



Resilience Growth



Braemar Plc
Annual Report and
Accounts 2024

Resilience Growth

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

Our Purpose

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

Our Vision

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



Highlights

Financial highlights

- Revenue at £152.8 million unchanged on prior year, illustrating improved resilience across the Group (FY23: £152.9 million), with strong performances from acquisitions and Risk Advisory offsetting weaker performances in other parts of the business.
- Underlying operating profit of £16.5 million a decrease of 18% due to acquisition-related costs and foreign exchange movements (FY23: £20.1 million).
- Reported profit before tax £7.5 million (FY23: £9.5 million), with lower underlying operating profit offset by lower specific items than the prior year.
- Balance sheet remains strong with positive net cash position maintained.
- Underlying earnings per share decreased by 21% to 36.62 pence (FY23: 46.22 pence).
- Final dividend of 9.0 pence per share. Total dividends for the year are 13.0 pence per share (FY23: 12.0 pence) an increase of 8%.

Operational highlights

- Acquisition of Southport Maritime Inc. in the USA and Madrid Tanker desk in Spain, have performed well in their first full year as part of the Group, realising the opportunities and benefits of being part of Braemar's global business.
- Natural Gas desk has grown strongly throughout the year.
- Transaction volumes continued to grow with fixture numbers up 8% from prior year.
- Average revenue per head continues to be strong at £373,000, 6% down on the prior year as the business continued to invest in new headcount.
- The Group's forward order strengthened throughout the year, standing at \$82.6 million as at 29 February 2024, 47% higher than the \$56.2 million as at 28 February 2023.
- The internal independent investigation commenced in June 2023 was completed in October 2023.

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Braemar at a Glance

Who we are

Expert advisers in investment, chartering and risk management for the shipping and energy markets. Our integrated teams deliver creative solutions and tailored support for customers around the world, placing Braemar at the forefront of the shipbroking industry.

How we operate

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

What we do

The business is structured in three divisions, reflecting our operations

Investment Advisory

The 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. Complemented by our Corporate Finance desk which assists those facing liquidity crunches with loan portfolio pricing, management and restructuring.

Chartering

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

Risk Advisory

Volatile price movements are commonplace in shipping markets. Our Securities desk helps our clients manage their exposure by providing access to liquid marketplaces.

Our locations



We operate 24/7 across the world, covering all of the major shipping hubs to provide our customers with unique opportunities in both established and emerging markets.

Shipbroking Focus



+16 Global offices **+15** Sectors **+400** Employees

- | | | |
|--------------------------------|--------------------------|---------------------------------|
| United Kingdom
Aberdeen | USA
Houston | Australia
Perth |
| Greece
Athens | United Kingdom
London | People's Rep. China
Shanghai |
| People's Rep. China
Beijing | Spain
Madrid | Singapore
Singapore |
| UAE
Dubai | Australia
Melbourne | USA
Florida |
| Switzerland
Geneva | India
Mumbai | |
| Germany
Hamburg | India
New Delhi | |

Invest Perform



Nigel Payne
Chairman

Through our growth strategy we are building an increasingly resilient business, designed to generate sustainable returns for our shareholders.

I am delighted to report another strong revenue and underlying operating profit performance for the Group. These results underline the success of our strategy to grow the business, build resilience and generate sustainable shareholder returns, across the shipping cycle. We are confident that through this strategy, we are well placed to perform strongly throughout any cycle.

Furthermore, this performance was delivered against the backdrop of the independent internal investigation, which took place during the year, further illustrating the strength of the business and our people. I would like to thank all our stakeholders, once again, for their patience as the board worked through this.

Looking ahead, we have established a strong platform for growth and will continue to focus on growing the business, through making key hires and acquisitions, which further bolster our offering, to ensure that Braemar provides the best possible service to its clients and generates strong sustainable returns for shareholders.

Results for the year

Revenue for the year at £152.8 million (FY23: £152.9 million), was broadly unchanged from the prior year, while fixture numbers increased by 8%, as we continued to grow our market share. As anticipated, underlying operating profit was £16.5 million, £3.5 million lower than FY23 due to a £2.6 million negative swing in foreign exchange translation movements and acquisition costs relating to the Madrid Tanker desk (£1.5 million).

Reported profit before tax at £7.5 million was £1.9 million lower than the prior year, with the £3.4 million decrease in underlying profit before tax being slightly offset by lower specific costs than the prior year. Underlying earnings per share was 36.62p (FY23: 46.22p) and reported earnings per share 15.65p (FY23: 15.85p).

The Group maintained a positive net cash position of £1 million at the end of the year (FY23: £6.9 million), lower than the previous year due to tax payments and the cost of the independent internal investigation that was conducted and concluded during the year.

As we continue to execute our growth strategy we have continued to invest in our people. Average headcount in the year has increased by 7% to 409 (FY23: 384), as we invested further in our platform for growth by adding both brokers and support staff.

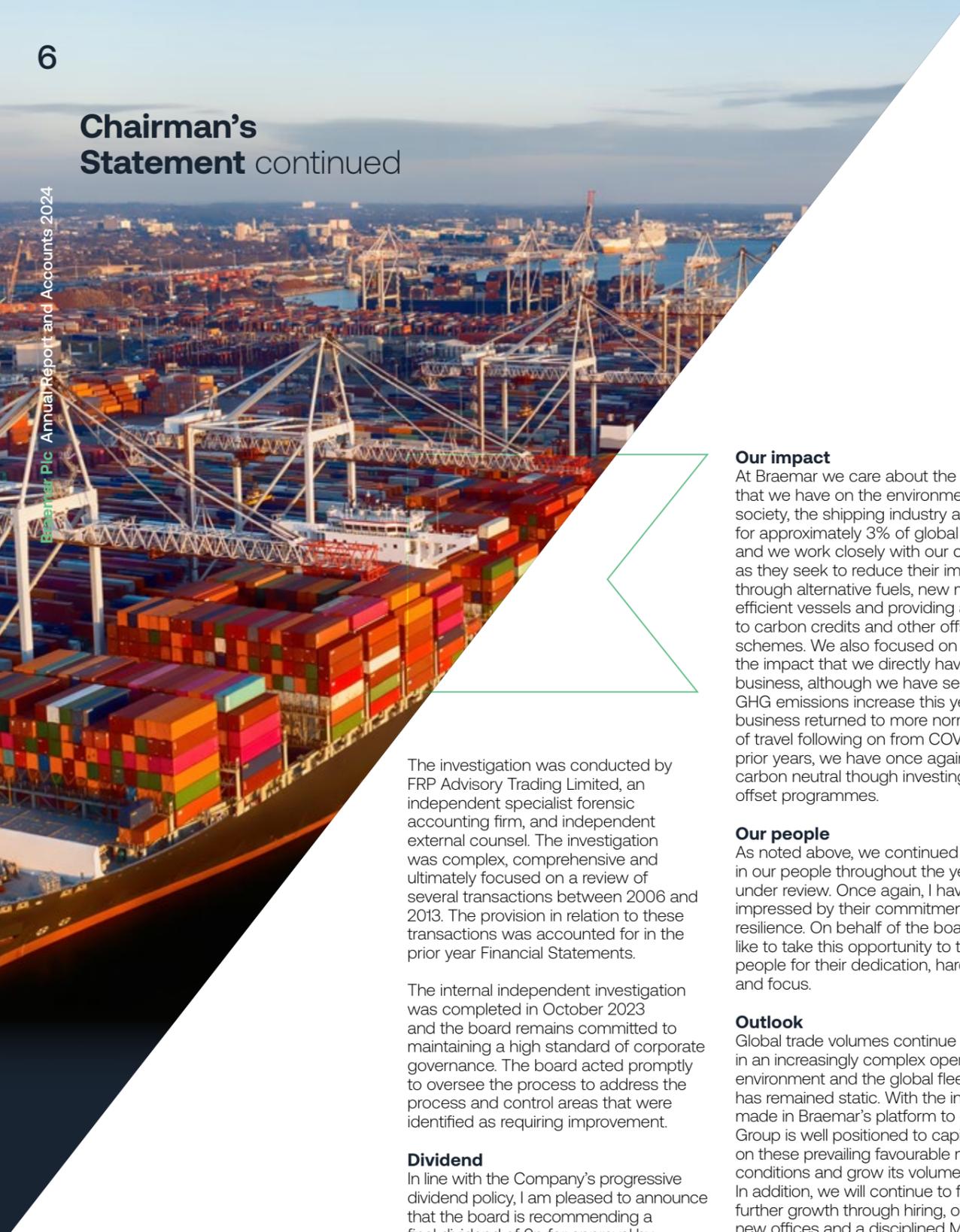
Board

During the year, we continued to strengthen our board. Cat Valentine joined the board as non-executive director in May 2023, adding valuable communications experience to the board. Grant Foley also joined the board in August 2023 as Group Chief Financial Officer. Grant brings significant financial and operating expertise, having worked in a number of public and private companies in executive finance and operations roles. Grant's contribution since his appointment has been impactful.

The board is well balanced and functioning well and I look forward to working with my colleagues in the year, as we continue to execute our strategy.

Internal independent investigation

As announced on 26 June 2023, the board commenced an internal independent investigation into an historical transaction dating back to 2013.



The investigation was conducted by FRP Advisory Trading Limited, an independent specialist forensic accounting firm, and independent external counsel. The investigation was complex, comprehensive and ultimately focused on a review of several transactions between 2006 and 2013. The provision in relation to these transactions was accounted for in the prior year Financial Statements.

The internal independent investigation was completed in October 2023 and the board remains committed to maintaining a high standard of corporate governance. The board acted promptly to oversee the process to address the process and control areas that were identified as requiring improvement.

Dividend

In line with the Company's progressive dividend policy, I am pleased to announce that the board is recommending a final dividend of 9p for approval by shareholders at the 2024 AGM. This final dividend, together with the interim dividend of 4p already paid on 2 April 2024, represents a total dividend for the year of 13p, an 8% increase over the prior year dividend of 12p. The final dividend will be paid on 9 September 2024 to shareholders who are on the register at the close of business on 2 August 2024, with a corresponding ex-dividend date of 1 August 2024. The last date for Dividend Reinvestment Plan ("DRIP") elections will be 16 August 2024.

13.0p
total dividend for the year
+8%

Our impact

At Braemar we care about the impact that we have on the environment and society, the shipping industry accounts for approximately 3% of global emissions and we work closely with our clients as they seek to reduce their impact through alternative fuels, new more fuel-efficient vessels and providing access to carbon credits and other offset schemes. We also focused on reducing the impact that we directly have as a business, although we have seen our GHG emissions increase this year as the business returned to more normal levels of travel following on from COVID. As in prior years, we have once again been carbon neutral though investing in offset programmes.

Our people

As noted above, we continued to invest in our people throughout the year under review. Once again, I have been impressed by their commitment and resilience. On behalf of the board, I would like to take this opportunity to thank our people for their dedication, hard work and focus.

Outlook

Global trade volumes continue to rise in an increasingly complex operating environment and the global fleet size has remained static. With the investment made in Braemar's platform to date, the Group is well positioned to capitalise on these prevailing favourable market conditions and grow its volumes further. In addition, we will continue to focus on further growth through hiring, opening new offices and a disciplined M&A in a fragmented market, while maintaining strong cost management. The new financial year has started well with trading to date in line with the board's expectation. The Group remains on track to deliver a sustainable doubling of FY21 underlying profit in FY25 and the board looks to the future with confidence.

Nigel Payne
Chairman
22 May 2024

Investment Case

Building Resilience

through the shipping cycle

Braemar has a clear and successful growth strategy, orientated around organic and acquisitive expansion. Braemar therefore offers an attractive, diversified opportunity to invest in the shipping industry, without the need to invest directly in vessels. Braemar's strategy is to drive sustainable profit and growth as well as progressive dividends. We remain focused on delivering sustainable returns for our shareholders.

The Company has built a strong platform from which to both deliver organic growth and act as a consolidator in a fragmented shipbroking market. The Group has a strong balance sheet and, as the business continues to scale, the board is focused on delivering higher absolute profitability and further margin improvement. Organic growth is to be achieved by hiring talented brokers and opening new offices to provide more geographic coverage and access to new clients.

In 2022, the board set an objective of sustainably doubling the Group's FY21 underlying operating profit of £8.9 million by FY25. The Company has already achieved this goal, two years early: the year to 28 February 2023 saw strong performances across the business, driven by increased scale and favourable market rates. In the year under review, the increased resilience and balance that we have built in the business was evident. While market rates in some areas were lower this year, fixture numbers were up 8% on the prior year.

Braemar is led by an experienced board and management team who each bring a wealth of experience to the business and together are well suited to execute Braemar's growth agenda. In FY24, not only did the successful strategy achieve a strong trading performance, but the combination of the Group's organic growth, the acquisitions made in FY23 and the investment in the Group's Securities business, have yielded a business that is increasingly resilient and well positioned to deliver sustainable profits through industry cycles.

With offices in 11 countries, including the key locations of London, Singapore, Melbourne and Athens, Braemar serves its clients globally, across different time zones and cultures, with a highly diversified and complementary market offering, covering a range of sectors, including Tankers, Dry Cargo, Sale & Purchase, Corporate Finance and Offshore as well as a Securities business, offering clients an increasing suite of freight derivative and energy products. The breadth and depth of Braemar's diversified product offering yields a business that is more insulated against specific market sector movements. Braemar's global teams have proven track records for delivering expert advice in Chartering, Corporate Finance, Research and Analytics, Operations, and risk management.

Braemar leverages its strong networks to secure the best prices and performance for our clients. In line with our commitment to UN SDG 8.4 – decoupling economic growth from environmental degradation, the Group is promoting inclusive and sustainable economic growth across the industry by incorporating climate-smart expertise into its client services. In April 2023, the Group's ESG efforts and future commitments were recognised by the Financial Times and Statista, who named Braemar one of 'Europe's Climate Leaders'. This title reflects the progress Braemar has already achieved in reducing its Scope 1 and 2 emissions.



Our growth strategy is delivering an increasingly resilient business that will generate sustainable returns for our shareholders.

Nigel Payne, Chairman

Expert Advisers

Who we are

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

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

Why Braemar

Purpose

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

How we operate

We offer an integrated service from our experienced brokers with specialised areas of expertise supported by a collaborative culture.

Management structure

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

Vision

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

What we do

Investment Advisory: Corporate Finance, Sale & Purchase

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.

Complemented by our Corporate Finance desk which assists those facing liquidity crunches with loan portfolio pricing, management and restructuring.

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

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

Risk Advisory: Securities

Volatile price movements are commonplace in shipping markets. Our Securities desks help our clients manage their exposure by providing access to liquid marketplaces on an agency basis.

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 edge over competitors.

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 Environmental, People, Social & Governance (“EP&SG”) 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 the Group, our team can anticipate our clients’ needs and provide prompt, informed solutions.

Evolve Progress



Facilitating Climate-Smart Shipping

Shipping will remain the most cost and energy efficient method to transport freight for the foreseeable future. However, the industry is cumulatively responsible for 3% of worldwide greenhouse gas emissions.

Braemar's environmental footprint is a negligible percentage of the shipping industry's emissions. However, we work in an industry that is not currently on course to meet its 2050 and 'net zero' commitments. As an adviser, this presents a huge opportunity for us to provide access to solutions that help our clients to achieve their sustainability ambitions. We want to be a driver and influencer of that change, and invest further to expand our sustainability offering.

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



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

Neutralising our emissions via carbon offsets

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

Developing a 'green' mindset

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

Providing access to voluntary and mandatory emission reduction solutions

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

Braemar Offset enables clients to fulfil their voluntary sustainability ambitions. In partnering with Braemar Offset, companies can proactively play a role in improving their green credentials and help to accelerate climate action.

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

Enhancing our renewables offering

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

Helping our clients navigate new regulations

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

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

Group Chief Executive Officer's Statement



James Gundy
Group Chief Executive Officer

This is my third year as Group CEO and I am immensely proud to announce another strong performance for the Company, following the significant growth that we achieved in FY23. I am particularly pleased with this performance, as it clearly demonstrates that our strategy is delivering, and our business is becoming increasingly resilient.

Group revenue for the year at £152.8 million, demonstrates our business model in action. While revenue was broadly unchanged from the prior year (FY23: £152.9 million), strong performances from the recent acquisitions and our growing Securities business offset cyclically weaker Dry Cargo and Investment Advisory markets and their associated revenues.

Revenue per head at £373,000 (FY23: £398,000) remained strong, although lower than the prior year due to the investment in new headcount made during the year.

A key focus during the year was continuing to build a strong platform for future growth. We continued to make key hires, integrated the acquisitions made in FY23 and invested in our support functions, while continuing to carefully manage our cost base. This platform provides the right foundations on which to deliver further growth in a fragmented shipbroking market through hiring and M&A.

Internal independent investigation

As mentioned in the Chairman's Statement, an internal independent investigation was completed during the year, ultimately focusing on a small number of transactions from 2006 to 2013. A provision in relation to these transactions was recognised in the prior year Financial Statements. Once again, I would like to thank the Independent Investigation Committee for overseeing the process, and our clients and shareholders for their patience and understanding, during this period. Braemar and its people showed considerable strength and focus throughout this, and I thank all our employees for their hard work throughout the process.

Delivering resilience through diversification

Our objective over the medium term has been to sustainably double the FY21 underlying operating profit of £8.9 million by FY25. We have achieved this in both FY23 and FY24, although with noticeably different revenue mixes. FY23 saw strong performances across all areas of the business, whereas FY24 illustrated the increased resilience and balance that we have built across the business through acquisition and investment.

While overall revenue in FY24 was the same as the prior year, the underlying mix changed. Dry Cargo rates were cyclically quieter resulting in revenue 38% lower than the prior year and our Investment Advisory division was 30% lower. This, however, was offset by the strong contributions from our newly acquired businesses, with Tankers increasing 31%, Specialised Tankers increasing 18%, Offshore increasing 44% and Securities increasing by 36%. This clearly illustrates that our strategy to diversify across shipbroking, build a complementary Securities business is delivering a more balanced business, better able to generate strong performances throughout the cycle.

Importantly, while we cannot control shipping market rates, we can focus on growing our market share and we increased total fixture numbers by 8% during the year.



11.2bn
tonnes
2023 estimated seaborne trade

£373,000
average revenue per employee

Markets

With the global fleet continuing to age and newbuilds continuing to remain low by historical standards, the markets remained strong for much of the year. This was further impacted by geo-political and natural events, resulting in longer routes being needed and squeezing supply further. Dry Cargo was the exception with average rates being 35% lower than the prior year, partly due to reduced COVID restrictions and improving efficiencies in Chinese ports.

Global trade levels continued to grow, up approximately 2% year on year and the global fleet continued to remain at a similar level with limited numbers of new vessels, putting a floor under rates.

Investing in our EPSG

We remain committed to delivering sustainable growth and value to our shareholders, while contributing to the communities and environments in which we operate, and I am proud of the positive impact that we make.

Our sustainability strategy focuses on minimising our environmental impact, encouraging diversity and inclusion through our hiring and development programmes, and supporting local initiatives that drive positive change.

While shipping is an efficient method of transporting goods, it is critical that there is a strong focus on reducing its environmental impact and we work closely with our clients, helping them towards this, advising on the developing alternative fuels, new regulations and emission offset solutions.

Outlook

The strong performance during the period clearly demonstrates that the Group's strategy is delivering as our selective acquisition and hiring of talented individuals are improving the Group's resilience, maintaining revenues and growing market share.

During the year, we made further investment to enhance our platform, ensuring that we can continue to scale the business and improve our operating margins in future years. This investment will continue in FY25 as we make further improvements to our IT infrastructure, replacing legacy technologies to create significant efficiencies going forward.

In 2022, we stated our objective was to sustainably double underlying operating profit by FY25. We achieved this in FY23 and FY24 and we remain on track to continue to deliver this, with further growth through acquisitions and hires in existing and new markets.

As we entered FY25, the Group had a forward order book of \$83 million, 47% up on the prior year with particularly strong growth in Sale & Purchase. The outlook for rates is also positive so we remain optimistic for the future and continuing to successfully execute our growth-focused strategy.

I would like to take this opportunity to thank our employees for their hard work and dedication, as well as our clients and partners for their ongoing support, which combined to deliver this year's strong result. I look forward to another successful year in FY25 and to executing our growth strategy and continuing to deliver exceptional results for all our stakeholders.

James Gundy
Group Chief Executive Officer
22 May 2024

Q&A with management

Future Focus



An interview with Group Chief Executive Officer James Gundy, Group Chief Operating Officer Tris Simmonds and Group Chief Financial Officer Grant Foley. They answer some of your frequently asked questions.

Q
A

What does Braemar offer its clients?

JG: We are a global business, with 16 offices in 11 countries, our teams are highly experienced, and we have access to data and intelligence that provides real value to our clients. Also, as a business listed on the London Stock Exchange, we give our clients confidence that they are dealing with a strong and reputable broker.

Q
A

How do you work together as an executive team?

JG: We constantly talk to one another, so we are all aware of what is happening around the Group, the industry and the markets. Furthermore, we know each other's strengths, this allows us to be a highly effective executive team. I have been in the industry for over 40 years so understand it from top to bottom, Tris has been a broker and understands shipping and securities so is focussed on growth both through hiring and acquisitions. Grant brings significant experience on scaling businesses successfully for growth. Crucially, we challenge one another.

Q
A

The Securities business has grown strongly, where can this go?

TS: James and I had a clear vision for our Securities business. I sold my business to Braemar in 2018 and this was the catalyst for our Securities business. Since then, we have added different products, most recently natural gas and oil. This part of the business has grown by 93% over the last 3 years and there are a number of other areas that we can drive future growth by product and geography. Securities accounted for 15% of revenue in FY24 and during FY25 we are establishing Organised Trading Facilities in the UK and Europe that will drive future growth. Importantly, we are a broker, we take no balance sheet risk, so our Securities business is very capital light. I believe that Securities can double over the next three to four years.

Q
A

What do you mean when you talk about a platform for growth?

GF: As we continue to grow, it is crucial that we have the right infrastructure to allow brokers that join the business or acquisitions to focus on servicing clients. We have invested in our support functions (finance, compliance, IT, HR) to ensure that is the case, and ensuring that, as the businesses scales, these functions are well positioned to support that growth. This will improve our margins as we go forward.

Q
A

Where do you see growth coming from?

TS: We see growth coming from three areas, leveraging our market position to continue to gain market share, build new desks and teams through hiring and finally strategic acquisitions. When we look at hiring individuals, we want to ensure that being part of Braemar means that they can grow rather than maintain the level of business. This comes back to ensuring that we have the right platform in place. When it comes to acquisitions, we are looking to ensure that once a business comes into the Group it can fully leverage our data, intelligence and other desks to really grow the business. Our acquisitions of Southport Maritime Inc. and the Madrid Tanker Desk have been excellent examples of this.

Q
A

What is Braemar doing from an ESG perspective?

GF: Braemar is a people business, so we have added people to form EPSG. Braemar has two roles to play when it comes to the environment: helping our clients understand how they can make voyages more environmentally friendly through alternative fuels or new more efficient vessels, and how they can offset their carbon footprint. While internally we are moving forward to reduce our impact through recycling, being more energy efficient and offering our employees electrical vehicle schemes. However, we have more to do in this area.



As a management team we have a clear and aligned vision to grow our business.

James Gundy, Group CEO

During the year, we have continued to make charitable donations to a wide variety of employee-selected charities and we have sought to diversify our workforce through our trainee broker programme and apprenticeship schemes. From a people perspective, we have rolled out training and offer our employees access to a number of health and well-being plans.

Q
A

You set a target to double underlying profit by FY25, haven't you done that?

JG: Yes, but our target was to deliver sustainable profits of not less than £18 million by FY25. In FY23 we saw the benefits of our simplified strategy and strong rates and activity across all sectors, which delivered underlying operating profit of £20 million. Shipping is inherently volatile with different sectors typically being at different points in the cycle, that is what we saw this year. Weaker performances in some sectors offset by our more resilient business and delivering £18 million. We are building a resilient business that can deliver £18 million, wherever we are in the cycle.

Q
A

How do you retain people in the Company?

JG: Braemar has an active policy of promoting people and creating clear career progression. In the last five years we have appointed new business heads in three departments and have opened new offices and moved existing staff to grow new markets and business lines. We pay our brokers using a clear formula that gives them transparency on their earnings and offer a full suite of employee benefits. In non-broking areas we aim to promote from within and provide training and development opportunities.

Key Performance Indicators

Solid Foundations

Braemar continued to trade well throughout FY24.

The performance of our business was strong, with revenue and profit in line with the board's expectations.

The strategy of focussing on Shipbroking and building our Securities business is producing a stronger business, generating sustainable returns for our shareholders as well as superior service and value for our clients.

Revenue was unchanged year on year. Our Chartering and Risk Advisory segments grew year on year. This, however, was offset by lower Investment Advisory revenues.

All KPIs relate to continuing operations.

Revenue



-%

£152.8m

2023: £152.9m

Number of employees (average across the year)



+7%

409

2023: 384

Revenue per head



-6%

£373k

2023: £398,000

Underlying operating profit



-18%

£16.5m

2023: £20.1m

Cash generated from operations



-76%

£5.2m

2023: £22.1m

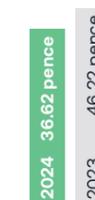
Number of countries



11

2023: 12

Underlying EPS



-21%

36.62p

2023: 46.22p

Number of offices



16

2023: 17

Reported EPS



-1%

15.65p

2023: 15.85p

Full-year dividend per share



+8%

13p

2023: 12p



Meeting Demand



During FY24, many shipping markets continued to perform well, with the exception of Dry Cargo that saw weaker rates through much of the year. Earnings across the Container, Gas, Offshore and Tanker markets remained strong for much of the year.

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

Although the global order book has increased slightly, it continues to remain low by historic standards and there continues to be limited capacity in the yards, leading to a shortage of supply and continuing high second-hand and new-build prices. These factors are expected to result in rates remaining strong.

In addition, sanctions, geopolitical and natural events are leading to longer voyage distances and this is likely to increase ahead of a stricter regulatory environment and an increased focus on ESG-criteria for investments. Longer voyages lead to higher freight costs and higher commissions for the Group.

We now present a FY24 summary of our three business segments: Investment Advisory, Chartering, and Risk Advisory.

Operating Review

Insight Expertise

Investment Advisory

Investment Advisory's revenue decreased by 30% to £25.7 million (FY23: £36.8 million), representing 17% of the Group's revenue.

Corporate Finance – £2.2 million (FY23: £4.7 million)

Corporate Finance revenues at £2.2 million were 54% lower than the prior year, due to fewer mandates completing, particularly on the debt restricting side. The continuing strong shipping markets led shipowners further increasing their cash reserves, making them less dependent on sourcing debt financing. In addition, the increase in base interest rates over the previous years from historic lows has made it unattractive for many shipowners to source debt financing as opposed to deploying their cash reserves. Instead of looking to secure new debt financing, many shipowners have even used part of their cash reserves to repay or prepay existing financing facilities.

Notwithstanding the challenging circumstances, several financings were arranged, especially for Asian and Middle Eastern clients. In addition, corporate finance's mandates diversified during the year and several transactions in the container, tanker and multipurpose markets were concluded. Furthermore, M&A activity and the interest from clients in M&A transactions has continued to pick up further.

Sale & Purchase/Newbuildings – £23.5 million (FY23: £32.1 million)

Sale & Purchase revenues were £23.5 million, a decrease of £8.5 million (27%) on the previous year. The tanker market remained active during the year and strong rates being offered by charterers to secure tonnage for long periods have supported asset prices. With newbuilding berths generally only being available from 2027 onwards, further liquidity entered the second-hand market. In addition, new regulations have led clients to continuously re-evaluate their fleet composition, with a constant need for renewal. As a result, through the year we saw many clients reshuffling their fleet, with the majority of owners looking to sell their 15-year-old vessels and replacing these with more environmentally efficient ships.

The desk enters the new financial year with a strong forward order book, more than double from the start of the prior year.

