash flows.

The Group's Balance Sheet has been strengthened significantly due to the strong trading and disposals of non-core assets during the year. As at 28 February 2022 the Group's net bank debt was £9.3m with available headroom in the £30.0m revolving credit facility ("RCF") of £6.7m but following receipt of the initial consideration from the sale of Cory Brothers on 2 March 2022 that net bank debt had reduced to £2.8m. As at 31 July 2022 the Group had net bank debt of £7.1m with available headroom in the RCF of £5.7m and cash balances of £17.2m. Employee bonuses are paid in May each year and bank debt tends to be at a high point following those bonus payments and associated payroll taxes.

	Notes	31 July 2022 £m	28 Feb 2022 £m
Secured revolving credit facilities	26	(24.3)	(23.3)
Cash	23	17.2	14.0
Net debt		(7.1)	(9.3)

The RCF has a number of financial covenant tests that must be adhered to. At the start of the year the financial covenant relating to debt to twelve months rolling EBITDA was 3.5x after May 2022 the covenant was reduced to 3x until the facility expires in September 2023. At 31 May 2022 and for the year ended 28 February 2022 the Group met all financial covenant tests. During FY21/22 the directors have discussed the extension of the RCF with the Group's main bankers, HSBC, and have received acceptable indicative terms for such an extension. It is intended that these discussions will be concluded well in advance of the expiry of the current facility.

The cash flow forecasts in the base case assessed the ability of the Group to operate both within the banking covenants and the facility headroom, and included a number of downside sensitivities on the budgeted revenue, including a reverse stress test scenario. The directors consider revenue as the key assumption in the Group's forecasts. The remaining costs are largely fixed or made up of discretionary bonuses, predominately within the Shipbroking Division and which are directly linked to profitability. Based on two flex scenarios; a revenue decrease of 7.5% and a revenue decrease of 15% from the base case, no mitigations were necessary to meet banking covenants.

A reverse stress test was also performed to ascertain the point at which the covenants would be breached in respect of the key assumption of forecast revenue decline. This test indicated that the business, alongside certain mitigating actions which are fully in control of the directors, would be capable of withstanding a reduction of approximately 41% in budgeted revenue from the base case assumptions from September 2022 through to August 2023. In light of current trading, forecasts and the Group's performance over FY21/22 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.

c. Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Braemar Shipping Services Plc and all its subsidiaries 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.

All intercompany balances and transactions have been eliminated in full.

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Goodwill is tested for impairment on an annual basis, and the Group will also test for impairment at other times if there is an indication that an impairment may exist. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation estimates the present value of future cash flows expected to arise for the cash-generating unit. The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit (see Note 12 for a description of the approach used by management to determine these key values). Climate change risk has been taken into account in determining the underlying inputs used in calculations used for impairment reviews and is not considered to have a material impact on the value in use calculations.

Fair value of Cory Brothers deferred and contingent consideration receivable

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

The minimum earnout consideration has been classified as deferred consideration receivable. The minimum amount is specified in the SPA and is therefore not an estimate, however an estimate of a discount rate is necessary to discount the deferred consideration receivable to fair value. A discount rate of 2.39% was used to calculate the net present value, this was based on the credit risk of Vertom Agencies BV following a credit check performed by management. Deferred consideration receivable is initially recognised at fair value and subsequently measured at amortised cost. The current estimate of the fair value of the deferred consideration receivable is £3.6m.

The balance of the earnout consideration, up to the maximum specified in the SPA has been classified as contingent consideration receivable because it is contingent on the future profitability of the combined business. The fair value of the contingent consideration receivable involves two critical estimates; the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business and was reviewed by management as part of the financial due diligence process. The discount rate used to calculate the net present value was also 2.39%. Contingent consideration receivable is initially recognised at fair value and subsequently measures at fair value through profit and loss.

See Note 9 for further details, including a sensitivity analysis of the contingent consideration receivable to the discount rate and the assumptions of future profitability.

Recoverability of deferred tax assets

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. See Note 7.

Share option vesting

The fair value determined at the grant date of the equity-settled share-based payments is typically expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves. See Note 28.

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.

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 market conditions. See Note 20.

The Group has considered the impact of both COVID and the conflict in the Ukraine on the Financial Statements at 28 February 2022. However, at 28 February 2022 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 COVID or the conflict in the Ukraine. No impairment allowances were made in respect of either COVID or the conflict in the Ukraine.

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 27.

Judgements

Naves prior year adjustment

For details of judgements made relating to the prior year adjustment, see Note 34.

Wavespec

Fair value of consideration

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

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

Impairment

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

Measurement of right-of-use assets and liabilities

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for the Group to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease. See Note 17.

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.

Climate-related risks and opportunities

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

During FY21/22 climate change was assessed as part of ongoing discussions of key and emerging risks for the Group and the shipping and energy sectors within which it operates. Consideration of the potential short to medium-term impact of environment and climate change risk resulted in its inclusion as a Group principal risk this year.

e. Revenue recognition

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

- i. **Shipbroking desks** – 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:

Deep Sea Tankers, Specialised Tankers and Gas, Dry Cargo and Offshore:

- for single voyage chartering, the contractual terms are governed by a standard charterparty contract in which the broker's performance obligation is satisfied when the cargo has been discharged according to the contractual terms;
- for time charters, the commission is specified in the hire agreement and the performance obligation is spread over the term of the charter at specified intervals in accordance with the charter party terms;

Sale and Purchase:

- in the case of second-hand sale and purchase contracts, the broker's performance obligation is satisfied when the principals in the transaction complete on the sale/purchase and the title of the vessel passes from the seller to the buyer;
- with regard to newbuilding contracts, the commission is recognised when contractual stage payments are made by the purchaser of a vessel to a shipyard which in turn reflects the performance of services over the life of the contract;
- for income derived from providing ship and fleet valuations, the Group recognises income when a valuation certificate is provided to the client and the service is invoiced; and

Securities:

- 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 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.

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

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.

g. Foreign currencies

The presentational currency of the Group 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(p)).

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 30), 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

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.

Development costs

The Group capitalises internally generated development costs when it is able to demonstrate:

- the technical feasibility of completing the intangible asset so that it is subsequently available for use;
- that there is a clear intention that the intangible asset would be completed and then used;
- that it is able to use the intangible asset;
- that future economic benefits are probable;
- that there are adequate technical, financial and other resources to complete the development and to use the asset; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

The Group amortises development on a straight-line basis over its estimated useful economic life of up to three years. See Note 13.

Research costs are expensed as incurred.

Other intangible assets

Intangible assets acquired as part of a business combination are stated in the Balance Sheet at their fair value at the date of acquisition less accumulated amortisation and any 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. Leases

The Company has various lease arrangements for properties, and other equipment. At inception of a lease contract, the Company assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Company recognises a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is a lessee, except low-value leases and short-term leases of twelve months or less, costs for which are recognised as an operating expense within the Income Statement as they are incurred.

A right-of-use asset is capitalised on the Balance Sheet at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term and are reviewed for impairment to account for any loss when events or changes in circumstances indicate the carrying value may not be fully recoverable.

The lease liability is initially measured at amortised cost using the effective interest rate method to calculate the present value of future lease payments and is subsequently increased by the associated interest cost and decreased by lease payments made. The effective interest rate is based on estimates of relevant incremental borrowing costs. Lease payments made are apportioned between an interest charge and a capital repayment amount which are disclosed within the financing activities and the operating activities sections of the consolidated statement of cash flows respectively. Lease payments comprise fixed lease rental payments only, with the exception of property leases for which the associated fixed service charge is also included. Lease liabilities are classified between current and non-current on the Balance Sheet.

The lease term comprises the non-cancellable period in addition to the determination of the enforceable period which is covered by an option to extend the lease, where it is reasonably certain that the option will be exercised.

A modification to a lease which changes the lease payment amount (e.g. due to a renegotiation or market rent review) or amends the term of the lease, results in a reassessment of the lease liability with a corresponding adjustment to the right-of-use asset.

m. 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.

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

n. 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.

o. Deferred and contingent consideration receivables

Contingent consideration receivables are initially recognised at fair value and are subsequently remeasured at their fair value at each Balance Sheet date. The resulting gain or loss is recognised immediately in the Income Statement. Contingent consideration receivables are classified as level 3 in accordance with the fair value hierarchy specified by IFRS 13. See Notes 14 and 22.

p. 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 has applied the IFRS 9 hedge accounting model since 1 March 2020. 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.

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.

q. 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 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.

r. 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.

s. Provisions

Provisions are recognised when the Group has a present obligation (legal or otherwise) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If material, the provisions are discounted using an appropriate current post-tax interest rate.

Short-term provisions for long service leave expected to be settled wholly within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The provision for long service leave not expected to be settled within twelve months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

t. 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 may be settled by the issue of new shares or by way of transfer of shares from the ESOP. Historic practice has been to settle via the transfer of shares from the ESOP and it is the current intention to continue to operate in this manner.

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 such as earnings per share ("EPS").

Share options granted under the save-as-you-earn schemes are valued using a binomial pricing model. All other share awards are nil cost options and their fair value is approximated to the share price at the time of grant less the expected dividend to be paid during the vesting period.

The value of awards granted under the Deferred Bonus Plan each year are related to the profits generated in the previous year. The cost of the award is therefore expensed from the beginning of that profit period until the vesting date which is usually three years after the date of award. Awards made to new joiners are expensed over the period from date of joining to date of vesting. The quantum of the charge made for each set of awards is calculated on the value of the shares granted, reduced by the expected attrition rate.

The Group may provide a net settlement feature, whereby it withholds the number of equity instruments equal to the monetary value of the employee's tax obligation arising from the exercise (or vesting) of the award if the total number of shares that otherwise would have been issued to the employee. The Group has no contractual obligation to provide a net settlement option, and therefore the award is still accounted for as an equity-settled award in full and the value of the shares foregone by the employee is accounted for as a deduction from equity.

An Employee Share Ownership Plan ("ESOP") was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held in trust by the Trustee of the ESOP, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. Additionally, an Employee Benefit Trust ("EBT") previously run by ACM Shipping Group plc also holds shares in the Company. The ESOP and EBT are accounted for within the Company accounts.

The net cost of the shares acquired for the shares held by the ESOP and the EBT are a deduction from shareholders' funds and represent a reduction in distributable reserves. Note 29 provides detail on the ESOP and the EBT and movements in shares to be issued.

u. Commissions payable

Commissions payable to co-brokers are recognised in trade payables due within one year of the earlier of the date of invoicing or the date of receipt of cash.

v. 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.

w. 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.

Modification of terms of financial liability

When the terms of an existing financial liability are modified, management will consider both quantitative and qualitative factors to assess whether the modification is substantial. In the case that the modification of the terms of existing financial liability is considered to be substantial, the modification shall be accounted for as an extinguishment of that financial liability and the recognition of a new financial liability. If the modification is not considered substantial, then the existing financial liability is remeasured in accordance with its original classification and any gain or loss is recognised immediately in the Income Statement.

x. Segmental analysis

The Group's segmental analysis previously recognised four segments, being the Shipbroking, Financial, Logistics and Engineering Divisions. Two business segments have been disposed of during the year, the Logistics Division (Cory Brothers) and the Engineering Division (Wavespec). The prior year comparatives have been restated for the presentation of Cory Brothers as discontinued operations together with Wavespec. The restated segmental analysis is based on its two continuing business segments: the Shipbroking and Financial Divisions. The segmental analysis is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

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.

y. Specific items

Specific items are significant items considered material in size or nature, including acquisition and disposal-related gains and losses. These are disclosed separately to enable a full understanding of the Group's ongoing financial performance.

z. 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.

aa. Contingent assets

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

2. Segmental information and revenue

a. Business segments

Following the disposal of the Engineering and Logistics Divisions during the period, there are now two operating segments within the Group, which each provide different services to the shipping industry, being Shipbroking and Financial. They are managed separately because each business requires different technology and resources to deliver its strategy. The reports reviewed by the Chief Operating Decision Maker to make strategic decisions are disaggregated by Division. The Chief Operating Decision Maker is the Group's board of directors. The Logistics and Engineering Divisions were disposed of during the year and have been presented as discontinued operations.

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 to 20.

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.

The segmental information provided to the board for reportable segments for the year ended 28 February 2022 is as follows:

	Revenue		Operating profit/(loss)	
	2022 £'000	2021 Restated ¹ £'000	2022 £'000	2021 Restated ¹ £'000
Shipbroking	94,659	77,727	12,422	10,068
Financial	6,651	5,968	1,798	1,034
Trading segments revenue/results	101,310	83,695	14,220	11,102
Central costs			(4,160)	(3,383)
Underlying operating profit			10,060	7,719
Specific items included in operating expenses			(514)	(1,097)
Operating profit			9,546	6,622
Share of associate's loss for period			(19)	-
Net finance expense			(984)	(1,486)
Profit before taxation			8,543	5,136

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	
	2022 £'000	2021 Restated £'000	2022 £'000	2021 Restated £'000
United Kingdom	54,524	51,864	68,122	67,804
Singapore	19,423	13,691	949	1,275
United States	972	663	262	28
Australia	12,565	7,169	334	303
Germany	2,488	3,585	25,592	25,640
Rest of the World	11,338	6,933	855	1,042
Continuing operations	101,310	83,695	96,114	96,092
Discontinued operations	45,215	28,083	-	7,846
Total	146,525	111,778	96,114	103,738

¹ The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and Aqualis Braemar as discontinued operations and prior period errors. See Note 9 and Note 34.

b. Revenue analysis

The Group disaggregates revenue into Shipbroking and Financial in line with the segmental information presented above and also by desk. Revenue analysed by desk is provided below.

	2022 £'000	2021 Restated £'000
Tankers	17,837	26,251
Specialised Tankers	11,622	10,949
Dry Cargo	29,789	15,230
S&P	19,646	15,019
Offshore	3,778	2,728
Securities	11,989	7,550
Shipbroking	94,659	77,727
Financial	6,651	5,968
Total continuing operations	101,310	83,695

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 Shipbroking which are for a duration longer than twelve 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

2022	Within 12 months £'000	1-2 years £'000	More than 2 years £'000	Total £'000
Sale and purchase	6,584	1,832	924	9,340
Chartering	16,724	3,211	9,057	27,992
Total	22,308	5,043	9,981	37,332

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

3. Operating profit from continuing operations

Operating profit represents the results from operations before finance income and costs, share of profit/(loss) in associate, taxation and discontinued operations.

This is stated after charging/(crediting):

	Notes	2022 £'000	2021 Restated £'000
Staff costs	4	75,814	60,783
Depreciation of property, plant and equipment	16	2,834	2,894
Amortisation of intangibles	13	262	313
Bad debt charge/(credit)	21	747	(170)

	Notes	2022 £'000	2021 Restated £'000
Auditor's remuneration	5	960	793
Other professional costs		2,782	2,028
Office costs		1,600	875
IT and communication costs		2,507	2,144
Insurance		875	700
Net foreign exchange (gains)/losses		(432)	76
Specific items included in operating profit (see Note 8)		(514)	(1,097)

Staff costs are stated after netting off grants totalling £0.1m (2021: £0.8m) against staff costs for continuing operation detailed in Note 4. The grants were received from both the Singaporean Government and the Australian Government during COVID. All criteria for the retention of both grants have 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)

	Notes	2022 £'000	2021 Restated £'000
Salaries, wages and short-term employee benefits		68,043	55,282
Other pension costs	27	1,613	1,514
Social security costs		3,347	3,009
Share-based payments	28	2,951	1,788
Continuing operations		75,954	61,593
Discontinued operations		8,344	8,384
Total		84,298	69,977

The prior period numbers have been restated to present Cory Brothers and AqualisBraemar within discontinued operations. The numbers above include remuneration and pension entitlements for each director. Details are included in the Directors' Remuneration Report on pages 70 to 78.

b. Average number of full-time employees

	2022 number	2021 Restated number
Shipbroking	322	323
Financial	22	23
Central	18	13
Continuing operations	362	359
Discontinued operations	190	178
Total	552	537

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

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 70 to 71. Key management represents the board of the Company.

	2022 £'000	2021 £'000
Salaries, short-term employee benefits and fees	3,484	3,410
Other pension costs	41	68
Share-based payments	521	71
Total	4,046	3,549

Retirement benefits are accruing to three (2021: three) members of key management in respect of a defined contribution pension scheme.

5. Auditor's remuneration

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

	2022 £'000	2021 £'000
Audit services		
• Fees payable to the Company's auditor for audit of the Company and Group Financial Statements	540	288
Fees payable to the Group's auditor and its associates for other services:		
• The audit of the Group's subsidiaries pursuant to legislation	334	435
• Other service – Interim review	86	70
Total	960	793

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

6. Finance income and costs

	Note	2022 £'000	2021 Restated £'000
Finance income:			
• Gain on modification of deferred consideration	8	172	–
• Interest on bank deposits		9	70
• Interest on IFRS 16 lease receivables		72	86
Total finance income		253	156
Finance costs:			
• Interest payable on rolling credit and pooled overdraft facilities		(758)	(912)
• Interest payable on pooled overdraft facilities		(98)	(107)
• Interest payable on convertible loan notes		(62)	(214)
Subtotal finance costs before IFRS 16 lease liabilities		(908)	(1,233)
• Interest on IFRS 16 lease liabilities		(329)	(409)
Total finance costs		(1,237)	(1,642)
Finance costs – net (continuing operations only)		(984)	(1,486)

The finance costs for the prior year have been restated (see Note 34), and the analysis of the finance income and expenses has been amended.

7. Taxation

a. Analysis of charge in year

	2022 £'000	2021 Restated £'000
Current tax		
UK corporation tax charged to the Income Statement	-	-
UK adjustment in respect of previous years	335	355
Overseas tax on profits in the year	3,432	2,003
Overseas adjustment in respect of previous years	(617)	(136)
Total current tax	3,250	2,222
Deferred tax		
UK current year origination and reversal of temporary differences	377	(909)
Due to change in rate of tax	(473)	(96)
UK adjustment in respect of previous years	(41)	573
Overseas current year origination and reversal of temporary differences	(95)	(385)
Overseas adjustment in respect of previous years	(313)	395
Total deferred tax	(545)	(422)
Taxation	2,705	1,800
Taxation on continuing operations	1,839	1,574
Taxation on discontinued operations	866	226
Taxation	2,705	1,800

Included within the UK current year origination and reversal of temporary differences is a credit of £348,000 (2021: £100,000 debit on actuarial gain) in respect of deferred tax on the actuarial loss on the Group's defined benefit pension scheme.