Chartering

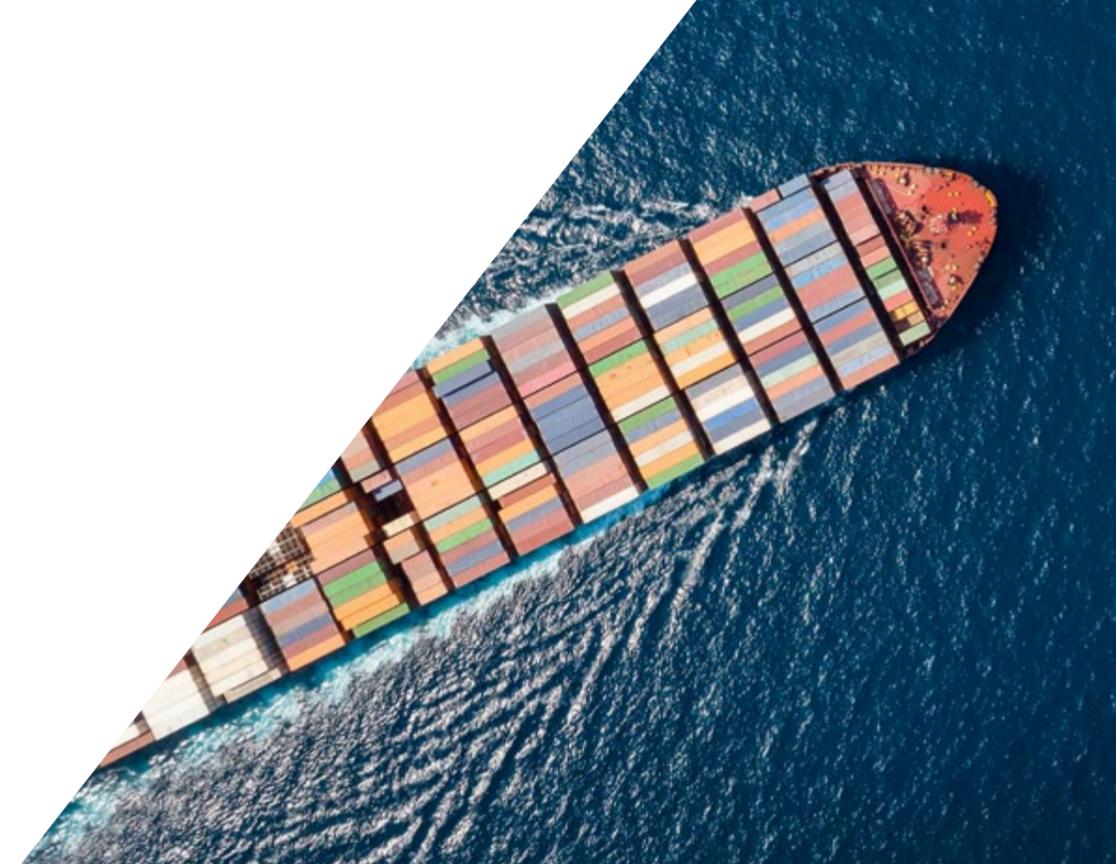
Chartering's revenue increased by 5% to £103.9 million from £99.2 million in FY23, representing 68% of Braemar's total revenue. Fixture volumes increased by 8% compared with the previous year.

Tankers – £54.7 million (FY23: £41.6 million)

Tanker revenue grew by 31% to £54.7 million (FY23: £41.6 million), with the acquisitions made in the previous year of Southport Maritime and the Madrid Tanker desk making significant contributions to revenue. FY24 was another positive year within the Tanker sector with all markets performing well, and a larger appetite for long term deals as confidence continued and rates stabilised. Strong global oil demand growth combined with trade distortions, as a consequence of the conflicts in both Ukraine and Gaza are expected to hold rates firm.

Dry Cargo – £22.1 million (FY23: £35.8 million)

Dry Cargo revenues decreased by 38% to £22.1 million (FY23: £35.8 million) due to a fall in rates during the year. Despite Seabourne dry bulk estimated to have grown by 5% in 2023 led by coal and iron ore trade, and the fleet growing by just 2.7%, below the long-term average of 3.5%, rates were under pressure during the year due to greater efficiencies in Chinese ports and the removal of COVID-related restrictions. Overall, dry bulk trade growth is expected to slow in the coming year, along with slower growth in the fleet, together with fleet inefficiencies as a result of diversions from the Red Sea and Panama Canal which create the potential for rate volatility.



Operating Review continued

Chartering continued

Offshore Energy Services – £7.9 million (FY23: £5.5 million)

Offshore revenues grew to £7.9 million in the year, up 44% from the prior year (FY23: £5.5 million). The continuing low level of supply in the market, a strong oil and gas sector, as well as the growing offshore wind industry, drove an improvement in rates during the year. The desk's forward order book remains strong and outlook for the year ahead is positive.

Specialised Tankers – £19.2 million (FY23: £16.2 million)

Specialised Tankers revenue at £19.2 million was £3 million (18%) higher than the prior year (FY23: £16.2 million). The continuing shortage of ships resulted in a strong market throughout the year. With a combination of firm demand, a lack of new building 'slots' in shipyards, and an ageing fleet of stainless-steel ships, rates are expected to remain firm in the coming years.

LNG*

Record numbers of LNG newbuildings are set to deliver this year and next, against delayed new LNG production, create a bearish sentiment in the LNG spot market for the coming 24 months. Conversely, for the long-term, the yards are now effectively booked up until 2028, meaning we do not expect to see a reduction to the current record New Building price highs, much before end of the decade at the earliest. This presents real challenges and continued bullish sentiment for other market users seeking to secure new Tonnage before then, in terms of available slots and resulting long-term charter rates.



LPG & Petrochemicals*

The Petrochemical segment had a strong year, with increasing demand from the U.S. combined with new production elsewhere. The Pressurised segment had another solid year with improved results from both spot and time charter coverage.

Braemar's LPG & Petrochemicals desk has enhanced its presence with the recruitment of an established product broker, and this segment is already proving fruitful. The desk has increased its time charter coverage and continues to grow its customer base with a number of new accounts.

Prospects for the Very Large Gas Carrier ("VLGC") freight market look positive, despite the spot market correction in January 2024. The spot market remains increasingly volatile with less consolidation of controlled vessels. Demand and rates, however, are expected to rise for the balance of the new financial year. Despite the current forward order book of approximately 25% of the existing fleet, much will not hit the water until 2027.

Similarly, in the Medium Gas Carrier ("MGC") market, the outlook remains good; mostly due to the projected expansion in liquid ammonia shipments in the near to long-term helping both VLGCs & MGCs.

* LNG and LPG & Petrochemicals are subsets of Specialised Tankers.

Revenue – Chartering

£103.9m

FY23: £99.2m

+5%

Risk Advisory (Securities)

Risk Advisory's revenue increased by 36% to a record £23.1 million (FY23: £17.0 million) and now represent 15% of total revenue.

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

Dry Cargo Derivatives

The dry freight derivatives market has continued to garner increasing attention from investors and participants beyond the traditional freight hedging space. As a result, trading volumes have seen a substantial increase. Concurrently, geopolitical tensions and weather-related disruptions have contributed to a rise in average freight rates across the sector. The dry FFA desk has been able to effectively capitalise on this growth in trading volumes, which has translated into a significant increase in revenues for the year. This performance has been further bolstered by the desk's proprietary pricing platform, braemarscreen.com, which continues to provide unique insights to market participants.

The Coal desk maintains its position as the leading provider of brokering services to the European-delivered ARA market, which is used to benchmark the key API2 instrument. This is the most traded coal futures contract globally.

Natural Gas Derivatives

The Natural Gas desk continued its first full year of trading with continuous quarter-on-quarter growth throughout the year, with revenue growth coming from successful client onboarding and new product development. This was achieved despite the reduced market volatility in key gas hubs such as TTF, due to a mild winter and strong storage levels. In addition, the desk successfully brokered several deals on European Union Allowances ("EUA") to help the Group's shipping clients prepare and comply with the EU's Emissions Trading System ("ETS"). Looking forward, the desk plans to continue organic revenue growth through the hiring of key personnel in both the options and emissions space.



The desk also won the coveted Risk Awards Newcomer of the year award which reflects the team's progress and success in establishing a market presence in its first full year of trading.

Oil Derivatives

The crude and products markets have had a volatile run, albeit in a historically tight price range, with bullish geopolitical headlines competing with bearish macro fundamentals and plentiful supply. Trading volumes have steadily increased over the course of the year, though still remain lower than pre-Covid levels. Despite no direct supply impact, the Israel/Hamas conflict initially panicked the market, with both crude and product cracks rallying significantly. However, this geopolitical premium has largely dissipated now, with market focus returning to the disappointing macro picture.

Ongoing OPEC+ voluntary cuts have helped bring global petroleum inventories back towards the five-year seasonal average, but in the face of a disappointing demand picture refined product cracks have continued to languish near multi-year lows, resulting more recently in significant refinery run cuts globally. As the global macro picture continues to improve, and prices break out of the current range, we expect trading volumes to continue to pick up across oil derivatives significantly.

Tanker Derivatives

The Tanker FFA market was extremely volatile yet again throughout 2023, with volumes up 15% across FFA routes. This was primarily a result of the continued Russia-Ukraine conflict along with further increased geopolitical tensions, notably Israel-Gaza. The Tanker FFA market is expected to continue to grow in 2024, and the desk remains the leading global facilitator in Clean, Dirty & LPG FFAs.

Revenue – Risk Advisory

£23.1m

FY23: £17.0m

Financial Review



Grant Foley
Group Chief Financial Officer

A more diversified revenue mix across shipbroking, building increasing resilience.

The Group delivered a robust financial performance for FY24, maintaining revenues at the same level as the prior year against a backdrop of weaker Dry Cargo rates and lower demand for Investment Advisory services. These were offset by improved performances from other desks, strong contributions from the recent acquisitions, and the continuing growth of our securities business, clearly illustrating the Group's growing resilience through the shipping cycle.

Underlying profit before tax at £14.6 million is £3.4 million lower than the prior year due to £1.5 million of acquisition-related costs and foreign exchange translation losses of £1.1 million (FY23: gain of £1.5 million).

The Group maintained a positive net cash position and, in line with the Group's stated progressive dividend policy, recommends a final dividend of 9p, making the full-year dividend 13p, an increase of 8% on the prior year (FY23: 12p).

Summary Income Statement FY24

- Underlying operating profit £16.6 million (FY23: £20.1 million).
- Underlying operating profit (before acquisition-related expenditure £18.1 million (FY23: £20.1 million)).
- Underlying profit before tax £14.6 million (FY23: £18.0 million).
- Statutory operating profit £9.0 million (FY23: £11.7 million).
- Statutory profit before tax £7.5 million (FY23: £9.5 million).

	Underlying			Statutory		
	FY24 £'000	FY23 £'000	% inc/ (dec)	FY24 £'000	FY23 £'000	% inc/ (dec)
Revenue	152,751	152,911	–	152,751	152,911	–
Operating profit	16,548	20,075	(18)%	9,044	11,669	(22)%
Profit before tax	14,608	18,040	(19)%	7,523	9,451	(20)%
Profit after tax	10,820	13,399	(19)%	4,624	4,596	1%
Earnings per share	36.62p	46.22p	(21)%	15.65p	15.85p	(1)%

Revenue

Revenue from continuing operations was broadly unchanged from the prior year, while fixture numbers increased by 8%. Overall chartering revenue grew by 5% to £103.9 million. All sectors grew year on year with the exception of Dry Cargo, where rates were c.35% lower than the prior year. Market share, however, was maintained with Dry Cargo fixtures only down slightly by 4%. Investment Advisory revenue was £11.1 million, 30% lower than FY23 due to fewer debt restructuring mandates and lower activity in Sale & Purchase, while Risk Advisory (Securities) grew strongly once again, up 36% on the prior year at £23.1 million (FY23: £17.0 million).

The majority of the Group's revenue is earned in US dollars and the exchange rate moved from a low of \$118/£1 to a high of \$131/£1 during the year. Total USD revenues at \$189 million were slightly lower than the prior year (FY23: \$191 million).

At 29 February 2024, the Group held forward currency contracts to sell \$119 million at an average rate of US\$1.25/£1.

Operating costs

Operating costs at £134 million were £1.4 million higher than the prior year (FY23: £132.6 million). Staff costs were £0.6 million lower than the prior year, offset by ongoing investment in IT, the ongoing costs associated with the acquisitions made in the prior year, and the foreign exchange loss of £1.1 million compared to a £1.5 million foreign exchange translation gain in the prior year.

Central costs

Central costs decreased by 19% from £6.2 million to £5.0 million, primarily due to lower share-based payment charges than the prior year and lower legal and professional fees.

Net finance costs

Net finance costs for the year decreased by £0.7 million to £1.5 million (FY23: £2.2 million). Interest payable on the Group's revolving credit facility increased to £2.4 million from £1.2 million in the prior year due to the average interest rate rising from 4% to 7%. This was offset by interest income increasing by £0.4 million as the Group was able to get better returns on cash balances and credits on derivative contracts of £0.6 million that were a charge of £0.5 million in the prior year.



+8%

Growth in fixtures

36.62p
underlying earnings per share

Financial Review

continued

Specific items

Alternative profit measures (“APMs”)

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

Items that are not considered to be part of the ongoing trade of the Group have been presented as specific. These items are material in both size and/or nature and we believe may distort understanding of the underlying performance of the business if not identified separately. Details of these items can be found in Note 2.2 to these Financial Statements.

	FY24 £'000	FY23 £'000
Underlying operating profit before specific items	16,548	20,075
Specific items – Acquisition-related expenditure	(4,405)	(1,999)
Specific items – Other operating costs	(3,182)	(10,253)
Specific items – Other income	83	3,846
Operating profit	9,044	11,669

Acquisition-related expenditure includes £3.6 million in relation to the acquisition of Southport Maritime Inc. (FY23: £1.3 million) and £2.6 million within other operating costs that are the costs associated with the independent internal investigation conducted during the year (FY23: £nil). In the prior year, other operating costs included a goodwill impairment of £9.1 million in relation to the Group's Corporate Finance business.

A more diversified revenue mix across shipbroking, building increasing resilience.

Grant Foley,
Group Chief Financial Officer

Balance Sheet

Net assets at 29 February 2024 were £79.6 million an increase of £2.9 million from the prior year (FY23: £76.7 million). The year saw an overall decrease on total assets of £16.5 million, primarily due to a reduction in trade receivables (£5.6 million) and cash (£6.8 million). This was offset by a reduction in total liabilities of £19.4 million, due to lower trade and other payables, primarily due to a lower bonus accrual at the year-end, as some bonuses were paid before the end of the financial year.

Following the completion of the internal independent investigation, a provision for uncertain commission obligations was recognised in the prior year Financial Statements. This provision remains as at 29 February 2024.

Borrowings and cash

At the Balance Sheet date, the Group had a revolving credit facility with HSBC of £30.0 million. The facility also provides access to a global cash pooling facility in the UK, USA, Germany and Singapore, which enables efficient management of liquidity between its main regional hubs. At the end of the year, the Group had net cash of £1.0 million (FY23: £6.9 million).

Retirement benefits

The Group has a defined benefit pension scheme, which was closed to new members during FY16. The scheme has a surplus of £1.4 million (FY23: surplus £1.1 million), which is recorded on the Balance Sheet as at 29 February 2024. The agreed annual scheme-specific funding, since the triennial valuation as at March 2020, was a cash contribution of £0.5 million per annum. As a result of the net asset position, these contributions were stopped from March 2023.

Taxation

The Group's underlying effective tax rate in relation to continuing operations in FY24 was a charge of 26% (FY23: 26%), slightly higher than the UK corporation tax rate reflecting the international operations of the Group.

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 FY24, the Company requested that SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust, purchase shares in Braemar Plc. During the year, a total of 2,156,196 shares in the Company were purchased by the Trustee and 3,440,115 shares were released; as a result, at 29 February 2024, the ESOP held 2,303,211 shares (FY23: 3,579,630 shares). The total cash outflow as a result of these share purchases was £6.1 million (FY23: £8.0 million). At 29 February 2024, the ESOP contained sufficient shares as are expected to be needed to cover all current share awards described in Note 6.3 of the Financial Statements.

Dividend

The directors are recommending for approval at the AGM on 3 July 2024, a final dividend of 9.0 pence per share, to be paid on 9 September 2024. The total dividend of 13.0 pence for the year is covered 2.8 times by the underlying earnings per share from continuing operations of 36.62 pence. The total cash outflow in respect of dividends paid during the year ended 29 February 2024 was £2.4 million (FY23: £3.2 million).

Going concern

With the trading cash flows generated during the year, the Group remains in a robust cash position, with a positive net cash position at the year-end. The Group will maintain its prudent approach to working capital forecasting and credit controls. The Group's revolving credit facility was renewed in November 2022 on largely similar terms to the previous one it replaced and provides the seasonal working capital that is required. Accordingly, the accounts have been prepared on a going concern basis.

Grant Foley

Group Chief Financial Officer
22 May 2024



Section 172 Statement

The board is pleased to confirm that during the year ended 29 February 2024, the directors have discharged their duties to act in a way they believe promotes the long-term success of the Company for the benefit of its members as a whole. This statement sets out how the directors have done this while having regard to the matters set out in section 172 of the Companies Act 2006.

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

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

The board has determined the Company's key stakeholders are its employees, clients, shareholders and banking partners. The views of these stakeholders are considered by the board when principal decisions are taken. The board understands the importance of effectively engaging with the Company's key stakeholders, to better understand their views and interests, and to better consider the potential impact of the directors' decisions on them. Information on how the Company engaged with various stakeholders during the year can be found in the ESG Report on pages 30 to 41 and the Corporate Governance Report on pages 50 to 53 of this Annual Report.

The directors' duties under Section 172 of the Companies Act 2006 are embedded in all the decisions that the board and its Committees make, as are a range of other factors, including alignment with the board's strategy and values. A summary is provided below of the principal decisions taken by the board during the year and how key stakeholders and other matters set out in section 172 were considered by the board in making these decisions:

Principal decisions of the board:

Decision	Section 172 and stakeholders
Approval of interim dividend of 4 pence and recommended a final dividend of 9 pence per share for approval by shareholders at the 2024 AGM	<ul style="list-style-type: none"> • consequences of decisions in the long term • interests of stakeholders: shareholders • the need to act fairly as between members of the Company
Establishment of an independent Investigation Committee chaired by the non-executive Chairman	<ul style="list-style-type: none"> • consequences of decisions in the long term • reputation for high standards of business conduct • interests of all stakeholder groups
Appointments to the board	<ul style="list-style-type: none"> • consequences of decisions in the long-term • reputation for high standards of business conduct • interests of all stakeholder groups
Establishment of Braemar Securities Limited, Singapore branch	<ul style="list-style-type: none"> • consequences of decisions in the long-term • interests of all stakeholder groups

Board decision making in action

Approval of interim dividend of 4 pence and recommended a final dividend of 9 pence for approval by shareholders at the 2024 AGM

In November 2023, the board approved an interim dividend of 4p per share in respect of the year ended 29 February 2024, which was paid on 2 April 2024 reflecting strong underlying performance and the board's confidence in the outlook for the Company. The payment was in line with the Group's stated progressive dividend policy. When approving the dividend, the board considered the level of reserves and the Company's capital position, future investment and growth opportunities and ability to generate cash flows. In early 2024, the board agreed to recommend a well-covered final dividend of 9 pence per share for approval at the forthcoming AGM. The board is mindful of the importance of dividends to shareholders and this decision is in line with the Company's stated progressive dividend policy. Together with the interim dividend of 4 pence per share, this equates to total dividends per share for the year of 13 pence, an 8% increase over the prior year dividend of 12 pence per share. The directors had regard to the interests of shareholders and the impact on the Company's long-term growth strategy.

Establishment of independent Investigation Committee

An area of board focus over the past few years has been ensuring that proper procedures are in place to deliver good practice throughout the business as it scales. As part of this work, in June 2023, the board established an independent investigation committee to oversee an internal independent investigation into an historical transaction dating back to 2013. The investigation was overseen by an Investigation Committee, chaired by the non-executive Chairman and solely comprising the independent non-executive directors. The investigation was conducted by FRP Advisory Trading Limited, an independent specialist forensic accounting firm, and independent external counsel. The directors had regard to the interests of all stakeholder groups and the need for the Company to maintain high standards of business conduct as well as the impact on the Company's long-term growth strategy. The investigation was completed in October 2023. The board and the Group have acted promptly to address the process and control areas that were identified as requiring improvement, including taking key remedial actions. The publication of the FY23 Annual Report was delayed until the completion of the investigation.

As the Company was not able to comply with the Financial Conduct Authority's Disclosure and Transparency Rules, the Company requested that trading in the Company's shares be suspended and this was effective from 3 July 2023 until 21 November 2023 when trading in the Company's shares resumed. The work of the Investigation Committee is testament to the board's strong commitment to maintaining a high standard of corporate governance which is in the interests of all the Company's stakeholders.

Appointments to the board

In May 2023, the board appointed Cat Valentine as an independent non-executive director. In considering the optimum criteria and attributes for this role, the Nomination 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. Cat is a communications professional with over 25 years' experience, advising quoted and privately-owned companies on investor and corporate communications. She has extensive knowledge of the small-cap growth companies' market and considerable M&A transactional experience, having advised a broad range of clients on both AIM and the Main Market. Cat's extensive experience has added considerable value to the board. On Cat's appointment to the board, she was also appointed to the Remuneration Committee and Audit & Risk Committee.

Grant Foley joined the Group as Group Chief Financial Officer on 1 August 2023. Grant brings more than 25 years' experience in leading public and private financial services and technology businesses, and joined the Company from ClearScore, the UK's leading credit marketplace, where he served as Chief Financial Officer. At ClearScore, Grant drove significant improvements across the finance function, implementing new systems, processes and reporting as the business scaled. Experience the board considered would be invaluable to Braemar as the business pursues its growth strategy and as the finance functions continues to strengthen. Grant also brings additional transaction experience to the board, and his other roles have included CMC Markets Plc where, as Group Chief Financial Officer and Chief Operating Officer, he was instrumental in the company's successful IPO.

Establishment of Braemar Securities Limited, Singapore branch

In February 2024, the Group established a branch of Braemar Securities Limited (the Group's commodity and commodity derivatives business for professional clients) in Singapore. The directors had regard to the interests of all stakeholder groups: employees, clients and shareholders. Our Securities business is a key component of our growth strategy and investing in this business is an area of focus for the Group.

The Securities business is growing (revenue was up 36% in FY24) and our strategy is delivering a more balanced business that is better able to generate strong performances throughout the cycle. Group Chief Operations Officer Tris Simmonds details the growth and future prospects of the Securities business in the Executive Q and A on page 15.



Positive Impact

With the complex issues the world faces ever more present in our lives, our EPSG strategy remains well placed to help us help our clients and employees navigate the future with confidence.

Grant Foley,
Group Chief Financial Officer
and EPSG executive sponsor

At Braemar, we are committed to being a sustainable business, delivering growth while creating a positive impact on society.

We are a people-focused Company, without whom we would not have a profitable and sustainable business. It is why we have People included within the title of our ESG strategy; to demonstrate the importance we place on our people and to ensure their continued growth and success as part of our business.

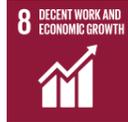
As a business within an industry responsible for approximately 3% of the world’s GHG emissions, we recognise that we have an important part to play in helping the industry with the green transition. We remain true to our EPSG purpose to facilitate climate-smart shipping and discuss how we are doing that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

Ensuring effective governance and managing the business ethically is a guiding principle for Braemar and the Group is committed to maintaining the highest standards of corporate governance. Throughout the year, we have strengthened our governance processes, specifically improving our internal audit, risk, legal and compliance functions.

1 Purpose We believe it takes expertise and experience to secure sustainable returns and mitigate risk in a volatile shipping world

2 ESG Objective Facilitating climate-smart shipping

3 SDG Commitments

 Targets: 6.3, 6.6	 Targets: 8.4, 8.6	 Targets: 13.3	 Targets: 14.1, 14.2
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4 EPSG Resources

People	Profit	Client Offering	Value Chain
Giving our people’s time, passion and expertise to benefit society and the environment.	Giving a percentage of our profit to support our ESG work.	Incorporating climate-smart expertise into our client services.	Collaborating with the marine industry to achieve shared ESG goals.

5 EPSG Goals

Environment	People	Society	Governance
Reduce operational emissions. Achieve net zero emissions by 2050.	Think globally to achieve One Braemar.	Think globally, act locally to drive benefit for our communities.	Collect data & report on ESG metrics aligned to strategy.
Protect 10,000km ² of marine biodiversity areas by 2030.	Activate global programmes for bringing diverse talent into the workforce.		
Facilitate responsible sustainable shipping within the industry.			

We have taken time to set our foundations to position ourselves well to deliver our EPSG strategy. Going forward, we will start to deliver on activities to reach the commitments we have made to reach our ambitious goals.

Environmental Responsibilities

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

On average, it produces 25 grammes 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 accounts for approximately 3% of worldwide GHG emissions and faces significant challenges in the transition to a green economy. However, efforts to reduce shipping's GHG emissions have picked up pace in the last twelve months.

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

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

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

Developing an affordable and sustainable global supply of these fuels remains a significant challenge. Efficiency improvements will therefore be key to meeting immediate emissions goals. A range of emissions saving devices are being utilised, with some even turning back to wind. Optimising operations by taking advantage of the latest data and AI technologies are also offering considerable savings.

While there is a long road ahead, shipping is now taking the first solid steps towards a green energy transition.

Our direct impact

With Braemar's position as a broker we seek to facilitate climate-smart shipping, aiming to mitigate risk and seek opportunities to aid our clients in the green transition.

As a business, we continue to look for ways to reduce our carbon footprint, which is a result of energy use from our offices, employees working from home and business travel. We encourage waste recycling within our offices and, in the UK, we operate cycle to work and electric vehicle schemes and are looking to make improvements into the energy efficiency of our offices. With business growth comes an increased carbon footprint, especially from our business travel; we will seek ways to reduce this in the coming years.

As in previous years, we have continued to offset our reported footprint through the purchase of carbon credits from the Braemar Offset product via CHOOOSE.

The schemes that these carbon credits invested in included wind power, solar photovoltaic projects, conservation initiatives and biomass/landfill gas projects.

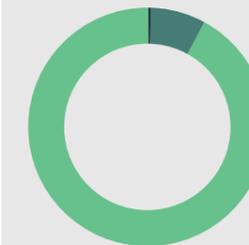
Streamlined Energy and Carbon Reporting ("SECR")

We measure and monitor our energy and calculate our greenhouse gas emissions based on the use of gas and electricity in our offices, car 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.

The Group's total emissions have increased by 1,689tCO₂e to 2,520tCO₂e (2023: 830.72tCO₂e). This is mainly due to increases in business travel, especially flights taken for meetings with clients as the business grows and travel resumes post COVID restrictions.

In line with the SECR requirements, we calculated, and report consistently each year, our intensity ratio based on our emissions per Full-Time Equivalent ("FTE") employee, which we consider to be an appropriate measure for our people-based business.

Scope 1, 2 and 3 emissions



- Scope 1 = 11.84tCO₂e
- Scope 2 = 188.82tCO₂e
- Scope 3 = 2,319.36tCO₂e

Total carbon footprint = 2,520.03tCO₂e

Scope 3 emission sources



- Transportation and distribution ("T&D") of electricity = 14.49tCO₂e
- Employees working from home = 18.75tCO₂e
- Business travel in rental cars or employee-owned vehicles = 40.02tCO₂e
- Emissions from flights = 2,246.11tCO₂e

Total Scope 3 = 2,319.36tCO₂e

Scope 1 covers direct emissions from owned or controlled sources.

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

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

Our carbon footprint has been calculated using the GHG Protocol Corporate Standard guidelines, using the UK emission conversion factors produced for 2023 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.

EPSG Report continued

Braemar Plc – Group energy usage and associated GHG emissions
SECR Reporting year – 1 March 2023 to 29 February 2024

	Year ended 28 February 2024			Prior year		
	UK	RoW	Total	UK	RoW	Total
Energy consumption (kWh)						
Gas	0	39,610	39,610	31,760	58,610	90,370
Electricity	386,691	253,207	639,898	377,581	210,762	588,343
Mileage	788	184,804	185,592	643	131,003	131,646
Total energy consumption	387,479	477,621	865,099	409,984	400,375	810,359
GHG emissions (tCO₂e)						
Scope 1						
Emissions from combustion of gas	0.00	7.13	7.13	5.80	10.70	16.50
Emissions from combustion of fuel for the purposes of owned transport	0.19	4.52	4.71	0.16	6.31	6.47
Scope 2						
Emissions from purchased electricity (location-based)	80.07	108.75	188.82	73.02	93.77	166.79
Scope 3						
Emissions from transportation and distribution (“T&D”) of electricity	6.93	7.56	14.49	7.09	1.66	8.75
Emissions from employees working from home	7.79	10.95	18.75	5.10	14.61	19.71
Emissions from business travel in rental cars or employee-owned vehicles	0.00	40.02	40.02	0.00	25.27	25.27
Emissions from flights	1,317.40	928.71	2,246.11	352.92	234.30	587.22
Total gross emissions	1,412.39	1,107.64	2,520.03	444.09	386.63	830.72
FTE	208	204	412	138	246	384
Carbon intensity per FTE	6.79	5.43	6.12	3.22	1.57	2.16
	tCO ₂ e/fte	tCO ₂ e/fte	tCO ₂ e/fte	tCO ₂ e/fte	tCO ₂ e/fte	tCO ₂ e/fte

Facilitating climate-smart shipping

The Group is clear that its EPSG purpose is facilitating climate-smart shipping.

This is the primary way that we can support our clients in navigating both the risks and opportunities associated with climate change, the most pressing global issue that the industry faces.

Over the years, we have developed several products and services to support our client’s transition to the green economy. These include our End of Life and recycling advisory services to support ship owners to use greener recycling practices, often changing their practices towards those which are not harmful to the local environment and community.

Our research teams provide analysis for our clients on the transition to the green economy, regularly publishing the “Net Zero Roundup” highlighting development as the industry transitions.

Braemar Offset, our carbon footprint calculation and offset partnership with the CHOOOSE platform, is now in its third year. Braemar Offset directly connects our clients with impactful and verified climate projects which helps them play a proactive role improving their sustainability and positively accelerate climate action.

Task Force on Climate-related Financial Disclosures Report

The Group recognises that the international shipping industry accounts for approximately 3% of worldwide greenhouse gas emissions which presents some risks and opportunities for our business.

We seek to incorporate the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations into our strategic decision making going forward.

This is our third year of TCFD reporting, and we are starting to analyse the impacts of climate change on our business and better understand the implications of the financial risk of climate change. While we are not yet fully compliant with the TCFD recommendations we are building towards full compliance with TCFD-recommended disclosures in future years. In the table below, we have stated where we are fully, partially or not yet compliant against each disclosure.