Reconciliation between expected and actual tax charge		
	2022 £'000	2021 Restated £'000
Profit before tax from continuing operations	8,543	5,136
Profit before tax at standard rate of UK corporation tax of 19% (2021: 19%)	1,623	976
Utilisation of deferred tax asset at lower effective tax rate	89	(185)
Net expenses not deductible for tax purposes	843	202
Utilisation of previously unrecognised losses	(478)	(73)
Tax on overseas branch	234	-
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	392	292
Other differences leading to a (decrease)/increase in tax	4	-
Temporary differences ¹	93	(1,187)
Prior year adjustments ²	(941)	1,549
Total tax charge for the year	1,839	1,574

The year ended 28 February 2021 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations. Included within the total tax charge is £0.5m (2021: £0.2m) in respect of specific items disclosed separately on the face of the Income Statement. See Note 8.

¹ Included within temporary differences are movements related to share options, cash flow hedges and IFRS 16.

² Included within prior year adjustments is release of overprovided corporation tax creditor of £0.8m in respect of Singapore following a tax rate change from 17.0% to 10.5%.

A tax charge of £0.3m (2021: £nil) is included in the results for discontinued operations as a result of the trading loss contained therein (see Note 9). This tax charge arose mainly as a result of the trading profits of Cory Brothers.

Reconciliation between expected and actual tax charge		
	2022	2021
	£'000	Restated £'000
Profit before tax from discontinued operations	8,081	1,196
Profit before tax at standard rate of UK corporation tax of 19% (2021: 19%)	1,535	227
Due to change in rate of tax	6	23
(Net gains)/net expenses not (taxable)/deductible for tax purposes	(1,098)	882
Utilisation of losses	(74)	(177)
Other differences leading to (decrease)/increase in tax	3	-
Temporary differences*	88	(367)
Other prior year adjustments	406	(362)
Total tax charge/(credit) for the year	866	226

b. Amounts recognised in OCI

	2022	2021
	£'000	Restated £'000
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) in respect of defined benefit pension scheme	1,381	(524)
Deferred tax asset on defined benefit pension scheme	(348)	100
Movement in opening balance due to change in rate of tax	276	-
Sub-total	(73)	100
		-
Total	1,318	(424)
Items that will be reclassified to profit or loss		
Cash flow hedge	(2,482)	2,210
Deferred tax liability on cash flow hedge	620	(420)
Movement in opening balance of tax due to change in rate of tax	(106)	-
Sub-total	514	(420)
Total	(1,968)	1,790
Total tax recognised in OCI	441	(320)
Total amounts recognised in OCI	(650)	1,366

c. Deferred tax asset

Deferred Tax)/Asset	Accelerated Capital Allowances	Trading Losses	Other provisions	Employee Benefits	Total
At 1 March 2020	573	316	2,331	400	3,620
(Charge)/Credit to Statement of Total Comprehensive income	(493)	430	(1,255)	918	(400)
Credit to equity	-	-	(320)	-	(320)
At 28 February 2021	80	746	756	1,318	2,900
Charge to Statement of Total Comprehensive income	(128)	(498)	428	569	371
Charge to equity	-	-	442	-	442
Balance at end of year	(48)	248	1,626	1,887	3,713

The movement in the deferred tax asset	2022 £'000	2021 Restated £'000
Balance at beginning of year	2,900	3,620
Movement to Income Statement		
Adjustments in respect of prior years	180	(968)
Movement in opening balance due to change in rate of tax 25%/19%	472	200
Arising on pension costs	(94)	28
Arising on other	(187)	340
Total movement to Income Statement	371	(400)
Movement to equity and other comprehensive income		
Movement in opening balance due to change in rate of tax 25%/19%	169	-
Related deferred tax asset	273	(320)
Total movement to equity and other comprehensive income	442	(320)
Balance at end of year	3,713	2,900

A deferred tax asset of £3.7m (2021: £2.9m) has been recognised as the directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

d. Deferred tax liability

Analysis of the deferred tax liabilities	As at 28 Feb 2022 £'000	As at 29 Feb 2021 £'000
Temporary differences	-	(174)
Balance at end of year	-	(174)

The movement in the deferred tax liability	As at 28 Feb 2022 £'000	As at 28 Feb 2021 £'000
Balance at beginning of year	(174)	(903)
Movement in opening balance due to change in rate of tax	-	(104)
Adjustment in respect of previous years	174	
Movement to Income Statement	-	833
Balance at end of year	-	(174)

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 (2021: £0.1m).

8. Specific items

The following is a summary of specific items incurred. Each item meet the definition of specific items detailed in Note 1y), and has an impact on the reported results for the year that is considered material either by size or nature and is not expected to be incurred on an ongoing basis and, as such, will not form part of the underlying profit in future years.

	2022 £'000	2021 Restated £'000
<i>Other operating costs</i>		
Impairment of ROU assets	(392)	(210)
(Loss)/profit on sublet of office	-	(52)
	(392)	(262)
<i>Acquisition-related items</i>		
- Acquisition of Naves Corporate Finance GmbH	(122)	(552)
- Naves tax reimbursement	-	115
- Acquisition of ACM Shipping Group plc	-	(115)
- Acquisition of Atlantic Brokers Holdings Limited	-	(283)
	(122)	(835)
<i>Discontinued operations</i>		
- Wavespec	(1,787)	(754)
- Cory Brothers	4,134	-
- AqualisBraemar	3,375	2,237
	5,722	1,483
<i>Other items</i>		
Finance income – credit on modification of deferred consideration	172	-
Finance costs	-	(432)
Taxation	-	198
Total	5,380	152

Other operating costs

In the year, a loss of £0.4m was recognised in other operating costs arising from the impairment to a right-of-use asset in respect of a London office which was vacated by AqualisBraemar LOC ASA (see Note 16 for more details). In the prior year there was an impairment charge of £0.3m, of which £0.2m arose on the same London office and £0.1m loss on disposal in respect of the Group subletting a portion of its Singapore office space to AqualisBraemar LOC ASA.

Acquisition-related items

The Group incurred total costs of £0.1m (2021 restated: £0.8m) in respect of acquisition-related items.

Expenditure of £0.1m (2021: £0.6m) is directly linked to the acquisition of Naves Corporate Finance GmbH. This includes charges of £0.1m (2021: £0.1m) related to foreign exchange translation of Euro liabilities. The prior year expenditure linked to the acquisition of Naves Corporate Finance GmbH also included charges of £0.3m in respect of interest and £0.4m of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement, and a credit of £0.1m which was included in respect of a reimbursement from the sellers of certain expenses incurred by the Financial Division prior to acquisition.

In the prior year, expenditure of £0.1m 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. The restricted share plan expired in July 2020 and no further amounts were charged to the Income Statement.

Also in the prior year expenditure of £0.3m was 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 was subject to clawback provisions if the working sellers were to leave employment of the Group before 28 February 2021. The cost was charged to the Income Statement over the clawback period and no further amounts were charged to the Income Statement after 28 February 2021.

Discontinued operations

The Group recognised a net gain of £5.7m on the disposal of discontinued operations (2021: £1.5m).

Gains on the disposal of Cory Brothers, AqualisBraemar and Wavespec of £4.1m, £3.4m and £0.6m respectively, were offset by an impairment charge of £2.4m on the consideration due in respect of Wavespec. See Note 9.

Other specific items

On 3 June 2021 the Group completed a restructuring of the deferred consideration amounts in relation to the acquisition of Naves. This resulted in a gain on modification of £0.2m, which is classified as specific finance income (see Note 14).

In the prior year £0.4m of interest charges related to the Group's revolving credit facility were 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. This interest charge is not considered to be a specific item in the current year.

In the prior year, a tax credit of £0.2m was recognised in respect of specific items which are allowable for UK corporation tax purposes.

9. Discontinued operations

During the year the Group has sold its Engineering Division, Wavespec, its Logistics Division, Cory Brothers, and its entire shareholding in AqualisBraemar.

a. Post-tax profit/loss related to discontinued operations

	2022			2021 Restated		
	Underlying £'000	Specific £'000	Total £'000	Underlying £'000	Specific £'000	Total £'000
Wavespec	(146)	(1,787)	(1,933)	(1,706)	(754)	(2,460)
Cory Brothers	1,563	4,134	5,697	938	-	938
AqualisBraemar	76	3,375	3,451	255	2,237	2,492
Profit/(loss)	1,493	5,722	7,215	(513)	1,483	970

Wavespec

On 31 March 2021, the Group completed the sale of Wavespec, which was classified as held for sale at 28 February 2021. A gain of £0.6m was recognised on disposal. The sale was for maximum consideration of

£2.6m which was expected to be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The disposal agreement contained an obligation for the buyer to secure the note by providing a standby letter of credit issued by an international bank with an acceptable credit rating. Should they fail to deliver such a letter of credit, the Group could elect to receive a sum of cash of £0.5m from the buyer with the balance of the note of £2.1m remaining unsecured. The fair value of the consideration was £2.4m (see Note 14 for details of assessment of discount rate). At 28 February 2022, the buyer had not delivered a secured letter of credit nor had the cash sum of £0.5m been received. Management believe that the consideration (fair value of £2.4m) is unlikely to be received and consequently has been provided in full (charge of £2.4m).

	Year ended 28 Feb 2022 £'000	Year ended 28 Feb 2021 £'000
<i>Underlying</i>		
Revenue	15	1,661
Costs	(161)	(3,367)
Trading loss before tax	(146)	(1,706)
Taxation	-	-
Underlying loss for the year from Wavespec	(146)	(1,706)
<i>Specific items</i>		
Impairment to fair value and other disposal costs	(7)	(754)
Gain on disposal	594	-
Credit impairment charge	(2,374)	-
Loss from specific items	(1,787)	(754)
Loss for the year from Wavespec	(1,933)	(2,460)

No taxation arises in relation to this discontinued operation as Wavespec was loss making.

A reconciliation of the derecognition of the Wavespec assets held for sale to gain on disposal is as follows:

	£'000
Intangibles	90
Property, plant and equipment	1
Cash	53
Trade and other receivables	292
Trade and other payables	(271)
Net assets held for sale disposed of	165

	£'000
Disposal proceeds	2,374
Net assets disposed of	(165)
Loan waiver	(1,006)
Disposal related costs	(609)
Gain on disposal of Wavespec	594

Intercompany loans totalling £1.0m owed to the Group from Wavespec were waived on disposal.

There were no cash proceeds from disposal in the period.

Cory Brothers

On 28 February 2022 the Company sold Cory Brothers to Vertom Agencies BV for a maximum consideration of £15.5m.

Although legal completion occurred on 28 February 2022, the initial cash proceeds of £6.5m were not received till post year-end and are presented within trade and other receivables at the year-end (see Note 21).

In addition, three further cash payments are due based on a percentage of the gross profit of the combined VertomCory business. Each of the three earnout payments is subject to a minimum and a maximum. The minimum aggregate earnout payment is £3.75m and the maximum aggregate earnout payment is £9.0m. The current estimate of the fair value of the deferred and contingent consideration is £4.8m, which is presented within long-term receivables (more detail on the calculation of the deferred consideration is included in Note 14).

The profit on disposal including foreign exchange recycling totalled £4.2m.

	Year ended 28 Feb 2022 £'000	Year ended 28 Feb 2021 £'000
<i>Underlying</i>		
Revenue	45,215	28,083
Costs	(42,759)	(26,892)
Trading profit before tax	2,456	1,191
Finance income	9	14
Finance expense	(36)	(41)
Profit before taxation	2,429	1,164
Taxation	(866)	(226)
Underlying profit from Cory Brothers	1,563	938
<i>Specific items</i>		
Gain on disposal	4,134	-
Total profit from Cory Brothers	5,697	938

A reconciliation of the derecognition of the Cory Brothers assets held for sale to gain on disposal is as follows:

	£'000
Goodwill	3,645
Intangibles	1,190
Property, plant and equipment	1,220
Investments	119
Cash	12,353
Trade and other receivables	15,110
Trade and other payables	(27,042)
Net assets held for sale disposed of	6,595

	£'000
Disposal proceeds	11,258
Net assets disposed of	(6,595)
Disposal related costs	(492)
FX recycling	(37)
Gain on disposal of Cory Brothers	4,134

The disposal proceeds of £11.3m are included on the Balance Sheet as follows:

- £6.5m of completion cash proceeds recognised in current other receivables, see Note 21. The cash was received on 2 March 2022.
- £3.6m of deferred consideration recognised in non-current other receivables, see Note 20. Deferred consideration receivable comprises of the minimum earnout consideration due to the Group as per the SPA and is not contingent on the future performance of the VertomCory business.
- £1.2m of contingent consideration recognised in non-current other receivables, see Note 20. Contingent consideration receivable represents the balance of the earnout consideration above the guaranteed minimum and up to a maximum specified in the SPA which is contingent on the future gross profits of the VertomCory business.

A sensitivity analysis of the contingent consideration to changes in the gross profits and discount rate is provided in Note 14.

AqualisBraemar

The Group recognised its minority shareholding in AqualisBraemar as an investment in associate until its disposal on 19 May 2021.

The Group's share of profit of associate and the profit on disposal including foreign exchange recycling totalled £3.5m, the disposal of 9,600,000 shares in AqualisBraemar in the preceding year gave rise to a gain of £1.8m (see Note 19). In the prior year the Group recognised a gain of £0.8m on a rights issue from AqualisBraemar and a loss of £0.4m on the fair value movement of warrants to acquire further shares in AqualisBraemar. There was a matching gain recognised in the financial statements of AqualisBraemar, and the Group's share of this gain was £0.1m and is also presented within specific items.

	Year ended 28 Feb 2022 £'000	Year ended 28 Feb 2021 £'000
<i>Underlying</i>		
Share of associate profit for the period – trading	76	255
<i>Specific items</i>		
Gain on rights issue	–	826
Share of associate profit for the period – fair value movement in warrants	–	91
Movement in fair value on warrants	–	(438)
Profit on disposal	3,375	1,758
Profit from specific items	3,375	2,237
Total profit for the period from AqualisBraemar	3,451	2,492

b. Earnings per share in respect of discontinued operations

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

	Year ended 28 Feb 2022	Year ended 28 Feb 2021
Basic earnings per share	23.62p	3.09p
Diluted earnings per share	19.24p	2.56p

c. Cash flows in respect of discontinued operations

During the year the discontinued operations had net operating cash inflows of £7.3m (2021: net operating cash outflows of £4.3m). There were net cash outflows of £4.7m (2021: nil) relating to investing activities, which includes the £7.2m proceeds from the sale of AqualisBraemar shares less the combined cash of £12.4m held within Wavespec and Cory Brothers at the time of their disposal. No cash proceeds were received in the period in respect of the disposal of either Wavespec or Cory Brothers.

d. Assets and liabilities held for sale

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

	Year ended 28 Feb 2022 £'000	Year ended 28 Feb 2021 £'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

All assets and liabilities held for sale at 28 February 2021 related to Wavespec. An impairment to fair value less costs to sell of £432,000 was pro-rated across intangibles and property, plant and equipment at 28 February 2021.

10. Dividends

Amounts recognised as distributions to equity holders in the year:

	2022 £'000	2021 £'000
Ordinary shares of 10 pence each		
Final dividend of 5.0 pence per share for the year ended 28 February 2021 (2020: nil)	1,499	-
Interim dividend of 2.0 pence per share (2021: nil)	610	-
	2,109	-

The dividends paid by the Group during the year ended 28 February 2022 totalled £2.1m (7.0 pence per share) which comprised a final dividend in respect of the year ended 28 February 2021 of £1.5m (5.0 pence per share) paid on 1 September 2021 and an interim dividend for the year ended 28 February 2022 of £0.6m (2.0 pence per share) paid on 16 December 2021. The right to receive dividends on the shares held in the ESOP has been waived (see Note 29). The dividend saving through the waiver is £0.1m (2021: £nil). No dividends were paid by the Group during the year ended 28 February 2021.

The Company has become aware of an administrative oversight during the year ended 28 February 2022, whereby the Company did not properly prepare and file unaudited interim accounts at Companies House, as required by the Companies Act 2006, prior to declaring and paying distributions to shareholders in respect of the Company's 1 September 2021 final dividend and 16 December 2021 interim dividend. As a result of this administrative oversight, the Company did not comply with certain provisions of the Act and, whilst there were sufficient distributable reserves to make the relevant distributions, they were therefore paid in technical infringement of the Act. Neither the amount nor payment of the relevant distributions, nor the Company's prior audited accounts, are affected by this, nor is there any impact on the Company's financial position either at the time of payment(s) or now.

The Company has proposed a resolution to be considered when the Annual General Meeting re-convenes on 6 October 2022 which will, if passed, give the board authority to enter into deeds of release to discharge these parties from any obligation to repay any amount to the Company in connection with the Relevant Distributions. The Company has not recorded the potential right to make claims against shareholders as an asset or a contingent asset in its Financial Statements. The directors of the Company have concluded that any inflow of economic benefits as a result of such claims is less than probable.

For the year ended 28 February 2022, a final ordinary dividend of 7.0 pence per share has been proposed totalling £2.3m.

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 2,731,893 ordinary shares held by the Employee Share Ownership Plan (2021: 588,127 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	2022 £'000	2021 Restated £'000
Profit for the year attributable to shareholders	13,919	4,532
	Pence	Pence
Basic earnings per share	45.66	14.45
Effect of dilutive share options	(8.43)	(2.50)
Diluted earnings per share	37.13	11.95
Underlying operations	2022 £'000	2021 Restated £'000
Underlying profit for the year attributable to shareholders	8,539	4,380
	Pence	Pence
Basic earnings per share	27.95	13.96
Effect of dilutive share options	(5.17)	(2.41)
Diluted earnings per share	22.78	11.55
Underlying continuing operations	2022 £'000	2021 Restated £'000
Underlying profit for the year from continuing operations	7,046	4,893
	Pence	Pence
Basic earnings per share	23.06	15.60
Effect of dilutive share options	(4.27)	(2.69)
Diluted earnings per share	18.79	12.91
Continuing operations	2022 £'000	2021 Restated £'000
Profit from continuing operations for the year attributable to shareholders	6,704	3,562
	Pence	Pence
Basic earnings per share	21.94	11.36
Effect of dilutive share options	(4.06)	(1.96)
Diluted earnings per share	17.88	9.40

The weighted average number of shares used in basic earnings per share is 30,552,532 (2021: 31,366,379).