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

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

GOVERNANCE		
Describe the board’s oversight of climate-related risks and opportunities	Full	<p>The board has overall responsibility and oversight of climate-related risks and opportunities. It is informed by the Audit & Risk Committee of risks and opportunities in relation to climate change.</p> <p>The Audit & Risk Committee reviews the impact of climate-change risks and opportunities and incorporates these risks and opportunities into the Group’s risk management framework.</p> <p>The Risk Committee reports to the Audit & Risk Committee via the Group Chief Financial Officer, who has executive responsibility for risk management. The Risk Committee advises the Audit & Risk Committee on the Company’s risk management framework, risk appetite and strategy and in evaluating the effectiveness of risk mitigation strategies and internal controls. Further details on the roles and responsibilities of these two committees can be found on page 44.</p>
Describe management’s role in assessing and managing climate-related risks and opportunities	Full	<p>During FY24, the CFO, with the support of the Risk Committee, had overall responsibility for assessing and managing climate-related risks and uncertainties. With the support of external consultants and internal industry experts, the management team is kept updated on climate-change risks and opportunities throughout the year. Going forward, we will conduct a scenario analysis, from which management will discuss the likely climate risks and opportunities to decide those most material to the business.</p>
STRATEGY		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Partial	<p>The Risk Committee has considered the Group’s climate-related risks and opportunities and has identified the following relevant timeframes:</p> <p>Short term: 0–2 years.</p> <p>Medium term: 3–10 years.</p> <p>Long term: Beyond 10 years.</p> <p>Environment and Climate Change has been identified as a principal risk, although it is not expected to have an impact on financial performance in the short term.</p> <p>The Group has commissioned an external ESG advisory firm to support the Company to better identify climate-related risks and opportunities on the organisation’s business, strategy and financial planning. This work was postponed during the year but remains a priority and will be a key focus for FY25.</p> <p>Further detailed risks and opportunities will be presented on completion of the scenario analysis work in time for reporting in the FY25 report.</p>

EPDG Report continued

Task Force on Climate-related Financial Disclosures Report continued

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Non-compliant	The commissioned external ESG advisory firm will also help quantify the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning. The Risk Committee has been tasked with ensuring that the impacts of climate-related risks and opportunities are assessed in the Group's business, strategy and financial planning. We will continue to develop this area throughout the year and provide updates in future reports.
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STRATEGY continued

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Non-compliant	The Group has started to model climate-related scenarios and to assess the resilience of the organisation's strategy to these scenarios. It is considered that there is little or no negative impact in the short term, and this is balanced with possible opportunities. The Group incorporates various financial scenarios in its strategic modelling, including freight rates, commodity prices, and foreign exchange rates. During the year, work to commence incorporating climate change scenarios into the Group's financial modelling was postponed, but will be a key focus in FY25. When this initial work is complete the Group will be able to better quantify the impacts and assess the resilience of the Group's strategy. Updates will be provided in future reports.
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RISK MANAGEMENT

Describe the organisation's processes for identifying and assessing climate-related risks	Partial	During FY24, the Audit & Risk Committee, with support from the Risk Committee, had responsibility for identifying, assessing and managing climate-related risks and opportunities. The Audit & Risk Committee has responsibility for monitoring this as an ongoing risk.
Describe the organisation's processes for managing climate-related risks	Partial	The Audit & Risk Committee, with support from the Risk Committee, is responsible for identifying, monitoring and managing climate-related risks.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Full	The processes described above are fully integrated into the Group's overall risk management processes.

 [Links to Principal risks and Uncertainties Report on pages 43 to 49](#)

METRICS AND TARGETS

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Non-compliant	Work to develop a set of metrics to demonstrate how we will assess our climate-related risks will carry over into FY25. An update on this work will be published in future Annual Reports. These metrics will be aligned to the Group's specific climate-related risks as well as the Environment pillar of the Group's EPSG Framework.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Partial	The Group has disclosed all mandatory Scope 1 and Scope 2 GHG emissions. The Group has also disclosed material voluntary Scope 3 emissions, including the GHG emissions due to employees working from home.

METRICS AND TARGETS continued

Describe the targets used by the organisation to manage climate-related risks and performance against targets	Non-compliant	The Group has committed to reaching net zero by 2050 in line with the UK's objective for doing so. The Group continues to offset its carbon footprint on an annual basis through our Braemar Offset platform in partnership with CHOOOSE. Work to develop metrics and targets to manage climate-related risks and opportunities and performance against targets will carry over into FY25. An update on this work will be published in future Annual Reports. 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: <i>SDG 8.4 Improve Resource Efficiency in Consumption and Production.</i> <i>The Group is developing targets to improve the energy-efficiency of its offices.</i> <i>SDG 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</i> <i>The Group is developing targets to raise awareness of climate change and mitigations in our industry among both our team and our clients.</i>
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The Braemar view on climate-related financial risks and opportunities

As we continue to develop our understanding and approach to climate-related risks and opportunities, we are becoming more aware of the effects as well as the opportunities that this presents to the business.

Clearly, climate change regulation will have some impact on the selling and transportation of some goods that we help our clients ship around the world, such as coal. Over time, some nations may ban this fossil fuel from entering their country, and so we expect a downturn of the amount needed transporting over the long term.

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

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

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

Excel Grow



People

From London to Singapore, Greece to Dubai, Germany to Australia and beyond, we have introduced new global HR and payroll systems and processes to create an enhanced employee experience that is globally consistent and transparent, these systems and processes are already helping us improve how we hire, support and motivate our people.

We have continued to make progress this year towards creating a globally consistent employee experience for our people. People are Braemar's most important asset and our new systems give us better data-driven insights into how we can improve how we support them.

Employee support and training

In 2023, we rolled out our training platform to all employees globally, with a focus initially on compliance training. The new global HR system helps to enhance the employee experience, particularly during the onboarding of new employees; we can now start their Braemar knowledge and induction programme before they arrive for their first day in the office.

Employee engagement

During 2023, an internal Operations Committee was established. The Operations Committee enables us to consult more effectively with more employees across the world, and to ensure that their ideas are included in broader company decision making.

The Operations Committee enables all heads of support functions to meet regularly to hear ideas and suggestions for how to improve the business and provides an opportunity for cross function collaboration, addressing challenges and suggesting new initiatives.

To engage with our employees and drive forward our ESG agenda, we established an ESG Committee. The Committee will have global representation when it is fully constituted and will be tasked with taking the action needed to meet our ESG-related objectives and will report and make recommendations to the board on ESG related matters.

Health & well-being

We continue to support employees with their mental health and overall well-being and we have enhanced our Employee Assistance Programme and associated offering, through a tailored provision which focuses on lifestyle and well-being.

Talent development

Our Trainee Broker Scheme launched in the UK in September 2023. Over 200 applications were received via Braemar's website, and five successful applicants were chosen through group, individual and panel interviews. The Scheme gives the trainees the opportunity to gain a solid foundation in the shipbroking industry through six months of rotating through the different desks.

The Trainee Broker Scheme is open to anyone from any background who has the drive and curiosity to start a career in shipbroking.

Trainee Broker Programme

Braemar introduced its Trainee Broker Programme in September 2023 to bring new talent into the business. Over a six-month period trainees are rotated across all key shipbroking divisions, developing technical, organisational and communication skills. Trainees are mentored throughout and upon successfully completing the programme are offered a full-time role as a shipbroker.

Following the success of the programme in the UK, it is planned to be rolled out to other locations.

Gender diversity

As at 29 February 2024, women accounted for 25% of our global workforce (2023: 23%), and we have added one female non-executive director to the board, which is now made up of 3 female and 4 male directors.



During the year, we made great progress on the systems and processes needed to support and listen to our people - who are vital to the success and growth of our business.

Next, we turn our attention to engaging our people with the societal and environmental objectives - such as bringing more diverse talent into the industry and clean oceans - which are closely aligned to our business and laid out in our ESG strategy and commitments.

Becki Mackay,
Group Head of HR

EPSG Report continued

Society

When we adopted our ESG Framework in 2022, we committed by 2025 to a number of short, medium and longer-term goals, including:

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

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

Diversifying our industry

We have made progress on workforce diversification and our objective to kick-start the careers of the next generation of diverse shipbrokers. Our new Trainee Broker Scheme is open and inclusive, with the express intention of attracting a wide pool of talent.

We have been supporting diverse talent development in Greece through an apprenticeship programme for trainees and interns, paying them a full salary and benefits.

Strengthening charity partnerships

While we work towards implementing a more strategic global approach to social and environmental charitable partnerships, our offices have continued to support our long-term charity partners, as well as new partnerships.

Every December we launch our 'Advent Calendar of Charities', donating a total of £26,000 to charities that hold personal significance for our employees.

For each day in December 2023, an employee was randomly selected to nominate a charity to receive £1,000 – and on Christmas eve this amount was doubled to £2,000. Some employees chose to divide their donation between two of their favourite charities.

The nominated charities encompass a broad spectrum, with a predominant focus on health, care, and well-being for both adults and children. Among them are organisations such as Andy's Man Club, The Ehlers-Danlos Society, Stroke Association, Alzheimer's Society, MIND, Cancer Research UK, Great Ormond Street, Medecins Sans Frontieres, Motor Neurone Disease, My Name's Doddie, My Shining Star, Royal Star & Garter, Wonderful, Woking Homes, and Tommy's.

Additionally, some employees directed their support to charities specialising in hospice care, including Saint Francis Hospice, Princess Alice Hospice, and Phyllis Tuckwell Hospice Care.

One person chose to contribute to Code Brave, an organisation dedicated to empowering Lebanon's next generation through technology education.

Below: Brokers from the London Sale & Purchase desk at the Hayfin Maritime annual golf charity event to support The Mission to Seafarers in October 2023.



Governance

Throughout the year, we have demonstrated our commitment to upholding the highest standards of corporate governance to ensure that our commitment to running a responsible and ethical business is upheld.

This is integral to enhancing Braemar's reputation and maintaining the trust and support of its shareholders, clients, employees and wider stakeholders. The board appointed a female non-executive director in May 2023, bringing the percentage of female directors on the board to 43%.

Further details of the Group's compliance with the UK Corporate Governance Code can be found in the Corporate Governance Report on pages 50 to 53 of this Annual Report.

Elizabeth Gooch, independent non-executive and senior independent director, is responsible for oversight of our ESG framework. Group Chief Executive Officer Grant Foley is the ESG executive sponsor. The ESG Committee will provide regular updates to the Group Executive Committee and the board.

Following the internal independent investigation, the board and the Group acted promptly to address the process and control areas that were identified as requiring improvement. This included reviewing and refreshing our key compliance policies.

The work to strengthen our control framework remains ongoing and is overseen by the Audit & Risk Committee.

Part of this work has seen the Compliance team grow in number from one to four people (with further investment in our Compliance function planned), this investment in Compliance has placed Braemar in a good position to meet all relevant legal and regulatory obligations. We have introduced a refreshed mandatory training programme, with all employees re-trained on all key compliance policies. Additionally, the regulated business has received more bespoke training, for example on SMCR conduct rules.

Employees continue to be supported by an externally provided telephone line to report any incidents under our Whistleblowing Policy, and by the Group's internal training programme. As part of employee onboarding, new joiners must complete our Governance Framework training which covers all our key policies including Anti-Bribery and Corruption, Anti-Tax Evasion, Anti-Fraud, Anti-Money Laundering/Know Your Customer and Gifts & Entertainment Policy.

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

Non-Financial Information Statement

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

Reporting requirement	Key policies and standards (which include relevant due diligence requirements)	Further information
Environmental matters	– Health, safety and environmental	Refer to the EPSG Report on pages 30 to 41
Our employees	– Employee handbook – Whistleblowing – Health and safety	Refer to the EPSG Report on pages 30 to 41
Social matters		Refer to the EPSG Report on pages 30 to 41
Human rights	– Anti-slavery – GDPR	Refer to the EPSG Report on pages 30 to 41
Anti-bribery and corruption	– Anti-Bribery and Corruption – Anti-Tax Evasion – Anti-Fraud – Anti-Money Laundering/Know Your Customer – Entertainment, Meals and Gifts	Refer to the EPSG Report on pages 30 to 41
Our business model		For more information, refer to pages 8 to 9
Principal risks – Risk management		For more information, refer to pages 43 to 49
Non-financial key performance indicators		Refer to pages 16 to 17 for the non-financial key performance indicators

Principal Risks and Uncertainties

for the year ended 29 February 2024

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 Group 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 & Risk Committee, with support from the Risk Committee. The board is committed to maintaining the highest standards of conduct in all aspects of its business, 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. Group policies and procedures have been designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and aligned with the Group's long-term strategy.

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

Risk management process

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

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

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

- Group-wide real-time updating;
- Distribution and completion of periodic internal control self-assessment surveys;
- Ongoing monitoring of risks and mitigation activities at Group, operational, and functional levels; and
- Risk management reporting at Group, regional, and company location levels.

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

All identified risks are aggregated and reviewed to assess their impact on the Group's strategic objectives and identify the resources required to manage them effectively. Principal risks are aggregated together with associated issues or areas of uncertainty. Inherent risks can be significant, but our control processes and management actions reduce the risk level.

The risk management process evaluates the timescale over which new or emerging risks may occur. The risk management process also considers the potential impact and likelihood of risks, as well as the timescale over which risks may occur. The outcome of this process is then reviewed with further consideration and assessment provided by the Risk Committee, the Audit & Risk 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 the Risk Committee whose membership includes the Chief Operating Officer, Company Secretary, Head of Internal Audit & Risk, and Head of Compliance, and representatives of other functions and locations of the business. The Risk Committee monitors risks regularly, taking into consideration the appetite, tolerance, and potential impact for specific risks on the Group.

Principal Risks and Uncertainties continued

for the year ended 29 February 2024

Principal risks

The principal risks which may impact the Group's ability to execute its strategic objectives have changed since 2023. In FY24, one new emerging risk has been added. The risks that follow, while not exhaustive, are those principal risks which we believe could have the greatest impact on our business and have been discussed at meetings of the board, the Risk Committee and the Audit & Risk Committee. The board reviews these risks in the knowledge that currently unknown, non-existent or immaterial risks could turn out to be significant in the future and confirms that a robust assessment has been performed. The Audit & Risk Committee review and approve the principal risks and any related mitigation plans.

Competition risk and market consolidation (New principal risk)

Competition in the shipping industry is becoming increasingly intense, and there is a growing trend towards market consolidation, as companies seek to gain scale and reduce costs.

Other changes

One principal risk disclosed in the 2023 Annual Report has had its title changed from 'Loss of key personnel and weak organisation culture' to 'People and Culture'. While no change in the overall risk level has been observed, the new title better captures the nature of the related risk.

Risk mitigation

As part of our risk management process, the Group takes various measures to mitigate risk, throughout the year these measures 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 training completion rates.
- A signature authorisation and delegation of authority policy, 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/reforecasts and investigation of significant variances.
- Regular reporting of treasury management activity to the board by the Group Chief Financial Officer.
- Ongoing monitoring of contractual risk by the Group legal team.
- Operation of the Group's whistleblowing procedure.
- Maintenance of appropriate insurance cover.

Group risk governance



Key:



Increased



Decreased



No change



New

Principal risks

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

Risk	Summary of impact	Mitigating control and management actions	Net risk change
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Competition risk and market consolidation

Competition in the shipping industry is becoming increasingly intense, and there is a growing trend towards market consolidation, and hiring established brokers as companies seek to gain scale and reduce costs.

Loss of established brokers could impact revenues. Increasing consolidation could impact the Group's M&A strategy for growth.

- Regular horizon-scanning exercises are conducted by the leadership team which aim to identify areas of the business that could be targeted by competitors.
- Leadership team monitors transactions in the industry looking for trends.



Cybercrime/data Security

Cybercrime could result in loss of business assets or disruption to the Group's IT systems and its business. Lack of appropriate data security could result in loss of data.

Loss of service and associated loss of revenue. Reputational damage. Potential for material losses due to fraud or phishing.

- To address the persistent threat of cyber-attacks, and to enhance security measures already in place, Braemar has embarked on a global Cyber Security programme. This programme includes the implementation of the NIST Cyber Security Framework and ISO 27001 as Braemar's controls catalogue. Our Security Operations Centre is fully operational with 24/7 monitoring and coverage.
- Our IT processes prioritise cyber security through regular penetration testing, anti-virus and firewall deployment, use of a trusted third-party software-defined wide area networking ("SD-WAN") solution, regular vulnerability scans, frequent complex password changes, email authentication protocols, and strict access control procedures.
- The security operations centre ("SOC") supports the wider cybersecurity control environment by providing continuous monitoring and analysis of networks, systems, and applications to detect potential threats, as well as enabling rapid incident response through leveraging threat intelligence, skilled security analysts, and established processes for investigation, containment, and eradication of identified attacks or breaches.



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 sanctions, and changes in supply and demand.

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.

Note:
The continued conflict between Russia and Ukraine and related global sanctions has increased the potential impact of risks associated with both geopolitical and/or macroeconomic issues and compliance with relevant laws and regulations.

- Regular horizon-scanning exercises are conducted by the leadership team which aim to identify emerging trends and disruptive forces in this area while monitoring the competitive landscape.
- 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.
- Ongoing management of costs based on current and reasonably foreseeable market conditions.
- 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.
- Braemar's diverse service offering, led by experts in their fields, means the Group is in the best position to find new opportunities in volatile market conditions and able to take advantage of market turnarounds.



Principal Risks and Uncertainties continued

for the year ended 29 February 2024

Risk	Summary of impact	Mitigating control and management actions	Net risk change
Compliance with laws and regulations			
Braemar generates revenues from a global business that exposes the Group to risks associated with legal and regulatory requirements.	<p>Legal and regulatory breaches could result in fines, sanctions being imposed on our business, and the loss of Braemar's ability to continue operating.</p> <p>Failure to meet all reporting obligations could lead to reputational damage which could then lead to loss of revenue and staff.</p>	<ul style="list-style-type: none"> Group-wide training programme to help ensure employee awareness of, and compliance with, all relevant legal and regulatory obligations; 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 and regulations, including anti-bribery and corruption regulations. 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. Ongoing monitoring to ensure insurance cover is maintained at adequate levels. 	
Currency fluctuations			
The Group is exposed to foreign exchange risk because a large proportion of its revenue is generated in US dollars while its cost base is in multiple currencies.	A change in exchange rates could result in a financial gain or loss.	<ul style="list-style-type: none"> The board sets the Treasury Policy which details the level of exposure the board is comfortable with and the Group hedges to the level stipulated in the Treasury Policy. Forward currency (US\$) contracts are entered into to mitigate the risk of adverse currency movements. 	
Disruptive technology			
Shipbroking is still largely a business that is transacted via personal relationships dependent on quality service. Hence the risk of technological change, disintermediation and increased customer demands for enhanced technological offerings could render aspects of our current services obsolete, potentially resulting in loss of customers.	<p>Relationships could be devalued and replaced by disruptive technology platforms, resulting in increased competition, consequent price reductions, and loss of revenue.</p>	<ul style="list-style-type: none"> Investment in technology through partnering with best-in-class providers, such as Zuma Labs, has effectively differentiated Braemar. Ongoing modernisation of our infrastructure to allow for focus on innovation and strategic direction. Regular horizon-scanning exercises are conducted by the leadership team which aim to identify emerging trends and disruptive forces in this area while monitoring the competitive landscape. 	
Environment and climate change			
Seaborne transportation is estimated to create approximately 3% of the world's carbon emissions and there will be increased pressure to reduce that in the future. Failure to monitor and address the risks associated with that reduction process could result in loss of revenue for Braemar and its customers and counterparties	<p>The Group's P&L and liquidity could be negatively impacted if customers are lost as a result of our not keeping pace with our peers and industry best practice.</p> <p>Non-compliance with regulations or disclosure requirements could result in fines or penalties.</p> <p>Failure to appropriately monitor and mitigate these risks could lead to Braemar suffering serious reputational damage.</p> <p>Note: Management does not expect climate-related risks to have a material impact on the Group's short-term financial performance.</p>	<ul style="list-style-type: none"> Investment in the offshore renewables market and technology to allow the Group and its clients to offset carbon emissions. Ongoing development and EPSG strategy which allows the Group to monitor and report on environmental and climate-related risks. 	

Key:



Increased



Decreased



No change



NEW New

Risk	Summary of impact	Mitigating control and management actions	Net risk change
Integration risk			
Braemar's shipbroking-focused growth strategy makes use of strategic hires and acquisitions to increase the size of the business.	Inefficiencies and/or reduced expected synergies realised after integrating new acquisitions into the Group and aligning them with the respective Group strategies.	<ul style="list-style-type: none"> Performance of new business is monitored through regular dialogue with relevant business leaders. Compliance and legal mechanisms in place to ensure the purchase meets any relevant regulatory requirements and the target company aligns appropriately with the relevant Group values. Prioritisation of identified growth opportunities to ensure resources are appropriately allocated to opportunities with the best potential return on investment. 	
Integrating and aligning any new acquisition with the Group poses various challenges from an operational and financial perspective.			
People and culture			
Braemar is a people-based business and people are vital to its success.	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.	<ul style="list-style-type: none"> 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. 	
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.	Loss of key staff could result in reduced revenue if former staff attempt to take contacts and business with them.	<ul style="list-style-type: none"> Organisational structure changes included the creation of associate director roles to identify key employees and more clearly show progression opportunities. 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. 	
Failure to adapt to, or align with, market expectations, including the offering of flexible or hybrid working arrangements, could result in the inability to attract and retain skilled personnel.	Strategic growth objectives may not be achieved if Braemar fails to attract and retain skilled personnel.	<ul style="list-style-type: none"> Annual review of compensation with external benchmarking helps to ensure remuneration packages continue to be appropriate and competitive. Ongoing consideration of roles potentially suitable for hybrid and flexible working arrangements. 	
Lack of appropriate consideration of environmental and wider social issues could also contribute to the inability to attract and retain skilled personnel.			
Sanctions and trade restrictions			
Braemar operates in a global landscape of international and financial sanctions with a variety of associated compliance requirements.	<p>Conducting business with sanctioned entities, through sanctioned regions and facilitating transport of sanctioned goods will lead to non-compliance with sanctioned regimes resulting in financial penalties/fines and reputational damage.</p> <p>Note: Increased scrutiny from regulatory bodies and rising geopolitical and macroeconomic issues, including the continued Russia/ Ukraine conflict, has increased the potential impact of risks associated with breaches of sanctions and trade restriction requirements.</p>	<ul style="list-style-type: none"> KYC procedures performed by the Group Compliance teams with support from the Legal team. Through strategic and targeted recruitment, increasing our in-house KYC and sanctions-monitoring capabilities enhances our ability to navigate the intricate landscape of sanctions regulations and mitigate associated risks within our business operations. Technology solutions used to optimise the efficiency of sanction screening performed. External assurance providers performing internal audit reviews over the sanctions process and validating the implementation of recommendations previously raised to management. External sanctions horizon scanning support provided by a legal advisory panel. Targeted training programme aimed at management and senior desk heads to further raise awareness of, and compliance with, all relevant legal and regulatory obligations. 	

Principal Risks and Uncertainties continued

for the year ended 29 February 2024

Internal audit

The Group's internal audit function is monitored and reviewed by the Audit & Risk Committee, to ensure that the Group's risk management and internal control processes are working effectively. A detailed description of the Group's internal audit function can be found on page 59 of this Annual Report.

Going Concern

The Group generated net cash from operating activities of £5.2 million in the year, lower than the £22.1 million in the prior year due to lower statutory profits, working capital movements and lower receipts from the disposal of Cory Brothers. However, the business continued to maintain a positive net cash position at the end of the year of £1 million (FY23: £6.9 million). The Group has started the current financial year in line with board expectations and the directors believe that it is well positioned to manage its risks going forward.

A more detailed analysis of the risks facing the business is outlined in Note 1 (see page 96). The analysis concludes that there is no material uncertainty relating to going concern, based on cash flow forecast for a 15-month period from the signing of these accounts to 31 August 2025. The directors have a reasonable expectation that the Company and Group have adequate resources to continue to trade for twelve months from the date of the approval of these Financial Statements and for this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Viability statement

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

In recent years, during the COVID pandemic and delayed publication of the FY23 annual report and accounts, the Group's bankers, HSBC, have been highly supportive. The Group met all of its financial covenant tests during the year and is confident that it will continue to do so. The Group has a requirement to deliver audited financial statements to HSBC within 6 months of the year end, due to the delay in completing the FY23 audited financial statements the Group obtained waivers for this in advance so there was no breach of this requirement.

The facilities with HSBC expire in the first instance in November 2025 but that may be extended with lender approval by a further two years giving a maximum duration until November 2027. More detail can be found in Note 1 to the financial statements on page 96 of this report. The viability assessment has been carried out over a four-year period from the balance sheet date to 29 February 2028, by which time new banking facilities will need to have been concluded. It therefore assumes that similar banking facilities will be made available to the Group for the whole of this time. The directors' assessment considers those current facility terms and includes a review of the financial impact of significant adverse scenarios.

In generating those scenarios, consideration was also given to the following risks to the business that have been identified in this Report on pages 43 to 49 as new or increasing:

Competition risk and market consolidation

Competition in the shipping industry is becoming increasingly intense, and there is a growing trend towards market consolidation, as companies seek to gain scale and reduce costs. Loss of established brokers could impact revenues. Increasing consolidation could impact the Group's M&A strategy for growth. Regular horizon-scanning exercises are conducted by the management team which aim to identify areas of the business that could be targeted by competitors. The management team monitors transactions in the industry looking for trends.

Cybercrime and data security

Cybercrime could result in loss of business assets or disruption to the Group's IT systems and its business. Lack of appropriate data security could result in loss of data. Loss of service and associated loss of revenue. Reputational damage. Potential for material losses due to fraud or phishing. To address the persistent threat of cyber-attacks, and to enhance security measures already in place, Braemar has embarked on a global Cyber Security programme. This programme includes the implementation of the NIST Cyber Security Framework and ISO 27001 as Braemar's controls catalogue. Our Security Operations Centre is fully operational with 24/7 monitoring and coverage.

Geopolitical and macroeconomic

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

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

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

The assessment involves the production of cash flow forecasts designed to assess the ability of the Group to operate both within the banking facility covenants and liquidity headroom. The main downside sensitivities used were annual revenue reductions of 7.5% and 15% from March 2024 to May 2025 and stabilised thereafter. Under the 7.5% cases the board concluded that with only very minor cost-saving or cash management mitigations available to it, the Group could continue to operate under the current banking facilities over the period. Under the 15% case certain additional cost saving and cash mitigation actions were required to allow the Group to continue to operate within the current banking facilities, all of which were within the board's control.

The assessment also incorporated a 'reverse stress test' which was designed to identify scenarios under which the Group's banking facilities would be inadequate to continue as a going concern despite using all the mitigating options available. The result of this test shows that all available mitigations would be exhausted, and facilities breached if there was approximately a 38% decrease in forecast revenue from March 2024 through to May 2025.

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 38% and then only during 2025.

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

This Strategic Report was approved by the board of directors on 22 May 2024.

Signed on behalf of the board of directors by:

Grant Foley
Group Chief Financial Officer
22 May 2024



Letter from our Chairman



Nigel Payne
Chairman

Corporate Governance

UK Corporate Governance Code

Compliance statement

The UK Corporate Governance Code 2018 (the “Code”) was applied to the financial year ended 29 February 2024. A copy of the Code is available at www.frc.org.uk. The Corporate Governance Report seeks to support shareholders and investors to evaluate how the Company has applied the principles of the Code and complied with the provisions of the Code during FY24. The table below signposts the key sections of the Annual Report.

Throughout the financial year ended 29 February 2024, the Company applied the principles and fully complied with all the provisions of the Code, except for provision 11 and we have provided a full explanation in the board composition and changes section below; the board is now fully compliant with provision 11.

The board has noted that the Financial Reporting Council published a revised version of the Code on 22 January 2024. These updated guidelines will become effective for financial years commencing on or after 1 January 2025. The Company will report against the updated version of the Code in due course.

Principles of the Code and how we comply

Principles of the Code and how we comply	Page references
1. Board leadership and Company purpose	
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2. Division of responsibilities	
Our board and governance structure	50 to 55
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Dear shareholder

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

Braemar maintains a robust governance framework, designed to support the Company’s long-term strategy and be in alignment with the Company’s values and culture. The board remains highly engaged in fulfilling its role of leading the Company and overseeing the governance arrangements across the Group and continues to be committed to maintaining a high standard of corporate governance.

Governance is a key pillar of our Environment, People, Social and Governance (“ESPG”) framework and a high standard of corporate governance is essential for the Group to succeed in delivering its strategy and is integral to enhancing its reputation and maintaining the trust of its shareholders, clients, employees and other stakeholders. More information on our ESG framework can be found on pages 30 to 41 of this Annual Report.

This Corporate Governance Report, which comprises the compliance statement on page 50, this letter, the Audit & Risk Committee Report on pages 56 to 60, the Nomination Committee Report on page 61, together with the Directors’ Remuneration Report on pages 62 to 78, describes how the board and its Committees operate and how the Company has applied the Code during the year ended 29 February 2024.

Below I highlight some of the governance activities that took place during FY24:

Board oversight of strategy and sustainable growth

The board continues to oversee the implementation of the Group’s strategy and, following the conclusion of the internal investigation, the board has recently been focused on refreshing the strategy and ensuring that the strategy sets up Braemar for long-term sustainable growth.