The weighted average number of shares used in the diluted earnings per share is 37,490,784 (2021: 37,914,547) after adjusting for the effect of 6,938,253 (2021: 6,548,168) dilutive share options.

12. Goodwill

	£'000
Cost	
At 28 February 2020	91,471
Exchange adjustments	143
At 28 February 2021	91,614
Disposal of Cory Brothers	(3,645)
Exchange adjustments	(419)
At 28 February 2022	87,550
Accumulated impairment	
At 28 February 2022 and 28 February 2021	7,659
Net book value at 28 February 2022	79,891
Net book value at 28 February 2021	83,955

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

	2022 £'000	2021 £'000
Shipbroking	68,696	68,696
Financial	11,195	11,614
Logistics	–	3,645
	79,891	83,955

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 2022 was a loss of £419,000 (2021: gain of £143,000).

The Logistics Division, Cory Brothers, was disposed of on 28 February 2022, the goodwill previously held in respect of this cash-generating unit was therefore disposed of. See Note 9.

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 results of the impairment tests are as follows:

a. Shipbroking

The post-tax discount rate was determined from the post-tax weighted average cost of capital calculation which was not based on an entity-specific capital structure.

The estimated cash flows were based on the approved annual budget for the next financial year and projections for the following four years which are based on management's estimates of revenue growth and cost inflation which reflect past experience and management's expectation of future events given the specific risks and economic and market conditions of each cash-generating unit. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After five years a terminal value is calculated using a long-term growth rate of 1.7% (2021: 1.0%). Revenue growth rates have increased year on year for Shipbroking reflecting increased inflation. The key assumptions and resulting net present values are as follows:

Shipbroking	2022	2021
Post-tax discount rate	10.87%	9.10%
Equivalent pre-tax discount rate	13.19%	10.76%
Average revenue growth rate	5.0%	3.0%
Operating profit margin years 2-5	12.5–16.1%	11.2–21.9%

At 28 February 2022, 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.

b. Financial

The post-tax 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, for which revenues are harder to forecast than in the rest of the Group.

The estimated cash flows were based on the approved annual budget for the next financial year and projections for the following four years which are based on management's estimates of revenue growth and cost inflation which reflect past experience and management's expectation of future events given the specific risks and economic and market conditions of each cash-generating unit. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business. After five years a terminal value is calculated using a long-term growth rate of 1.7% (2021: 0.6%). Revenues for the Financial Division are challenging to forecast because of the highly variable nature of this revenue stream. Growth rates used in the value in use tests reflect this variability and were based on the best estimates of the senior management team in Financial. There is expected to be one year in the following four where there is a decline in performance during which time future deals will be entered into to secure the following years as well as one exceptional and one average year of performance.

Financial	2022	2021
Post-tax discount rate	12.37%	10.60%
Equivalent pre-tax discount rate	15.01%	14.94%
Average revenue growth rate	8.0%	3.5%
Operating profit margin years 2-5	34.5–45.6%	23.1–25.8%

Sensitivity to impairment

The tests performed indicated aggregate headroom over the carrying value of the goodwill in both cash-generating units. To test the sensitivity of the results of the impairment review, the calculations have been re-performed, flexing the three key assumptions:

- revenue growth;
- post-tax discount rate; and
- underlying operating profit.

	Change in revenue growth		Change in discount rate		Change in underlying operating profit	
	+1%	-1%	+1%	-1%	+5%	-5%
	£'000	£'000	£'000	£'000	£'000	£'000
Shipbroking	12,339	(12,275)	(16,026)	16,022	7,854	(7,125)
Financial	2,079	(1,992)	(1,945)	2,344	1,496	(1,496)

The results showed that in all scenarios the net present values of the cash-generating units were still in excess of the carrying value in all stressed scenarios and therefore there was no indication of impairment. The breakeven point, i.e. the point where the headroom over the carrying value is zero is reached by a reduction in average revenue growth rate of 4.0%/6.4% for Shipbroking and Financial Divisions respectively and by increasing the pre-tax discount rate by +12.8% for Shipbroking and +3.8% for Financial.

Management does not believe that climate-related risks or the potential impact of climate change on the Group's operations would affect the recoverability of goodwill in either of the cash-generating units (see Note 1d).

13. Other intangible assets

	Computer software £'000	Research and development £'000	Other intangible assets £'000	Total £'000
Cost				
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
Additions	515	-	-	515
Disposal of Cory Brothers	(1,344)	-	(1,480)	(2,824)
Exchange rate adjustments	(5)	-	-	(5)
At 28 February 2022	5,586	-	9,525	15,111
Amortisation				
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
Charge for the year	346	-	107	453
Disposal of Cory Brothers	(275)	-	(1,359)	(1,634)
Exchange adjustments	(1)	-	-	(1)
At 28 February 2022	4,845	-	9,269	14,114
Net book value at 28 February 2022	741	-	256	997
Net book value at 28 February 2021	1,645	-	484	2,129

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.

At 28 February 2022, the Group had no contractual commitments for the acquisition of computer software (2021: Enil).

14. Deferred and contingent consideration receivable

Fair value of Cory Brothers deferred and contingent consideration receivable

On 28 February 2022 the Company sold Cory Brothers to Vertom Agencies BV for maximum consideration of £15.5m. Initial cash proceeds of £6.5m were received on completion of the transaction, three further cash payments are due contingent on an agreed percentage of future gross profit of the combined VertomCory business. These "earnout" payments are subject to a combined minimum of £3.75m and a combined maximum of £9.0m.

The completion payment of £6.5m is included in trade and other receivables (see Note 21).

Each agreed minimum earnout payment is presented as deferred consideration recognised at amortised cost, using a discount rate of 2.39%. The uncertain element of each earnout payments is recognised at fair value through profit or loss and presented as contingent consideration. The fair value is calculated using the forecast

gross profit for the combined VertomCory business for each earnout period, applying the agreed percentage and discounting the forecast cash flow using the discount rate of 2.39%. Deferred and contingent consideration are included in other long-term receivables (see Note 20).

The current estimate of the fair value of the deferred consideration is £4.8m. The fair value of the contingent consideration involves two critical estimates; the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business and was reviewed by management as part of the financial due diligence process. A discount rate of 2.39% was used to calculate the net present value, this was based on the credit risk of Vertom Agencies BV following a credit check performed by management.

Sensitivity analysis

Management have considered the sensitivity of the contingent consideration receivable to both changes in the estimate of future profitability of the VertomCory agency business, and the discount rate selected.

	Carrying value as at 28 Feb 2022	Discounted value as at 28 Feb 2022	Sensitivity to the estimate of future gross profits of the VertomCory agency business		Sensitivity to change in the discount rate selected	
			Decrease by 10%	Increase by 10%	Decrease by 1% p.a.	Increase by 1% p.a.
	£'000	£'000	£'000	£'000	£'000	£'000
Payment due on 31 May 2023	336	326	(139)	140	4	(4)
Payment due on 31 May 2024	433	411	(167)	166	9	(9)
Payment due on 31 May 2025	507	469	(169)	170	16	(14)
Total	1,276	1,206	(475)	476	29	(27)

The 10% increase/decrease in future gross profits of the VertomCory agency business considered in the sensitivity analysis is selected to reflect a reasonably likely variation in outcomes, which lie within range covered by the minimum and maximum earnout thresholds. The change in discount rate considered reflects the observed range of three-year GBP corporate bond rates with similar credit risk.

15. Deferred consideration payable

Acquisition of Naves Corporate Finance GmbH

In September 2017, the Group acquired the entire share capital of Naves Corporate Finance GmbH ("Naves"). Naves was 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 accounting values for the deferred consideration and associated payments to management sellers are set out in Note 25. These amounts are subject to a prior period adjustment set out in Note 34.

The acquisition agreement provided for consideration of £16.0m (€18.4m) payable as follows:

- at completion in cash £7.3m (€8.3m), in shares £1.3m (€1.5m) and in convertible loan notes £6.4m (€7.4m); and
- deferred consideration in cash of £0.5m (€0.6m) and convertible loan notes of £0.5m (€0.6m), payable in instalments over the three years after the acquisition.

No consideration was contingent consideration. As at 28 February 2022, there is nil outstanding deferred consideration (2021: nil) to non-management sellers.

The acquisition agreement also provided deferred amounts that would be payable to management sellers, conditional on their ongoing service in the business. IFRS 3 states that amounts paid to former owners which are conditional on ongoing service are for the benefit of the acquirer and not for the benefit of former owners. Consideration linked to the ongoing service of former owners is treated as remuneration for post-combination services and classified as acquisition-related expenditure under specific items in the Income Statement.

The deferred amounts payable to management sellers comprised:

- i. deferred cash of £1.3m (€1.5m) and deferred convertible loan notes of £4.3m (€4.9m) conditional only on the individual management seller's continued service payable in instalments over the five years after the acquisition; and
- ii. deferred convertible loan notes of up to £9.4m (€11.0m) conditional on the individual management seller's continued service and the post-acquisition Naves' EBIT in the three years post-acquisition. By February 2021, there was no contingency remaining and the total amount paid was £4.6m (€5.3m).

At February 2022 £0.5m (2021: £1.0m) of amounts to management sellers were subject to future service conditions, of which £0.5m (2021: £0.9m) had been accrued. This accrual is presented within deferred consideration.

The tables below relate the amounts payable under the sale and purchase agreement to the values reflected in the Balance Sheets of the Group and parent company. The comparative values have been restated, and further details of the restatement are provided in Note 34.

Nominal value of Naves deferred consideration	2022	2022	2021	2021
(All denominated in Euros)	£'000	€'000	£'000	€'000
	Historical ¹		Historical ¹	
Amounts paid on acquisition				
Convertible loan notes settled in cash at maturity	6,430	7,400	6,430	7,400
Shares	1,308	1,505	1,308	1,505
Cash	7,172	8,254	7,172	8,254
Total consideration paid on acquisition	14,910	17,159	14,910	17,159
Settled deferred consideration				
Deferred cash settled	549	632	549	632
Convertible loan notes settled in cash at maturity	359	421	183	211
Deferred consideration settled	908	1,053	732	843
Deferred consideration convertible loan notes on Balance Sheet	191	211	367	421
Total deferred consideration	1,099	1,264	1,099	1,264
Total consideration for the business combination	16,009	18,423	16,009	18,423
			2021	2021
			£'000*	€'000
			Historical*	
Variable amounts paid and payable for post-acquisition services			4,636	5,328
Fixed amounts paid and payable for post-acquisition services			5,614	6,431
Total amounts paid and payable for post-acquisition services			10,250	11,759
Total consideration for the business combination			16,009	18,423
Total due under the Naves acquisition agreement			26,259	30,182
Potential variable payments not incurred				5,672
Working capital adjustment on acquisition				(854)
Maximum consideration disclosed in shareholder circular				35,000

Post-acquisition remuneration of £0.2m associated with the acquisition were incurred during the year ended 28 February 2022 (2021: £0.2m) and have been classified as acquisition-related expenditure under specific items in the Income Statement. See Note 8.

¹ Pounds Sterling values are presented at the period end closing rate.

Acquisition of Atlantic Brokers Holdings Ltd

In February 2018 the Group acquired the entire share capital of Atlantic Brokers Holdings Ltd, the holding company for Atlantic Brokers Ltd (together, "Atlantic").

The cash payment was made in the year to 28 February 2018 but was subject to clawback provisions if the working sellers were to leave employment of the Group before 28 February 2021. The cost was charged to the Income Statement over the clawback period and no further amounts were charged to the Income Statement after 28 February 2021.

16. Property, plant and equipment

	Leaseholds £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost or fair value				
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)
Reclassification to assets held for sale (Wavespec)	(65)	(385)	(170)	(620)
Exchange differences	107	-	33	140
At 28 February 2021	14,308	859	2,384	17,551
Additions at cost	1,087	315	337	1,739
Disposals	(244)	-	(631)	(875)
Disposal of Cory Brothers	(1,294)	(416)	(478)	(2,188)
Exchange differences	75	6	42	123
At 28 February 2022	13,932	764	1,654	16,350
Accumulated depreciation				
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)
Impairment	210	-	-	210
Reclassification to assets held for sale (Wavespec)	(63)	(379)	(170)	(612)
Exchange differences	-	11	42	53
At 28 February 2021	5,378	352	1,980	7,710
Charge for the year	2,663	148	220	3,031
Disposals	(244)	-	(620)	(864)
Impairment	392	-	-	392
Disposal of Cory Brothers	(490)	(300)	(178)	(968)
Exchange differences	(65)	26	10	(29)
At 28 February 2022	7,634	226	1,412	9,272
Net book value at 28 February 2022	6,298	538	242	7,078
Net book value at 28 February 2021	8,930	507	404	9,841

The prior period movement table has been represented to include impairment within accumulated depreciation instead of cost.

On 28 March 2022, the Group assigned the lease for its Bevis Marks premises to Beat Capital. The impairment charge of £392,000 is equal to the subsequent loss on assignment of this lease, being the lease assignment premium paid plus the net book value of the ROU asset disposed of less the outstanding lease liability. At 28 February 2022, the Group had no contractual commitments for the acquisition of property, plant and equipment (2021: £nil).

17. Leases

Right-of-use assets

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in other property leases the periodic rent is fixed over the lease term. The Group also leases certain items of plant and equipment which are typically motor vehicles. These contracts normally comprise only fixed payments over the lease terms.

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 1 March 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
Additions	1,036	11	1,047
Amortisation	(2,079)	(77)	(2,155)
Impairment	(392)	–	(392)
Disposals	–	(10)	(10)
Disposal of Cory Brothers	(856)	(51)	(907)
Exchange differences	166	–	166
At 28 February 2022	5,182	11	5,194

Details on the impairment charge of £0.4m are provided in Note 16.

Lease liabilities

	Total £'000
At 1 March 2020	14,777
Additions	1,185
Interest expense	409
Lease payments	(3,928)
Exchange differences	111
At 28 February 2021	12,554
Additions	814
Interest expense	329
Lease payments	(3,950)
Disposal of Cory Brothers	(1,243)
Exchange differences	1
At 28 February 2022	8,505

Lease receivables

	Total £'000
At 1 March 2020	3,214
Additions	324
Interest income	86
Lease payments	(804)
Exchange differences	7
At 28 February 2021	2,827
Additions	-
Disposal	(236)
Interest income	72
Lease payments	(870)
Disposal of Cory Brothers	(272)
Exchange differences	(9)
At 28 February 2022	1,512

	2022 £'000	2021 £'000
Short-term lease expense	234	282
Short-term lease income	73	73
Low value lease expense	-	-

Lease liabilities

	Within 1 year £'000	1 to 2 Years £'000	2 to 5 years £'000	More than 5 years £'000	Total £'000	Uncharged interest £'000	Net payable £'000
At 28 February 2022	3,431	3,197	2,131	16	8,775	(270)	8,505
At 28 February 2021	3,969	3,431	5,000	623	13,023	(479)	12,544

Lease receivables

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	More than 5 years £'000	Total £'000	Unearned interest £'000	Net receivable £'000
At 28 February 2022	642	642	284	-	1,568	(56)	1,512
At 28 February 2021	939	939	1,189	-	3,067	(240)	2,827

18. Investments

	2022 £'000	2021 £'000
Unlisted investments	1,780	1,962

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

Movement in unlisted investments	Total £'000
At 1 March 2020, and 28 February 2021	1,962
Disposal	(182)
At 28 February 2022	1,780

A list of subsidiary undertakings is included in Note 32.

The Financial Statements of the principal subsidiary undertakings are prepared to 28 February 2022.

Unlisted investments

The Group's unlisted investments include 1,000 (2021: 1,000) ordinary £1 shares in London Tanker Broker Panel Limited. The investment is carried at fair value of £1.5m, 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 2022.

19. Investment in associate

Zuma Labs Limited

On 29 October 2020 the Group subscribed for 1,000 ordinary shares in Zuma Labs Limited. Zuma Labs Limited is a private company incorporated in England and Wales and its registered address is Kemp House, 160 City Road, London, United Kingdom, EC1V 2NX. Zuma Labs Limited has one share class and each share carries one vote.

During the period, in accordance with the shareholders' agreement, three further subscriptions for shares were made totalling US\$0.5m (£0.3m), increasing Braemar's shareholding increased by 1,125 shares.

At 28 February 2022 the Group's shareholding was 2,500 shares, which equates to 20.0% of Zuma Labs Limited's share capital and 20.0% of voting rights (2021: 1,375 shares, 12.1% of share capital and 12.1% of voting rights). The Group has representation on the board of Zuma Labs Limited, as a result, the Group considers that it has the power to exercise significant influence in Zuma Labs Limited and the investment in it has been accounted for using the equity method.

A purchase price allocation exercise was undertaken to measure the fair value of the net assets on the date at which Zuma Labs Limited became an associate, and also at each date at which further shares were subscribed for. Based on the purchase price allocation exercise, the difference between the cost of the investment and Braemar's share of the net fair value of Zuma Labs Limited's identifiable assets and liabilities will be accounted for as goodwill. Amortisation of that goodwill is not permitted.

IAS 28 requires the most recent Financial Statements of an associate are used for accounting purposes, and that coterminous information should be used unless it is impractical to do so. Zuma Labs Limited has a year-end of 31 March and for practical reasons Zuma Labs Limited's management accounts for the 15 months ended 28 February 2022 will be used for the purposes of the Group's full-year reporting at 28 February with adjustments made for any significant transactions and events. Zuma Labs Limited will prepare its next set of Financial Statements for the year ended 31 March 2022. At 28 February 2022 Zuma Labs Limited had no contingent liabilities.

The summarised financial information of Zuma Labs Limited for the period ended 28 February 2022 is as follows. These figures are taken from the management accounts of Zuma Labs Limited, adjusted for any fair value adjustments but before any intercompany eliminations.