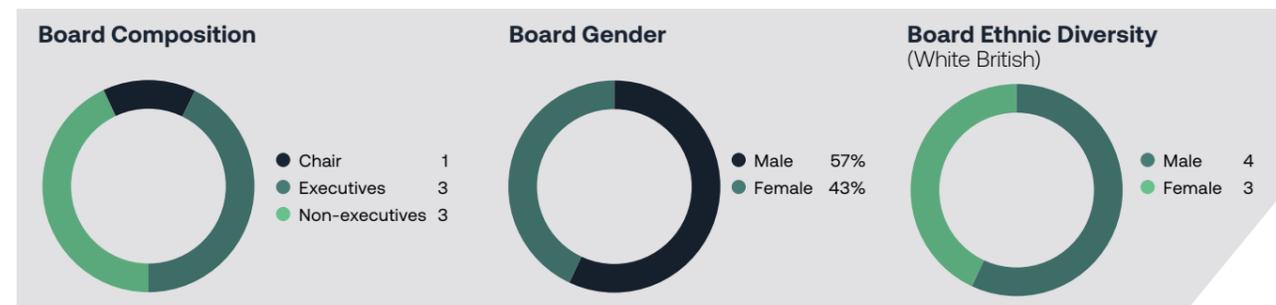
Board composition and changes

The board consists of the non-executive Chairman, the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Financial Officer and three independent non-executive directors. The Chairman leads the board and is responsible for its overall effectiveness in directing the Company, taking into account the interests of the Company’s various stakeholders. The Group Chief Executive Officer leads the executive management in the development of strategy and the management of all aspects of the performance and operations of the Company and its subsidiaries. We have a strong board which brings diverse experience and personal skillsets; please refer to the skills section in the director biographies for more detail on each director’s skills and experience. An internal board performance review, led by the Company Secretary and Chairman, was undertaken early in 2024 which concluded that the board continues to operate effectively with each director contributing positively to the board’s overall effectiveness. More detail on the process and outcome of the board performance review can be found in the Nomination Committee report on page 61.

The board was pleased to welcome Cat Valentine as a non-executive director with effect from 16 May 2023. Cat is a communications professional with over 25 years’ experience, advising quoted and privately owned companies on investor and corporate communications. She has extensive knowledge of the small-cap growth companies’ market and considerable M&A transactional experience, having advised a broad range of clients on both AIM and the Main Market. Cat’s extensive experience has added considerable value to the board. On Cat’s appointment to the board, she was also appointed to the Remuneration Committee and Audit & Risk Committee.

Provision 11 of the Code states that at least half of the board, excluding the chair, should be independent non-executive directors. As the board had little prior notice of Stephen Kunzer’s departure to take up a CEO position at Lila Global in Dubai, for a short time between Stephen’s departure in January 2023 and Cat’s appointment, while the recruitment process was underway, the board was not compliant with provision 11 though this was swiftly rectified following Cat’s appointment. Further detail on the appointment process can be found in the Nomination Committee Report.

Current Board composition, gender and diversity of the Board members are below:



All data as at 29 February 2024.

Letter from our Chairman continued



Further to the announcement on 20 June 2023, Grant Foley joined the board as Group Chief Financial Officer with effect from 1 August 2023. Nicholas Stone stepped down from the board on 31 July 2023.

With respect to diversity, 43% of the directors are women and Elizabeth Gooch is the senior independent director. The board does not have a director from an ethnic minority background (as categorised by the Office for National Statistics).

The non-executive directors, none of whom have ever fulfilled an executive role within the Company, are appointed for an initial three-year term subject to annual re-election at the Annual General Meeting in accordance with the Code. Prior to making director appointments, the board (supported by the Nomination Committee) considers other significant director appointments to assess whether the candidate will have sufficient time to undertake their role effectively.

The board has considered the other commitments of the non-executive directors and the board continues to believe that all non-executive directors have sufficient time to continue undertaking their roles effectively. The non-executive directors are responsible for constructively challenging and scrutinising the strategies and performance of the executive directors using their independence and the perspectives gained from their extensive experience, as well as having broader oversight of the Group through the work of the board and its Committees.

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

The board met 18 times during the year (FY23: 15) and the attendance by each of the directors is set out below.

	Attended
Non-executive directors	
Elizabeth Gooch	16/18
Joanne Lake	18/18
Nigel Payne	17/18 ¹
Cat Valentine	13/13
Executive directors	
Grant Foley	9/9
James Gundy	18/18
Nicholas Stone	7/9
Tris Simmonds	17/18

¹ In Nigel's absence, the meeting was chaired by the senior independent director, Elizabeth Gooch.

Board Committees

The board has three standing Committees: Audit & Risk, Nomination and Remuneration. Each of the board Committees comprises solely independent non-executive directors. The composition and responsibilities of the board Committees are set out in each of the Committee reports, on pages 56 to 78 of this Annual Report. The Remuneration Committee Report on pages 62 to 78 of this Annual Report is incorporated into this Corporate Governance Report by reference. The terms of reference for each of the Committees can be found in the 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 three executive directors.

The Group also has a Risk Committee. The Risk Committee reports to the Audit & Risk Committee on matters including: the risk management activities, risk appetite, emerging risks and other changes to the risk matrix, the work of the internal audit function, and the day-to-day monitoring of the Group's risk management framework. The Risk Committee is chaired by the Group Chief Financial Officer and comprises the Group Chief Operating Officer, Company Secretary, Group Financial Controller, Group Finance director, Group Head of HR, Managing director (Singapore), Group director of Digital Transformation & IT, Head of Legal and the Group Head of Compliance.

The Chair of the Audit & Risk Committee has a standing invitation to attend meetings of the Risk Committee and other colleagues are invited from time to time to provide additional input on the Group's operations and potential risk exposure where considered appropriate.

Focus on risk management, compliance and effective controls

The directors have a duty to the Company's shareholders to ensure that the information presented to them is fair, balanced, understandable, and provides shareholders with the necessary information to assess the Company's position, performance, business model and strategy. Further details of the directors' responsibilities for preparing the Company's Financial Statements are set out in the statement of directors' responsibilities on pages 80 to 81 of this Annual Report.

In fulfilling its responsibilities, the board has established procedures for identifying and evaluating any risks associated with its strategic objectives (including both emerging and principal risks) and considering how those risks can be managed effectively. The Audit & Risk Committee is responsible for the independent review and challenge of the adequacy and effectiveness of the Company's approach to risk management and reports its findings to the board. The Audit & Risk Committee is supported by the Risk Committee and the internal audit function. More information on the work of the Audit & Risk Committee and the internal audit function can be found in the Audit & Risk Committee Report on pages 56 to 60 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 43 to 49 of this Annual Report.

Promoting a healthy culture and values

The Company's EPSG framework recognises the three pillars of environmental, social, and governance that have become the widespread definition of ESG, with the addition of a fourth pillar to recognise the people that are the foundation of our business and are integral to the communities we live and work in. As part of this framework, Braemar remains committed to providing its services to the highest standards and operating ethically, lawfully and with professional integrity at all times. The framework enables the Company to foster a culture and operating practices that incorporate our values.

We believe that this will support the Group with its strategy to grow the Braemar brand in an increasing number of global markets. More information on our culture and values, what action has been taken during the year to ensure that policies, practices and behaviour across the Group are aligned with them, how we engage with, invest in and reward our workforce, and our commitment to diversity and inclusion can all be found in the EPSG Report on pages 30 to 41 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 the Group Chief Financial Officer with existing and potential investors following the announcements of the interim and preliminary full-year results of the Group.

The Company has also organised various opportunities and forums throughout the year to enable existing and prospective investors to hear more from the executive directors on the business and its strategy. From time to time, the non-executive directors and the non-executive Chairman will also consult with the Company's major shareholders. Feedback from the Company's shareholders is also received through the Group's corporate broker and corporate affairs team. In accordance with legal and regulatory requirements, the Company ensures that shareholders are kept updated on material information, especially that of a potentially price sensitive nature, as soon as possible. This is done via corporate announcements which are made through announcements to the market and made available on the Company's website.

The Company encourages participation at its AGM where each resolution is separately put to the meeting for a vote. The Company notes that at the 2023 AGM, all resolutions proposed were passed with the requisite majorities of votes. The Directors' Remuneration Report and Remuneration Policy received more than 20% of the votes against, detail on the action taken to understand the reasons behind the result are set out in the Directors' Remuneration Report. The resolution on auditor remuneration also received more than 20% of votes against the board's recommendation. Due to the timing between the reconvened 2023 AGM (which was held on 18 December 2023) and the preparation of this Report, the board is yet to engage with shareholders to understand the reasons for their votes against this specific resolution and will engage ahead of the 2024 AGM. The board continues to encourage open and constructive dialogue directly with its shareholders and remains willing to engage with any shareholder on any relevant topics.

Internal independent investigation

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

The investigation was completed in October 2023. The board and the Group acted promptly to address the process and control areas that were identified as requiring improvement, including taking key remedial actions and the necessary steps to strengthen Braemar's internal controls. The board is committed to maintaining a high standard of corporate governance and is ensuring that the remedial actions are tracked through to completion.

Nigel Payne
Chairman
22 May 2024

Board of Directors

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



James Gundy
Group Chief
Executive Officer



Grant Foley
Group Chief
Financial Officer



Tris Simmonds
Group Chief
Operating Officer



Nigel Payne
Chairman of the board



Elizabeth Gooch MBE
Non-executive director
& SID (from 1 April 2022)



Joanne Lake
Non-executive director



Cat Valentine
Non-executive director

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

Appointment date	1 January 2021	1 August 2023	1 August 2021	1 May 2021	1 August 2021	1 March 2022	16 May 2023
Background and relevant experience	James has over 35 years' shipbroking experience specialising in Tankers, Long Term Time Charter and Sale and Purchase/ Newbuilding projects. He joined the Company in 2014 as Chief Executive Officer of Shipbroking following the merger of Braemar Plc and ACM Shipping Group Plc, where James was the Chief Executive Officer of ACM Shipping. James was an integral part of the successful integration of the two businesses which led to his appointment as Group Chief Executive Officer in January 2021.	Grant has over 25 years' experience in leading public and private financial services and technology businesses. He joined the Company from ClearScore. As Chief Financial Officer at ClearScore, he drove significant improvements across the finance function, implementing new systems, processes and reporting as the business scaled. Grant also has additional transaction experience, and his other roles have included CMC Markets Plc where, as Group Chief Financial Officer and Chief Operating Officer, he was instrumental in the company's successful IPO.	Tris has over 30 years' experience in the commodities industry, including 14 years at GFI Group where he became Head of European Commodities. Tris founded Atlantic Brokers in 2013 which was sold to Braemar Plc in 2018. Since the acquisition in 2018, Tris held the position of Managing director of Braemar's derivative brokerage business and he was appointed as Group Chief Operating Officer in August 2021.	Nigel joined the Company as non-executive Chairman in May 2021. Nigel has a proven record of enhancing shareholder value with over 30 years' experience on international public and private boards as both an executive and non-executive director. Nigel is a qualified chartered accountant.	Elizabeth has over 18 years' experience in governance, compliance and financial reporting of publicly listed companies, having founded and run EG Solutions plc. Elizabeth works with founders of UK tech startups and scaleups to help them grow and scale their businesses. She is an angel investor, non-executive director and mentor to technology companies in a wide range of sectors, including secure messaging, cyber security, artificial intelligence, robotic process automation and e-commerce.	Joanne has over 35 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 qualified chartered accountant and fellow of the Chartered Institute for Securities & Investment.	Cat was appointed to the board in May 2023. She is a communications professional with over 25 years' experience, advising small-cap growth companies on investor and corporate communications. She joined the strategic communications advisory business, Belvedere Communications, in 2017, where she is director and co-owner.
External appointments	None.	None.	None.	Non-executive chairman of Gateley Holdings Plc and Green Man Gaming Ltd. Non-executive director of Sun International Ltd, GetBusy plc, Ascot Racecourse Betting and Gaming Ltd, Kwalee Ltd and BlueBet Pty.	Director of Turnkey Group (UK Holdings) Limited, Cyber Q Group Holdings Ltd and SkyFarer Ltd.	Non-executive chair of Made Tech Group Plc. Non-executive director and senior independent director of Henry Boot Plc. Non-executive director of Gateley (Holdings) Plc, Pollen Street Group Limited and Morson Group Limited.	Director of Belvedere Communications.
Committee Memberships	None.	None.	None.	Chair of the Nomination Committee.	Chair of the Remuneration Committee; Member of the Audit & Risk and Nomination Committees.	Chair of the Audit & Risk Committee; Member of the Remuneration and Nomination Committees.	Member of the Audit & Risk and Remuneration Committees.
Skills	Shipbroking, leadership, mergers & acquisitions, business development, sales, marketing, investor relations, strategy.	Finance, investor relations, mergers & acquisitions, strategy and risk management.	Mergers & acquisitions, business development, compliance and sales.	Leadership, strategy, business development, mergers & acquisitions, investor relations, finance and governance.	Governance, compliance, financial reporting, investor relations, equity fundraising.	Capital markets, equity fundraising, mergers & acquisitions, strategy and growth companies.	Corporate communications, investor and media relations, equity capital markets, and organisational development.

Report of the Audit & Risk Committee



Joanne Lake
Chair of the Audit & Risk Committee

The Audit & Risk Committee continues to focus on the quality of our financial reporting, and the robustness of our financial controls and risk management.

The overall role of the Audit & Risk Committee (the "Committee") during the financial year was largely unchanged from previous years. The Committee's remit includes: financial reporting, internal control and risk management, compliance and internal/external audit. The Committee comprises three independent non-executive directors and its terms of reference can be found in the Investors section of the Company's website. The Committee is chaired by non-executive director Joanne Lake. Joanne is a highly experienced chartered accountant with a strong financial background and, with the complementary skills of the other members, continues to ensure that the Committee has a sufficient level of both financial and relevant sector experience. Cat Valentine joined the Committee upon her appointment to the board on 16 May 2023. The qualifications and experience of the members of the Committee can be found in the director biographies on pages 54 to 55 of this Annual Report.

Only members of the Committee have the right to attend meetings; however, standing invitations were extended to the Chairman, Group Chief Executive Officer, Group Chief Operating Officer, Group Chief Financial Officer, Group Financial Controller, Group Finance Director, Company Secretary, Head of Internal Audit and Risk Management and representatives of the external auditor. The Company Secretary acted as secretary to the Committee. The internal and external auditors attended Committee meetings and periodically met in private with the Committee Chair to discuss matters relating to the Committee's remit and issues arising from their work. Due to the internal independent investigation, the Committee held additional meetings during the year as required. The Committee held eight meetings during the year, the attendance of which was as follows:

Meeting attendance

	Attended
Joanne Lake	7/8
Elizabeth Gooch	8/8
Cat Valentine ¹	7/7

¹ Cat Valentine joined the Committee on 16 May 2023 upon her appointment to the board.

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

- **Financial reporting:** reviewing the published half-year and annual Financial Statements and reports, and any other formal announcement relating to the Group's financial performance, and advising the board on whether such information represents a fair, balanced and understandable assessment of the Company's position and prospects; monitoring compliance with relevant statutory reporting and listing requirements; reviewing and considering any changes in accounting standards; and considering the suitability of, and any changes to, accounting policies used by the Group, including the use of estimates and judgements.
- **Internal control and risk management:** reviewing the adequacy of the Group's internal controls; assisting the board in conducting a robust assessment of the Company's emerging and principal risks; and monitoring the scope and effectiveness of the activities of the Group's internal audit activities in the context of the Group's overall risk management framework. As part of this responsibility, the Committee receives reports from the Risk Committee and regularly reviews the Group's compliance policies and procedures, including those relating to whistleblowing, the prevention of bribery, corruption and fraud, and the Group's Know Your Client ("KYC") processes.
- **Reviewing and monitoring the effectiveness of the external audit process and the independence of the external auditor:** conducting the tender process to appoint an external auditor and making recommendations to the board on the appointment, reappointment and removal of the external auditor; planning with the external auditor the half-year review and full-year audit programme, including agreement as to the nature and scope of the external audit as well as the terms of remuneration in the context of the overall audit plan; monitoring the ongoing effectiveness of the external auditor; monitoring the objectiveness and independence of the external auditor; and approving and monitoring any non-audit services undertaken by the external auditor, together with the level of non-audit fees.

The following sections describe the work of the Committee during the year ended 29 February 2024.

Review of Financial Statements

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

The key areas of estimates and judgements considered for the year ended 29 February 2024 are:

- **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 ("CGUs") 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.
Following the impairment of goodwill relating to the Corporate Finance business in the prior year, the assumptions around value-in-use are most sensitive for the remaining carrying amount of goodwill. The Committee considered the work undertaken to support the discount rate, the growth assumptions and the potential impact of climate change and is satisfied these estimates are appropriate. The result of this work indicated that the Group's carrying value of goodwill is supported by the value-in-use estimates and no impairments are required. This work is described in Note 3.1 to the Financial Statements.
- **Fair value of VertomCory contingent consideration**
The estimate at the balance sheet date of the fair value of the earnout payments is £1.1 million, an increase of £0.3 million from the previous year, reflecting the first earnout payments received in May 2023 along with a gain of £0.1 million recognised in the current year. The fair value of the earnout payments involves two critical estimates: the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on an updated business plan prepared by the combined VertomCory business following the first ten months of trading as a combined entity. The discount rate was used to calculate the net present value which was based on the credit risk of Vertom Agencies BV following a credit check performed by management.
The Committee reviewed the assumptions on future profitability and considered the most recent budget provided by the combined VertomCory business. The Committee concluded that management's estimates are appropriate and that the carrying value of the earnout payment is reasonable.

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

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

- **Provision for impairment of trade receivables and accrued income**
The provision for impairment of trade receivables and accrued income represents management's best estimate at the Balance Sheet date. Several judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position. Further details can be found in Note 4.2 to the Financial Statements.
The Committee reviewed management's process for determining the provision and was 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 reasonableness. Further details can be found in Note 5.1 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 is satisfied with the process.

Judgements

- **Revenue recognition**
IFRS 15 "Revenue from Contracts with Customers" requires judgement to determine whether revenue is recognised at a "point in time" or "over time", as well as determining the transfer of control for when performance obligations are satisfied.
The Committee considered the work done to validate the accuracy of revenue transactions and is satisfied that management's judgement on the timing of revenue recognition is materially correct.
- **Classification and recognition of specific items**
The Group excludes specific items from its underlying earnings measure; management judgement is required as to what items qualify for this classification. Each item reported as specific is either directly related to acquisitions or not deemed to be related to the trading performance of the business. Further details can be found in Note 2.2 to the Financial Statements.
The Committee reviewed the items for reasonableness and consistency and is satisfied with management's classification.
- **Recoverability of defined benefit pension scheme net asset**
As a result of actuarial movements during the period, including an increase in the discount rate from 4.9% at 28 February 2023 to 5.0% at 29 February 2024, the UK defined benefit scheme continues to be in an actuarial surplus position, net of tax, at 29 February 2024 (measured on an IAS 19 "Employee Benefits" basis) of £1.4 million (28 February 2023: £1.1 million). The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme.

Report of the Audit & Risk Committee continued

Judgements continued

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

– Climate-related risks

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

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

– Going concern and viability

The Group has drawn up its accounts on a going concern basis and the directors have assessed the viability of the Group over a four-year period. As in previous years, a four-year timeframe is still considered to be appropriate as this is consistent with the Group's long-term strategic planning period.

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

– Internal independent investigation provision

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

As a result of the investigation, the Group has recognised a provision of £2.0 million in relation to the uncertain obligations connected to a number of the transactions and commission obligations reviewed as part of the investigation. Of the £2.0 million, £1.7 million related to historical unsettled commission payable, which was reclassified from trade payables to provisions in FY23. During the year, £0.2 million was added to the provision following the return of previously paid amounts connected to the uncertain commission obligation. While the board cannot forecast with certainty final outcomes in respect of these obligations, based on the Group's current information, the amount recognised is the current best estimate of the amount required to settle the obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligations, including interpretation of specific laws and likelihood of settlement.

Capital reduction and dividend rectification process

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

This review identified certain gains that had been recorded regularly relating to share-based payments charges. The gains in question arose when shares were awarded to employees of other Group companies and the cost of those shares increased the cost of investment of those Group companies and retained earnings. This review led the Company to identify that a significant balance within retained earnings (that was not previously identified as created by unrealised gains) was incorrectly used by the Company in the calculation of its distributable reserves. This meant that the Company paid several dividends between 2016 and 2023 without having sufficient distributable reserves from which to lawfully pay such dividends. Full details of the historic relevant dividends are set out in the circular posted to shareholders dated 29 March 2023. The Company convened a General Meeting which was held on 18 April 2023 where shareholders voted in favour of all the capital reduction and dividend rectification special resolutions put forward by the board. With the confirmation of the Court, the Company cancelled its share premium account and capital redemption reserve. The Company then applied the sums resulting from this cancellation reduction to its distributable reserves.

Control environment and financial processes

Throughout the year, the Committee continued to monitor the work to strengthen the control environment and financial processes. An experienced Group Financial Controller joined the team in FY23 and good progress was made throughout the year with additional resource recruited into the Finance team, including a Senior Financial Planning and Analysis Manager, Group Head of Tax & Treasury and additional qualified accountants in different areas within the team. In addition, the Group's Chief Financial Officer, appointed in August 2023, has been a great addition and is leading the work to strengthen the Finance function. Work is ongoing to strengthen the regular review and financial control processes and improve the use of the financial systems available. A particular focus is being given to the consolidation system as weaknesses identified in prior years related to the consolidation of the Group's results in the context of disposals and acquisitions rather than ongoing trading.

Internal independent investigation

The internal independent investigation referenced in the Chairman's Statement on pages 5 to 6 highlighted improvements that were required in the Compliance function, particularly around "Know Your Customer" ("KYC") checks and ongoing monitoring. The Group has acted promptly to address the weaknesses identified and has implemented new procedures and an ongoing improvement plan with oversight from the Audit & Risk Committee. While the investigation identified historic issues, the current year work and ongoing monitoring to date has identified no additional matters of concern.

External audit

BDO LLP was reappointed as external auditor at the 2023 AGM for their sixth year as auditor to the Group. The lead audit partner at BDO LLP responsible for the external audit is Oliver Chinneck. Oliver was a key audit partner in the previous five years and took over the lead role in FY23 and will have served six years following the conclusion of the FY24 year-end audit.

In line with the independence requirements, Oliver should have rotated after five years. However, following the matters which arose in the FY23 year-end audit and the change in Group Chief Financial Officer, to maintain audit quality, the Audit & Risk Committee wrote to BDO's ethics partner to request that Oliver's tenure as lead audit partner be extended by a year. Following review, BDO agreed to the one-year extension for the FY24 audit and put in place effective safeguards to maintain independence. A new audit partner has been appointed for the FY25 year-end audit.

The Group has a clear policy for the approval of non-audit services. Any services BDO provides that are not part of the statutory year-end audit are subject to a cap of 70% of the average of the previous three consecutive years of statutory audit fees. The external auditor is only appointed to perform a non-audit service when doing so would not compromise their independence, and when their skills and expertise make them 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, fees for non-audit services represent 8% of the total fee paid to BDO LLP (FY23: 12%). The Committee also continues to agree the scope and related fee for the annual external audit. The non-audit services performed during the year related to the half-year review, the dividend rectification and capital reduction process.

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

Internal audit

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

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

Business functions, processes and areas forming part of the rolling three-year risk-based Group internal audit plan are based on assessment of risks to the business, as described on pages 43 to 49 of this Annual Report. The plan is reviewed and updated at least annually to help ensure key Group and new or emerging risks receive appropriate and timely audit focus. Updates or changes to the audit plan, and internal audit reports, are reviewed by the Audit & Risk Committee during the year. The Group's operational and functional management teams are engaged and involved in the risk assessment process and in the development of the internal audit plan by way of the following activities:

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

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

Review by the Financial Reporting Council ("FRC")

The Financial Reporting Council ("FRC") carried out a review of Braemar's interim results for the six months ended 31 August 2022 in accordance with Part 2 of the FRC's Corporate Reporting Review Operating Procedures. Based on their review, there were no questions or queries they wished to raise with the Company. They did, however, highlight items where they believed that the readers of the accounts would benefit from improvements. The letter was duly acknowledged and the Group has considered the recommendations in the letter in the preparation of the Company's Annual Report.

Report of the Audit & Risk Committee continued

Risk and internal control framework

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

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

More information on the Group's emerging and principal risks, including a summary of the principal risks facing the Group and how these are managed, can be found on pages 43 to 49 of the Annual Report.

Joanne Lake

On behalf of the Audit & Risk Committee
22 May 2024

Report of the Nomination Committee



Nigel Payne
Chairman of the
Nomination Committee

The Committee manages the former through its rigorous and formal approach to new board appointments and regularly challenges the directors to consider the size and composition of the board and the appropriate range of skills and balance between executive and non-executive directors through an evaluation process.

The Committee manages the second area through the review of the succession plans in place for senior management across the Group. As part of this, the Committee challenges the executive directors and senior management across the business to present detailed insights into the organisational structures and personnel profiles of the businesses and how they look to develop key talent and mitigate succession risk. More information on how the Company invests in the training and development of its people can be found on page 39 of this Annual Report. Where necessary, the Company also considers how best to fill potential vacancies with external candidates.

In both of these areas, the Committee ensures that the directors and senior management remain mindful of the Group's diversity policy. Braemar recognises the importance of diversity in all respects, including (but not limited to) gender, skills, age, experience, ethnicity and background. The Committee believes that diversity and an inclusive culture are important contributors to a company's ability to achieve its strategic objectives and deliver long-term, sustainable success. As at the date of this Report, approximately 17% (FY23: 26%) of the Group's Executive Committee and its members' direct reports are female and three of the seven board positions are occupied by female board members. During the year, the composition of the executive committee was revised and it now comprises the Group Chief Executive Officer (who chairs the committee), the Group Chief Operations Officer and the Group Chief Financial Officer. 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 30 to 41 of this Annual Report.

Board evaluation

In early 2024, we conducted internal board and committee evaluations, a process which I led with the support of the Company Secretary. An important component of this process was the completion of a set of questionnaires by the directors to record their views on a range of matters and to act as a catalyst for broader feedback. As with the prior year, the Committee agreed that the board evaluation exercise could be effective without the need for any external facilitation. The review identified that while the board and its committees continued to operate effectively, certain areas of focus were highlighted. The specific actions that the board and its committees will be taking during the forthcoming year include: ensuring the board maintains the focus on the Company's long-term strategy, continuing its work to enhance the quality of board reporting and board discussions, developing resources to support directors in refreshing their skills and knowledge and greater focus on Braemar's risk management and internal audit functions. I continue to work with the other directors and the Company Secretary to improve the effectiveness of the board and its committees and we will report on progress against actions in the FY25 Annual Report.

Nigel Payne

On behalf of the Nomination Committee
22 May 2024

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

I chair the Nomination Committee and it comprises three independent non-executive directors. The Committee met three times during the year to consider board appointments, succession planning and the board evaluation review, the attendance of which was as follows:

Meeting attendance

	Attended
Nigel Payne	3/3
Elizabeth Gooch	3/3
Joanne Lake	3/3

Board changes

Following Stephen Kunzer's departure from the board in January 2023, the Committee led the search to appoint a non-executive director to the board. This search comprised a review across a wide-ranging number of industry sectors from both internal and external sources. In considering the optimum criteria and attributes for this role, the Committee considered the existing structure and diversity of the board and senior management, the culture of the organisation and the focus of the Group's future strategy and the existing commitments of potential candidates. The Committee agreed that it was important to add incremental skills to the board. In May 2023, the Committee was delighted to recommend Cat Valentine for appointment to the board; Cat was duly appointed to the board for a three-year term subject to annual re-election by shareholders with effect from 16 May 2023. In June 2023, the Committee was pleased to recommend the appointment of Grant Foley as Group Chief Financial Officer. Grant joined the board with effect from 1 August 2023. Nicholas Stone left the business on 31 July 2023. Further detail on the skills and experience that both Cat and Grant bring to the board and the Company are set out in the section 172 statement on pages 28 to 29.

Succession planning

The Nomination Committee's succession planning has two key areas of focus: firstly, to ensure that the board has the right combination of skills, experience, knowledge and independence; and secondly, to ensure that the Company has plans in place for orderly succession. This includes the development of a diverse talent pipeline for the Company's senior management and more broadly across the Group.

Directors' Remuneration Report



Elizabeth Gooch

On behalf of the Remuneration Committee

The Committee is focused on retaining our executive directors and appropriately incentivising them to deliver shareholder value.

On behalf of the board, I am pleased to introduce the Directors' Remuneration Report for the year ended 29 February 2024. As in past years, the first section of this introductory statement details the work of the Committee together with our remuneration philosophy, which remains unchanged. I will then go on to describe how we paid our executive directors in the year in the context of Company performance, and to introduce the remuneration items for which we are seeking shareholder approval at our 2024 AGM.

The Remuneration Committee and its work

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

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

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

The Committee received independent remuneration advice from FIT Remuneration Consultants LLP ("FIT") on a range of matters within the Committee's remit, for which fees of £42,585 (excluding VAT and disbursements and calculated on a time-spent basis) were charged during the year. FIT is a member of the Remuneration Consultants Group and, as such, voluntarily operate under the Code of Conduct in relation to executive remuneration consulting in the UK. 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.

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 at UK listed companies. However, they are proven to work within Braemar as well as being accepted practice across the shipbroking sector and other commission-based businesses. The board still considers that the business is better served by the CEO and COO leading the broking divisions (rather than a non-broking CEO and COO being appointed).

The Committee is focused on retaining our executive directors and appropriately incentivising them to deliver shareholder value, while also being mindful of best practice and market trends (including the guidelines of investor bodies). In FY24, the Committee worked within the shareholder-approved Policy to reward our executive directors.

Our framework is based on five core principles:

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

Activity during the year

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

Meeting attendance	Attended
Elizabeth Gooch	7/7
Joanne Lake	7/7
Cat Valentine ¹	6/6

¹ Cat Valentine joined the board on 16 May 2023.

Our performance in FY24 and our review of the Directors' Remuneration Policy

Wider context – our performance in FY24

As more fully detailed in the Chairman's statement on pages 5 to 6 and the Group Chief Executive Officer's statement on pages 12 to 13, FY24 was another year of strong revenue and underlying operating profit for the Group:

- FY24 revenues were sustained at £152.8 million and profitability remained strong (£16.5 million underlying operating profit).
- Our results illustrate the successful delivery of our strategy to continue to grow the business, build resilience and generate sustainable shareholder returns across the shipping cycle.
- Our balance sheet remains strong, and the Group's positive cash position has been maintained.
- We maintained our progressive dividend policy with total dividends per share for the year of 13 pence, an 8% increase over the prior year dividend of 12 pence per share.

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

Performance and reward in FY24

Following another year of strong revenue and underlying operating profit performance for the Group and given the positive shareholder experience in the year, the Committee approved the following bonuses for the executive directors:

- £2.35 million for James Gundy (Group Chief Executive Officer).
- £1.125 million for Tris Simmonds (Group Chief Operating Officer).
- £189,000 for Grant Foley (Group Chief Financial Officer).

Before confirming the outcomes for the FY24 annual bonuses, the Committee considered the nature of the matters which were investigated in FY24 and which necessitated the delay of the FY23 Annual Report publication and the related suspension of the Company's shares from trading. The Committee determined that the nature of the matters investigated should not impact incentive plan outcomes given both their historical nature and the steps taken by the current management team to swiftly rectify and resolve these issues when they became apparent.

Implementation of our Policy in FY25

Our intention is for our Directors' Remuneration Policy to continue to apply consistently in FY25. This will involve the following:

- **Base salaries:** the base salaries of our CEO, COO and CFO will, once again, remain frozen at the same levels as applied in FY24.
- **Annual bonus:** our CEO and COO will again participate in the Brokers' Bonus which is driven by the profitability of the broking desks and their respective contributions towards this. In addition, part of the COO's bonus will be judged against non-financial metrics (relating to his leadership of certain Group central functions and leadership on acquisitions and other strategic projects); the weighting of non-financial metrics for the COO will likely vary year to year depending on the needs and priorities of the business. Our COO plays a key role in identifying, developing and delivering opportunities for the business to grow through strategic hires and team acquisitions which complement our core business. Successful and prudent pursuit of such opportunities will benefit our shareholders in the long term by adding further resilience, strength and depth to our business. In line with our Policy, our CFO's bonus will be based on a combination of performance measures linked to Group financial performance and the achievement of strategy and operational objectives.
- **LTIPs:** we will again operate our LTIP plan in FY25, with each of our executive directors receiving an LTIP award over shares worth up to 100% of base salary.

Applying a consistent approach to our pay arrangements provides clarity to our executive directors and has over time, led to both our CEO and COO building significant shareholdings in the Company. This provides very clear alignment of interests between our executive directors and our shareholders.

In early 2024, following a benchmarking exercise, the base non-executive director fees were reviewed and from March 2024 increased by £2,500 to £52,500 (£50,000 in FY24). No other changes are proposed to the non-executive director fees for FY25.

Directors' Remuneration Report continued

Statement regarding 2023 AGM remuneration votes

The Committee noted and considered the voting outcomes for the resolution to approve the Directors' Remuneration Report and Directors' Remuneration Policy at our 2023 AGM. As the Company disclosed in the announcement regarding the results of the 2023 AGM, the board considers that the operation of its remuneration practices are clearly in the best interests of all stakeholders of the business and that the Remuneration Committee has discharged its duties properly.

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

We also note the recent comments by some of the main UK investor representative bodies, who recognise that a "one size fits all" approach towards executive remuneration is potentially damaging to the competitiveness of UK listed companies, especially in global businesses.

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

Format of the Report and matters to be approved at our 2024 AGM

The remainder of this Report comprises two sections:

1. A summary of our Directors' Remuneration Policy which was approved at the 2023 AGM. This is included solely for information purposes and the full Policy can be found within the Company's FY23 Annual Report, which is available on the Company's website; and
2. The Annual Report on Remuneration, which sets out the details of how our Policy was implemented during FY24, and the decisions taken in relation to the prospective application of the policy in FY25.

At the 2024 AGM, shareholders will be asked to approve two resolutions related to directors' remuneration matters. These resolutions are:

- to approve the Directors' Remuneration Report (comprising both the Annual Report on Remuneration and this introductory statement); and
- to renew the Long-Term Incentive Plan.

The vote to approve the Directors' Remuneration Report is the annual advisory vote on such matters. We trust that our shareholders will recognise the outstanding year of performance delivered by our executive team and vote in favour of the resolution to approve the Directors' Remuneration Report.

The Long-Term Incentive Plan is our existing plan for the grant of long-term incentive awards over Company shares. It was first established in 2014 and, as is normal, the authority to operate this plan must be renewed after ten years. There are no material changes to the LTIP plan rules.

Elizabeth Gooch

On behalf of the Remuneration Committee
22 May 2024

Remuneration Policy

The Remuneration Committee is not proposing to make any changes to the Policy approved by shareholders at the 2023 AGM. The full Policy is contained on pages 69 to 78 of the Company's 2023 Annual Report, 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

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary			
To provide an element of fixed remuneration as part of a market-competitive remuneration package to attract and retain the calibre of talent required to deliver the Group's strategy.	<p>Base salaries are determined by the Committee, taking into account:</p> <ul style="list-style-type: none"> – skills and experience of the individual; – size, scope and complexity of the role; – market competitiveness of the overall remuneration package; – performance of the individual and of the Group as a whole; and – pay and conditions elsewhere in the Group. <p>Base salaries are normally reviewed annually with changes effective from the start of the financial year.</p>	<p>While there is no defined maximum, salary increases are normally made with reference to increases for the wider employee population.</p> <p>The Committee retains discretion to award larger increases where considered appropriate, to reflect, for example:</p> <ul style="list-style-type: none"> – Where an executive director has had an increase in responsibility. – Where an executive director has been promoted or has had a change in scope. – An individual's development or performance in role (e.g. to align a newly appointed executive director's salary with the market over time). – Where an executive director's salary is no longer market competitive (e.g. due to an increase in size and complexity of the business). <p>Increases may be implemented over such time period as the Committee deems appropriate.</p>	None.

Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Benefits			
<p>To provide a market-competitive benefits package for the nature and location of the role.</p>	<p>Incorporates various cash/ non-cash benefits which are competitive in the relevant market, and which may include such benefits as a car (or car allowance), club membership, healthcare, life assurance, income protection insurance, and reimbursed business expenses (including any tax liability).</p> <p>Where relevant, other benefits on broadly the same terms as provided to the wider workforce or to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances may also be provided.</p> <p>Any reasonable business-related expenses can be reimbursed (and any tax thereon met if determined to be a taxable benefit).</p> <p>Executive directors may also participate in the Company's Save As You Earn ("SAYE") scheme on the same basis as other employees and subject to statutory limits.</p>	<p>Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role.</p>	<p>None.</p>
Pension			
<p>To provide a post-retirement benefit to attract and retain talent.</p>	<p>The Committee may offer participation in a defined contribution pension scheme or provide a cash allowance.</p>	<p>The maximum contribution for any executive director will be in line with the level available for the majority of UK employees at any given time (currently 5% of salary).</p>	<p>None.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Bonus			
<p>To incentivise and reward annual performance aligned with the long-term objectives of individuals and the delivery of strategy.</p>	<p>Executive directors are eligible to participate in the annual bonus at the discretion of the Committee each year.</p> <p>Where executive directors undertake broking activities, they may, at the discretion of the Committee, be eligible to participate in the brokers' bonus arrangements.</p> <p>The brokers' bonus is non-contractual and is currently calculated as a percentage of profits from either personal and/ or desk revenues depending on the role fulfilled.</p> <p>Where executive directors do not undertake broking activities, they may participate in an annual bonus for which appropriate performance targets are set at the outset of the year in accordance with this Policy.</p> <p>Payout levels for all executive directors are determined by the Committee after year-end.</p> <p>A portion of the annual bonus will be deferred into shares under the Deferred Bonus Plan ("DBP"), described in more detail in the section below.</p> <p>Clawback provisions will also apply, as explained on page 74 of the 2023 Annual Report.</p>	<p>In line with market practice for the Company's peers, there is no cap on individual brokers' bonus awards. However, the brokers' bonus is funded by broking profitability, and therefore any amount is capped by the profits generated by broking activities, as well as the profitability and financial position of the Group as a whole.</p> <p>Where executive directors do not undertake broking activities, the maximum annual bonus opportunity is 100% of base salary p.a.</p>	<p>Where executive directors participate in the brokers' bonus, this is currently calculated as a percentage of profits which, depending on the individual's role may reflect either personal broking and/or desk revenues.</p> <p>However, the Committee may also make a portion of the brokers' bonus for executive directors subject to the attainment of specific non-financial or personal metrics.</p> <p>Where executive directors do not participate in the brokers' bonus, the performance measures applied may be financial or non-financial, corporate or individual, and in such proportions as the Remuneration Committee considers appropriate for any financial year.</p> <p>For all executive directors, the Committee retains discretion to override any formulaic bonus outcome, if it considers it appropriate to do so, to take account of overall or underlying Group or personal performance or such other factors as it considers relevant. The Committee may also set "gateways" or "underpins" for elements of an executive director's bonus which must be attained before that part of the bonus is paid, should the Committee consider this appropriate.</p>
<p>Deferral into shares strengthens long-term alignment with shareholders.</p>	<p>Where executive directors do not undertake broking activities, they may participate in an annual bonus for which appropriate performance targets are set at the outset of the year in accordance with this Policy.</p> <p>Payout levels for all executive directors are determined by the Committee after year-end.</p> <p>A portion of the annual bonus will be deferred into shares under the Deferred Bonus Plan ("DBP"), described in more detail in the section below.</p> <p>Clawback provisions will also apply, as explained on page 74 of the 2023 Annual Report.</p>	<p>Where executive directors do not undertake broking activities, the maximum annual bonus opportunity is 100% of base salary p.a.</p>	<p>Where executive directors do not participate in the brokers' bonus, the performance measures applied may be financial or non-financial, corporate or individual, and in such proportions as the Remuneration Committee considers appropriate for any financial year.</p> <p>For all executive directors, the Committee retains discretion to override any formulaic bonus outcome, if it considers it appropriate to do so, to take account of overall or underlying Group or personal performance or such other factors as it considers relevant. The Committee may also set "gateways" or "underpins" for elements of an executive director's bonus which must be attained before that part of the bonus is paid, should the Committee consider this appropriate.</p>

Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long-Term Incentive Plan ("LTIP")			
<p>To provide a variable element which aligns the reward of all executive directors with long-term performance delivered for shareholders.</p>	<p>Awards are made under the 2014 Long-Term Incentive Plan ("LTIP") as approved by shareholders at the 2014 Annual General Meeting.</p> <p>Awards vest subject to performance measured over a period of at least three years.</p> <p>Vested awards are subject to an additional holding period which, unless the Committee determines otherwise, will run up to the fifth anniversary of the date of grant.</p> <p>All executive directors are eligible to participate each year at the discretion of the Committee.</p> <p>The Committee retains the discretion to override formulaic vesting outcomes downward, if it considers it appropriate to do so, to take account of overall or underlying Group or personal performance or such other factors as it considers relevant.</p> <p>Awards are subject to clawback provisions, as described in more detail on page 74 of the 2023 Annual Report.</p>	<p>The usual maximum award opportunity in respect of a financial year is 100% of base salary.</p> <p>However, in circumstances that the Committee considers to be exceptional, awards of up to 200% of base salary may be made.</p>	<p>Vesting is based on the achievement of performance targets set in respect of key performance measures aligned to the strategy and shareholder value (currently underlying earnings per share).</p> <p>Up to 25% vests for threshold performance.</p> <p>The Committee retains discretion to set alternative measures and weightings for awards over the life of the Policy.</p> <p>Targets for performance measures are set and assessed by the Committee in its discretion.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Shareholding Requirements			
<p>In-employment shareholding requirement.</p> <p>To create greater alignment between executive directors and shareholders.</p>	<p>Executive directors are required to build a shareholding of 100% of base salary. Shares subject to unvested or vested but unexercised awards under the DBP and vested but unexercised LTIP awards may be included, in all cases on a net of tax basis.</p> <p>Executive directors will be required to retain all of the shares (net of tax) that vest under the DBP and the LTIP until the shareholding requirement is met.</p> <p>The Committee shall retain a discretion to waive the requirements, in whole or in part, in exceptional circumstances such as critical illness or personal financial hardship (including divorce).</p>	Not applicable.	Not applicable.
<p>Post-employment shareholding requirement.</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 2020 AGM onwards and will not apply to shares acquired either from awards granted before this date or from shares purchased directly by the executive director.</p>	Not applicable.	Not applicable.

Bonus deferral

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

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

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

Remuneration Policy continued

Clawback

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

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

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

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

Policy table for the 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 required to deliver the strategy.	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).	While there is no maximum fee level, fees are set considering:
	Fees are normally reviewed on an annual basis.	– market practice for comparative roles;
	Where the Chairman is a non-executive Chairman, they will receive a single fee encompassing all duties. Where the Company has an Executive Chairman, they may be eligible for additional elements in line with the executive director policy table.	– the time commitment and duties involved; and
	Non-executive directors receive a basic fee and may also receive additional fees for Committee or other board duties.	– the requirement to attract and retain the quality of individuals required by the Company.
	Fees are payable in cash, although the Company may retain the right to make payment in shares.	
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.		
A non-executive Chairman and non-executive directors do not participate in any of the Group's bonus arrangements, share plans or pension schemes.		

Service contracts and letters of appointment

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

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

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

Annual Report on Remuneration

Implementation of the Policy for FY25

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 executive directors in FY25.

Base salary

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

	FY24 £'000	FY25 £'000	Change
James Gundy	475	475	0%
Tris Simmonds	375	375	0%
Grant Foley	325	325	0%

Benefits and pension

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

Annual bonus

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

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

The annual bonus for Grant Foley is based on a combination of performance measures linked to Group financial performance and the achievement of the Group's strategy and operational objectives for the year.

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

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

LTIP

The Committee proposes to grant LTIP awards to our executive directors for FY25 at normal policy levels of 100% of salary. All awards will take the form of nil cost options to acquire ordinary shares of 10 pence each in the Company following a three-year vesting period, subject to meeting the performance criteria set by the Committee and the rules of the LTIP. More detail on the performance metrics and targets will be disclosed in the related announcement when the awards are made. Any vested awards will be subject to a further two-year holding period.

Chairman and non-executive director fees

During the year, the non-executive director ("NED") base fees were reviewed and increased by £2,500 to £52,500 with effect from March 2024.

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

	FY24 £'000	FY25 £'000
Chairman fee	135	135
Non-executive director base fee	50	52.5
Audit & Risk Committee Chair fee	10	10
Remuneration Committee Chair fee	10	10
Committee membership fee ¹	5	5

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

Implementation of the Policy in FY24

This section sets out details of the remuneration outcomes in respect of the year ended 29 February 2024. Those sections that have been audited have been identified below.

Single total figure of remuneration for FY24 (audited)

The remuneration of the executive directors in respect of FY24 is shown in the table below (with the prior year comparative).

	James Gundy		Nicholas Stone		Tris Simmonds		Grant Foley	
	FY24 £'000	FY23 £'000	FY24 £'000	FY23 £'000	FY24 £'000	FY23 £'000	FY24 £'000	FY23 £'000
Base salary	475.0	450.0	104.2	250.0	375.0	333.3	189.6	0.0
Benefits ¹	2.7	2.6	1.9	1.6	3.2	2.7	1.8	0.0
Pension ²	23.8	22.9	5.2	12.5	37.5	16.7	19.0	0.0
Annual bonus ³	2,350.0	2,950.0	0.0	0.0	1,125.0	1,250.0	189.0	0.0
LTIP ⁴	0.0	678.1	0.0	484.4	0.0	0.0	0.0	0.0
SAYE ⁵	0.0	7.9	0.0	4.6	0.0	0.0	0.0	0.0
Buy out award ⁶	0.0	0.0	0.0	0.0	0.0	0.0	136.0	0.0
Loss of office ⁷	0.0	0.0	182.9	0.0	0.0	0.0	0.0	0.0
Total	2,851.5	4,111.5	294.2	753.1	1,540.7	1,602.7	535.3	0.0
Total fixed	501.5	475.5	111.3	264.1	415.7	352.7	208.6	0.0
Total variable	2,350.0	3,636.0	182.9	489.0	1,125.0	1,250.0	325.0	0.0

¹ Benefits include private healthcare.

² Pension includes the value of pension contributions to the Company's defined contribution scheme (or an equivalent cash allowance) in respect of the relevant year.

³ Annual bonus represents the full value of the annual bonus awarded in respect of the relevant financial year, including the portion that is deferred into shares pursuant to the DBP.

⁴ LTIP represents the value of the LTIP award that vests in respect of a performance period ending in the relevant financial year.

⁵ SAYE represents the gain on the exercise of shares purchased through the Save As You Earn scheme.

⁶ Grant Foley received a cash payment of £136,000 which was a buy-out of the discounted value of his incentives from his previous employer, ClearScore, that were forfeited on his departure to join the Company.

⁷ Nicholas Stone received a cash payment in lieu of notice of £131,250 (which included payment for basic salary and pension contribution entitlement) and a payment of £51,630.50 in lieu of 36,653 vested 2019 LTIP awards.

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

Fixed fee

	FY24 £'000	FY23 £'000
Elizabeth Gooch	60	60
Nigel Payne	135	108
Joanne Lake	60	60
Cat Valentine ¹	50	–

¹ Cat Valentine joined the board on 16 May 2023.

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

There were no payments to past directors in the year. The amounts shown in the single figure table for Nicholas Stone represents fixed pay elements paid in FY24 prior to him stepping down from the board on 31 July 2023. Details of the leaving arrangements for Nicholas Stone were set out on page 80 in our Directors' Remuneration Report for FY23, but an error was made in one of the figures disclosed. The payment in lieu of notice was incorrectly reported as being a total of £51,630.50; the correct value was £131,250 (which included payment for basic salary and pension contribution entitlement). The rest of the disclosure regarding the remuneration arrangements for Nicholas Stone (including the values shown in the single figure table in this year's report) is correct. Nicholas Stone left the Company on 31 July 2023.

Annual Report on Remuneration continued

Buy-out award made to Group Chief Financial Officer (audited)

As part of the recruitment of our new Group Chief Financial Officer, Grant Foley, it was agreed that following successful completion of his first year-end reporting process, a cash payment of £136,000 would be made to him to 'buy-out' incentives from his former employer, ClearScore, that lapsed on his departure to join Braemar.

The cash payment made to Grant represents the estimated carrying value of the incentives at the time of his leaving ClearScore, and after a further material discount was applied to reflect that the forfeited incentives remained subject to further performance and service.

In order to provide certainty for all parties and cap the costs associated with Grant's recruitment, the Remuneration Committee agreed that the payment would be made as a one-off cash payment.

Annual bonus for FY24 (audited)

The following bonus payments have been provided for:

- James continues to participate in the brokers' bonus, which delivered an outturn of £2.35 million from another successful year. This represented a percentage of profits derived from personal broking revenues and a percentage of other revenues generated across the business based on his involvement and leadership across all desks. The relevant revenues were then reduced for agreed costs and an agreed profit share percentage was applied.
- Tris' annual bonus delivered an outturn of £1.125 million from another successful year. The bonus outturn was determined with reference to the successful acquisitions made during the prior year and revenues of the broking desks across the Group, with a portion of this revenue allocated to Tris for the purposes of bonus calculation. An agreed profit share percentage was then applied to this calculation.
- Grant's bonus delivered an outturn of £189,000. The Committee considered both the Group's financial performance of the year, the achievement of the Group's strategy and the significant improvements in the Finance function since Grant's appointment, and considered it appropriate to award the maximum bonus of 100% of FY24 salary (pro-rata from his start date of 1 August 2023).

LTIP award – granted during FY24 (audited)

The Committee granted LTIP awards to James Gundy, Tris Simmonds and Grant Foley during the period at a level of 100% of salary (on a pro-rata basis for Grant Foley). The awards have performance criteria based on the Company's growth in Earnings per Share ("EPS"), measured over a three-year performance period ending on 28 February 2026. The underlying EPS measure will be adjusted to eliminate 50% of the estimated impact of changes in foreign exchange rates over the performance period.

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

Shareholding guidelines and share interests (audited)

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

Non-executive directors are not subject to a shareholding guideline. The following table sets out the shareholdings (including by connected persons) of the directors in the Company as at 29 February 2024. This shows that James Gundy and Tris Simmonds have met the shareholding guideline. Grant Foley's shareholding reflects that he joined the Company on 1 August 2023.

	Number of shares beneficially held at 29 February 2024	Shareholding as a % of salary ¹	Guideline met
Executive directors			
James Gundy	772,165	454%	Yes
Grant Foley	–	–	No
Tris Simmonds	320,080	238%	Yes
Non-executive directors			
Nigel Payne	8,258		
Elizabeth Gooch	–		
Joanne Lake	3,885		
Cat Valentine	–		

¹ Shareholding as a percentage of salary is calculated using the base salary/fee and the average share price for the last three months of the year to 29 February 2024.

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

	Awards held at 1 Mar 2023	Grant date	Share price on grant £ ¹	Granted	Exercised/ released	Lapsed	Awards held at 29 Feb 2024	Exercise price £	Exercisable from	Exercisable to
James Gundy										
2018 LTIP	33,294	29 Oct 18	2.30	–	–	–	33,294	–	26 May 23	29 Oct 28
2019 LTIP	166,200	1 Jul 19	1.855	–	–	–	166,200	–	1 Jul 24	1 Jul 29
2020 DBP	386,195	9 Jul 20	1.21	–	372,423	13,772 ²	–	1.22	9 Jul 23	9 Jul 23
2020 LTIP	218,750	24 Jul 20	1.23	–	–	–	218,750	–	24 Jul 25	24 Jul 30
2021 DBP	169,925	8 Jun 21	2.66	–	–	–	169,925	2.66	8 Jun 24	8 Jun 24
2021 LTIP	300,884	14 Jun 21	2.91	–	–	–	300,884	–	14 Jun 26	14 Jun 31
2023 LTIP	164,360	16 Feb 23	3.14	–	–	–	164,360	–	16 Feb 26	16 Feb 33
2023 DBP	66,484	16 Feb 23	3.14	–	–	–	66,484	–	30 Jun 25	16 Feb 33
2024 LTIP	–	8 Dec 23	2.81	169,039	–	–	169,039	–	8 Dec 26	8 Dec 33
2024 DBP	–	8 Dec 23	2.81	104,982	–	–	104,982	–	9 Jul 26	8 Dec 33
Nicholas Stone³										
2019 LTIP	36,653	1 Jul 19	1.855	–	–	36,653	–	–	1 Jul 24	1 Jul 29
2020 DBP	28,245	9 Jul 20	1.21	–	–	28,245	–	1.22	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	25,398	8 Jun 21	2.66	–	–	25,398	–	2.66	8 Jun 24	8 Jun 24
2021 LTIP	88,495	14 Jun 21	2.91	–	–	88,495	–	–	14 Jun 26	14 Jun 31
2023 DBP	1,537	16 Feb 23	3.14	–	–	1,537	–	–	–	–
Tris Simmonds										
2020 DBP	34,511	9 Jul 20	1.22	–	34,511	–	–	–	9 Jul 23	9 Jul 23
2021 DBP	26,315	8 Jun 21	2.66	–	–	–	26,315	–	8 Jun 24	8 Jun 24
2023 LTIP	259,516	16 Feb 23	3.14	–	–	–	259,516	–	15 Feb 26	16 Feb 33
2023 DBP	14,505	16 Feb 23	3.14	–	–	–	14,505	3.18 ⁴	30 Jun 25	16 Feb 33
2023 LTIP	–	8 Dec 23	2.81	133,452	–	–	133,452	–	8 Dec 26	8 Dec 33
2023 DBP	–	8 Dec 23	2.81	44,484	–	–	44,484	–	9 Jul 26	8 Dec 33
Grant Foley										
2023 LTIP	–	8 Dec 23	2.81	67,467	–	–	67,467	–	8 Dec 26	8 Dec 33

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

² The 2020 DBP award was granted with a corresponding option under the Company Share Option Plan ("CSOP"). On exercise, 13,772 shares lapsed in respect of the DBP/CSOP award to take account of the gain in value on exercise of the CSOP options.

³ Details of Nicholas Stone's leaving arrangements and the impact on his share awards are set out on page 80 of the 2023 Annual Report.

⁴ Tris Simmonds was also given corresponding options under the Company Share Option Plan ("CSOP") over 3,412 shares, which will vest on the same date as the 2023 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.

Annual Report on Remuneration continued

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

- **2021 LTIP:** The 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%. At the time of this report, the performance period for the 2021 LTIP awards is not yet complete and the vesting outcome of these awards will be reported in the FY25 Annual Report.
- **2023 LTIP:** The 2023 LTIP awards had performance criteria based on the Company's growth in EPS measured over a three-year performance period ending on 28 February 2025 as follows: the maximum possible opportunity will vest if growth in EPS is equivalent to a CAGR of 25% or more per annum over the three-year performance period; if CAGR over the performance period is less than 15% per annum, none of the awards will vest; if CAGR is 15% per annum, 25% of the award will vest; and if CAGR is between 15% and 25% per annum, the vesting outcome will be calculated on a straight-line basis between 25% and 100%.
- **2024 LTIP:** The 2024 LTIP awards had performance criteria based on the Company's growth in EPS measured over a three-year performance period ending on 28 February 2026 as follows: the maximum possible opportunity will vest if growth in EPS is equivalent to a CAGR of 25% or more per annum over the three-year performance period; if CAGR over the performance period is less than 15% per annum, none of the awards will vest; if CAGR is 15% per annum, 25% of the award will vest; and if CAGR is between 15% and 25% per annum, the vesting outcome will be calculated on a straight-line basis between 25% and 100%.

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

The following table shows the year-on-year percentage change in the salary, benefits and annual bonus of the directors and the employees of the Company for FY24 (and previous financial years from FY21). 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		
	FY23 to FY24	FY22 to FY23	FY21 to FY22	FY23 to FY24	FY22 to FY23	FY21 to FY22	FY23 to FY24	FY22 to FY23	FY21 to FY22
All UK employees	6%	12%	6%	7%	49%	0%	-30%	104%	13%
All Plc employees	9%	7%	10%	7%	13%	-20%	-9%	66%	119%
Executive directors									
James Gundy ¹	6%	6%	N/A	4%	0%	N/A	-10%	51%	N/A
Tris Simmonds ²	12.5%	50%	N/A	19%	0%	N/A	-10%	194%	N/A
Grant Foley ³									
Non-executive directors									
Joanne Lake ⁴	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nigel Payne ⁵	25%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elizabeth Gooch ⁶	0%	18%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cat Valentine ⁷	N/A	N/A	N/A	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 FY20 and FY21.

2 Tris Simmonds joined the board on 1 August 2021, so there is no prior year comparison.

3 Grant Foley joined the board on 1 August 2023, so there is no prior year comparison.

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

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 Cat Valentine joined the board on 16 May 2023, so there is no prior year comparison.

CEO pay ratio

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

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	Option A	57:1	30:1	15:1
2023	Option A	74:1	40:1	18:1
2022	Option A	80:1	54:1	21:1
2021	Option A	21:1	13:1	5:1

	25th percentile pay £	Median pay £	75th percentile pay £
2024			
Total pay and benefits	50,000	95,477	188,106
Salary element of total pay and benefits	45,000	80,000	125,000

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 29 February 2024 and identifies the employees that fall at the 25th, 50th and 75th percentiles. This method was chosen as it is considered the most accurate way of identifying the relevant employees and aligns to how the single figure table is calculated.

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

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

Relative importance of spend on pay

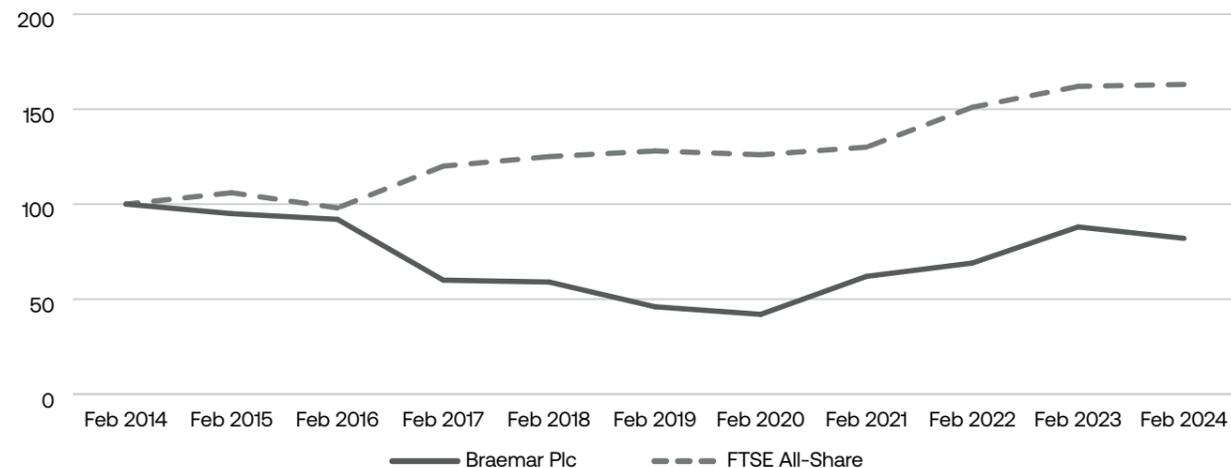
The chart below shows total employee remuneration and distributions to shareholders paid in respect of FY24 and FY23 (and the difference between the two).