	28 Feb 22 £'000
Balance Sheet	
Current assets	283
Non-current assets	359
Current liabilities	(45)
Net assets (100%)	597
Group share of net assets (20%)	119
Income Statement	
Revenues	-
Post-tax profit	(130)
Total comprehensive income	(19)

Management have reviewed the carrying value of the investment in Zuma Labs Limited at 28 February 2022 and do not consider this to be impaired.

AqualisBraemar

On 21 June 2019 the Group recognised an investment in associate as a result of the divestment of the Offshore, Marine and Adjusting product lines in return for a significant shareholding in AqualisBraemar. AqualisBraemar 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 has one share class and each share carries one vote.

On 28 January 2021 the Group sold 9,600,000 shares and on 19 May 2021 the Group sold its entire remaining shareholding in AqualisBraemar, see Note 9. The Group was entitled to representation on the board of AqualisBraemar for as long as the Group's shareholding remains more than 10.0%. Based on this the Group consider that it had the power to exercise significant influence for the year ended 28 February 2021, and until it sold its shareholding on 19 May 2021. At that point significant influence was lost, the Group ceased to equity account for AqualisBraemar and the Group's interest in AqualisBraemar was limited to its holding of 6,523,977 performance-based warrants which were accounted for as a financial asset at fair value.

On 20 August 2021, 1,000,000 of the 6,523,977 warrants vested with the remainder lapsing. A loss on vesting of £2,000 was recognised in specific items. The shares received were subsequently sold on 31 August 2021 crystallising a further loss of £4,000.

At 28 February 2022 the Group's shareholding was nil which equates to 0% of AqualisBraemar's share capital and 0% of voting rights (2021: market value of £6.3m, being 10.42% of share capital and 10.42% of voting rights).

The results of AqualisBraemar are presented within discontinued operations.

The movements in the investment in associates are provided below.

	Zuma £'000	AqualisBraemar £'000	Total £'000
At 1 March 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 29 February 2021	418	3,345	3,763
Book value of 450 shares acquired	326	–	326
Share of profit in associate – underlying	(20)	76	56
Share of associate's other comprehensive income	–	52	52
Book value of 9,640,621 shares disposed	–	(3,473)	(3,473)
At 28 February 2022	724	–	724

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

	19 May 2021	28 Jan 2021
Number of shares sold	9,640,621	9,600,000
Share price NOK	9.00	7.50
	NOK'000	NOK'000
Gross disposal proceeds	86,776	72,000
Broker's commission at 1.5%/2%	(1,301)	(1,440)
Net disposal proceeds	85,475	70,560
	£'000	£'000
Net disposal proceeds	7,232	5,982
Book value of shares sold	(3,473)	(3,753)
Legal costs	(13)	–
Recycle of amounts in other comprehensive income	(371)	(471)
Profit on disposal	3,375	1,758

20. Other long-term receivables

	Note	2022 £'000	2021 £'000
Other long-term receivables			
Deferred consideration	9	3,482	–
Contingent consideration	9	1,276	–
Security deposits		17	34
Finance lease receivables	17	861	1,854
		5,636	1,888

Deferred consideration of £3.6m and contingent consideration of £1.2m relates to the earnout payments receivable in respect of the disposal of Cory Brothers, further detail is provided in Note 14.

See Note 17 for a maturity analysis which reconciles the long-term finance lease receivables to the undiscounted lease receipts and unearned finance income.

21. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	24,970	27,266
Provision for impairment of trade receivables	(3,159)	(2,858)
Net trade receivables	21,811	24,408
Other receivables	13,314	5,567
Finance lease receivables	633	974
Accrued income	1,965	2,570
Prepayments	1,085	1,281
Total	38,808	34,800

Included in other receivables at 28 February 2022 is £6.5m of completion proceeds relating to the disposal of Cory Brothers. The cash was due on completion of the transaction but was not received into the Group's bank account until 2 March 2022. Also included in other receivables in both years are 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:

	2022 £'000	2021 £'000
US Dollars	23,089	17,804
Sterling	14,451	13,792
Other	1,258	3,204
Total	38,808	34,800

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 2022, trade receivables of £1,251,000 (2021: £613,000) which were over 24 months old were treated as credit impaired and have been provided for and trade receivables of £757,000 (2021: £613,000)

which were between 12 months old and 24 months old were treated as impaired and have been provided for. A provision of £396,000 (2021: £477,000) has been made for specific trade receivables which are less than 12 months overdue.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses and rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The ageing profile of trade receivables and the lifetime expected credit loss for provisions and contract assets is as follows:

	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
2022					
Up to 3 months	14,562	0.015	100	210	310
3 to 6 months	3,952	0.020	100	77	177
6 to 12 months	4,036	0.051	196	196	392
Over 12 months	2,420	0.591	2,008	243	2,251
Trade receivables	24,970	0.096	2,404	726	3,130
Accrued income	1,965	0.015	-	29	29
Total	26,935	0.028	2,404	755	3,159
	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
2021					
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

Movements on the provision for impairment of trade receivables and accrued income were as follows:

	2022 £'000	2021 £'000
At 1 March	2,858	3,405
Bad debt charge/(credit)	747	(170)
Receivables written off during the year as uncollectible	(204)	(360)
Transferred on disposal	(242)	-
Reclassified as held for sale	-	(17)
At 28 February	3,159	2,858

22. Financial instruments and risk management

The Group is exposed through its operations to the following financial risks:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and 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
- Deferred consideration receivable
- Contingent receivable
- 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 2022 £'000
<i>Financial assets</i>				
Unlisted investments	-	1,500	-	1,500
Contingent consideration receivable	-	-	1,276	1,276
Forward currency contracts ¹	-	62	-	62
Total	-	1,562	1,276	2,838
<i>Financial liabilities</i>				
Forward currency contracts ¹	-	772	-	772
Embedded derivative	-	-	251	251
Total	-	772	251	1,023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 28 Feb 2021 £'000
<i>Financial assets</i>				
Unlisted investments	-	1,500	-	1,500
Forward currency contracts ²	-	1,773	-	1,773
Warrants	-	-	746	746
Total	-	3,273	746	4,019
<i>Financial liabilities</i>				
Embedded derivative (restated)	-	-	56	56
Total	-	-	56	56

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.

Deferred and contingent consideration receivable

The fair value of the deferred and contingent consideration receivable includes unobservable inputs and are therefore classified as Level 3. The deferred and contingent consideration receivable relates to the

¹ At 28 February 2022, currency forwards with a fair value of £54,000 maturing within 12 months have been shown as current assets. Currency forwards with a fair value of £8,000 maturing within 12 to 18 months of the Balance Sheet date have been shown as non-current assets. Liabilities include currency forwards with a fair value of £688,000 maturing within 12 months shown as current liabilities and currency forwards with a fair value of £84,000 maturing within 12 to 18 months of the Balance Sheet date shown as non-current liabilities.

² 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.

disposal of the Logistics Division whereby Braemar is entitled to three future cash payments. The SPA provides for a minimum guaranteed amount in each of the three years, this amount has been classified as deferred consideration. The fair value of the deferred consideration has been determined by discounting the guaranteed minimum amounts as per the SPA to present value using a discount rate of 2.39%. The balance of the earnout consideration is contingent on the future performance of the combined business up to a maximum specified in the SPA, this has been classified as contingent consideration. The fair value of the contingent consideration has been calculated by reference to management's expectation of the future profitability of the combined business and discounted to present value using a discount rate of 2.39%. The discount rate of 2.39% was based on the credit risk of Vertom Agencies BV assessed by a third party credit agency. See Note 9 for further details and a sensitivity analysis on the contingent element.

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

At 28 February 2021 the warrants were valued at £0.7m. 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, 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 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

On 20 August 2021, the warrants vested and a loss of £2,000 was recognised. There were no movements in the fair value of the warrants between 28 February 2021 and 20 August 2021.

Embedded derivative

The convertible loan note instruments issued on the acquisition of Naves contain an embedded derivative, being a Euro liability of principal and interest. The equity value of the underlying derivative is not considered closely related to the debt host, therefore the loan note is considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The fair value of the embedded derivative includes unobservable inputs and is therefore classified as Level 3. The key assumptions underpinning the fair value of the embedded derivative relate to the expected future share price of the Group and the GBP:EUR exchange rate. The fair value has been determined using the Black-Scholes valuation model.

A gain of £97,000 has been recognised in the Income Statement in respect of the fair value movement of the embedded derivative from 1 March 2021 to 28 February 2022 (2021 (restated): loss of £52,000).

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:

	2022 £'000	2021 restated £'000
Financial assets		
Cash and cash equivalents	13,984	14,111
Deferred consideration receivable	3,482	–
Trade and other receivables	38,601	35,407
Total	56,047	49,518

Financial liabilities	2022 £'000	2021 £'000
Trade and other payables	7,779	26,414
Deferred and contingent consideration	4,686	8,370
Lease liabilities	8,506	12,554
Loans and borrowings	23,254	23,000
Total	44,205	70,338

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 2022 the Group held forward currency contracts to sell US\$53.8m at an average rate of US\$1.370/£1.

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

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £709,000 liability (2021: £1,773,000 asset) which has been deferred in equity.

Amounts of £1,613,000 have been credited (2021: £84,000 credited) 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 or the Euro strengthened/(weakened) by 10% against Sterling, with all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+10% strengthening £'000	-10% weakening £'000	+10% strengthening £'000	-10% weakening £'000
28 February 2022				
US Dollars	2,697	(2,697)	2,185	(2,185)
Euros	(111)	111	(90)	90
Total	2,586	(2,586)	2,095	(2,095)
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)

c. Interest rate risk

The Group is exposed to interest rate risk from borrowings at floating rates. The Group minimises its short-term exposure to interest rate risk on its cash and cash equivalents by pooling cash balances across the Group's hubs.

The Group has not entered into any financial instruments to fix or hedge the interest rates applied to its bank borrowings and overdrafts.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments which are exposed to interest rate risk:

	Notes	2022 £'000	2021 £'000
Floating rate:			
Within one year			
Cash and cash equivalents	23	13,984	14,111
Secured rolling credit facilities and other borrowings	25	(23,254)	(23,000)
		(9,290)	(8,889)

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 2022				
Cash and cash equivalents	63	(63)	51	(50)
RCF and overdrafts	(104)	104	(84)	84
Total	(41)	41	(33)	34
28 February 2021				
Cash and cash equivalents	7	(6)	5	(5)
RCF and overdrafts	(11)	10	(9)	8
Total	(4)	4	(4)	3

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 21.

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 twelve-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 2022	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	5,649	2,130	-	-	-
Loans and borrowings	-	-	23,254	-	-
Lease liabilities	864	2,567	3,197	2,131	16
Deferred and contingent consideration	-	1,450	1,654	1,562	-
Total	6,513	6,147	28,105	3,693	16
Forward currency contracts					
Gross outflows	11,204	18,748	6,498	-	-
Gross inflows	(11,034)	(18,231)	(6,414)	-	-
Net outflow from forward currency contract	170	517	84	-	-
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	12,048	14,366	-	-	-
Loans and borrowings	146	438	23,341	-	-
Lease liabilities	992	2,977	3,431	5,000	623
Deferred and contingent consideration	-	2,596	1,450	3,926	-
Total	13,186	20,377	28,222	8,926	623
Forward currency contracts					
Gross outflows	11,040	18,066	5,879	-	-
Gross inflows	(11,557)	(19,164)	(6,031)	-	-
Net inflow from forward currency contract	(517)	(1,098)	(152)	-	-

Loans and borrowings have been represented to show the expected interest payments payable on the revolving credit facility in addition to the repayment of the loan. The presentation of future cash flows arising from forward currency contracts has been represented for the prior year to show grossed up cash inflows and outflows in addition to the net flow position.

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 2022 and 28 February 2021.

g. Reconciliation of financing cash flows

	Non-current loans and borrowings £'000	Non-current deferred consid- eration £'000	Non-current lease liabilities £'000	Current loans and borrowings £'000	Current deferred consid- eration £'000	Current lease liabilities £'000	Total £'000
At 1 March 2021	1,217	3,358	8,634	28,130	608	3,920	45,867
Prior period adjustment (see Note 34)	24,464	(2,476)	-	(23,669)	(608)	-	(2,289)
Restated at 1 March 2021	25,681	882	8,634	4,461	-	3,920	43,578
Cash flows	(362)	-	-	(2,593)	-	(3,950)	(6,905)
Non-cash flows:							
• Shares issued	-	-	-	(541)	-	-	(541)
• Derivatives issued	(293)	-	-	-	-	-	(293)
• Interest accruing in the period	537	238	329	134	-	-	1,238
• Lease adjustment	-	-	814	-	-	-	814
• Amounts reclassified from non-current to current	(95)	-	(3,947)	95	-	3,947	-
• Amounts reclassified from deferred consideration to loans	625	(625)	-	-	-	-	-
• Cory Brothers disposal	-	-	(753)	-	-	(490)	(1,243)
• Effects of foreign exchange	(84)	-	-	(140)	-	2	(222)
At 28 February 2022	26,009	495	5,077	1,418	-	3,429	36,426

	Non-current loans and borrowings £'000	Non-current deferred consid- eration £'000	Non-current lease liabilities £'000	Current loans and borrowings £'000	Current deferred consid- eration £'000	Current lease liabilities £'000	Total £'000
At 1 March 2020	2,398	3,031	10,943	53,098	800	3,834	73,904
Prior period adjustment	23,883	(738)	-	(23,538)	(423)	-	(816)
Restated at 1 March 2020	26,281	2,293	10,943	29,560	177	3,834	73,088
Cash flows	(1,554)	-	-	(27,153)	(177)	(3,928)	(32,812)
Non-cash flows:							
• Interest accruing in the period	1,028	-	409	240	-	-	1,677
• Lease adjustment	-	-	1,185	-	-	-	1,185
• Amounts reclassified from non-current to current	(1,697)	-	(3,970)	1,697	-	3,970	-
• Amounts reclassified from deferred consideration to loans	1,553	(1,553)	-	-	-	-	-
• Retention accrual net charge	-	142	-	-	-	-	142
• Effects of foreign exchange	70	-	67	117	-	44	298
At 28 February 2021	25,681	882	8,634	4,461	-	3,920	43,578

23. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and cash on hand	13,964	14,111
Cash held for sale (Wavespec – see Note 9d)	–	53
Total	13,964	14,164

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 £2.9m (2021: £1.4m) held in the bank accounts of regulated entities where there is a requirement to hold a certain amount of cash at any one time in order to cover future obligations. No charge or other restriction of use is held over this cash.

The directors consider that the carrying amounts of these assets approximate to their fair value.

24. Trade and other payables

Current liabilities	2022 £'000	2021 £'000
Trade payables	3,397	21,285
Lease liabilities	3,429	3,920
Other taxation and social security	721	988
Other payables	–	42
Accruals	31,082	19,412
Total	38,629	45,647

Accruals includes accrued bonuses and other general accruals.

The average credit period taken for trade payables is 102 days (2021: 77 days). The directors consider that the carrying amounts of trade payables approximate to their fair value.

25. Borrowings

	2022 £'000	2021 £'000
Long-term borrowings		
Secured revolving credit facilities	23,254	23,000
Lease liabilities	5,077	8,634
Total	28,331	31,634

The revolving credit facility expires in September 2023. Amounts can be rolled on a monthly basis until the facility expires subject to certain conditions and on that basis the borrowings have been classified as long-term. The revolving credit facility bears interest based on SONIA.

All revolving credit facilities are drawn within Braemar Shipping Services Plc and appear in the accounts of the Company. During the period, the revolving credit facility has been renegotiated so that SONIA replaced LIBOR and EURIBOR as the applicable interest rate. The applicable interest rate is between 2.25–3.25% dependent on net leverage. The change has not had a material impact on the Financial Statements. See Note 22 for details of the Group's cash pooling arrangements and the net overdraft available to the Group.

The directors consider that the fair value of the revolving credit facility liability and the fair value of the long-term lease liabilities are equivalent to the carrying amount.

Convertible instruments

The Group issues convertible loan notes in connection with its acquisition of Naves in September 2017.

These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are Euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for management sellers and 450.3 pence for non-management sellers.

The convertible loan note instruments carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The loan notes shall automatically convert or be redeemed in the event that any person or persons acting in concert hold more than 50% of the issued share capital of the Group or an impairment charge in excess of £42.8m (€50.0m) is reflected in the audited Financial Statements of the Group.

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

The total value of convertible loan note liability is £4.9m (2021: £8.1m).

Reconciliation of nominal amounts paid and payable to Balance Sheet amounts

	2022 £'000 Closing rate	2022 €'000	2021 £'000 Closing rate Restated	2021 €'000
Deferred consideration convertible loan notes on Balance Sheet	176	211	366	421
Total amounts paid and payable for post-acquisition services	10,415	12,458	10,218	11,759
<i>Of which</i>	-	-	-	-
Settled in cash	(3,078)	(3,882)	(1,276)	(1,468)
Settled in shares	(522)	(625)	-	-
Settled in convertible loan notes settled in cash at maturity	(1,987)	(2,377)	(1,032)	(1,188)
Nominal value of Naves-related liabilities outstanding	5,004	5,985	8,276	9,524
Effect of discounting and separation of derivatives	(232)		(36)	
Total carrying amount in parent company accounts	4,772		8,240	
Effect of measurement differences and remaining service conditions	145		(160)	
Total carrying amount in consolidated accounts	4,917		8,080	
	2022		2021	
Represented in the Consolidated Balance Sheet by:	£'000		£'000	
<i>Current liabilities</i>				
Convertible loan notes	1,416		4,461	
<i>Non-current liabilities</i>				
Convertible loan notes	2,755		2,681	
Accrued employee costs	495		882	
Derivatives	251		56	
	3,501		3,619	
	4,917		8,080	
	2022		2021	
Represented in the parent company Balance Sheet by:	£'000		£'000	
<i>Current liabilities</i>				
Convertible loan notes	1,416		4,461	
<i>Non-current liabilities</i>				
Convertible loan notes	3,271		3,640	
Derivatives	85		139	
	3,356		3,779	
	4,772		8,240	

The movement in the Naves-related balances in the Group Balance Sheet during the year is explained by the items below:

	2022 £'000	2021 £'000
Total Naves-related balances at start of year	8,080	9,557
Finance expense	130	303
Post-acquisition remuneration	238	141
Foreign exchange movements	(225)	186
Renegotiation gain	(172)	-
Cash paid	(2,593)	(2,107)
Equity issued	(541)	-
Total movements	(3,183)	(1,477)
Total Naves-related balances at year-end	4,897	8,080

The loan notes have the following maturities:

	Accounting value		Nominal value	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Due at the reporting date	-	3,206	-	3,667
30-Sep-21	-	1,238	-	1,399
31-Dec-21	-	1,352	-	1,539
30-Sep-22	1,184	1,238	1,399	1,399
31-Dec-22	215	108	-	122
30-Sep-23	592	<i>not yet earned</i>	699	699
30-Sep-24	<i>not yet earned</i>	<i>not yet earned</i>	699	699
30-Sep-25	2,180	-	2,929	-
	4,171	7,142	5,726	9,524
Derivatives thereon	251	56		
Accrual for notes subject to future service	495	882		
Total liabilities on loan notes	4,917	8,080		

Note that current liabilities in respect of the loan notes differs from the amounts shown above maturing within one year due to interest payable within one year on non-current loans and the outstanding current liability to deliver cash and shares in respect of matured loan notes.