	FY24 £ million	FY23 £ million	Change (%)
Total employee remuneration	97.4	98.3	-0.9%
Distributions to shareholders	4.2	3.6	+16%

Annual Report on Remuneration continued

Performance graph and table

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



Source: Datastream (an LSEG product).

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

CEO	FY24 James Gundy £'000	FY23 James Gundy £'000	FY22 James Gundy £'000	FY21 Ronald Series/ James Gundy £'000	FY20 James Kidwell/ Ronald Series £'000	FY19 James Kidwell £'000	FY18 James Kidwell £'000	FY17 James Kidwell £'000	FY16 James Kidwell £'000	FY15 James Kidwell £'000
Single total figure of remuneration	2,851.5	4,112	2,830	714	324	404	579	404	577	549
Annual bonus (% of maximum)	N/A	74%	49%	34%	10%	0%	50%	0%	60%	55%
LTIP vesting (% of maximum)	N/A	100%	90%	18%	0%	0%	0%	0%	N/A	0%

Statement of voting at AGM

The following table sets out the votes cast (including those cast by proxy) at the 2023 AGM in respect of the Committee's Report for the year ending 28 February 2023 and the Directors' Remuneration Policy.

Resolution	Votes for		Votes against		Total votes cast	Votes withheld
	#	%	#	%		
Approval of Directors' Remuneration Report for year ending 28 February 2023	7,297,536	57.75	5,339,764	42.25	12,637,300	9,088
Approval of Directors' Remuneration Policy	7,283,255	57.65	5,350,295	42.35	12,633,550	12,838

Elizabeth Gooch

On behalf of the Remuneration Committee
22 May 2024

Directors' Report

for the year ended 29 February 2024



Rebecca-Joy Wekwete
Company Secretary

Since my appointment in January 2023, I have enjoyed supporting such a collegiate board throughout a busy year. I look forward to working closely with the board as we continue to execute our growth strategy.

This section contains additional information that the directors are required to include within the Annual Report. Together with the Strategic Report on pages 1 to 49, it forms the Management Report for the purposes of DTR 4.15R. 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 6.
- Important events during the year ended 29 February 2024 and likely future developments in the business of the Company or its subsidiaries on pages 5 to 7 and 12 to 13.
- Going concern on pages 27 and 48.
- Greenhouse gas emissions on page 34.
- Employee engagement and diversity on page 39.
- Engagement with clients and other key stakeholders on pages 28 to 29 and 53.
- Corporate Governance Report on pages 50 to 78.
- Section 172 Statement on pages 28 to 29.
- Risk and compliance framework review on pages 43 to 49.
- Principal decisions taken during the year on pages 28 to 29.
- EPSG Report on pages 30 to 41.
- Non-Financial Information Statement on page 42.

Principal activity

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

Review of the business

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

Amendment of Articles of Association

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

Branches outside the United Kingdom

The Group has branches and/or representative offices in Australia, China, Germany, Greece, India, Spain, Singapore, Switzerland, United Arab Emirates, and the USA.

Change of control – significant agreements

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

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

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

Convertible Loan Note instruments

On 26 September 2017, the Company completed the acquisition of Braemar Naves. A new class of convertible loan note instruments (the "Convertible Loan Notes") formed a core part of the consideration for this transaction. The Company has issued all of the Convertible Loan Notes to be issued in connection with this acquisition, of which €3,627,956 worth remain outstanding.

These Convertible Loan Notes are unsecured and unlisted. The Convertible Loan Notes are denominated in euros and, as part of the restructuring, it was agreed that they would carry a 5% per annum coupon from September 2025, increasing from 3%. The conversion prices were fixed at 390.3 pence for management note holders and 450.3 pence for non-management note holders. For more information on the Convertible Loan Notes, please see Note 4.7 to the Financial Statements.

Political contributions

There were no political contributions during the year ended 29 February 2024 (FY23: £nil).

Share capital and voting rights

As at 29 February 2024, the Company's total issued ordinary share capital was 32,924,877 shares of 10 pence each (28 February 2023: 32,924,877 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.

Directors' Report continued

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

Share schemes

Details of long-term incentive schemes are provided in the Directors' Remuneration Report on page 68.

Purchase of own ordinary shares

The Company is authorised to make market purchases of the Company's ordinary shares pursuant to the authority granted by its shareholders at the AGM held on 9 August 2023. This authority will expire at the end of the 2024 AGM. The Company did not use this authority in either the year ended 28 February 2023 or the year ended 29 February 2024.

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

Options and ESOP Trust

The total number of options to subscribe for shares in the Company that were outstanding as at 29 February 2024 was 1,809,934, being 5.4% of the issued share capital.

During the year ended 29 February 2024, 2,156,196 of the Company's ordinary shares were purchased by SG Kleinwort Hambros Trust Company (CI) Ltd, as Trustee of the Company's ESOP Trust (2023: 2,795,000). The Trustee had absolute discretion and independence in respect of any trading decisions it made in respect of these purchases. As at 29 February 2024, the ESOP held 2,303,211 shares.

Directors and their interests

The directors of the Company as at the date of this Directors' Report are shown on pages 54 to 55. Nicholas Stone served as a director of the Company during the year ended 29 February 2024 and until 31 July 2023.

The directors' beneficial interests in the ordinary shares and share options of the Company as at 29 February 2024 are disclosed in the Directors' Remuneration Report on page 74. There have not been any changes in such interests between 29 February 2024 and 1 May 2024.

As at 29 February 2024, the executive directors, in common with other employees of the Group, also have an interest in 2,365,501 (2023: 3,579,630) 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 (2023: 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 29 February 2024.

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

Significant shareholdings

As at 29 February 2024, the Company was aware of approximately 20.5% of its ordinary shares being held by Group employees and the ESOP Trust. The working vendors of Braemar Naves Corporate Finance GmbH currently hold €3,627,956's worth of Convertible Loan Notes.

As at 29 February 2024, 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
Hargreaves Lansdown Asset Management	2,901,091	8.81%
SG Kleinwort Hambros Trust Company (CI) Limited as Trustee of the Braemar Plc ESOP	2,365,501	7.18%
Interactive Investor	2,311,322	7.02%
Quentin Soanes	1,238,990	3.76%
Barclays Wealth	1,237,079	3.76%
Halfax Share Dealing	1,028,730	3.12%
Lightship SA	1,000,000	3.04%

¹ Percentages are shown as a percentage of the Company's total voting rights as at 29 February 2024.

Financial instruments

The Group's financial risk management objectives and policies are set out in the Corporate Governance Report on pages 53, 56 to 60 and in the Strategic Report on pages 43 to 49.

Statement of directors' responsibilities

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

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

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

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

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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

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

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

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

Responsibility statement of the directors in respect of the Annual Report

Each of the directors, whose details can be found on pages 54 to 55, to the best of their knowledge confirm that the:

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

Disclosure of information to the auditors

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

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

Forward-looking statements

Where this Annual Report contains forward-looking statements, these are based on current expectations and assumptions and only relate to the date on which they are made. These statements should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward-looking information. The Group cautions investors that a number of factors, including matters referred to in this Annual Report, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed on pages 43 to 49 of this Annual Report.

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

Appointment of the auditors

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

Annual General Meeting

The 2024 AGM of the Company will be held on Wednesday 3 July 2024 at 10 a.m. at the Company's offices at One Strand, Trafalgar Square, London, WC2N 5HR.

By order of the board

Rebecca-Joy Wekwete

Company Secretary
22 May 2024

This Directors' Report was approved by the board of directors on 22 May 2024.

Signed on behalf of the board of directors by:

Grant Foley

Group Chief Financial Officer
22 May 2024

James Gundy

Group Chief Executive Officer
22 May 2024

Independent auditor's report

to the members of Braemar Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 February 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Braemar Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 29 February 2024 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 material 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 material accounting policies. 	Applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 <i>Reduced Disclosure Framework</i> (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 and Risk committee.

Independence

Following the recommendation of the Audit and Risk committee, we were appointed by the Board of Directors on 2 October 2018 to audit the financial statements for the year ended 28 February 2019 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 28 February 2019 to 29 February 2024. 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.

The lead audit partner at BDO LLP responsible for the external audit is Oliver Chinneck. Oliver was a key audit partner in respect of the audits for the years ending 2019-2022 in his capacity as audit partner for certain Group subsidiary companies. He took over as Group audit partner in 2023. In line with the independence requirements Oliver should have rotated after the 2023 year end audit having served five years as a key audit partner. However, following the matters which arose in the 2023 year-end audit and the change in Group Chief Financial Officer, to maintain audit quality, the Audit & Risk Committee wrote to BDO's ethics partner to request that Oliver's tenure as lead audit partner be extended by a year. Following review, a one-year extension for the 2024 audit was agreed with additional safeguards to maintain Independence. A new audit partner has been appointed for the FY25 year end audit.

Conclusions relating to going concern

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

- Evaluating the Directors' going concern assessment and forecasts, including assessing the underlying base case cash flow forecasts by obtaining supporting documents, including current forward order book and considering other impacts such as:
 - geo-political conflicts;
 - the overall shipping industry;
 - current economic matters; and
 - climate-change;
- Evaluating the stress tests performed by the Directors, to determine whether they are appropriate based on our knowledge of the business and industry and whether further stress tests should be performed;
- Reviewing the reverse stress test forecast to assess the point at which covenants would be breached or a liquidity event triggered;

- Considering the Directors' conclusion that the likelihood of the reverse stress case scenario materialising is remote and the ability of the Directors to undertake further mitigating actions that are within their control should this be required;
- Assessing the Group's covenant compliance calculations (actual at year end and forecast post year-end) with the terms of the facility agreement;
- Assessing the covenant waivers received from the provider of the banking facilities following the delay in approval of the prior year financial statements; and
- Assessing the financial statement disclosures regarding going concern to determine whether they are complete and accurate.

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

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

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

Overview

Coverage The coverage achieved from the full scope audits which included significant and non-significant components was 88% (2023: 88%) of Group revenue and 88% (2023: 83%) of Group total assets. Further specific audit procedures were undertaken on non-significant components as required to ensure sufficient audit coverage.

Key audit matters	2024	2023
1. Shipbroking revenue recognition on Sales and Purchase (Second-hand and New Builds)	✓	✗
2. Acquisition of Southport Maritime Inc	✗	✓
3. Impairment of goodwill in respect of the corporate finance division (Naves) cash generating unit ("CGU")	✗	✓
4. Accounting treatment of certain legacy transactions subject to investigation	✗	✓

Key Audit Matter on 'The Acquisition of Southport Maritime Inc' and 'Accounting treatment of certain legacy transactions subject to investigation' were event driven in 2023 and hence do not apply for 2024.

Key Audit Matter on 'Impairment of goodwill in respect of the corporate finance division (Naves) cash generating unit ("CGU") is no longer considered to be a key audit matter following the prior year impairment of £9.1m.

Materiality *Group financial statements as a whole*
£917,000 (2023: £901,000) 0.6% of revenue from continuing operations (2023: 5% of underlying profit before tax)

An overview of the scope of our audit

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.

Full scope audit procedures were performed on seven components, three of these were considered significant with the other four being undertaken to ensure appropriate audit coverage. Two of the significant components were audited by the Group audit team with the remaining significant component being audited by BDO Singapore. The four other full scope audits were undertaken by the Group audit team, a separate BDO UK team, BDO Germany and BDO Australia.

Independent auditor's report continued

to the members of Braemar Plc

Our involvement with component auditors

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

Significant components	<ul style="list-style-type: none"> We focussed our Group audit scope primarily on the audit work at three significant components including the Parent Company, which were subject to full scope audit procedures. The significant components comprise 88% of Group Revenue and 88% of Group assets. The Group audit team audited two significant components with the Singapore component being audited by a local BDO member firm in Singapore. The Group audit team issued the Group instructions, oversaw the risk assessment process and the overall audit approach and strategy with the component auditor at the planning stage. The Group audit team performed remote reviews of the significant component working papers. The Group audit team attended several virtual conference meetings throughout the planning, fieldwork and completion stages of the audit.
Other full scope audits	<ul style="list-style-type: none"> There were four components for which full scope audits were carried out in order to provide additional audit coverage. These procedures were performed by the Group team, component team within BDO LLP and BDO member firms in Australia and Germany. The Group audit team directed the work for the full scope audit through the issuance of detailed instructions, briefings and performing a review of selected working papers.
Specified audit procedures	<ul style="list-style-type: none"> There were three further components for which specified audit procedures were completed. Specified audit procedures were performed to increase audit coverage and to address certain risks in relation to revenue recognition as well as other financial statement areas. All other balances were scoped in for analytical review procedures. These procedures were performed by Group audit team.
Remaining components	<ul style="list-style-type: none"> The remaining 28 components were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information. Certain financial statement areas of the 28 components were subject to unpredictability testing. The analytical reviews were completed by the Group audit team or BDO member firms.

Climate change

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

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the shipping sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board and Audit and Risk Committee meeting and other papers related to climate change; and

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment.

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

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

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Shipbroking revenue recognition on Sales & Purchase (Second-hand and New Builds)	Revenue includes amounts in respect of commissions from Sales and Purchase relating to second-hand sales and newbuilding contracts.	Our procedures included: <ul style="list-style-type: none"> • testing a sample of revenue items recognised during the year to third-party documentation to confirm that performance obligations have been fulfilled; • testing a sample of revenue items recognised around the year end to confirm the satisfaction of the performance obligation to ensure revenue was recognised in the correct period; • testing a sample of credit notes issued to assess whether the reason for issue of credit note was appropriate; • reviewing the commission rates charged during the year to identify outliers compared to our expectations for further testing; • testing a sample of address commissions and co-broker commission arrangements for accuracy and existence of revenue; • with the support of our specialist IT audit team using computer assisted audit techniques to reconcile financial information between the sales system and general ledger; and • testing a sample of manual revenue adjustments posted to the general ledger to supporting documentation.
See note 21 and the accounting policy in note 2	The Group's entitlement to commission revenue is usually dependent upon the fulfilment of certain obligations, for example stage completion of a vessel build in broking or when the title of the vessel passes from the seller to the buyer for second-hand sales. Consideration is therefore required as to whether the parties' obligations have been fulfilled and the commission revenue can be recognised.	
	The transactions within the sale and purchase revenue stream, may be individually significant in value. As such, we therefore focused on the sales and purchase revenue stream transactions both in-year and around the year end, where there is a heightened risk of manipulation, and large transactions may be recorded in the incorrect period.	
	For these reasons, we considered compliance with IFRS 15 and cut off of revenue recognition relating to sales and purchase transactions to be a key audit matter.	Key observations: From the evidence obtained we are satisfied that revenue recognition complies with IFRS 15, and cut off was appropriate, for sales and purchase transactions.

Independent auditor's report continued

to the members of Braemar Plc

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	£917,000 (2023: £901,000)	£810,000 (2023: £810,000)
Basis	0.6% of revenue from continuing operations (2023: 5% of underlying profit before tax)	Based on 1% of total assets capped at 90% (2023: 90%) of Group materiality
Rationale	<p>Materiality for the Group financial statements as a whole was set at £917,000 (2023: £901,000) determined with reference to a benchmark of Group revenue of 0.6% (2023: 5% of underlying profit before tax).</p> <p>During the year, we have reconsidered the most appropriate benchmark on which to set materiality, and this has resulted in a change to the benchmark and materiality amount.</p> <p>We consider total Group revenue from continuing operations to be the most appropriate benchmark due to potential volatility in underlying profit before tax due in part to acquisition related expenses and foreign exchange movements.</p>	Capped materiality at 90% (2023: 90%) of Group given the assessment of component aggregation risk.

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

	Measure	Application
Performance materiality	<p>Group: £596,000 (2023: £585,000)</p> <p>Parent: £533,000 (2023: £526,000)</p>	Performance materiality was set at 65% (2023: 65%) this was set by the audit team with reference to the level of adjustments identified in the prior year, level of sampling work required, the number of accounts subject to high degrees of estimation and judgement and the number of components.
Component materiality	The range of materiality used for components ranged from £550,000 to £820,000 (2023: £430,000 to £810,000)	<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 60% and 90% (2023: 48% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement in that component. In the audit of each component, we further applied performance materiality levels of 65% (2023: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.</p>
Reporting threshold	<p>Group: £18,000 (2023: £18,000)</p> <p>Parent: £18,000 (2023: £16,000)</p>	All audit differences in excess of the 'reporting threshold' are reported to the Audit and Risk Committee, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.
Quantitative & qualitative disclosures	We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.	

Other information

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

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	<ul style="list-style-type: none"> The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 48; 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 pages 96 to 97.
Other Code provisions	<ul style="list-style-type: none"> Directors' statement on fair, balanced and understandable set out on pages 80 to 81; Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 45; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 60; and The section describing the work of the Audit and Risk committee set out on page 56.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	<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.

Independent auditor's report continued

to the members of Braemar Plc

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, through discussion with management and the Audit and Risk Committee and our knowledge of the industry;
- We focused on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules of the Financial Conduct Authority, UK adopted international accounting standards for the Group and United Kingdom Generally Accepted Accounting Practice for the Parent Company, Health and Safety legislations, the Bribery Act 2010 and tax legislations;
- We considered compliance with these laws and regulations through discussions with management, and in-house legal counsel, reviewing internal audit reports and discussing with the Audit and Risk Committee. Our procedures also included reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations as well as attending Audit and Risk Committee meetings;
- With the support of our internal tax specialists, we reviewed the Group's tax computations against the requirements of the relevant tax legislation and where applicable, reviewed correspondences with relevant taxation authorities;
- We reviewed the financial statements disclosures against the requirements of the applicable accounting framework;
- We considered the matters identified as part of the internal investigation undertaken prior to the approval of the 2023 year-end financial statements and considered any impacts on the current year audit; and
- We reviewed documentation in relation to the Capital Reduction process that was completed to address the payment of unlawful dividends historically, and increased the Company's capacity to pay future dividends, as disclosed in note 6.2.

Fraud

- With the support of our forensic specialists we assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We considered the fraud risk areas to be management override of controls and revenue recognition, as well as certain matters arising from the investigation;
- We performed a robust risk assessment and obtained an understanding of the design and implementation of relevant controls surrounding the revenue recognition process for each revenue stream and the relevant controls over the financial reporting close process (FRCP) such as controls over the posting of journals and the consolidation process and obtained an understanding of the segregation of duties in these processes;
- In addressing the risk of fraud including management override of controls we tested the appropriateness of journal entries made throughout the year by applying specific risk criteria as well as journals throughout the year which did not match the risk criteria, verified to supporting documents and obtained an understanding of the business rationale for each of the journal entries;
- 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 and verified to supporting evidence where necessary;
- We assessed whether the judgements made and accounting estimates were indicative of a potential bias;
- We specifically considered the facts and circumstances arising from the internal investigation as to any current year impacts;
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, who were deemed to have the appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- The component teams also considered the susceptibility of the financial statements due to fraud in respect of the relevant components. Testing of management override was completed by the component teams through testing the appropriateness of a sample of journal entries in line with the journal testing procedures as detailed above and assessment of risk of management bias on the significant judgements and estimates as detailed in note 1.3;
- We applied professional scepticism in our audit procedures and performed randomised procedures to include a level of unpredictability; and
- We performed an assessment of the Group's IT and the wider control environment and as part of this work obtained an understanding of the design and implementation of IT access controls.

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

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

Use of our report

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

Oliver Chinneck (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
22 May 2024

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

Consolidated Income Statement

For the year ended 29 February 2024

	Notes	29 Feb 2024			28 Feb 2023		
		Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Revenue	2.1	152,751	–	152,751	152,911	–	152,911
Other operating income	2.2	–	83	83	–	3,846	3,846
Operating expense:							
Operating costs	2.3, 2.2	(134,004)	(3,182)	(137,186)	(132,598)	(355)	(132,953)
Acquisition-related expenditure	2.2	(1,502)	(4,405)	(5,907)	–	(1,999)	(1,999)
Impairment of financial assets	2.3, 2.2	(697)	–	(697)	(238)	(848)	(1,086)
Impairment of goodwill	2.2	–	–	–	–	(9,050)	(9,050)
Total operating expense		(136,203)	(7,587)	(143,790)	(132,836)	(12,252)	(145,088)
Operating profit		16,548	(7,504)	9,044	20,075	(8,406)	11,669
Share of associate profit/(loss) for the year	3.4	12	–	12	(23)	–	(23)
Finance income	2.5, 2.2	871	419	1,290	119	83	202
Finance costs	2.5, 2.2	(2,823)	–	(2,823)	(2,131)	(266)	(2,397)
Profit before tax from continuing operations		14,608	(7,085)	7,523	18,040	(8,589)	9,451
Taxation	2.7	(3,788)	889	(2,899)	(4,641)	(214)	(4,855)
Profit from continuing operations		10,820	(6,196)	4,624	13,399	(8,803)	4,596
Profit attributable to equity shareholders of the Company		10,820	(6,196)	4,624	13,399	(8,803)	4,596
		Underlying	Total	Underlying	Total		
Earnings per ordinary share							
Basic	2.8	36.62p	15.65p	46.22p	15.85p		
Diluted	2.8	29.96p	12.80p	38.52p	13.25p		

The accompanying notes on pages 95-148 form an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 29 February 2024

	Notes	29 Feb 2024 £'000	28 Feb 2023 £'000
Profit for the year		4,624	4,596
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
– Actuarial gain on employee benefit schemes – net of tax	5.1	173	2,361
<i>Items that may be reclassified to profit or loss:</i>			
– Foreign exchange differences on retranslation of foreign operations	6.4	(1,783)	2,522
– Net investment hedge	6.4	249	(124)
– Cash flow hedges – net of tax	6.4	1,231	291
Other comprehensive (expense)/income		(130)	5,050
		–	
Total comprehensive income attributable to owners of the parent		4,494	9,646

The accompanying notes on pages 95-148 form an integral part of these Financial Statements.

Consolidated Balance Sheet

As at 29 February 2024

	Notes	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000
Assets			
Non-current assets			
Goodwill	3.1	71,337	71,407
Other intangible assets	3.2	3,185	3,980
Property, plant and equipment	3.5	5,582	5,320
Other investments	3.3	1,633	1,780
Investment in associate	3.4	713	701
Derivative financial instruments	4.4	249	30
Deferred tax assets	2.7	2,979	4,794
Pension surplus	5.1	1,414	1,120
Other long-term receivables	4.1	4,589	8,554
		91,681	97,686
Current assets			
Trade and other receivables	4.2	37,730	43,323
Derivative financial instruments	4.4	1,287	1,224
Current tax receivable	2.7	2,925	973
Cash and cash equivalents	4.5	27,951	34,735
		69,893	80,255
Total assets		161,574	177,941
Liabilities			
Current liabilities			
Derivative financial instruments	4.4	175	1,122
Trade and other payables	4.3	43,611	57,310
Current tax payable	2.7	1,625	4,141
Provisions	7.1	3,080	2,575
Convertible loan notes	4.7	632	699
		49,123	65,847
Non-current liabilities			
Long-term borrowings	4.6	29,819	29,919
Deferred tax liabilities	2.7	8	344
Derivative financial instruments	4.4	183	1,022
Trade and other payables		416	542
Provisions	7.1	58	734
Convertible loan notes	4.7	2,346	2,852
		32,830	35,413
Total liabilities		81,953	101,260
Total assets less total liabilities		79,621	76,681
Equity			
Share capital	6.1	3,292	3,292
Share premium	6.1	–	53,796
ESOP reserve	6.3	(7,140)	(10,607)
Other reserves	6.4	8,365	28,819
Retained earnings		75,104	1,381
Total equity		79,621	76,681

The Financial Statements on pages 90-148 were approved by the board of directors on 22 May 2024 and were signed on its behalf by:

James Gundy
Group Chief Executive Officer

Grant Foley
Group Chief Financial Officer

Registered number: 02286034

Consolidated Cash Flow Statement

For the year ended 29 February 2024

	Notes	29 Feb 2024 £'000	28 Feb 2023 £'000
Profit before tax		7,523	9,451
<i>Adjustment for:</i>			
Depreciation and amortisation charges	3.2, 3.5	3,805	3,364
Loss on disposal of intangible assets		–	87
Net loss on disposal of property, plant and equipment		–	20
Share scheme charges		6,442	4,520
Net foreign exchange loss/(gain) with no cash impact		497	(1,157)
Gain on acquisition of Southport	2.2	–	(3,643)
Gain relating to disposal of Cory Brothers	2.2	(83)	(203)
Fair value loss on unlisted investments	2.2	147	–
Impairment of Naves goodwill	3.1	–	9,050
Impairment of property, plant and equipment	3.5	–	150
Impairment of intangible assets	3.2	–	60
Impairment of financial asset	2.2	–	848
Reversal of dilapidations provision	7.1	–	(124)
<i>Adjustment for non-operating transactions included in profit before tax:</i>			
Net finance cost	2.5	1,533	2,195
Share of (profit)/loss in associate from continuing and discontinued operations	3.4	(12)	23
<i>Adjustment for cash items in other comprehensive income/expense:</i>			
Fair value movement on financial instruments charged to profit or loss		89	–
Cash settlement of share-based payment		(52)	–
Contribution to defined benefit scheme	5.1	(37)	(450)
Operating cash flow before changes in working capital		19,852	24,191
Decrease/(increase) in receivables		6,252	(14,857)
(Decrease)/increase in payables		(12,142)	16,836
(Decrease)/increase in provisions		(138)	2,081
Cash flows from operating activities		13,824	28,251
Interest received		508	119
Interest paid		(2,677)	(1,925)
Tax paid, net of refunds		(6,473)	(4,381)
Net cash generated from operating activities		5,182	22,064
Cash flows from investing activities			
Purchase of property, plant and equipment	3.5	(503)	(695)
Purchase of other intangible assets	3.2	(32)	(90)
Acquisition of business (cash acquired)	2.2	–	349
Proceeds related to disposal of Cory Brothers	4.9	1,397	6,500
Principal received on finance lease receivables	3.6	626	607
Net cash generated from investing activities		1,488	6,671
Cash flows from financing activities			
Proceeds from RCF loan facility		4,500	7,694
Repayment of RCF loan facility		(5,098)	(3,000)
Repayment of principal under lease liabilities	3.6	(3,143)	(3,865)
Cash proceeds on issue of new shares	6.1	–	694
Cash proceeds on exercise of share awards settled by release of shares from ESOP		826	477
Dividends paid	6.2	(2,440)	(3,190)
Purchase of own shares	6.3	(6,125)	(7,963)
Settlement of convertible loan notes	4.7	(598)	(1,448)
Net cash used in financing activities		(12,078)	(10,601)
(Decrease)/increase in cash and cash equivalents		(5,408)	18,134
Cash and cash equivalents at beginning of the year	4.5	34,735	13,964
Foreign exchange differences		(1,376)	2,637
Cash and cash equivalents at end of the year	4.5	27,951	34,735

The accompanying notes on pages 95-148 form an integral part of these Financial Statements.

Consolidated Statement of Changes in Total Equity

For the year ended 29 February 2024

	Notes	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained (deficit)/ earnings £'000	Total equity £'000
At 1 March 2022		3,221	53,030	(6,771)	26,130	(4,119)	71,491
Profit for the year		–	–	–	–	4,596	4,596
Actuarial gain on employee benefits schemes – net of tax		–	–	–	–	2,361	2,361
Foreign exchange differences		–	–	–	2,522	–	2,522
Cash flow hedges – net of tax		–	–	–	291	–	291
Net investment hedge		–	–	–	(124)	–	(124)
Other comprehensive income		–	–	–	2,689	2,361	5,050
Total comprehensive income		–	–	–	2,689	6,957	9,646
<i>Transactions with owners in their capacity as owners:</i>							
Deferred tax income on share awards		–	–	–	–	863	863
Dividends	6.2	–	–	–	–	(3,190)	(3,190)
Shares issued	6.1	71	766	–	–	–	837
Acquisition of own shares		–	–	(7,963)	–	–	(7,963)
ESOP shares allocated	6.3	–	–	4,127	–	(3,650)	477
Share-based payments	5.2	–	–	–	–	4,520	4,520
		71	766	(3,836)	–	(1,457)	(4,456)
At 28 February 2023		3,292	53,796	(10,607)	28,819	1,381	76,681
Profit for the year		–	–	–	–	4,624	4,624
Actuarial gain on employee benefits schemes – net of tax		–	–	–	–	173	173
Foreign exchange differences		–	–	–	(1,783)	–	(1,783)
Net investment hedge		–	–	–	249	–	249
Cash flow hedges – net of tax		–	–	–	1,231	–	1,231
Other comprehensive income		–	–	–	(303)	173	(130)
Total comprehensive income		–	–	–	(303)	4,797	4,494
<i>Transactions with owners in their capacity as owners:</i>							
Tax on share awards	2.7	–	–	–	–	(205)	(205)
Dividends	6.2	–	–	–	–	(2,440)	(2,440)
Capital reduction	6.4	–	(53,796)	–	(20,151)	73,947	–
Acquisition of own shares	6.3	–	–	(6,125)	–	–	(6,125)
ESOP shares allocated	6.3	–	–	9,592	–	(8,766)	826
Cash paid for share-based payments	5.2	–	–	–	–	(52)	(52)
Share-based payments	5.2	–	–	–	–	6,442	6,442
		–	(53,796)	3,467	(20,151)	68,926	(1,554)
At 29 February 2024		3,292	–	(7,140)	8,365	75,104	79,621

The accompanying notes on pages 95-148 form an integral part of these Financial Statements.

Notes to the Financial Statements

General information

Braemar plc (the "Company") is a public company limited by shares incorporated in the United Kingdom under the Companies Act. The Company is registered in England and Wales and its registered address is 1 Strand, Trafalgar Square, London, United Kingdom, WC2N 5HR. The consolidated Financial Statements of the Company as at and for the year ended 29 February 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group Financial Statements of Braemar Plc for the year ended 29 February 2024 were authorised for issue in accordance with a resolution of the directors on 22 May 2024.

1 Basis of preparation

1.1 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.

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

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

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

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

New standards, amendments and interpretations effective for the financial year beginning 1 March 2023

The following amendments to IFRS Accounting Standards have been applied for the first time by the Group:

- IFRS 17 "Insurance Contracts" (including the June 2020 and December 2021 Amendments to IFRS 17);
- Amendments to IAS 12 "Income Taxes" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements – Disclosure of Accounting Policies";
- Amendments to IAS 12 "Income Taxes – International Tax Reform – Pillar Two Model Rules"; and
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates".

The Group has adopted the amendments to IAS 1 in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Group has reviewed the impact of the changes to IAS 1, which has resulted in some immaterial accounting policies being removed and updates to the presentation of the financial statements to aid users in their understanding and navigation.

The adoption of the above has not had any material impact on the amounts reported or the disclosures in these financial statements.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2023 and not early adopted

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

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangement (Amendments to IAS 7 and IFRS 7); and
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

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.

Notes to the Financial Statements continued

1 Basis of preparation continued

1.1 Basis of preparation and forward-looking statements continued

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2023 and not early adopted continued

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

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

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

1.2 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 2025 which is more than 12 months from the date of signing of these Financial Statements.

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

- Expected market demand, the impact on market rates and the Group's forward order book.
- The Group's compliance with sanctions put in place as a result of the conflict in the Ukraine has meant additional work reviewing compliance obligations on a regular basis as the laws have been amended but did not have a material effect on trading in FY24, nor is it expected to have an impact in FY25.
- The level of likely cost inflation, particularly around salaries.
- Geopolitical tensions can cause volatility in shipping markets, but, if anything, that uncertainty can give rise to additional opportunities for the business to support the industry and clients further. There is therefore no expectation that the current global political tensions will have an adverse impact on trading in FY25.
- 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 considered trading performance during the current year and have concluded that none of these factors are currently likely to have a significantly adverse impact on the Group's future cash flows.

The Group continues to have a strong balance sheet, as at 29 February 2024 the Group held net bank cash of £1.0 million (2023: £6.9 million). As at 30 April 2024 the Group had net bank cash of £8.9 million.

	Notes	30 April 2024 £ million	29 Feb 2024 £ million	28 Feb 2023 £ million
Secured revolving credit facilities	4.6	(23.0)	(27.0)	(27.8)
Cash	4.5	31.9	28.0	34.7
Net cash		8.9	1.0	6.9

The Group continued to maintain a revolving credit facility ("RCF") with its main bankers, HSBC throughout the year. The RCF is for £30.0 million plus an accordion limit of £10.0 million and has an initial termination date of November 2025 with an option, subject to lender approval, to extend the term of the facility by 24 months. Drawdown of the accordion facility is subject to additional credit approval. It has an EBITDA leverage covenant of 2.5x and a minimum interest cover of 4x. At 31 May 2023, 31 August 2023, 30 November 2023 and 29 February 2024 the Group met all financial covenant tests. In addition, there is a further requirement to provide HSBC with the Group's audited financial statements within six months of the year-end. Due to the delay in completing the FY23 audited financial statements, the Group obtained waivers for this in advance so there was no breach of this requirement.

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

A reverse stress test was also performed to ascertain the point at which the covenants would be breached in respect of the key assumption of budgeted revenue decline. This test indicated that the business, alongside certain mitigating actions which are fully in control of the directors, would be capable of withstanding a reduction of approximately 38% in budgeted revenue from the base case assumptions from March 2024 through to May 2025. In light of current trading, forecasts and the Group's performance over FY24, the directors assessed this downturn in revenue and concluded the likelihood of such a reduction remote, especially in the light of the forward order book of \$83 million at the end of February 2024 (\$38 million of which is for the financial year ending February 2025), such that it does not impact the basis of preparation of the Financial Statements and there is no material uncertainty in this regard.

1.3 Use of estimates and critical judgements

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Key estimates are those that the Group has made in the process of applying the Group's accounting policies and that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year. Critical judgements are those that the Group makes, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

The following table provides a summary of the Group's key estimates and critical judgements, along with the location of more detailed information relating to those judgements.

Judgement applied to	Judgements excluding estimates	Estimates	Location of further information
Acquisition accounting for business combinations	Yes	Yes	Note 1.4a – Business Combinations
Revenue recognition	Yes		Note 2a – Revenue Recognition
Classification and recognition of specific items	Yes		Note 2.2 – Specific items
Impairment of goodwill		Yes	Note 3.1 – Goodwill
Provision for impairment of trade receivables and contract assets		Yes	Note 4.2 – Trade and other receivables
Measurement of deferred and contingent consideration receivable		Yes	Note 4.8 – Deferred and contingent consideration receivable
Recoverability and valuation of defined benefit pension scheme	Yes	Yes	Note 5.1 – Long-term employee benefits
Share option vesting		Yes	Note 5.2 – Share-based payments
Uncertain commission obligations		Yes	Note 7.1 – Provisions

Climate-related risks and opportunities

Management has 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 does not consider that climate-related risks have a material impact on any key judgements, estimates or assumptions in the consolidated Financial Statements.

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

1.4 Material accounting policies

The accounting policies applied by the Group in relation to specific transactions and balances are disclosed in the note to which they relate. The following section includes those accounting policies which apply pervasively across the Financial Statements and to avoid repetition are disclosed in this note.

Notes to the Financial Statements continued

1 Basis of preparation continued

1.4 Material accounting policies continued

a) Business combinations

Key estimate

Acquisition accounting

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

Key judgement

Assessment of business combinations

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Due to the nature of the Group's business, amounts paid or shares issued to sellers are often linked to their continued employment. An assessment is performed to determine whether the amounts are part of the exchange for the acquiree, or should be treated as a transaction separate from the business combination. Transactions that are separate from the business combination are accounted for in accordance the relevant IFRSs which generally results in the amounts being treated as a post-combination remuneration expense.

b) Foreign currencies

Transactions and balances

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the Income Statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into derivative financial instrument contracts, mainly forward foreign currency exchange contracts which are designated as cash flow hedges (see Note 4.4). For a qualifying hedge relationship, the fair value gain or loss on the hedging instrument is recognised as part of revenue when the underlying transaction is recognised in accordance with the Group's revenue recognition policy.

Translation to presentation currency

The presentational currency of the Group is sterling. Assets and liabilities of overseas subsidiaries, branches and associates are translated from their functional currency into sterling at the exchange rates ruling at the Balance Sheet date. Trading results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of overseas subsidiaries are recognised through other comprehensive income in the foreign currency translation reserve (see Note 6.4).

On disposal of a business, the cumulative exchange differences previously recognised in the foreign currency translation reserve relating to that business are transferred to the Income Statement as part of the gain or loss on disposal. The Group finances overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries. For effective hedge relationships, the gain or loss on the hedging instrument is recognised in equity through other comprehensive income.

c) Impairment

The carrying amount of the Group's assets, other than financial assets within the scope of IFRS 9 and deferred tax assets, are reviewed for impairment as described below. If any indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is determined based on the higher of value-in-use calculations and fair value less costs to sell, which requires the use of estimates. An impairment loss is recognised in the Income Statement whenever the carrying amount of the assets exceeds its recoverable amount.

Goodwill is reviewed for impairment at least annually. Impairments are recognised immediately in the Income Statement. Goodwill is allocated to cash-generating units for the purposes of impairment testing.

The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of other intangible assets are reviewed for impairment at least annually or when there is an indication that they may be impaired.

Right-of-use assets are reviewed for impairment to account for any loss when events or changes in circumstances indicate the carrying value may not be fully recoverable.

Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Where an impairment loss subsequently reverses, the carrying amount of the assets, with the exception of goodwill, is increased to the revised estimate of its recoverable amount. This cannot exceed the carrying amount prior to the impairment charge. An impairment recognised in the Income Statement in respect of goodwill is not subsequently reversed.

d) Contingent assets

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

2 Performance-related information

Revenue recognition

Key judgement

Revenue recognition

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

For Chartering, in relation to single voyages, the Group has defined the performance obligation to be satisfied at the point in time where the negotiated contract between counterparties has been successfully completed, being the discharge of cargoes, and therefore revenue is recognised at this point in time. This is a critical judgement since revenue recognition would differ if the performance obligations were deemed to be satisfied over a time period, or at a different point in time. For time charters, the performance obligation is to provide operational support and act on behalf of the principal over the course of hire. As a result, the Group believes the performance obligation is satisfied over the period of hire and revenue is recognised accordingly.

Notes to the Financial Statements continued

2 Performance related information continued

Revenue recognition continued

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

i) Chartering desks – The Group acts as a broker for several types of shipping transactions, each of which gives rise to an entitlement to commission:

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

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

ii) Risk Advisory desks

Securities:

- for income derived from commodity broking, the commission is recognised when a binding contractual arrangement is entered into between the two parties, at which point, the Group has fulfilled its performance obligation.

iii) Investment Advisory

Financial:

- income comprises retainer fees and success fees generated by corporate finance-related activities. Revenue is recognised in accordance with the terms agreed in individual client terms of engagement. Recurring monthly retainers allow customers to benefit from services when required, and as such, are generally recognised in the month of invoice. Success fees are recognised at the point when the performance obligations of the particular engagement are fulfilled.

Sale and Purchase:

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

Dividend income from investments is recognised when the right to receive payment is established.

2.1 Business segments

Based on the way in which information is presented to the Group's Chief Operating Decision Maker, the Group's operating segments are Chartering, Investment Advisory and Risk Advisory. The Chief Operating Decision Maker is considered to be the Group's board of directors. These three segments are managed separately on the basis of the nature of the services offered to clients and differences in the regulatory environment applicable to each segment.

The table below shows the make-up of the Group's segments by underlying component.

Segment	Component
Chartering	Deep Sea Tankers
	Specialised Tankers
	Offshore
	Dry Cargo
Investment Advisory	Corporate Finance
	Sale and Purchase
Risk Advisory	Securities

Each of Chartering, Investment Advisory and Risk Advisory are managed separately, and the nature of the services offered to clients is distinct between the segments. The Chartering segment includes the Group's shipbroking business, Risk Advisory includes the Group's regulated securities business and Investment Advisory focuses on transactional services.

The segmental analysis is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting. The board considers the business from both service line and geographic perspectives. A description of each of the lines of service is provided in the Operating and Financial Review. The Group's main geographic markets comprise the UK, Singapore, the US, Australia, Switzerland, Germany and the Rest of the World. The Group's geographical markets are determined by the location of the Group's assets and operations.

Central costs relate to board costs and other costs associated with the Group's listing on the London Stock Exchange. All segments meet the quantitative thresholds required by IFRS 8 as reportable segments.

Underlying operating profit is defined as operating profit for continuing activities before specific items, including restructuring costs, gain/loss on disposal of investments and acquisition and disposal-related items.

The segmental information provided to the board for reportable segments for the year ended 29 February 2024 is as follows:

	Revenue		Operating profit	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Chartering	103,945	99,164	13,630	15,577
Investment Advisory	25,696	36,760	3,872	7,740
Risk Advisory	23,110	16,987	4,086	2,971
Trading segments revenue/results	152,751	152,911	21,588	26,288
Central costs			(5,040)	(6,213)
Underlying operating profit			16,548	20,075
Specific items included in operating profit			(7,504)	(8,406)
Operating profit			9,044	11,669
Share of associate's profit/(loss) for the year			12	(23)
Net finance expense			(1,533)	(2,195)
Profit before taxation			7,523	9,451

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	
	2024 £'000	2023 £'000
United Kingdom	81,088	80,353
Singapore	19,885	26,674
Australia	9,556	16,599
Switzerland	5,863	11,112
United States	20,479	6,255
Germany	1,287	2,951
Rest of the World	14,593	8,967
Total	152,751	152,911

Notes to the Financial Statements continued

2 Performance related information continued

2.1 Business segments continued

Revenue analysis

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

	2024 £'000	2023 £'000
Tankers	54,656	41,602
Specialised Tankers	19,239	16,240
Dry Cargo	22,139	35,821
Offshore	7,911	5,501
Chartering total	103,945	99,164
Sales and purchase	23,543	32,060
Corporate finance	2,153	4,700
Investment Advisory total	25,696	36,760
Securities	23,110	16,987
Risk Advisory total	23,110	16,987
Total continuing operations	152,751	152,911

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 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 at the Balance Sheet date. The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations are satisfied is set out below:

Forward order book

2024	Within 12 months £'000	1-2 years £'000	More than 2 years £'000	Total £'000
Chartering	18,686	4,904	8,925	32,515
Sale and purchase	11,562	9,567	11,683	32,812
Total	30,248	14,471	20,608	65,327
2023	Within 12 months £'000	1-2 years £'000	More than 2 years £'000	Total £'000
Chartering	19,209	3,040	9,860	32,109
Sale and purchase	3,332	4,988	6,168	14,488
Total	22,541	8,028	16,028	46,597

2.2 Specific items

Specific items are significant items considered material in size or nature (including acquisition and disposal-related gains and losses) as well as items which are not considered to be part of the trading performance of the business in the current year. These are disclosed separately to enable a full understanding of the Group's ongoing financial performance, but may not be comparable with disclosures provided by other companies. The Group's adjusted performance measures are reviewed by the Group's Chief Operating Decision Maker and are used as the basis to determine the discretionary bonus pools and measure earnings per share performance related to targets for awards under the Group's Long Term Incentive Plan.

Key judgement

Classification and recognition of specific items

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

The Group excludes specific items from its underlying earnings measures. 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. Further details of the Group's specific items are included in the note below.

	2024 £'000	2023 £'000
<i>Other operating income:</i>		
– Gain on purchase of Southport	–	3,643
– Gain on revaluation of Cory contingent consideration receivable	83	203
	83	3,846
<i>Operating costs:</i>		
– Commission obligation	–	(257)
– Investigation costs	(2,616)	–
– Board change costs	(190)	–
– Unlawful dividend rectification	(229)	–
– Impairment of financial assets	–	(848)
– Impairment of goodwill	–	(9,050)
– Other operating costs	(147)	(98)
	(3,182)	(10,253)
<i>Acquisition-related items:</i>		
– Consideration treated as an employment expense	(3,580)	(1,325)
– Madrid post-contractual obligation	(376)	(264)
– Acquisition of Naves Corporate Finance GmbH	–	(60)
– Amortisation of acquired intangible assets	(449)	(350)
	(4,405)	(1,999)
<i>Other items:</i>		
– Finance income – Cory Brothers earnout deferred consideration receivable	86	83
– Finance income/(expense) – foreign exchange and derivative gain/(loss) on Naves liability	333	(266)
	419	(183)
Total	(7,085)	(8,589)

Other operating income

A gain on purchase in relation to the acquisition of Southport was recognised in the prior year. The Group does not consider this gain to reflect the performance of the business in the year, and so is treated as a specific item.

Revaluation of the contingent receivable due in respect of the Cory Brothers disposal resulted in a gain of £0.1 million (2023: £0.2 million). See Note 4.9 for further details.

The tax charge on specific items included within other operating income was £nil (2023: £nil).

Operating costs

Investigation costs

During the preparation of the 2023 Annual Report, the board instigated an investigation into a transaction which originated in 2013 and involved payments being made through to 2017. The investigation engaged multiple external specialist firms and resulted in a significant cost to the business of £2.6 million in the year to 29 February 2024 which the Group does not consider reflects the trading of the business in the year and as a result is treated as a specific item. No significant further costs are expected in FY25.

Notes to the Financial Statements continued

2 Performance related information continued

2.2 Specific items continued

Operating costs continued

Board change costs

The Group appointed a new Chief Financial Officer with effect from 1 August 2023 to replace Nick Stone who left on 31 July 2023. The recruitment costs incurred of £0.2 million are not considered part of the trading performance of the business and so are treated as specific items.

Unlawful dividend rectification

Following the identification of the payment of historic unlawful dividends, the Group incurred costs of £0.2 million in relation to their rectification, which are not expected to recur, are not considered part of the trading performance of the business and so are treated as specific items.

Commission obligation

In the prior year, as set out in Note 7.1 Provisions, the Group recognised a provision in relation to an uncertain commission obligation. During the prior year, an amount of £0.3 million was recognised to increase the provision. Due to the nature of the provision being an historical transaction and not related to current trading, the Group treated the cost as a specific item.

Impairment of financial asset

In the prior year, an impairment charge of £0.8 million was recognised in relation to a disputed staff loan with an ex-employee of our Indian operations. Since no significant progress had been made with the ongoing legal case it is now the opinion of the directors that recovery of this debt is unlikely. Due to the size of the impairment and the fact that the original debt arose several years previously and is not related to trading, this impairment charge is not deemed to relate to the performance of the business and as such was treated as a specific item.

Impairment of goodwill

In the prior year, an impairment of goodwill of £9.1 million was recognised in relation to the goodwill allocated to the Corporate Finance business. The Group does not believe that this impairment reflected the performance of the business during the year, and as such, was treated as a specific item.

Other operating costs

In the current year, operating costs includes the fair value loss on the revaluation of the Group's investment in London Tanker Brokers Panel. Consistent with the previous revaluation gain being included as a specific item, the Group has treated the current year loss as a specific item as it does not relate to the trading performance of the business in the year. In the prior year, the final transaction costs of £0.1 million related to disposals in the preceding year were received.

The tax income on specific items included within operating costs was £0.7 million (2023: £0.1 million).

Acquisition-related items

Consideration treated as an employment expense

Following the acquisition of Southport Maritime Inc. in December 2022, due to the requirement for ongoing employee service, the upfront cash payment of £6.0 million and IFRS 2 charge related to share awards made to the sellers and existing employees of Southport are treated as a post-combination remuneration expense. The total expense for the year related to amounts linked to ongoing employee service in connection with the acquisition of Southport was £3.6 million (2022: £1.3 million). The period of required employee service is three years from the acquisition date.

Madrid post-contractual obligation

As a result of the recruitment of a team of brokers based in Madrid, service agreements were entered into with employees. The recruitment of the broker team in Madrid included the following key elements:

- The Group assumed a liability of £0.3 million for a post-contractual payment to the employees, which was fully vested on signing the contracts.
- An upfront cash payment of £1.3 million with a further payment of £1.3 million made in December 2023.
- Share awards to a total value of £1.1 million which vest evenly in one, two and three years from December 2022.

The upfront payments and share awards have a clawback mechanism which is linked to the continued employment of the brokers over a three-year period from December 2022. The costs associated with the upfront payments and share awards are not considered by the Group to be specific items as they relate to the recruitment of brokers and not a business combination, but are disclosed as acquisition-related expenditure given their size and will be amortised over three years to December 2025. In addition, certain brokers are entitled to a payment on termination in return for a non-compete obligation. The cost related to the post-contractual payment obligation is treated as a specific item because it is akin to a transaction cost with no requirement to provide service. The Group recognised a cost of £0.4 million during the year in relation to this obligation (2023: £0.3 million).

Acquisition of Naves Corporate Finance GmbH

In the prior year, the Group incurred total costs of £0.1 million in relation to employment costs due to the management sellers conditional on their ongoing service to the Group. As the service condition was satisfied in the prior year there is no further employment cost to be recognised.

Amortisation of acquired intangible assets

An amount of £0.4 million (2022: £0.4 million) relates to the amortisation of acquired intangible assets, primarily in relation to intangible assets recognised as a result of the acquisition of Southport Inc.

The tax income on acquisition-related items was £0.1 million (2023: £0.1 million). The tax effect of expenses not deductible for tax was £1 million.

Other specific items

Cory Brothers earnout deferred consideration receivable

The unwinding of the discounting of the deferred receivable due in respect of the Cory Brothers disposal contributed interest income of £0.1 million (2023: £0.1 million). See Note 4.9 for further information. This income is not related to the trading of the business in the period but is related to the disposal of the logistics business in a prior year. As a result, it is treated as specific item.

Foreign exchange and derivative movement on Naves liability

The foreign exchange gain and fair value gain on the Naves-related liabilities and derivative of £0.3 million (2023: £0.3 million loss) is included as a specific item as it relates to the acquisition of Naves and is not related to trading.

The tax charge on specific items included within other items was £nil (2023: £0.2 million). The tax effect of income not taxable was £0.2 million.

2.3 Operating profit from continuing operations

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

This is stated after charging/(crediting):

	Notes	2024 £'000	2023 £'000
Staff costs	2.4	109,557	110,166
Other staff costs – acquisition related	2.4	3,239	1,470
Depreciation of property, plant and equipment	3.5	3,127	2,823
Amortisation of computer software intangible assets	3.2	229	192
Bad debt charge	4.2	697	238
Auditor's remuneration	2.6	1,794	1,354
Other professional costs		5,627	3,410
Office costs		2,145	1,595
IT and communication costs		4,175	3,264
Insurance		1,083	1,069
Net foreign exchange losses/(gains)		1,118	(1,465)

2.4 Staff costs

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

	Notes	2024 £'000	2023 £'000
Salaries, wages and short-term employee benefits		97,441	100,039
Other staff costs – acquisition related ¹	2.2	3,239	1,470
Other pension costs	5.1	2,247	1,811
Social security costs		3,427	3,796
Share-based payments	6.3	6,442	4,520
Total		112,796	111,636

¹ The acquisition related staff costs relate to upfront cash payments made in connection with the acquisition of Southport Maritime Inc. and the upfront payments made on the acquisition of Madrid Shipping Advisors SL, which are both treated as a remuneration expense. For further details on the upfront payments, see Note 2.2.

The numbers above include remuneration and pension entitlements for each director. Details are included in the Directors' Remuneration Report on pages 62-78. The directors' remuneration is borne by Braemar Plc.

Notes to the Financial Statements continued

2 Performance related information continued

2.4 Staff costs continued

b) Average number of employees

	2024 number	2023 number
Chartering	266	253
Risk Advisory	31	32
Investment Advisory	49	63
Central	63	36
Total	409	384

c) Key management compensation

The remuneration of key management, which the Group considers to be the directors, is set out below. Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on pages 62-78.

	2024 £'000	2023 £'000
Salaries, short-term employee benefits and fees	4,954	5,879
Other pension costs	85	52
Termination benefits	131	–
Share-based payments	548	1,226
Total	5,718	7,157

Pension costs relate to contributions made to a defined contribution pension scheme on behalf of four (2023: three) members of key management.

2.5 Finance income and costs

The tables below provide a breakdown of the key components of finance income and finance costs.

	Notes	2024 £'000	2023 £'000
Finance income:			
– Interest on bank deposits	4.5	464	84
– Interest on lease receivables	3.6	16	35
– Interest income on the net defined benefit asset	5.1	85	–
– Gain on derivative instruments not eligible for hedge accounting	4.4	273	–
– Foreign exchange gain on non-GBP denominated credit facilities	4.6	33	–
– Gain on Naves related derivative instruments and liability	4.7	333	–
– Interest on of Cory earnout deferred consideration receivable	4.4	86	83
Total finance income		1,290	202
Finance costs:			
– Interest payable on revolving credit and overdraft facilities	4.6	(2,407)	(1,151)
– Interest payable on defined benefit liability	5.1	–	(54)
– Loss on derivative instruments not eligible for hedge accounting	4.4	–	(292)
– Foreign exchange loss on non-GBP denominated credit facilities	4.6	–	(49)
– Loss on Naves related derivative instruments and foreign exchange loss on liability	4.7	–	(250)
– Interest payable on convertible loan notes	4.7	(227)	(426)
Subtotal finance costs before interest on lease liabilities		(2,634)	(2,222)
– Interest on lease liabilities	3.6	(189)	(175)
Total finance costs		(2,823)	(2,397)
Finance costs – net		(1,533)	(2,195)

2.6 Auditor's remuneration

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

	2024 £'000	2023 £'000
Audit services:		
– Fees payable to the Company's auditor for the audit of the Company's Financial Statements	625	740
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	1,029	457
– Other services – interim review and reporting accountant services	140	157
	1,794	1,354

All fees paid to the auditor were charged to operating profit in both years. Included in the FY24 audit fees disclosed above is an amount of £0.4 million in relation to incremental audit cost related to the investigation work undertaken. See Note 2.2 for further detail.

2.7 Taxation

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

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a) Analysis of charge in year

	2024 £'000	2023 £'000
Current tax		
UK corporation tax charged to the Income Statement	1,015	1,194
UK adjustment in respect of previous years	(340)	–
Overseas tax on profits in the year	2,668	4,559
Overseas adjustment in respect of previous years	(425)	394
Total current tax	2,918	6,147
Deferred tax		
UK current year origination and reversal of temporary differences	(97)	(190)
Due to change in rate of tax	(2)	–
UK adjustment in respect of previous years	(28)	(242)
Overseas current year origination and reversal of temporary differences	110	(712)
Overseas adjustment in respect of previous years	(2)	(148)
Total deferred tax	(19)	(1,292)
Taxation	2,899	4,855

Notes to the Financial Statements continued

2 Performance related information continued

2.7 Taxation continued

a) Analysis of charge in year continued

	2024 £'000	2023 £'000
Reconciliation between expected and actual tax charge		
Profit before tax from continuing operations	7,523	9,451
Profit before tax at standard rate of UK corporation tax of 24.49% (2023: 19%)	1,842	1,796
Utilisation of deferred tax asset at lower effective tax rate	(2)	22
Net expenses not deductible for tax purposes	1,827	1,580
Utilisation of previously unrecognised losses	(36)	(104)
Tax on overseas branch	115	672
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	(565)	758
Other differences leading to a decrease in tax	–	(365)
Share scheme movements	446	316
Unrecognised deferred tax on losses ²	67	176
Prior year adjustments ¹	(795)	4
Total tax charge for the year	2,899	4,855

1 Included within the prior year adjustment, a £0.5 million credit arose in the UK as a result of a foreign tax credit claim. In addition, in the prior year, as part of the Group's estimate in relation to uncertain tax positions, the Group had applied a tax rate of 17% in Singapore, but after meeting the qualifying criteria a rate of 10.5% is applicable which has resulted in a credit of £0.4 million in the current year.

2 The Group has £0.2 million of unrecognised deferred tax asset relating to £0.8 million of losses. The expiry date of operating losses carried forward is dependent upon the law of the various territories in which losses arise. As at 29 February 2024 the losses have no expiry. The prior year amount was incorrectly reported as a decrease of £0.2 million but has been updated in the current year with the offsetting movement included in other differences leading to a decrease in tax.

Included within the total tax charge is £0.8 million credit (2023: £0.2 million) in respect of specific items disclosed separately on the face of the Income Statement. See Note 2.2.

The Group's future tax charge will be sensitive to the geographic mix of profits earned; the tax rates in force and changes to the tax rules in jurisdictions that the Group operates in. The UK main rate increased to 25% from 1 April 2023. The impact of UK rate changes on deferred tax were taken into account in the prior year.

b) Amounts recognised in OCI

	2024 £'000	2023 £'000
Items that will not be reclassified to profit or loss		
Actuarial gain in respect of defined benefit pension scheme	173	2,775
Deferred tax charge on defined benefit pension scheme	–	(414)
Sub-total	173	2,361
Items that will be reclassified to profit or loss		
Cash flow hedge	1,641	388
Deferred tax charge on cash flow hedge	(410)	(97)
Sub-total	1,231	291
Total tax recognised in OCI	(410)	(511)
Total amounts recognised in OCI	1,404	2,652

Within the UK current year origination and reversal of temporary differences there is no amount (2023: £414,000 debit) in respect of deferred tax on the actuarial gain on the Group's defined benefit pension scheme.

c) Deferred tax asset

	Accelerated capital allowances	Trading losses	Bonuses	Other provisions	Employee benefits	Total
Deferred Tax Asset						
At 1 March 2022	(48)	248	713	913	1,887	3,713
(Charge)/credit to Income Statement	48	(248)	710	219	–	729
Charge to Other Comprehensive Income	–	–	–	(511)	–	(511)
Credit to equity	–	–	–	–	863	863
At 28 February 2023	–	–	1,423	621	2,750	4,794
(Charge)/credit to Income Statement	86	215	(502)	(116)	–	(317)
Charge to Other Comprehensive Income	–	–	–	(410)	–	(410)
Charge to equity	–	–	–	–	(1,047)	(1,047)
Exchange translation differences	–	–	(66)	25	–	(41)
At 29 February 2024	86	215	855	120	1,703	2,979

	2024 £'000	2023 £'000
The movement in the net deferred tax asset		
Balance at beginning of year	4,450	3,713
Movement to Income Statement:		
Adjustments in respect of prior years	30	390
Arising on pension costs	–	99
Arising on bonuses	(502)	632
Arising on other	491	170
Total movement to Income Statement	19	1,291
Balance arising on business combinations	–	(906)
Movement to other comprehensive income:		
Related deferred tax asset	(410)	(511)
Exchange translation differences	(41)	–
Movement to equity	(1,047)	863
Total movement to equity and other comprehensive income	(1,498)	352
Balance at end of year	2,971	4,450

A deferred tax asset of £2.9 million (2023: £4.8 million) has been recognised as the directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

Notes to the Financial Statements continued

2 Performance related information continued

2.7 Taxation continued

d) Deferred tax liability

	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000
Analysis of the deferred tax liabilities		
Temporary differences	(8)	(344)
Balance at end of year	(8)	(344)
	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000
The movement in the deferred tax liability		
Balance at beginning of year	(344)	–
Balance arising on business combinations	–	(906)
Current year origination and reversal of temporary differences	336	562
Balance at end of year	(8)	(344)

No deferred tax has been provided in respect of temporary differences associated with investments in subsidiaries and interests in joint ventures where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognised, is approximately £nil (2023: £nil).