Where loan notes are subject to future service conditions, they are accrued as an employee expense over the relevant service period. At the end of the service period they are recognised as financial instruments. The nominal value of loan notes subject to future service are included in the maturity analysis above but are not included in the Group's financial liabilities. The accrual in respect of these items was £0.5m at 28 February 2022 (2021: £0.8m).

Renegotiation of amounts payable to management sellers

On 3 June 2021 the Group reached an agreement with two of Braemar Naves' Managing directors, Axel Siepmann and Mark Kuchenbecker, and their connected parties, to restructure certain convertible loan notes owed by the Group. These loan notes arose on variable consideration for post-acquisition services arising from the 2017 Naves acquisition. At the time of the renegotiation there were no contingencies or further service obligations outstanding in respect of any of these amounts.

A total of £2.5m (€2.9m) which was previously due to mature before the end of December 2022 has been deferred to mature no earlier than September 2025. In addition, a further amount of £0.7m (€0.75m) was

agreed to be satisfied by the issue of Braemar shares in three tranches. The first two tranches, totalling £0.6m (€0.6m) were issued in September and December 2021 with the remaining tranche of £0.1m (€0.1m) to be issued in December 2022. As part of the modification the Group has also agreed to increase the interest rate on certain convertible loan notes, to the extent that they are still outstanding, to 5% per annum from September 2025 from the 3% payable until that date.

A credit of £0.2m has been recognised in respect of the accounting for the modification and classified in finance income under specific items in the Income Statement. See Note 8.

26. Provisions

	Dilapidations £'000	Employee entitlements £'000	Total £'000
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
Provided in the year	7	279	286
At 28 February 2022	682	601	1,283
Current	–	486	486
Non-current	682	115	797
At 28 February 2022	682	601	1,283

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.

27. 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 2022. 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 2022 were as follows:

	2022 £'000	2021 £'000
Present value of funded obligations	15,156	16,174
Fair value of scheme assets	(13,104)	(12,355)
Total deficit of defined benefit pension scheme	2,052	3,819

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 62% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 38% 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 18.7 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 2020 and showed a deficit of £1.5m. As a result, the Company has been paying deficit contributions of £450,000 per annum since 1 April 2020 which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 January 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:

	2022 (% p.a.)	2021 (% p.a.)
Discount rate	2.65	1.9
CPI inflation	3.1	2.0
Pension increases:		
CPI capped at 2.5% p.a.	2.1	2.1
CPI capped at 5.0% p.a.	3.2	2.8
Deferred pension increases:		
CPI capped at 2.5% p.a.	2.1	2.1
CPI capped at 5.0% p.a.	3.2	2.8
	2022 Years	2021 Years
Life expectancy from age 60 for:		
Current 60-year-old male	27.5	27.9
Current 60-year-old female	28.7	29.1
Pre-retirement mortality	-	-
Post-retirement mortality	S2 Light Tables, CMI 2020 (min 1.25%)	
Early retirement	33% of members retire at age 55, with the remainder retiring at age 60	
Withdrawals from active service	No allowance	
Cash commutation	25% of the member's pension is commuted	

Under early retirement it is assumed that 33% of members will retire at age 55, with the remainder retiring at age 60.

Scheme assets	2022 £'000	2021 £'000
Scheme assets are comprised as follows:		
UK equities	366	128
Overseas equities	4,391	3,926
Unquoted equities	67	352
Absolute return	315	200
High yield debt	325	303
Cash	322	350
Inflation-linked bonds	4,354	4,217
Corporate bonds	1,547	1,328
Government bonds	234	422
Other	1,193	1,129
Total	13,104	12,355

Expense recognised in the Income Statement (included in operating costs)	2022 £'000	2021 £'000
Current service cost	-	-
Curtailment credit	-	-
Interest on net liability	73	73
Expense recognised in Income Statement	73	73
Remeasurements in other comprehensive expense:		
Return on assets in excess of that recognised in net interest	(316)	(801)
Actuarial losses due to changes in financial assumptions	(2,174)	1,597
Actuarial losses due to changes in demographic assumptions	(268)	29
Actuarial gains due to liability experience	1,368	(301)
Amount recognised in other comprehensive expense	(1,390)	524
Total amount recognised in Income Statement and other comprehensive expense	(1,317)	597

Changes to the present value of the defined benefit obligation are analysed as follows:

	2022 £'000	2021 £'000
Opening defined benefit obligation	16,174	16,004
Past service cost	-	-
Interest expense	307	320
Contributions by participants	-	-
Actuarial losses on liabilities	(1,074)	1,325
Net benefit payments from scheme	(251)	(1,475)
Closing value at 28 February	15,156	16,174

Changes in the fair value of plan assets are analysed as follows:

	2022 £'000	2021 £'000
Opening fair value at 1 March	12,355	12,332
Expected return on assets	235	247
Actuarial gains on liabilities	316	801
Contributions by employers	450	450
Contributions by participants	-	-
Net benefit payments from scheme	(252)	(1,475)
Closing value at 28 February	13,104	12,355

The Group expects to contribute £412,500 to its defined benefit pension scheme in the next twelve months (2021: £450,000).

	2022 £'000	2021 £'000
Actual return on Scheme assets		
Expected return on assets	235	247
Remeasurement gain on assets	316	801
Actual return on assets	551	1,048

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 28 February 2022 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	1,697
Inflation assumption reduced by 0.5% p.a. ¹	7.2	1,091
Increase in life expectancy of one year for all members reaching 60	2.2	333

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 £1,234,000 (2021: £1,280,000) of which £915,000 (2021: £893,000) was in respect of continuing operations.

Contributions of £99,000 were due to these schemes at 28 February 2022 (2021: £97,000).

The assets of these schemes are held separately from those of the Group in funds under the control of the Trustees.

28. Share capital

	Ordinary shares		Ordinary shares	
	2022 Number	2021 Number	2022 £'000	2021 £'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	
	2022 Number	2021 Number	2022 £'000	2021 £'000	2022 £'000	2021 (restated) £'000
b. Issued						
Fully paid ordinary shares of 10 pence each						
As at start of year	31,731,218	31,673,829	3,174	3,167	52,510	52,510
Shares issued and fully paid (see below)	474,372	57,389	47	7	520	-
As at end of year	32,205,590	31,731,218	3,221	3,174	53,030	52,510

Share premium has been restated (see Note 34) reducing by £3.3m to £52.5m at 29 February 2020 and 28 February 2021.

227,281 shares were issued to the Group's ESOP to satisfy share awards under the Company Share Option Plan. In addition, 204,944 shares were issued to settle part of the deferred consideration payable in respect of the acquisition of Naves during the year ended 28 February 2022.

During the year ended 28 February 2022, no shares were issued as part of the restricted share plan scheme (2021: 57,389 shares were issued at nil cost).

¹ 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.

No shares were issued in the year as part of the Save-As-You-Earn ("SAYE") Scheme. No shares remained unpaid at 28 February 2022 or 28 February 2021.

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.

Details of the share options in issue and the movements in the year are given below:

Share scheme	Year option granted	Number at 1 Mar 2021	Granted	Exercised	Lapsed	Number at 28 Feb 2022	Exercise price (pence)	Exercisable between
SAYE	2019	413,771	-	-	-	413,771	160.0	2022-2023

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
Grant date	5 Jul 2019
Share price at grant date	199.67p
Exercise price	160.0p
Number of employees	164
Shares under option	656,070
Vesting period (years)	3.0
Expected volatility	30.49%
Option life (years)	3.6
Risk-free rate	0.35%
Expected dividends expressed as a dividend yield	7.51%
Possibility of ceasing employment before vesting	9.62%
Expectation of meeting performance criteria	100.00%
Fair value per option	33.62p

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.

The value of the awards are expensed over the period from the date of grant to the vesting date.

No options were exercised in the current year or the prior year.

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.

The provisional value of the Deferred Bonus Plan for a given financial year is set in the budgeting process preceding the financial year, and this value is expensed over the period from provisional determination until vesting. Once the actual performance for the financial year is known the rate of accrual is corrected accordingly.

Vesting normally occurs 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.

The Company adopted a new Deferred Bonus Plan in May 2020 (the "New DBP"), pursuant to which subsequent 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 2021	Granted	Exer-cised	Lapsed	Number at 28 February 2022	Exercise price (pence)	Exercisable
September 2017	20,000	-	-	(20,000)	-	nil	Sep 2020
June 2018	901,070	-	(837,081)	(30,602)	33,387	nil	Jun 2021
June 2019	1,636,422	-	-	(30,000)	1,606,422	nil	Jun 2022
July 2020	3,299,322	-	-	(131,467)	3,167,855	nil	Jul 2022
November 2020	315,975	-	-	-	315,975	nil	Nov 2023
June 2021	-	1,378,586	-	(50,050)	1,328,536	nil	Jun 2024
Deferred Bonus Plan	6,172,789	1,378,586	(837,081)	(262,119)	6,462,175	nil	

The weighted average share price on exercise for awards exercised during the year was £2.77 (2021: £1.40). The weighted average share price at grant date for awards granted during the year was £3.03 (2021: £1.23).

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.

Under both the Plan and the New DBP, sufficient shares to satisfy each award are bought over the course of the vesting period, and held in an employee trust ("ESOP") until vesting. As at 28 February 2022, the ESOP held 2,669,603 ordinary shares (2021: 525,837). The ESOP holding is in line with expectations of how many shares will be needed to satisfy the current awards under this scheme. This amount is net of expected lapses in the scheme and the fact that recipients typically forego sufficient shares in order to satisfy the associated tax liability that arises on their vesting.

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.

During the year ended 28 February 2019 a further 144,000 RSP awards were granted, of which 100% will vest after three years provided the individuals remain employed by the Group.

Details of the RSP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2021	Granted	Exercised	Lapsed	Number at 28 February 2022	Exercisable between
July 2014	13,750	-	-	-	13,750	Jul 17 – Jul 24
Aug 2015	18,750	-	(6,250)	-	12,500	Aug 18 – Aug 25
March 2016	12,500	-	(12,500)	-	-	Mar 22 – Mar 26
May 2017	38,560	-	(38,560)	-	-	May 20 – May 27
July 2018	36,320	-	-	-	36,320	Jul 21 – Jul 28
Feb 2019	144,000	-	-	-	144,000	Feb 22 – Feb 29
Restricted Share Plan	263,880	-	(57,310)	-	206,570	

The weighted average share price on exercise for awards exercised during the year was £2.81 (2021: £1.24).

The fair value of the nil cost options is approximated to the share price at the time of grant less the expected dividend to be paid during the vesting period.

The value of the awards are expensed over the period from the date of grant to the vesting date or if used as a recruitment incentive, from the date of joining to the vesting date. The awards are satisfied by the issue of new shares.

iv. Long-Term Incentive Plan ("LTIP")

The Company also has LTIP awards, which allow for the form of a conditional right to receive shares at nil cost. The awards normally vest over three years and are subject to various performance conditions based on earnings per share ("EPS") or divisional operating profit.

In June 2018, awards of 527,464 shares were made to one executive director and three senior members of management.

In June 2019, awards of 394,735 shares were made to one executive director and three senior members of management.

In June 2020, awards of 506,250 shares were made to one executive director and three senior members of management.

Details of the LTIP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2021	Granted	Exercised	Lapsed	Number at 28 February 2022	Exercisable between
LTIP 2018	150,537	-	-	(117,243)	33,294	Nov 21 – Jun 28
LTIP 2019	394,735	-	-	-	394,735	Dec 21 – Dec 29
LTIP 2020	506,250	-	-	-	506,250	Aug 23 – Jun 30
Long-Term Incentive Plan	1,051,522	-	-	(117,243)	934,279	

The weighted average share price at grant date for awards granted during the prior year was £1.23.

The fair value of the nil cost options is approximated to the share price at the time of grant less the expected dividend to be paid during the vesting period calculated using the market consensus dividend yield.

The value of the awards are expensed over the period from the date of grant to the vesting date. The awards are satisfied by the issue of new shares.

Movement in share-based payment reserve

Movement in share-based payment reserve	Total £'000
Share-based payment expense	
- Continuing operations	2,951
- Discontinued operations	58
Total charge to Income Statement	3,009
Transfer to accruals	(115)
	2,894
Awards vesting	(1,659)
Net movement in share-based payment reserve for year ended 28 February 2022	1,235

The share-based payment reserve is presented within retained earnings.

29. ESOP reserve

An Employee Share Ownership Plan ("ESOP") was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held in trust by the Trustee of the ESOP, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. Additionally, an Employee Benefit Trust ("EBT") previously run by ACM Shipping Group plc also holds shares in the Company. The ESOP and EBT are accounted for within the Company accounts.

The ESOP reserve represents a deduction from shareholders' funds and a reduction in distributable reserves. The deduction equals the net purchase cost of the shares held in by the ESOP. Shares allocated by the ESOP to satisfy share awards issued by the Group are released at cost on a FIFO basis.

Group and Company	£'000
At 29 February 2020	2,498
Shares acquired by the ESOP	860
ESOP shares allocated	(1,996)
At 28 February 2021	1,362
New shares fully paid up and issued to the ESOP	25
Shares acquired by the ESOP	7,043
ESOP shares allocated	(1,659)
At 28 February 2022	6,771

As at 28 February 2022, the ESOP held 2,669,603 (2021: 625,837) ordinary shares of 10 pence each. The funding of the purchase has been provided by the Company in the form of a gift and the Trustees have contracted with the Company to waive the ESOP's right to receive dividends. The fees charged by the Trustees for the operation of the ESOP are paid by the Company and charged to the Income Statement as they fall due. Since the year-end a further 1,670,000 shares have been acquired by the Trustees making the total in the ESOP currently 4,339,603.

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 2022, the EBT held 62,290 (2021: 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 2022 was £6,771,000 (2021: £1,362,000) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 28 February 2022 of £6,420,395 (2021: £1,305,642). The distribution of these shares is determined by the Remuneration Committee.

596,398 shares (2021: 362,563) have been released to employees during the year. The shares acquired by the ESOP had an aggregate cost of £7.0m, of which £6.3m was settled in cash whilst share awards with a market value of £0.7m were forfeited by employees to the ESOP to cover the tax charge arising on the gross awards which were subsequently settled by the Group.

30. Other reserves

Restated	Note	Capital redemption reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Hedging reserve £'000	Total £'000
At 28 February 2020		396	21,346	1,385	(848)	22,279
Restatement		–	3,295	(205)	493	3,583
At 28 February 2020 (restated)		396	24,641	1,180	(355)	25,862
Cash flow hedges						
• Transfer to net profit		–	–	–	292	292
• Fair value losses in the period		–	–	–	1,918	1,918
Exchange differences		–	–	442	–	442
Deferred tax on items taken to equity		–	–	–	(420)	(420)
At 28 February 2021		396	24,641	1,622	1,435	28,094
Cash flow hedges						
• Transfer to net profit		–	–	–	(1,613)	(1,613)
• Fair value gain/losses in the period		–	–	–	(869)	(869)
Exchange differences		–	–	998	–	998
Deferred tax on items taken to equity		–	–	–	514	514
At 28 February 2022		396	24,641	2,620	(533)	27,124

The capital redemption reserve arose on previous share buy-backs by the Company.

The merger reserve arises on transactions where the Company issues shares pursuant to an arrangement to acquire more than an 90% interest in another company and no share premium is recorded. The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited. Further additions have arisen in respect of Naves and Atlantic Brokers included in the prior period adjustment (£1.3m and £2.0m respectively). The amounts in merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write down of these assets.

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 £710,000 liability (2021: £1,773,000 asset). An increase of £514,000 in the deferred tax asset (2021: £420,000 decrease) is attributable to these transactions.

A correction to the merger reserve has been transferred from share premium has been recognised as a prior period adjustment – see Note 34.

A correction to the hedging reserve and retained earnings in respect of consolidation errors has been recognised as a prior period adjustment – see Note 34.

31. Contingent liabilities

The Group has contingent liabilities in respect of guarantees entered into in the normal course of business given as follows:

	2022 £'000	2021 £'000
Bank guarantees given to:		
HM Revenue and Customs	-	1,410
Third parties (non-cash collateralised)	837	787
Total	837	2,197

In the prior year the Group had issued a guarantee of £1.4m to HMRC in respect of VAT, duty and excise which was collected on imports which was collected by Cory Brothers as part of its trading activity and subsequently paid to HMRC. As a result of Brexit, HMRC no longer required the guarantee and it was cancelled by the Group prior to the disposal of Cory Brothers.

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 22).

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.

32. Related party transactions

During the period the Group entered into the following transactions with joint ventures and investments:

Group	2022			2021		
	Recharges to/(from) £'000	Dividends £'000	Balance due(to)/from £'000	Recharges to/(from) £'000	Dividends £'000	Balance due(to)/from £'000
London Tanker Broker Panel	324	-	-	310	-	-
AqualisBraemar LOC ASA	221	-	282	610	641	240
Risorto GmbH	(453)	-	(31)	(865)	-	(33)
Worldscale	84	-	-	60	-	-

London Tanker Broker Panel

Recharges to London Tanker Broker Panel consist of a monthly fee payable to the Group for the provision of data.

AqualisBraemar

Recharges to AqualisBraemar consisted primarily of rent, IT services and HR services in accordance with a transitional services agreement. Included in the net recharge to AqualisBraemar is a fee payable to the Group's former Chairman, Ronald Series of £3,750 (2021: £15,000).

In the prior year, the Group received £641,000 of dividends from AqualisBraemar which were credited to cost of investment. See Note 19.

A loss of £262,000 was recognised in the prior year in respect of the Group subletting a portion of its Singapore office space to AqualisBraemar, and an impairment to a right-of-use asset in respect of a London office which will be vacated by AqualisBraemar. See Note 8.

The balance due from AqualisBraemar is unsecured, interest-free and immediately repayable.

Risorto GmbH

Risorto GmbH is owned and 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 €0.5m (2021: €0.7m). The balance owing to Risorto GmbH as at 28 February 2022 was less than €0.1m (2021: less than €0.1m).

Worldscale Association Limited

Management consider that Worldscale Association Limited is a related party because Nico Borkmann, a senior employee in the Group, is one of its directors. Recharges to Worldscale consist of a monthly fee payable to the Group for the provision of data.

Key management compensation is disclosed in Note 4.

Transactions with wholly owned subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

A list of the Group's subsidiary undertakings is provided below. Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital comprises ordinary shares. All entities primarily operate in their country of incorporation.

Subsidiaries*Direct holdings of the Company as at 28 February 2022:*

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
Seascope Capital Services Limited		Dormant	03592796
GFL (UK) Limited		Dormant	02360525
Braemar Developments Limited*		Dormant	02186790
Braemar Tankers Limited		Dormant	02001027
Incorporated in the US 2800 North Loop West, Suite 900, Houston, Texas 77092, US		Principal activity	Registration number
Braemar Holdings (USA) Inc		Holding company	FEIN 81-1568938

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	01610996
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
Cagnoll 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

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 United Arab Emirates		
One JLT 06-55 One JLT, Plot No. Dmcc-Ez1-1ab, Jumeirah Lakes Towers, Dubai, UAE	Principal activity	Registration number
Braemar ACM Shipbroking DMCC	Shipbroking	DMCC-749556
Incorporated in the US		
2800 North Loop West, Suite 900, Houston, Texas 77092, US	Principal activity	Registration number
Braemar ACM Shipbroking (USA) Inc	Shipbroking	46-2641490
Braemar Technical Services (USA) Inc	Energy loss adjuster	76-0036958
Incorporated in the US		
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
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
Incorporated in other overseas countries		
Piazza 2 Glugno No 14, 54033 Carrara, Italy	Principal activity	Registration number
Braemar Seascope Italia SRL	Shipbroking	01268770458
Suite 2009, Building C Luneng International Center, No.211, GuoYao Road, Pudong District, Shanghai, 200126		
Braemar Seascope (Shanghai) Limited	Shipbroking	913100005588064761
2nd Floor, Building No. 22, Pushp Vihar, Commercial Complex, Madangir, New Delhi - 110 062		
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		
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 year ended 28 February 2022. The Company has provided a guarantee of all outstanding liabilities to which these subsidiaries were subject as at 28 February 2022 in accordance with Section 479C of the Companies Act 2006.

Applications to voluntarily strike off subsidiaries marked ^ were in progress subsequent to the year-end.

33. Events after the reporting date

There were no adjusting or significant non-adjusting events between the reporting date and the date these Financial Statements were authorised.

34. Prior period adjustments

The prior periods have been restated to reflect discontinued operations and corrected errors as described below.

During the year ended 28 February 2021, the Group restructured part of the outstanding liabilities due to management sellers of Naves. This exercise identified that the carrying amount of the future obligations in the Group Balance Sheet exceeded the nominal value of consideration to be paid and prompted a review of the accounting for the Naves consideration in full and of certain other corporate acquisition and disposal transactions in recent years.

The review took a critical analysis of the historical accounting for the amounts paid and payable on the Naves acquisition, including the issue of shares, and identified a number of errors. In order to address these errors, accounting analysis was reviewed and new calculations were performed from the original acquisition in September 2017 to date. The review also examined the classification of certain reserves on the Balance Sheet and identified certain other misstatements that have been corrected in these accounts.

The adjustments identified are as follows:

a. Merger reserve on the Naves and Atlantic acquisitions

Share premium had been incorrectly recognised on both the Naves and Atlantic acquisitions in the year to 28 February 2018. The requirement to record share premium does not apply where shares are issued in pursuance of an arrangement to acquire more than 90% of the equity in another company. Accordingly, no share premium should have been recorded and the premium on the issue of shares should have been recorded as a merger reserve. The amount restated from share premium to merger reserve in respect of Naves is £1.3m, and £2.0m in respect of Atlantic Brokers.

b. Naves

The net measurement error to 29 February 2020 was principally due to a mathematical error resulting in the overstatement of the amounts due to management sellers accrued in earlier periods. The correction in the consolidated accounts at 29 February 2020 has been to reduce liabilities and increase retained earnings by £0.9m.

In the year to 28 February 2021, a remeasurement of the outstanding loan note liabilities identified an overstatement of £2.3m on the Balance Sheet at year end. Included within this error was an incorrect charge to the translation reserve, to the amount of £1.0m which has now been reversed.

The balance of the overstatement related to charges to the Income Statement including net operating expense in FY20/21 has been reduced by £0.4m. This was as a result of an incorrect allocation of liabilities between those subject to future service conditions and those with no service conditions, these have now been corrected.

c. RCF

The Group's revolving credit facility ("RCF") liability was previously incorrectly reported as a short-term liability. The lender is obliged to continue the facility for a period greater than twelve months from the respective reporting date, the facility end date is 31 August 2023. The liability has therefore been restated as a non-current liability at 29 February 2020 and 28 February 2021.

d. Consolidation errors

The historical review of the financial reporting systems identified certain errors in the Group's accounting practices for the elimination of intercompany balances and movements on the foreign exchange translation reserve.

These errors resulted in the overstatement of current liabilities at 29 February 2020 of £0.8m and 28 February 2021 of £0.6m.

An amount of £1m was identified in foreign exchange reserve which should have been recycled through profit and loss relating to the dilution of the investment in AqualisBraemar in 2021 and has been restated in profit and loss for that year. An amount of £0.5m at 1 March 2020 was identified as being a misallocation between the Hedging reserve and the Translation reserve and has been corrected in the opening Balance

Sheet. Further smaller errors have been identified as misallocations from retained earnings in both the Balance Sheets at 1 March 2020 and 28 February 2021. The total impact of these errors resulted in an increase in net assets of £0.8m at 1 March 2020 and £0.6m at 28 February 2021.

Discontinued operations

The Group disposed of its controlling interest in AqualisBraemar on 19 May 2021 and completed its disposal of its Logistics Division, Cory Brothers, on 2 March 2022. AqualisBraemar and the Logistics Division have therefore been presented as discontinued operations in the current and prior period Income Statement with no impact on net income.

The impact of these adjustments on the Financial Statements is set out in the schedules below:

	28 Feb 2021 Reported	Correction of prior period errors			d) Con- solid- ation errors	28 Feb 2021 Cor- rected	Discon- tinued oper- ations	28 Feb 2021 Restated
		a) Merger reserve	b) Naves	c) RCF				
Consolidated Income Statement								
Revenue	111,778	-	-	-	-	111,778	(28,083)	83,695
Cost of sales	(17,000)	-	-	-	-	(17,000)	17,000	0
Gross profit	94,778	-	-	-	-	94,778	(11,083)	83,695
Operating Expense	-	-	-	-	-	-	-	-
Other operating costs - underlying	(85,868)	-	-	-	-	(85,868)	9,892	(75,976)
Other operating costs - specific	(262)	-	-	-	-	(262)	-	(262)
Acquisition related income/(expenditure)	1,873	-	397	-	-	2,270	(3,105)	(835)
	(84,257)	-	397	-	-	(83,860)	6,787	(77,073)
Operating profit/(loss) - underlying	8,910	-	-	-	-	8,910	(1,191)	7,719
Operating profit/(loss) - specific items	1,811	-	397	-	-	2,008	(3,105)	(1,097)
Operating profit/(loss)	10,521	-	397	-	-	10,918	(4,296)	6,622
Share of associate profit for the period - underlying	255	-	-	-	-	255	(255)	-
Share of associate profit for the period - specific items	91	-	-	-	-	91	(91)	-
Finance income - underlying	170	-	-	-	-	170	(14)	156
Finance income - specific items	-	-	-	-	-	-	-	-
Finance expense - underlying	(1,250)	-	-	-	-	(1,250)	41	(1,209)
Finance expense - specific items	(432)	-	-	-	-	(432)	-	(432)
Profit/(loss) before taxation - underlying	8,085	-	-	-	-	8,085	(1,419)	6,665
Profit/(loss) before taxation - specific items	1,270	-	397	-	-	1,667	(3,196)	(1,529)
Profit/(loss) before taxation - total	9,355	-	397	-	-	9,752	(4,615)	5,136
Taxation - underlying	(1,999)	-	-	-	-	(1,999)	227	(1,772)
Taxation - specific items	198	-	-	-	-	198	-	198
Taxation	(1,801)	-	-	-	-	(1,801)	227	(1,574)
Profit/(loss) for the year from continuing operations - underlying	6,086	-	-	-	-	6,086	(1,193)	4,894
Profit/(loss) for the year from continuing operations - specific items	1,468	-	397	-	-	1,865	(3,196)	(1,331)
Profit/(loss) for the year from continuing operations	7,554	-	397	-	-	7,951	(4,389)	3,563

	Correction of prior period errors					28 Feb 2021 Cor- rected	Discon- tinued oper- ations	28 Feb 2021 Restated
	28 Feb 2021 Reported	a) Merger reserve	b) Naves	c) RCF	d) Con- solid- ation errors			
Profit/(loss) for the year from discontinued operations - underlying	(1,706)	-	-	-	-	(1,706)	1,163	(513)
Profit/(loss) for the year from discontinued operations - specific items	(754)	-	-	-	(959)	(1,713)	3,196	1,483
Profit/(loss) for the year from discontinued operations	(2,460)	-	-	-	(959)	(3,419)	4,389	970
Profit/(loss) for the year - underlying	4,380	-	-	-	-	4,380	-	4,380
Profit/(loss) for the year - specific	714	-	397	-	(959)	152	-	152
Profit/(loss) for the year	5,094	-	397	-	(959)	4,532	-	4,532

	Correction of prior period errors					28 Feb 2021 Cor- rected	Discon- tinued oper- ations	28 Feb 2021 Restated
	28 Feb 2021 Reported	a) Merger reserve	b) Naves	c) RCF	d) Con- solid- ation errors			
Consolidated Statement of Comprehensive Income						-		-
Profit for the year	5,094	-	397	-	(959)	4,532	-	4,532
Other comprehensive income/(expense)								
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-	-	-	-	-
Actuarial loss on employee benefit schemes - net of tax	(424)	-	-	-	-	(424)	-	(424)
<i>Items that are or may be reclassified to profit or loss</i>	-	-	-	-	-	-	-	-
Foreign exchange differences on retranslation of foreign operations	(715)	-	994	-	(308)	(29)	748	719
Recycling of foreign exchange reserve	(488)	-	-	-	959	471	(471)	-
Cash flow hedges - net of tax	2,126	-	-	-	(336)	1,790	-	1,790
Other comprehensive income from continuing operations	499	-	994	-	314	1,808	277	2,085
Share of other comprehensive income/(expense) of associates	-	-	-	-	-	-	312	312
Foreign exchange differences on revaluation of investment	-	-	-	-	-	-	(1,060)	(1,060)
Recycling of foreign exchange reserve (DiscOps)	-	-	-	-	-	-	471	471
Other comprehensive expense from discontinued operations	-	-	-	-	-	-	(277)	(277)
Total comprehensive income for the year attributable to	5,593	-	1,391	-	(644)	6,340	-	6,340

	Correction of prior period errors					28 Feb 2021 Restated
	28 Feb 2021 Reported	a) Merger reserve	b) Naves	c) RCF	d) Con- solidation errors	
Non-current assets	106,638					106,638
Trade and other receivables	34,800					34,800
Financial assets	746					746
Derivative financial instruments	1,573					1,573
Cash and cash equivalents	14,111					14,111
Assets held for sale	436					436
	51,666	-	-	-	-	51,666
Total assets	158,304	-	-	-	-	158,304
Current liabilities						-
Derivative financial instruments	(80)	-	60	-	-	-
						-
Short-term borrowings	(23,000)	-	-	23,000	-	-
						-
Convertible loan notes	(5,130)	-	669	-	-	(4,461)
Deferred consideration payable	(608)	-	608	-	-	-
Other current liabilities	(47,987)	-	-	-	590	(47,397)
	(76,785)	-	1,337	23,000	590	(51,858)
Non-current liabilities						
Derivative financial instruments	-	-	(56)	-	-	(56)
Convertible loan notes	(1,217)	-	(1,464)	-	-	(2,681)
Deferred consideration payable	(3,358)	-	2,476	-	-	(882)
Other non-current liabilities	(13,317)	-	-	(23,000)	-	(36,317)
	(17,892)	-	956	(23,000)	-	(39,936)
Total liabilities	(94,677)	-	2,293	-	590	(91,794)
Total assets less total liabilities	63,627	-	2,293	-	590	66,510
Equity	-					
Share capital	3,174	-	-	-	-	3,174
Share premium	55,805	(3,295)	-	-	-	52,510
Shares to be issued	(1,362)	-	-	-	-	(1,362)
Other reserves	22,790	3,295	994	-	1,015	28,094
Retained earnings	(16,780)	-	1,299	-	(425)	(15,906)
Total equity	63,627	-	2,293	-	590	66,510

	Correction of prior period errors					1 Mar 2020 Restated
	1 Mar 2020 Reported	a) Merger reserve	b) NAVES	c) RCF	d) Con- solidation errors	
Non-current assets	114,699					114,699
Trade and other receivables	39,541					39,541
Financial assets	-					-
Derivative financial instruments	-					-
Cash and cash equivalents	28,749					28,749
Assets held for sale	-					-
	68,290	-	-	-	-	68,290
Total assets	182,989					182,989
Current liabilities						
Derivative financial instruments	(527)		90		-	(437)
Short-term borrowings	(48,758)		-	23,642	-	(25,116)
Convertible loan notes	(4,340)	-	(104)	-	-	(4,444)
Deferred consideration payable	(600)	-	423	-	-	(177)
Other current liabilities	(49,566)	-	-	-	822	(48,744)
	(103,791)	-	409	23,642	822	(78,918)
Non-current liabilities						
Derivative financial instruments	-	-	(4)	-	-	(4)
Convertible loan notes	(2,398)	-	(241)	-	-	(2,639)
Deferred consideration payable	(3,031)	-	738	-	-	(2,293)
Other non-current liabilities	(16,283)	-	-	(23,642)	-	(39,925)
	(21,712)	-	493	(23,642)	-	(44,861)
Total liabilities	(125,503)	-	902	-	822	(123,779)
Total assets less total liabilities	57,486	-	902	-	822	59,210
Equity						
Share capital	3,167	-	-	-	-	3,167
Share premium	55,805	(3,295)	-	-	-	52,510
Shares to be issued	(2,498)	-	-	-	-	(2,498)
Other reserves	22,279	3,295	-	-	288	25,862
Retained earnings	(21,267)	-	902	-	534	(19,831)
Total equity	57,486	-	902	-	822	59,210

Company Balance Sheet

As at 28 February 2022

	Note	As at 28 Feb 2022 £'000	As at 28 Feb 2021 Restated £'000	As at 1 Mar 2020 Restated £'000
Assets				
Non-current assets				
Intangible assets	5	627	539	632
Property, plant and equipment	6	3,891	5,670	7,559
Investments	8	108,389	106,228	104,436
Investment in associate	9	–	3,247	7,000
Deferred tax assets	10	179	584	1,273
Other long-term receivables	11	38,776	26,969	34,795
		151,861	143,237	155,695
Current assets				
Other receivables	12	10,800	10,155	10,772
Cash and cash equivalents	13	700	634	26
		11,500	10,789	10,798
Total assets		163,361	154,026	166,493
Liabilities				
Current liabilities				
Other payables	14	45,298	40,488	16,588
Short-term borrowings		–	–	25,116
Deferred consideration payable		–	–	589
Convertible loan notes	16	1,416	4,461	4,444
		46,714	44,949	46,737
Non-current liabilities				
Other payables	14	570	–	–
Long-term borrowings	15	27,306	29,386	33,432
Convertible loan notes	16	3,271	3,640	4,448
Derivative liabilities	16	85	139	25
Provisions	17	541	541	541
		31,772	33,706	38,446
Total liabilities		78,486	78,655	85,183
Total assets less total liabilities		84,875	75,371	81,310
Equity				
Share capital	18	3,221	3,174	3,167
Share premium	18	53,030	52,510	52,510
ESOP reserve	19	(6,771)	(1,362)	(2,498)
Other reserves	20	23,762	23,762	25,037
Retained earnings/(deficit)		11,633	(2,713)	3,094
Total equity		84,875	75,371	81,310

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 £15,220,000 (2021 restated: loss of £6,899,000) has been dealt with in the Financial Statements of the Company. The prior year Financial Statements have been adjusted to correct an error in respect of the accounting for the purchase of Naves and some misclassifications on the Balance Sheet (see Note 23 for further detail).

The accompanying notes on pages 169 to 184 form an integral part of these Financial Statements.

The Financial Statements of Braemar Shipping Services Plc on pages 167 to 184 were approved by the board of directors on 28 August 2022 and were signed on its behalf by:

James Gundy

Group Chief Executive Officer



Nicholas Stone

Chief Financial Officer



Registered number: 02286034

Company Statement of Changes in Total Equity

For the year ended 28 February 2022

	Note	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2020		3,167	56,805	(2,498)	21,742	2,221	80,437
Prior period adjustment	23	-	(3,295)	-	3,295	873	873
Restated balances at 1 March 2020		3,167	52,510	(2,498)	25,037	3,094	81,310
Loss for the year (restated)	23	-	-	-	-	(6,899)	(6,899)
Impairment of Naves preference shares	20	-	-	-	(1,275)	1,275	-
Issue of shares	18	7	-	-	-	(7)	-
Own shares acquired	19	-	-	(860)	-	-	(860)
Issue of shares held by ESOP	19	-	-	1,996	-	(1,996)	-
Share-based payments		-	-	-	-	1,820	1,820
Transactions with owners		7	-	1,136	-	(183)	960
At 28 February 2021		3,174	52,510	(1,362)	23,762	(2,713)	75,371
Profit for the year		-	-	-	-	15,220	15,220
Dividends paid		-	-	-	-	(2,109)	(2,109)
Issue of shares	18	47	520	(25)	-	-	542
Own shares acquired	19	-	-	(7,043)	-	-	(7,043)
Issue of shares held by ESOP	19	-	-	1,659	-	(1,659)	-
Share-based payments		-	-	-	-	2,894	2,894
Transactions with owners		47	520	(5,409)	-	(874)	(5,716)
At 28 February 2022		3,221	53,030	(6,771)	23,762	11,633	84,875

The accompanying notes on pages 169 to 184 form an integral part of these Financial Statements.

Notes to the Company Financial Statements

General information

The separate Financial Statements of Braemar Shipping Services Plc for the year ended 28 February 2022 were authorised for issue in accordance with a resolution of the directors on 28 August 2022. Braemar Shipping Services Plc is a public limited company incorporated in England and Wales, and its principal activity is a holding company for the shipbroking business.

The term "Company" refers to Braemar Shipping Services Plc.

1. Significant accounting policies

a. Basis of preparation

The Company Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). No Income Statement is presented for Braemar 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 and have been prepared on a going concern basis.

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

FRS 101

The Financial Statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework. The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- 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 on pages 92 to 166 include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

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

b. Going concern

The Company Financial Statements have been prepared on a going concern basis. In reaching this conclusion regarding the going concern assumption, the directors considered cash flow forecasts for a period of greater than twelve months from the date of signing of these Financial Statements. The going concern assumption for the Company is considered together with the going concern assumption for the Group, see Note 1 in the Consolidated Financial Statements for more detail.

c. Use of estimates and critical judgements

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

The following are key areas where the Company makes significant estimates and judgements:

Estimates

Estimates regarding (i) the fair value of Cory Brothers deferred receivable and (ii) share option vesting are described in the notes to the Consolidated Financial Statements on pages 100-101.

Preference share assets

The Company holds investments in preference shares issued by a subsidiary at fair value through profit and loss. The preference shares are not traded in any market and there are no similar assets in quoted markets. Therefore, the Company performs valuation of the present value of future cash flows using unobservable ("Level 3") inputs. The Company develops unobservable inputs using the best information available in the circumstances, which include the Group's forecasts of cash flows for the underlying Finance businesses of the holding company issuing the preference shares using a risk-adjusted discount rate. See also accounting policies Note 1 (d).

The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit. This discount rates and growth rates are consistent with those applied to the same business in the Group's assessment of the impairment of goodwill (see Note 12 in the Consolidated Financial Statements for a description of the approach used by management to determine these key values).

Judgements

Investments in subsidiaries

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

Provision for fair value loss on preference share assets

The provision for fair value loss on preference share assets represents management's best estimate at the Balance Sheet date. The Company holds investments in preference shares issued by a subsidiary at fair value through profit and loss and recognised as amounts due from subsidiaries receivable after more than one year. The preference shares are not traded in any market and there are no similar assets in quoted markets. Therefore the Company performs valuation of the present value of future cash flows using unobservable ("Level 3") inputs. The Company develops unobservable inputs using the best information available in the circumstances, which include the Group's forecasts of cash flows for the underlying Finance businesses of the holding company issuing the preference shares using a risk-adjusted discount rate.

The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit. The discount rates and growth rates are consistent with those applied to the same business in the Group's assessment of the impairment of goodwill. See Note 11 for further details.

Provision for impairment of amounts due from subsidiaries

The provision for impairment of amounts due from subsidiaries represents management's best estimate at the Balance Sheet date. A number of judgements are made in the calculation of the provision, primarily based on the net assets, cash balance and future trading performance of the subsidiary.

The application of IFRS 9 "Financial Instruments" results in an additional provision for expected credit losses. When measuring expected credit losses, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future market conditions.

The Company has considered the impact of both COVID and the conflict in the Ukraine on the Financial Statements at 28 February 2022. However, at 28 February 2022 there was no evidence to suggest that the Company's amounts due from subsidiaries may be at a higher risk of becoming credit impaired as a result of the pandemic or the conflict in the Ukraine. No impairment allowances were made in respect of either COVID or the conflict in the Ukraine.

Judgements regarding the measurement of right-of-use assets and liabilities are described in the notes to the Consolidated Financial Statements on pages 98 to 166.

d. Accounting policies

The Company's accounting policies are the same as the accounting policies of the consolidated Group described on pages 99 to 109 except for the policy described below.

Investments

Investments in subsidiaries, associates and joint ventures are held at cost less accumulated impairment. Where there is objective evidence that the investment in subsidiaries, associates and joint ventures have been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

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

The Company holds investments in preference shares issued by a subsidiary. The preference shares do not provide a contractual right to unpaid amounts in the event of a bankruptcy of the issuer and therefore, in the judgement of the directors, the returns do not meet the conditions of being solely payments of principal and interest and are required to be held at fair value through profit and loss. The valuation of these shares is considered in the use of estimate and critical judgements above. The preference shares are recognised as amounts due from subsidiaries receivable after more than one year.

Merger reserve

The merger reserve arises on transactions where the Company issues shares pursuant to an arrangement to acquire more than an 90% interest in another company and no share premium is recorded. The amounts in merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write down of these assets.

2. Profit for the year

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own statement of comprehensive income (including the profit and loss account) for the year.

The auditor's remuneration for audit services to the Company is disclosed in Note 3 to the Consolidated Financial Statements.

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

3. Staff costs

Staff costs for the Company during the year (including directors) are provided in the table below.

	2022 £'000	2021 £'000
Salaries, wages and short-term employee benefits	1,776	1,918
Other pension costs	51	47
Social security costs	214	194
Share-based payments	56	10
	2,097	2,169

The numbers above include remuneration and pension entitlements for each director. Details are included in the Directors' Remuneration Report on pages 70 to 78.

The average number of full-time employees of the Company was 16 (2021: 13).

4. Dividends

Amounts recognised as distributions to equity holders in the year are detailed in Note 10 to the Consolidated Financial Statements.

The Company has become aware of an administrative oversight during the year ended 28 February 2022, whereby the Company did not properly prepare and file unaudited interim accounts at Companies House, as required by the Companies Act 2006, prior to declaring and paying distributions to shareholders in respect of the Company's 1 September 2021 final dividend and 16 December 2021 interim dividend. As a result of this administrative oversight, the Company did not comply with certain provisions of the Act and, whilst there were sufficient distributable reserves to make the relevant distributions, they were therefore paid in technical infringement of the Act. Neither the amount nor payment of the relevant distributions, nor the Company's prior

audited accounts, are affected by this, nor is there any impact on the Company's financial position either at the time of payment(s) or now.

The Company has proposed a resolution at its Annual General Meeting on 6 October 2022 which will, if passed, give the board authority to enter into deeds of release to discharge these parties from any obligation to repay any amount to the Company in connection with the Relevant Distributions. The Company has not recorded the potential right to make claims against shareholders as an asset or a contingent asset in its Financial Statements. The directors of the Company have concluded that any inflow of economic benefits as a result of such claims is less than probable.

5. Intangible assets

	Computer software £'000	Total £'000
Cost		
At 28 February 2021	782	782
Additions	272	272
At 28 February 2022	1,054	1,054
Amortisation and impairment		
At 28 February 2021	243	243
Charge for the year	184	184
At 28 February 2022	427	427
Net book value at 28 February 2022	627	627
Net book value at 28 February 2021	539	539

At 28 February 2022, the Company had no contractual commitments for the acquisition of computer software (2021: £nil).

6. Property, plant and equipment

	Leaseholds £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 29 February 2020 and 28 February 2021	9,142	6	222	9,370
Additions at cost	–	214	–	214
Disposals	(154)		(205)	(359)
At 28 February 2022	8,988	220	17	9,225
Accumulated depreciation				
At 29 February 2020	1,711	2	98	1,811
Impairment	210	–	–	210
Charge for the year	1,583	1	95	1,679
At 28 February 2021	3,504	3	193	3,700
Charge for the year	1,547	27	27	1,601
Impairment	392	–	–	392
Disposals	(154)	–	(205)	(359)
At 28 February 2022	5,289	30	15	5,334
Net book value at 28 February 2022	3,699	190	2	3,891
Net book value at 28 February 2021	5,638	3	29	5,670

The prior year movement has been represented to show the impairment charge within accumulated depreciation, there was no impact on net book value.

The leaseholds category includes land and buildings held under finance leases and leasehold improvements. At 28 February 2022, the Company had no contractual commitments for the acquisition of property, plant and equipment (2021: £nil).

The impairment charge arose following the assignment of a lease. On 28 March 2022, the Group assigned the lease for its Bevis Marks premises to Beat Capital. The impairment charge of £392,000 is equal to the subsequent loss on assignment of this lease, being the lease assignment premium paid plus the net book value of the ROU asset disposed of less the outstanding lease liability on that lease.

7. Leases

Right-of-use assets

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 29 February 2020	6,963	114	7,077
Amortisation	(1,483)	(91)	(1,574)
Impairment	(210)	–	(210)
Exchange differences	1	–	1
At 28 February 2021	5,271	23	5,294
Amortisation	(1,436)	(23)	(1,459)
Impairment	(392)	–	(392)
At 28 February 2022	3,443	–	3,443

Lease liabilities

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 29 February 2020	11,187	250	11,437
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
Interest expense	226	15	241
Lease payments	(2,517)	(126)	(2,643)
Exchange differences	(4)	–	(4)
At 28 February 2022	6,631	–	6,631

Lease receivables

	Leaseholds £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2020	2,674	–	2,674
Interest received	71	–	71
Lease payments	(642)	–	(642)
Exchange differences	2	–	2
At 28 February 2021	2,105	–	2,105
Interest received	55	–	55
Lease payments	(642)	–	(642)
Exchange differences	(6)	–	(6)
At 28 February 2022	1,512	–	1,512

There was no short-term lease expense, no short-term lease income and no low value lease expense in the year (2021: £nil).

Lease liabilities

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000	Unearned interest £'000	Net payable £'000
At 28 February 2022	654	1,963	2,616	1,669	–	6,904	(273)	6,631
At 28 February 2021	654	1,963	2,617	4,317	–	9,551	(514)	9,037

Lease receivables

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000	Unearned interest £'000	Net receivable £'000
At 28 February 2022	160	481	642	265	–	1,568	(56)	1,512
At 28 February 2021	160	481	642	932	–	2,215	(110)	2,105

8. Investments

	Subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 March 2020	113,969	1,500	115,469
Prior period adjustment	(450)	–	(450)
Adjusted opening cost at 1 March 2020	113,519	1,500	115,019
Share-based payments	1,792	–	1,792
At 28 February 2021	115,311	1,500	116,811
Capital contribution to Cory Brothers	3,664	–	3,664
Disposal	(4,462)	–	(4,462)
Share-based payments	2,959	–	2,959
At 28 February 2022	117,472	1,500	118,972
Impairment			
At 29 February 2020 and 28 February 2021 and 28 February 2022	10,583	–	10,583
Net book value at 28 February 2022	106,889	1,500	108,389
Net book value at 28 February 2021	104,728	1,500	106,228

The Company recognises investments in subsidiaries at cost less impairment.

The opening balance has been adjusted to correct for an overstatement of £0.5m from an error in accounting for the acquisition of Naves. This prior period adjustment is explained in detail in Note 23 (b).

The Company invested £3.0m (2021: £1.8m) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year.

Management have reviewed the Company's investments in subsidiary undertakings for impairment. The assets' recoverable amounts assessed by reference to value in use have been compared to the carrying values. The value in use has been calculated based upon a discounted cash flow methodology using the most recent forecasts prepared by management consistent with the goodwill impairment calculations described in Note 12 to the Consolidated Financial Statements. The value in use models have also been subject to sensitivity analysis, with assumptions such as zero revenue growth, an increase in the discount rate and a reduction in underlying operating profit tested, with investments retaining sufficient headroom.

The results of the sensitivity analysis are summarised in the below table and none of the sensitivities give rise to an impairment.

	Change in revenue growth		Change in discount rate		Change in underlying operating profit	
	+1%	-1%	+2%	-2%	+20%	-20%
	£'000	£'000	£'000	£'000	£'000	£'000
Shipbroking Division	12,975	(12,640)	(52,321)	34,642	29,959	(29,959)
Atlantic Brokers	886	(863)	(2,946)	4,595	2,976	(2,976)

The Company's principal investment in Naves is held as preference shares, see Note 11 for additional sensitivity analysis.

Disposal of investment in Cory Brothers Shipping Agency limited

On 28 February 2022 the Company sold its investment in Cory Brothers Shipping Agency Limited. A reconciliation of the derecognition of the investment to the gain on disposal is as follows:

	£'000
Disposal proceeds	9,897
Carrying value of investment	(4,449)
Disposal-related costs	(485)
Gain on disposal of Cory Brothers	4,963

The disposal proceeds attributable to the parent company are an 88% share of the Group's £11.3m disposal proceeds for the sale of the entire Cory Brothers Group. The disposal proceeds had not been received at year-end, other receivables includes a £6.5m completion payment which was not received until 2 March 2022 (see Note 12), long-term receivables includes £4.8m deferred and contingent consideration (see Note 11). The 12% share of disposal proceeds due to Braemar Holdings (USA) Inc. on a pass-through basis is included in amounts due to subsidiaries (see Note 14).

Investments with a carrying value of £13,000 relating to Wavespec were also disposed of during the period.

A list of subsidiary undertakings is included in Note 32 of the Consolidated Financial Statements.

The Financial Statements of the principal subsidiary undertakings are prepared to 28 February 2022.

Unlisted investments

The Group's unlisted investments include 1,000 (2021: 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 2022.

9. Investment in associate

The Company recognises its investment in AqualisBraemar at cost less impairment. AqualisBraemar is listed on the Oslo Børs, its principal place of business is Oslo and its registered address is Olav Vs gate 6, 0161, Oslo, Norway.

	£'000
Cost at 29 February 2020	7,000
Disposal	(3,753)
At 28 February 2021	3,247
Disposal	(3,247)
Cost at 28 February 2022	-

On 19 May 2021 the Company fully disposed of its minority shareholding in AqualisBraemar for cash proceeds of £7,232,000. A reconciliation of the derecognition of the investment to the gain on disposal is as follows:

	£'000
Disposal proceeds	7,232
Carrying value of investment	(3,247)
Gain on disposal of AqualisBraemar	3,985

At 28 February 2022 the Group's shareholding was nil which equates to 0% of AqualisBraemar's share capital and 0% of voting rights (2021: market value of £6.3m, being 10.42% of share capital and 10.42% of voting rights).

10. Deferred tax

The movement in the deferred tax asset	Total £'000
Balance at 1 March 2021	584
Prior year over provision	191
Movement in opening balance due to change in tax rate	247
Charge for the year	(843)
Balance at 28 February 2022	179

A deferred tax asset of £0.2m (2021: £0.6m) 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.

11. Other long-term receivables

	Note	2022 £'000	2021 Restated £'000
Amounts due from subsidiary undertakings			
Preference shares issued by subsidiaries		28,012	28,267
Provision for fair value loss on preference shares		(2,001)	(7,025)
Other amounts due from subsidiary undertakings		7,399	7,413
Provision for impairment of other amounts due from subsidiary undertakings		(257)	(3,157)
Net amounts due from subsidiary undertakings		33,153	25,498
Deferred consideration		3,482	-
Contingent consideration		1,276	-
<i>Finance lease</i>			
Finance lease receivables	7	879	1,471
ECL provision for impairment of finance lease receivables		(15)	-
Net finance lease receivables		864	1,471
Other long-term receivables		38,775	26,969

The Company holds investments in preference shares issued by a subsidiary at fair value through profit and loss and recognised as amounts due from subsidiaries receivable after more than one year. The preference shares are not traded in any market and there are no similar assets in quoted markets. Therefore the Company performs valuation of the present value of future cash flows using unobservable ("Level 3") inputs. The Company develops unobservable inputs using the best information available in the circumstances, which include the Group's forecasts of cash flows for the underlying Finance businesses of the holding company issuing the preference shares using a risk-adjusted discount rate.

The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit. The discount rates and growth rates are consistent with those applied to the same business in the Group's assessment of the impairment of goodwill. See Note 12 in the Consolidated Financial Statements for a description of the approach used by management to determine these key values.

The sensitivity of the valuation of the preference shares to changes in estimates of growth, discount rate and underlying operating profit is as follows:

Sensitivity analysis	Change in revenue growth		Change in discount rate		Change in underlying operating profit	
	+1% p.a.	-1% p.a.	+1% p.a.	-1% p.a.	+5%	-5%
	£'000	£'000	£'000	£'000	£'000	£'000
Impact on valuation of preference shares	2,079	(1,992)	(1,945)	2,344	1,496	(1,496)

Note 23 b provides detail of the restatement of the preference shares.

The deferred consideration and the contingent consideration combined represent the sum of the three earnout payments receivable in respect of the disposal of Cory Brothers. The deferred consideration comprises the three minimum earnout payments accounted for on an amortised cost basis. The contingent consideration represents the variable element of the earnout payments which are contingent on the future gross profit of the newly formed VertomCory agency business, which are recognised at fair value through profit or loss. Note 14 in the Consolidated Financial Statements provides further detail.

See Note 7 for a maturity analysis which reconciles the long-term finance lease receivables to the undiscounted lease receipts and unearned finance income.

The prior year amounts due from subsidiary undertakings have been restated with £30.2m being reclassified from current to non-current. See Note 23 for further detail.

12. Other receivables

	2022 £'000	2021 Restated £'000
Amounts due from subsidiary undertakings	2,294	7,423
Other receivables	7,625	2,012
Finance lease receivables	633	634
Prepayments	248	86
Total	10,800	10,155

Other receivable includes the completion payment of £6.5m for the disposal of Cory Brothers which completed on 28 February 2022, although the cash was not received until 2 March 2022.

The prior year amounts due from subsidiary undertakings and other receivables have been restated to correct a misstatement of an intercompany receivable which has been reclassified as non-current and adjusted for the miscalculation of interest, and also for some Balance Sheet misclassifications between amounts due to or from subsidiary undertakings and other receivables (see Note 23 for further detail).

The total receivables balance (including long-term receivables) is denominated in the following currencies.

	2022 £'000	2021 Restated £'000
Sterling	21,563	8,857
Euro	28,012	28,267
Total	49,575	37,124

The Company has no trade receivables (2021: £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 2022 amounts due from subsidiary undertakings of £3.0m (2021: £3.0m) were treated as credit impaired. In the prior year, £0.3m related to amounts due from the Engineering Division which was disposed of on 31 March 2021.

13. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and cash on hand	700	634

Cash and cash equivalents largely comprise bank balances denominated in Sterling, US Dollars, Euros and other currencies for the purpose of settling current liabilities.

The directors consider that the carrying amounts of these assets approximate to their fair value.

14. Other payables

Current liabilities	2022 £'000	2021 Restated £'000
Lease liabilities	2,580	2,651
Amounts owed to subsidiary undertakings payable within 1 year	40,780	35,380
Other payables	779	1,672
Accruals	1,159	785
Total	45,298	40,488

Amounts owed to subsidiary undertakings payable within one year are interest-free and unsecured and repayable on demand.

The prior year amounts due to subsidiary undertakings, other payables and accrual have been restated to correct errors relating to balance sheet misclassification (see Note 23 for further detail).

Non-current liabilities	2022 £'000	2021 Restated £'000
Amounts owed to subsidiary undertakings payable after more than 1 year	570	–

Amounts owed to subsidiary undertakings payable after more than 1 year are a 12% share of the deferred and contingent receivables due to Braemar Holdings (US) Inc. See Note 11 for further detail.

15. Borrowings

Long-term borrowings	2022 £'000	2021 £'000
Lease liabilities	4,051	6,386
Secured revolving credit facilities	23,254	23,000
Total	27,305	29,386

The revolving credit facility expires in September 2023. Amounts can be rolled on a monthly basis until the facility expires subject to certain conditions and on that basis the borrowings have been classified as long term. The revolving credit facility bears interest based on SONIA.

16. Convertible loan notes and derivative financial instruments

The Company has issued convertible loan notes as part of the acquisition of Naves Corporate Finance GmbH (further details of the acquisition are provided in Note 14 to the Consolidated Financial Statements). Convertible loan notes have been valued at amortised cost with a derivative liability recognised in respect of the conversion feature.

	2022 £'000	2021 Restated £'000
Issued convertible loan notes maturing within one year	1,416	4,461
Issued convertible loan notes maturing after more than one year	3,271	3,640
Derivative liabilities due after more than one year	85	139
Total	4,772	8,240

The prior year issued convertible loan notes were overstated by £0.9m and were misclassified within amounts owed to subsidiary undertakings. The balances have been restated. See Note 23.

17. Provisions

The Company holds a dilapidations provision of £0.5m (2021: £0.5m) which is classified as a non-current liability. There were no additions to the provisions balance nor were there any utilisation of the balance in the year.

18. Share capital

The Company has one class of ordinary shares which carry no right to fixed income. Note 28 to the Consolidated Financial Statements provides detail on authorised share capital and movements in issued share capital.

19. ESOP reserve

An Employee Share Ownership Plan ("ESOP") was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held in trust by the Trustee of the ESOP, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. Additionally, an Employee Benefit Trust ("EBT") previously run by ACM Shipping Group plc also holds shares in the Company. The ESOP and EBT are accounted for within the Company accounts.

The net cost of the shares acquired for the shares held by the ESOP and the EBT are a deduction from shareholders' funds and represent a reduction in distributable reserves. Note 29 to the Consolidated Financial Statements provides detail on the ESOP and the EBT and movements in shares to be issued.

20. Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 28 February 2021 (reported)	396	21,346	21,742
Prior period adjustment to correct recording of share premium	-	3,295	3,295
Prior period adjustment to carrying amount of preference shares	-	(1,275)	(1,275)
At 28 February 2021 (restated) and 28 February 2022	396	23,366	23,762

The capital redemption reserve arose on previous share buy-backs by the Company.

The merger reserve arises on transactions where the Company issues shares pursuant to an arrangement to acquire more than an 90% interest in another company and no share premium is recorded. The merger

reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited. Further additions have arisen in respect of Naves and Atlantic Brokers included in the prior period adjustment (£1.3m and £2.0m respectively). The amounts in merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write down of these assets.

A loss has been recognised in 2021 on the fair value of intragroup preference share assets acquired by the Company on the acquisition of Naves. This resulted in a realisation of the merger reserve of £1.3m which has been transferred to retained earnings accordingly. The impairment charge and reserves transfer have been recognised in the year ended 28 February 2021 and is a prior period adjustment – see Note 23.

21. Contingent liabilities

The Company has contingent liabilities in respect of guarantees entered into on behalf of its subsidiaries in the normal course of business given as follows:

	2022 £'000	2021 £'000
Bank guarantees given to:		
HM Revenue and Customs	-	1,410
Third parties (non-cash collateralised)	710	787
Total	710	2,197

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.

In the prior year the Group had issued a guarantee of £1.4m to HMRC in respect of VAT, duty and excise which was collected on imports which was collected by Cory Brothers as part of its trading activity and subsequently paid to HMRC. As a result of Brexit, HMRC no longer required the guarantee and it was cancelled by the Group prior to the disposal of Cory Brothers.

From time to time the Company may be engaged in litigation in the ordinary course of business. The Company carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Company's results or net assets.

The Company has issued guarantees to certain subsidiaries in order to exempt them from audit for the year ended 28 February 2022. See Note 32 of the Consolidated Financial Statements.

22. Related party transactions

The Company has applied the disclosure exemption of FRS 101 in respect of transactions with wholly owned subsidiaries.

During the period the Group entered into the following transactions with joint ventures and investments:

	FY21/22			FY20/21		
	Recharges to/(from) £'000	Dividends £'000	Balance due(to)/ from £'000	Recharges to/(from) £'000	Dividends £'000	Balance due(to)/ from £'000
AqualisBraemar	221	-	282	591	641	179

Recharges to AqualisBraemar consisted primarily of rent, IT services and HR services in accordance with a transitional services agreement. Included in the net recharge to AqualisBraemar is a fee payable to the Group's former Chairman, Ronald Series of £3,750 (2021: £15,000).

A list of the Company's subsidiary undertakings is provided in Note 32 in the Consolidated Financial Statements.

23. Prior year adjustments

Acquisition related errors

During the year to February 2022, the Group restructured part of the outstanding liabilities due to management sellers of Naves. In association with this, management took a critical analysis of the historical accounting for the amounts paid and payable on the Naves acquisition and identified errors in the original and subsequent accounting.

Computational errors identified affected both the classification and measurement of items in the accounts of the parent company.

a. Merger reserve

See commentary in respect of the Group restatement of share premium and merger reserve.

Note that the merger reserve is further impacted by the loss on Naves preference shares in another adjustment, as described below.

b. Naves liabilities

The error to 29 February 2020 was principally due to the over accrual of finance expense earlier periods.

The correction at 29 February 2020 was to reduce liabilities and increase retained earnings by £0.4m.

Finance expense was reduced by £1.0m in the year to 28 February 2021, resulting in a net £0.9 decrease in liabilities and increase in retained earnings at 28 February 2021. There were also errors in the classification of amounts payable within one year or after one year which have been corrected with no impact on net assets.

c. Naves preference shares

The parent company's principal investment in Naves is held in the form of preference shares issued by a wholly owned intermediate holding company. The accounting for the Naves preference shares was reviewed in parallel with the analysis of the accounting for the Naves liabilities, described above. £0.5m of the investment in preference shares was incorrectly presented as investment in subsidiaries and has been transferred into the preference share asset.

The preference shares were previously held at amortised cost, however, as the instrument does not provide the Company with a fixed legal claim in the event of bankruptcy they do not meet the solely payments of principal and interest requirements to be held at amortised cost and should be held at fair value through profit and loss. The fair value of the preference shares at 29 February 2020 was £27.1m, resulting in an increase in retained profits of £0.5m at that date. At 28 February 2021, the fair value was £21.2m, resulting in a loss of £7.0m compared to the balance previously reported at that date.

Finance income on the preference share asset was also overstated by £1.1m in 2021, resulting in a cumulative overstatement of the preference share asset of £7.6m at 28 February 2021.

The loss on fair value remeasurement of the preference share asset in 2021 realised £1.3m of profit in the merger reserve which arose on the Naves acquisition, and accordingly this amount has been transferred from the merger reserve to retained earnings.

Other prior period adjustments

d. RCF

See commentary in respect of the Group restatement of the RCF.

e. Reclassification

A further classification error has been identified in the presentation of amounts due and from Group companies in relation to amounts that should have been offset and the classification as either current or non-current.

There is no impact on profit and loss or earnings per share in either period, as the calculation error only affected Balance Sheet classifications.

The above errors have been corrected by restating each of the affected Financial Statement line items for the prior periods as follows:

Company Balance Sheet as at 28 February 2021

	28 Feb 2021 Reported	a) Merger reserve	b) Naves liabilities	c) Naves preference shares	d) RCF	e) Class- ification	28 Feb 2021 Restated
Assets							
Non-current assets							
Other investments	106,678	-	-	(450)	-	-	106,228
Other non-current assets	10,040	-	-	-	-	-	10,040
Other long-term receivables	1,471	-	-	21,242	-	4,256	26,969
	118,189	-	-	20,792	-	4,256	143,237
Current assets							
Total other receivables	46,854	-	-	(28,442)	-	(7,257)	10,155
Cash	634	-	-	-	-	-	634
	46,488	-	-	(28,442)	-	(7,257)	10,789
Total assets	164,677	-	-	(7,650)	-	(3,001)	154,026
Liabilities							
Current liabilities							
Trade and other payables	(52,660)	-	9,171	-	-	3,001	(40,488)
Convertible loan notes	-	-	(4,461)	-	-	-	(4,461)
Short-term borrowings	(23,000)	-	-	-	23,000	-	-
	(75,660)	-	4,710	-	23,000	3,001	(44,949)
Non-current liabilities							
Long-term borrowings	(6,386)	-	-	-	(23,000)	-	(29,386)
Convertible loan notes	-	-	(3,640)	-	-	-	(3,640)
Derivative financial liabilities	-	-	(139)	-	-	-	(139)
Provisions	(541)	-	-	-	-	-	(541)
	(6,927)	-	(3,779)	-	(23,000)	-	(33,706)
Total liabilities	(82,587)	-	931	-	-	3,001	(78,655)
Total assets less total liabilities	82,090	-	931	(7,650)	-	-	75,371
Equity							
Share capital	3,174	-	-	-	-	-	3,174
Share premium	55,805	(3,295)	-	-	-	-	52,510
Shares to be issued	(1,362)	-	-	-	-	-	(1,362)
Other Reserves	21,742	3,295	-	(1,275)	-	-	23,762
Retained earnings	2,731	-	931	(6,375)	-	-	(2,713)
Total equity	82,090	-	931	(7,650)	-	-	75,371

Company Balance Sheet as at 28 February 2021

	1 March 2020 Reported	a) Merger reserve	b) Naves liabilities	c) Naves assets	d) RCF	e) Reclass- ification	1 March 2020 Restated
Assets							
Non-current assets							
Other investments	104,886	-		(450)	-	-	104,436
Preference shares	-	-	-	27,056	-	-	27,056
Other non-current assets	18,504	-	-	-	-	-	18,504
Other long-term receivables		-	-		-	5,699	5,699
	123,390	-	-	26,606	-	5,699	155,695
Current assets							
Total other receivables	40,812	-	-	(26,104)	-	(3,936)	10,772
Cash	26	-	-	-	-	-	26
	40,838	-	-	(26,104)	-	(3,936)	10,798
Total assets	164,228	-	-	502	-	1,763	166,493
Liabilities							
Current liabilities							
Trade and other payables	(24,702)	-	4,844	-	-	(1,763)	(21,621)
Short-term borrowings	(49,785)	-	-	-	24,669	-	(25,116)
	(74,487)	-	4,844	-	24,669	(1,763)	(46,737)
Non-current liabilities							
Long-term borrowings	(8,763)	-	-	-	(24,669)	-	(33,432)
Convertible loan notes	-	-	(4,448)	-	-	-	(4,448)
Derivative financial liabilities	-	-	(25)	-	-	-	(25)
Provisions	(541)	-	-	-	-	-	(541)
	(9,304)	-	(4,473)	-	(24,669)	-	(38,446)
Total liabilities	(83,791)	-	371	-	-	(1,763)	(85,183)
Total assets less total liabilities	80,437	-	371	502	-	-	81,310
			-	-			-
Equity			-	-			-
Share capital	3,167	-	-	-	-	-	3,167
Share premium	55,805	(3,295)	-	-	-	-	52,510
Shares to be issued	(2,498)	-	-	-	-	-	(2,498)
Other Reserves	21,742	3,295	-	-	-	-	25,037
Retained earnings	2,221	-	371	502	-	-	3,094
Total equity	80,437	-	371	502	-	-	81,310

24. Events after the reporting date

There were no adjusting or significant non-adjusting events between the reporting date and the date of authorisation.

Five-year financial summary (unaudited)

Consolidated Income Statement

	12 months to 28 Feb 2022 £'000	12 months to 28 Feb 2021 restated £'000	12 months to 29 Feb 2020 £'000	12 months to 28 Feb 2019 £'000	12 months to 28 Feb 2018 £'000
Continuing operations					
Group revenue	101,310	83,695	117,655	117,853	103,043
Other operating expenses	(91,250)	(75,976)	(106,625)	(108,787)	(95,721)
Specific items (net)	(514)	(1,097)	(3,344)	(11,719)	(9,067)
Total operating expenses	(91,764)	(77,073)	(109,969)	(120,506)	(104,788)
Operating profit/(loss)	9,546	6,622	7,686	(2,653)	(1,745)
Gain on revaluation of investment	172	-	-	500	-
Net interest expense	(1,156)	(1,486)	(1,853)	(987)	(643)
Share of associate profit for the period	(19)	-	436	-	-
Profit before taxation	8,543	5,136	6,269	(3,140)	(2,388)
Taxation	(1,839)	(1,574)	46	(1,525)	(474)
Gain/(loss) for the year from discontinued operations	7,215	970	(2,299)	(22,700)	(32)
Profit/(loss) after taxation	13,919	4,532	4,016	(27,365)	(2,894)
Dividends					
Interim	610	-	1,564	1,501	1,501
Final proposed	2,254	1,495	-	2,951	2,951
	2,864	1,495	1,564	4,452	4,452
Earnings per ordinary share – pence					
Basic – underlying from continuing operations	23.06p	15.60p	29.45p	23.32p	19.57p
Diluted – underlying from continuing operations	18.79p	12.91p	26.62p	21.36p	18.06p

Note: The years ended 29 February 2020, 28 February 2019 and 28 February 2018 have not been restated for the reclassifications of discontinued operations. The year ended 28 February 2021 has been restated for the prior period adjustment described in Note 34.

Five-year financial summary (unaudited)

Consolidated Balance Sheet

	As at 28 Feb 2022 £'000	As at 28 Feb 2021 restated £'000	As at 29 Feb 2020 restated £'000	As at 28 Feb 2019 £'000	As at 28 Feb 2018 £'000
Assets					
Goodwill	79,891	83,955	83,812	83,812	88,961
Other intangible assets	997	2,129	2,411	2,226	3,393
Property, plant and equipment	7,078	9,841	11,928	1,978	3,322
Other investments	1,780	1,962	1,962	1,773	1,356
Investment in associate	724	3,763	7,315	-	-
Financial assets	-	-	1,184	-	-
Derivative financial instruments	8	200	-	-	-
Deferred tax assets	3,713	2,900	3,620	1,640	3,120
Other long-term receivables	5,636	1,888	2,467	264	300
	99,827	106,638	114,699	91,693	100,452
Current assets					
Trade and other receivables	38,808	34,800	39,541	37,128	52,605
Financial assets	-	746	-	-	-
Derivative financial instruments	54	1,573	-	-	159
Assets held for sale	-	436	-	10,611	2,865
Cash and cash equivalents	13,964	14,111	28,749	24,111	10,437
	52,826	51,666	68,290	71,850	66,066
Total assets	152,653	158,304	182,989	163,543	166,518
Liabilities					
Current liabilities					
Derivative financial instruments	688	-	437	49	-
Trade and other payables	38,629	45,647	47,209	44,887	41,482
Short-term borrowings	-	-	25,116	35,844	12,886
Current tax payable	1,608	1,318	1,334	1,408	1,858
Provisions	486	307	201	90	320
Convertible loan notes	1,416	4,461	4,444	6,339	-
Deferred consideration	-	-	177	600	366
Liabilities directly associated with assets classified as held for sale	-	125	-	2,797	766
	42,827	51,858	78,918	92,014	57,658
Non-current liabilities					
Long-term borrowings	28,331	31,634	34,585	-	-
Deferred tax liabilities	-	174	903	930	999
Derivative financial instruments	335	56	-	-	-
Provisions	797	690	765	324	424
Convertible loan notes	2,755	2,681	2,603	4,579	7,364
Deferred consideration	495	882	2,293	5,357	2,977
Pension deficit	2,052	3,819	3,672	1,986	3,437
	34,765	39,936	44,861	13,176	15,201
Total liabilities	77,592	91,794	123,779	105,190	72,859
Total assets less total liabilities	75,061	66,510	59,210	58,353	93,659
Equity					
Share capital	3,221	3,174	3,167	3,144	3,144
Share premium	53,030	52,510	52,510	55,805	55,805
ESOP reserve	(6,771)	(1,362)	(2,498)	(3,446)	(2,701)
Other reserves	27,124	28,094	25,862	22,857	26,085
Retained earnings	(1,543)	(15,906)	(19,831)	(20,007)	11,326
Total equity	75,061	66,510	59,210	58,353	93,659

Note: The years ended 28 February 2018 and 28 February 2019 have not been restated for the grossing up of cash and overdrafts. The years ended 28 February 2021 and 29 February 2020 have been adjusted for the effect of the prior year adjustment described in Note 34.

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