2.8 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares held by the Employee Share Ownership Plan and ordinary shares held by the ACM Employee Benefit Trust which are not treated as outstanding.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive ordinary shares, being those options granted to employees where the expected consideration is less than the average market price of the Company's ordinary shares during the period that they are outstanding, and convertible loan notes issued in respect of the acquisition of Naves.

	2024 £'000	2023 £'000
Total operations		
Profit for the year attributable to shareholders	4,624	4,596
	Pence	Pence
Basic earnings per share	15.65	15.85
Effect of dilutive share options	(2.85)	(2.60)
Diluted earnings per share	12.80	13.25
	2024 £'000	2023 £'000
Underlying operations		
Underlying profit for the year attributable to shareholders	10,820	13,399
	Pence	Pence
Basic earnings per share	36.62	46.22
Effect of dilutive share options	(6.66)	(7.70)
Diluted earnings per share	29.96	38.52

A reconciliation by class of instrument in relation to potential dilutive ordinary shares and their impact on earnings is set out below:

	2024			2023		
	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000
Used in basic earnings per share	29,547,810	10,820	4,624	28,990,885	13,399	4,596
RSP, DBP and LTIP	6,565,016	–	–	5,428,815	–	–
Options (SAYE)	–	–	–	216,764	–	–
Convertible loan notes	–	–	–	201,118	20	20
Used in diluted earnings per share	36,112,826	10,820	4,624	34,837,582	13,419	4,616

3 Balance sheet non-current assets

3.1 Goodwill

Business combinations are accounted for using the acquisition method. The goodwill recognised as an asset by the Group is stated at cost less any accumulated impairment losses.

On the acquisition of a business, fair values are attributed to the net assets (including any identifiable intangible assets) acquired. The excess of the consideration transferred, any non-controlling interest recognised and the fair value of any previous equity interest in the acquired entity over the fair value of net identifiable assets acquired is recorded as goodwill. Acquisition-related costs are recognised in the Income Statement as incurred in accordance with IFRS 3.

In relation to acquisitions where the fair value of assets acquired exceeds the fair value of the consideration, the excess fair value is recognised immediately in the Income Statement as a gain on purchase.

On the disposal of a business, goodwill relating to that business remaining on the Balance Sheet is included in the determination of the profit or loss on disposal. As permitted by IFRS 1, goodwill on acquisitions arising prior to 1 March 2004 has been retained at prior amounts and is tested annually for impairment.

Key estimate

Impairment of goodwill

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

As part of determining the value in use of each CGU group, Management has considered the potential impact of climate change on the business performance over the next five years, and the terminal growth rates. While there is considerable uncertainty relating to the longer term and quantifying the impact on a range of outcomes, management considers that environmental-related incremental costs are expected to have a relatively low impact. Recognising that there are extreme but unlikely scenarios, the Group considers that while exposed to physical risks associated with climate change (such as flooding, heatwaves, sea level rises and increased precipitation) the estimated impact of these on the Group is not deemed material. In addition, the Group is exposed to transitional risks which might arise, for example, from government policy, customer expectations, material costs and increased stakeholder concern. The transitional risks could result in financial impacts such as higher environmentally focused levies (e.g. carbon pricing). While the Group is exposed to the potential financial impacts associated with transitional risks, based on information currently available, these are not deemed to have a significant impact.

The key assumptions and the sensitivity of them to the carrying values are provided in the note below.

Notes to the Financial Statements continued

3 Balance sheet non-current assets continued

3.1 Goodwill continued

	£'000
Cost	
At 28 February 2022	87,550
Exchange adjustments	566
At 28 February 2023	88,116
Exchange adjustments	(300)
At 29 February 2024	87,816
Accumulated impairment	
At 28 February 2022	7,659
Impairment charge recognised in the year	9,050
At 28 February 2023	16,709
Exchange adjustments	(230)
At 29 February 2024	16,479
Net book value at 29 February 2024	71,337
Net book value at 28 February 2023	71,407

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

	2024 £'000	2023 £'000
Chartering	68,696	68,696
Corporate Finance (part of Investment Advisory segment)	2,641	2,711
	71,337	71,407

These groups of 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 Corporate Finance Division which is denominated in euros. Goodwill denominated in foreign currencies is revalued at the Balance Sheet date. The exchange adjustment at 29 February 2024 was a loss of £0.1 million (2023: gain of £0.6 million).

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The key assumptions on which the value-in-use calculations are based relate to (i) business performance over the next five years, (ii) long-term growth rates beyond 2029 and (iii) discount rates applied.

- Business performance over the next five years – The estimated cash flows were based on the approved annual budget for the next financial year and projections for the following four years which are based on management's estimates of revenue growth and cost inflation which reflect past experience and management's expectation of future events given the specific risks and economic and market conditions of each cash-generating unit. The assumptions behind these projections are consistent with the viability statement. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business.
- Long-term growth rates – This is the average growth rate used to extrapolate cash flows beyond the budget period.
- Discount rates – The post-tax discount rate was determined based on a weighted average cost of capital ("WACC") and adjusted for CGU-specific risk factors specific to the CGU group.

The results of the impairment tests are as follows:

a) Chartering

The key assumptions and resulting net present values are as follows:

Chartering	2024	2023
Post-tax discount rate	11.86%	13.04%
Equivalent pre-tax discount rate	12.40%	16.47%
Average revenue growth rate years 2-5 ¹	3.0%	3.5%
Operating profit margin years 1-5	13.8% – 14.4%	15.0 – 15.4%
Long-term growth rate	1.7%	1.7%

¹ No year-on-year revenue growth is assumed in year one.

At 29 February 2024, the net present value of the Chartering segment is significantly higher than the carrying value of the goodwill in respect of this cash-generating unit. At the Balance Sheet date, management concluded that there were no reasonably possible changes in the key assumptions used in the impairment review that would reduce headroom to £nil or result in an impairment.

b) Corporate Finance

Revenues for the Corporate Finance Division are challenging to forecast because of the highly variable nature of success fees. Management forecasts over the five year forecast period consider recent performance and reflect management's best estimate of success fee taken into account of volatility of the success fee. Growth rates used in the value-in-use test reflect this variability and were based on the best estimate of the Management.

Corporate Finance	2024	2023
Post-tax discount rate	13.84%	14.82%
Equivalent pre-tax discount rate	14.45%	20.66%
Average revenue growth rate years 2-5 ¹	5.0%	5.0%
Operating profit margin years 1-5	12.3% – 15.9%	11.6% – 14.4%
Long-term growth rate	1.7%	1.7%

¹ Year-on-year growth in year 1 is 29%, which reflects recovery of revenue after lower than historically achieved performance in FY24.

Sensitivity to impairment for Corporate Finance

To test the sensitivity of the results of the impairment review, the calculations have been re-performed, flexing the three key assumptions:

- revenue growth rate from year two to five;
- post-tax discount rate; and
- revenue outperforms or underperforms forecast in year one with subsequent revenue growth in line with the above assumptions in years two to five.

The recoverable amount of the Group's goodwill relating to Corporate Finance exceeds its carrying value by £0.6 million. The below table presents the net variance in the calculated value in use of Corporate Finance under each scenario:

	Change in revenue growth		Change in post-tax discount rate		Year 1 revenue outperforms or underperforms forecast	
	+1% £'000	-1% £'000	+2% £'000	-2% £'000	+15% £'000	-15% £'000
Corporate Finance	318	(310)	(456)	637	1,438	(1,438)

Further, the break-even points of the impairment review which would result in an impairment when flexing these three key assumptions are as below:

	Change in assumption Increase/ (decrease)
Revenue growth rate from year 2 to 5	(1.8%)
Post-tax discount rate	2.5%
Revenue underperforms forecast in year 1	(5.8%)

Notes to the Financial Statements continued

3 Balance sheet non-current assets continued

3.1 Goodwill continued

b) Corporate Finance continued

The effect on cash flows of climate change was considered but assessed to have no material impact at this time. Management does not believe that climate-related risks nor the potential impact of climate change on the Group's operations would materially affect the recoverability of goodwill in either of the cash-generating units (see Note 3.1).

3.2 Other 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.

Other intangible assets

Intangible assets acquired as part of a business combination are stated in the Balance Sheet at their fair value at the date of acquisition less accumulated amortisation and any provision for impairment. The amortisation of the carrying value of the capitalised forward order book and customer relationships is charged to the Income Statement over an estimated useful life, which is between four months to twelve years. The amortisation in respect of capitalised brand assets is expensed to the Income Statement over an estimated useful life, which is between three and twelve years.

	Computer software £'000	Other intangible assets £'000	Total £'000
Cost			
At 28 February 2022 (restated) ¹	5,586	1,040	6,626
Additions	90	–	90
Business combination	–	3,545	3,545
Disposals	(87)	–	(87)
Exchange rate adjustments	5	33	38
At 28 February 2023	5,594	4,618	10,212
Additions	32	–	32
Disposals	–	(245)	(245)
Exchange rate adjustments	(3)	(171)	(174)
At 29 February 2024	5,623	4,202	9,825
Amortisation			
At 28 February 2022 (restated) ¹	4,845	784	5,629
Charge for the year	192	349	541
Impairment	60	–	60
Exchange adjustments	1	1	2
At 28 February 2023	5,098	1,134	6,232
Charge for the year	229	449	678
Impairment	–	–	–
Disposal	–	(245)	(245)
Exchange adjustments	(1)	(24)	(25)
At 29 February 2024	5,326	1,314	6,640
Net book value at 29 February 2024	297	2,888	3,185
Net book value at 28 February 2023	496	3,484	3,980

¹ The gross cost and gross accumulated amortisation of other intangible assets at 28 February 2022 included fully amortised acquired order books relating to historical business combinations. The Group believes that once all orders in the order book have been satisfied and revenue recognised, there is no further asset to benefit from. For order books satisfied at 28 February 2022 the Group has restated the opening gross cost and gross accumulated amortisation to correct the opening gross positions in relation to other intangible assets. The impact of the restatement is a reduction of £8.5 million to the gross cost and gross accumulated amortisation at 28 February 2022, with no impact to net book values or amortisation expense in the current or prior year.

Other intangible assets brought forward from the prior year relate to forward books of income acquired in acquisitions which are amortised over the period that the income is recognised; customer relationships which are amortised over a period of up to twelve years; and brand which is amortised over a period of up to ten years.

The addition of £35 million in the prior year related to the acquisition of Southport, which gave rise to customer-related intangible assets of £31 million (including customer relationships of £2.8 million and order backlog of £0.3 million) and an asset of £0.4 million in relation to the trade name. The amortisation period for customer relationships is twelve years, order backlog is four months, and trade name is five years.

The customer relationships and order backlog were valued using an excess earnings method. Under the excess earnings method, a stream of revenue and expenses are identified as those associated with a particular group of assets. This group of assets includes the subject intangible asset as well as other assets (contributory assets) that are necessary to support the earnings associated with the subject intangible asset. By identifying and subtracting contributory assets, the residual earnings are estimated to be attributable to the subject intangible asset and are discounted to present value at an appropriate discount rate (estimated at 19%). The trade name was valued using a royalty savings method. The royalty savings method is a derivation of the income approach often used to value intangible property that may be licensed to third parties. Under this method, it is assumed that a company, without a similar asset, would license the right to use this intangible asset and pay a royalty related to turnover achieved. The value of the asset is established by calculating the present value of the royalty stream (estimated at 4%) that the business is saving by owning the asset.

At 29 February 2024, the Group had no contractual commitments for the acquisition of computer software or other intangible assets (2023: £nil).

3.3 Investments

In accordance with IFRS 9, the Group's investments in unlisted equity investments are measured at fair value through profit or loss as the Group has not elected to recognise fair value gains and losses through other comprehensive income.

	2024 £'000	2023 £'000
Unlisted investments	1,633	1,780
Movement in unlisted investments	£'000	£'000
Opening balance	1,780	1,780
Fair value loss	(147)	–
Closing balance	1,633	1,780

A list of subsidiary undertakings is included in Note 7.3.

The Financial Statements of the principal subsidiary undertakings are prepared to 29 February 2024.

The Group's unlisted investments include 1,000 (2023: 1,000) ordinary £1 shares in London Tanker's Broker Panel Limited. The investment is carried at fair value of £1.6 million, see Note 4.4 for further details.

3.4 Investment in associate

Investments

Investments in associates and joint ventures where the Group has joint control or significant influence are accounted for under the equity method. Investments in associates are initially recognised in the Consolidated Balance Sheet at cost. Subsequently, associates are accounted for under the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Income Statement and Statement of Comprehensive Income.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses arising from these transactions is eliminated against the carrying value of the associate.

Where the Group's share of the associate's identifiable net assets is greater than the cost of investment, a gain on purchase is recognised in the Income Statement and the carrying value of the investment in the Consolidated Balance Sheet is increased.

When the Group disposes of shares in associates or joint ventures, the Group recognises a profit or loss on disposal based on the net proceeds less the weighted average cost of the shares disposed of. On disposal, the Group reclassifies foreign exchange amounts previously recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The most recent Financial Statements of an associate are used for accounting purposes unless it is impractical to do so. Where the Group and an associate have non-coterminous reporting dates, the associate's full-year accounts will be used for the purposes of the Group's reporting at 29 February with adjustments made for any significant transactions or events.

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

Notes to the Financial Statements continued

3 Balance sheet non-current assets continued

3.4 Investment in associate continued

Investments continued

Zuma Labs Limited

Zuma Labs Limited is a private company incorporated in England and Wales and its registered address is Kemp House, 128 City Road, London, United Kingdom, EC1V 2NX. Zuma Labs Limited has one share class and each share carries one vote.

At 29 February 2024, 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 (2023: 2,500 shares, 20% of share capital and 20% of voting rights). The Group has representation on the board of Zuma Labs Limited, and, as a result, the Group considers that it has the power to exercise significant influence in Zuma Labs Limited and the investment in it has been accounted for using the equity method.

A purchase price allocation exercise was undertaken to measure the fair value of the net assets on the date at which Zuma Labs Limited became an associate, and also at each date at which further shares were subscribed for. Based on the purchase price allocation exercise, the difference between the cost of the investment and the Group's share of the net fair value of Zuma Labs Limited's identifiable assets and liabilities is accounted for as goodwill. Amortisation of that goodwill is not permitted.

IAS 28 requires the most recent financial statements of an associate are used for accounting purposes, and that coterminous information should be used unless it is impractical to do so. Zuma Labs Limited has a year-end of 31 March and accounts up to 31 December 2023 have been made available, so for practical reasons Zuma Labs Limited's management accounts for the nine months ended 31 December 2023 will be used for the purposes of the Group's full-year reporting at 29 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 2024. At 29 February 2024 Zuma Labs Limited had no contingent liabilities.

Management has reviewed the carrying value of the investment in Zuma Labs Limited at 29 February 2024 and does not consider this to be impaired.

The movements in the investment in associates are provided below.

	Zuma £'000
At 28 February 2022	724
Share of loss in associate	(23)
At 28 February 2023	701
Share of profit in associate	12
At 29 February 2024	713

3.5 Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight-line basis over its expected useful life as follows (except for long and short leasehold interests which are written off against the remaining period of the lease):

Computer equipment	– four years
Fixtures and equipment	– four years

	Land and buildings £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 28 February 2022	14,407	1,599	1,878	17,884
Additions at cost	757	374	334	1,465
Business combination	86	–	80	166
Disposals	(2,445)	(4)	(369)	(2,818)
Exchange differences	427	41	88	556
At 28 February 2023	13,232	2,010	2,011	17,253
Additions at cost	3,052	240	281	3,573
Disposals	(3)	(101)	(45)	(149)
Exchange differences	(279)	(28)	(55)	(362)
At 29 February 2024	16,002	2,121	2,192	20,315
Accumulated depreciation				
At 28 February 2022	8,199	1,061	1,546	10,806
Charge for the year	2,477	171	175	2,823
Disposals	(1,852)	(1)	(313)	(2,166)
Impairment	–	150	–	150
Exchange differences	234	25	61	320
At 28 February 2023	9,058	1,406	1,469	11,933
Charge for the year	2,662	246	219	3,127
Reclassification	(6)	–	6	–
Disposals	(3)	(91)	(45)	(139)
Exchange differences	(126)	(21)	(41)	(188)
At 29 February 2024	11,585	1,540	1,608	14,733
Net book value at 29 February 2024	4,417	581	584	5,582
Net book value at 28 February 2023	4,174	604	542	5,320

At 29 February 2024, the Group had no contractual commitments for the acquisition of property, plant and equipment (2023: £nil).

Notes to the Financial Statements continued

3 Balance sheet non-current assets continued

3.6 Leases

The Group as a lessee

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

A right-of-use asset is capitalised on the Balance Sheet at cost, comprising the amount of the initial measurement of the lease liability and lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term.

The lease liability is initially measured at the present value of future lease payments. Interest expense is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the interest rate implicit in the lease is not readily determinable, as such the incremental borrowing rate is used to discount future lease payments.

For the Group, lease payments generally comprise the following:

- Fixed payments, less any lease incentives receivable;
- Variable payments that are based on an index or rate; and
- Payments to be made under extension options which are reasonably certain to be exercised.

Lease payments made are apportioned between an interest charge and a capital repayment amount which are disclosed within the financing activities and the operating activities sections of the Consolidated Statement of Cash Flows respectively. When an adjustment to lease payments based on an index takes effect, the liability is remeasured with a corresponding adjustment to the right-of-use asset.

Contracts entered into by the Group have a wide range of terms and conditions but generally do not impose any additional covenants. Several of the Group's contracts include indexation adjustments to lease payments in future periods which are not reflected in the measurement of the lease liabilities at 29 February 2024. Many of the contracts entered into by the Group include extension or termination options which provide the Group with additional operational flexibility. If the Group considers it reasonably certain that an extension option will be exercised or a termination option not exercised, the additional period is included in the lease term.

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

The Group as a lessor

The Group classifies leases as either operating or finance leases based on the substance of the arrangement. At commencement of a finance lease, a receivable is recognised at an amount equal to the Group's net investment in the lease. Finance income is recognised reflecting a constant periodic rate of return on the net investment in the lease. Lease payments from operating leases are recognised as income on a straight-line basis.

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 term.

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2022	5,182	12	5,194
Additions	711	59	770
Business combination	86	–	86
Depreciation	(2,079)	(8)	(2,087)
Disposals	(481)	(10)	(491)
Exchange differences	166	1	167
At 28 February 2023	3,585	54	3,639
Additions	2,898	172	3,070
Reclassification	6	(6)	–
Depreciation	(2,249)	(71)	(2,320)
Exchange differences	(145)	(1)	(146)
At 29 February 2024	4,095	148	4,243

Lease liabilities

	Total £'000
At 28 February 2022	8,506
Additions	770
Business combination	86
Disposal	(632)
Interest expense	175
Lease payments	(4,039)
Exchange differences	161
At 28 February 2023	5,027
Additions	3,021
Interest expense	189
Lease payments	(3,332)
Exchange differences	(127)
At 29 February 2024	4,778

In the prior year, right-of-use assets and lease liabilities arising on business combinations represents leases on property of £86,000. The total cash outflow for leases is £3,332,000 (2023: £4,039,000), of which £189,000 (2023: £175,000) represents payment of interest.

Notes to the Financial Statements continued

3 Balance sheet non-current assets continued

3.6 Leases continued

Lease receivables

	Gross £'000	Provision £'000	Net £'000
At 28 February 2022	1,512	(18)	1,494
Disposal	(39)	–	(39)
Interest income	35	–	35
Lease payments	(642)	–	(642)
Movement in provision	–	6	6
At 28 February 2023	866	(12)	854
Interest income	16	–	16
Lease payments	(642)	–	(642)
Movement in provision	–	12	12
At 29 February 2024	240	–	240
		2024 £'000	2023 £'000
Short-term lease expense		(222)	(217)
Short-term lease income		102	91

Lease liabilities

Contractual payments by maturity are provided in Note 4.4 (f).

Lease receivables

Contractual receipts by maturity are provided in the table below:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	More than 5 years £'000	Total £'000	Unearned interest £'000	Provision £'000	Net receivable £'000
At 29 February 2024	241	–	–	–	241	(1)	–	240
At 28 February 2023	642	241	–	–	883	(17)	(12)	854

During the year, the financial effect of revising lease terms arising from the effect of exercising extension and termination options was an increase of £375,000 (2023: increase of £98,000) in the recognised lease liabilities. As at 29 February 2024, undiscounted potential future cash outflows of £2.9 million (2023: £3.9 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

4 Balance sheet – Operating assets and liabilities

4.1 Other long-term receivables

For the accounting policy and further details on deferred and contingent consideration receivable, see Note 4.9. The accounting policy for finance lease receivables is set out in Note 3.6.

	2024 £'000	2023 £'000
Deferred consideration	1,304	2,540
Contingent consideration	532	1,004
Security deposits	304	16
Finance lease receivables	–	228
Prepayments	2,449	4,766
	4,589	8,554

Deferred consideration of £1.3 million and contingent consideration of £0.5 million relates to the earnout payments receivable in respect of the disposal of Cory Brothers, further detail is provided in Note 4.9. Prepayments includes an asset of £2.4 million (2023: £4.8 million) which is the non-current element of the clawback provision on joining incentives paid to certain employees. The receivable is amortised over the clawback period.

See Note 3.6 for a maturity analysis which reconciles the long-term finance lease receivables to the undiscounted lease receipts and unearned finance income.

4.2 Trade and other receivables

Trade receivables and contract assets

Trade receivables and contract assets are initially recognised at fair value (less transaction costs) and subsequently measured at amortised cost.

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

Specific provision is made where there is evidence that the balances will not be recovered in full. A provision for expected credit losses is made for trade receivables and contract assets using the simplified approach. A provision matrix is used to calculate an expected credit loss as a percentage of carrying value by age. The percentages are determined based on historical credit loss experience as well as forward-looking information. Expected credit loss provisions are made for other receivables based on lifetime expected credit losses using a model that considers forward-looking information and significant increases in credit risk.

Trade and other receivables are non-interest bearing and generally on terms payable within 30 to 90 days.

Other items

For the accounting policy and further details on deferred and contingent consideration receivable, see Note 4.9. The accounting policy for finance lease receivables is set out in Note 3.6.

Key estimate

Provision for impairment of trade receivables and contract assets

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

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

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

Notes to the Financial Statements continued

4 Balance sheet – Operating assets and liabilities continued

4.2 Trade and other receivables continued

	2024 £'000	2023 £'000
Trade receivables	26,964	31,989
Provision for impairment of trade receivables	(2,837)	(3,725)
Net trade receivables	24,127	28,264
Deferred consideration	1,316	1,097
Contingent consideration	550	403
Other receivables	3,949	4,148
Finance lease receivables	240	626
Contract assets	1,517	3,388
Prepayments	6,031	5,397
Total	37,730	43,323

Deferred consideration of £1.3 million and contingent consideration of £0.6 million relate to the earnout payments receivable in respect of the disposal of Cory Brothers; further detail is provided in Note 4.9.

Included in other receivables in both years are VAT and other sales tax receivables and employee loans. In the prior year, security deposits are also included.

Prepayments includes an asset of £3.5 million (2023: £4.0 million) in respect of the current portion of the clawback provision on joining incentives paid to certain employees which are being charged to the Income Statement in accordance with the clawback provisions of the underlying contracts. The receivable is amortised over the clawback period.

The movement in the asset between years is due to the invoicing of all prior year assets and the accrual of amounts relating to the current year.

The total receivables balance is denominated in the following currencies:

	2024 £'000	2023 £'000
US dollars	28,690	35,888
Sterling	6,675	6,114
Other	2,365	1,321
Total	37,730	43,323

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 29 February 2024, trade receivables of £2,339,000 (2023: £3,003,000) which were over 12 months old were treated as credit impaired and have been provided for. No provision (2023: £nil) 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. Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

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
2024					
Up to 3 months	18,685	0.015	–	282	282
3 to 6 months	3,922	0.024	–	96	96
6 to 12 months	1,905	0.052	–	98	98
Over 12 months	2,452	0.954	2,286	53	2,339
Trade receivables	26,964	0.104	2,286	529	2,815
Contract assets	1,517	0.014	–	22	22
Total	28,481	0.100	2,286	551	2,837

	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
2023					
Up to 3 months	23,556	0.015	–	333	333
3 to 6 months	3,185	0.020	–	71	71
6 to 12 months	2,078	0.051	–	149	149
Over 12 months	3,170	0.591	3,033	99	3,132
Trade receivables	31,989	0.096	3,033	652	3,685
Contract assets	3,388	0.012	–	40	40
Total	35,377	0.020	3,033	692	3,725

Movements on the provision for impairment of trade receivables and contract assets were as follows:

	2024 £'000	2023 £'000
At 1 March	3,725	3,159
Bad debt charge	697	238
Receivables written off during the year as uncollectible	(1,585)	–
Reclassification of other provisions	–	328
At 29/28 February	2,837	3,725

Amounts receivable written off in the year relate to previously fully provided for amounts.

Notes to the Financial Statements continued

4 Balance sheet – Operating assets and liabilities continued

4.2 Trade and other receivables continued

Contract assets

The Group's contract assets related to accrued income which has not yet been invoiced at the Balance Sheet date. Significant changes in contract assets during the period are analysed as follows:

	£'000
At 1 March 2023	3,388
Contract assets converted to receivables on completion	(3,292)
Contract assets arising on new contracts in-year	1,421
At 29 February 2024	1,517

4.3 Trade and other payables

Commissions payable to co-brokers are recognised in trade payables due within one year on the earlier of the date of invoicing or the date of receipt of cash. The accounting policy for lease liabilities is set out in Note 3.6.

	2024 £'000	2023 £'000
Current liabilities		
Trade payables	2,214	1,809
Lease liabilities	1,925	2,923
Other taxation and social security	560	1,869
Other payables	1,974	767
Contract liabilities	334	329
Accruals	36,604	49,613
Total	43,611	57,310

Accruals primarily includes accrued bonuses and other general accruals.

The directors consider that the carrying amounts of trade payables approximate to their fair value.

4.4 Financial instruments and risk management

The Group is exposed through its operations to the following financial risks:

- Currency risk;
- Interest rate risk;
- Credit risk; and
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies, and other processes for managing those risks or the methods used to measure them from previous periods.

a) Financial instruments

i) Principal financial instruments

The principal financial instruments used by the Group, from which financial risks arise, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Deferred consideration receivable;
- Contingent consideration receivable;
- Unlisted investments;
- Trade and other payables;
- Revolving credit facility;
- Lease liabilities; and
- Derivative financial instruments.

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 29 Feb 2024 £'000
<i>Financial assets:</i>				
Unlisted investment	–	–	1,633	1,633
Contingent consideration receivable	–	–	1,082	1,082
Derivative contracts ¹	–	1,536	–	1,536
Total	–	1,536	2,715	4,251
<i>Financial liabilities:</i>				
Derivative contracts ¹	–	218	–	218
Embedded derivative	–	–	140	140
Total	–	218	140	358

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 28 Feb 2023 £'000
<i>Financial assets:</i>				
Unlisted investment	–	1,780	–	1,780
Contingent consideration receivable	–	–	1,407	1,407
Derivative contracts ¹	–	1,254	–	1,254
Total	–	3,034	1,407	4,441
<i>Financial liabilities:</i>				
Derivative contracts ¹	–	1,760	–	1,760
Embedded derivative	–	–	384	384
Total	–	1,760	384	2,144

¹ Currency forwards with a fair value of £1.3 million (2023: £1.2 million) maturing within twelve months have been shown as current assets. Currency forwards with a fair value of £0.2 million (2023: £0.0 million) maturing within 12 to 24 months of the Balance Sheet date have been shown as non-current assets. Liabilities include currency forwards with a fair value of £0.2 million (2023: £1.1 million) maturing within twelve months shown as current liabilities and currency forwards with a fair value of £0.0 million (2023: £0.7 million) maturing within 12 to 24 months of the Balance Sheet date shown as non-current liabilities.

Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities are classified in their entirety into one of three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Valuation processes

The Group's finance team and Group Chief Financial Officer are responsible for fair value measurement of financial instruments and makes the decision as to the valuation technique to be applied, along with the level of external support required. The Group uses external specialists to value some of the financial instruments included within Level 3 of the fair value hierarchy. The results of those valuations are reviewed at each reporting date within the finance team.

Notes to the Financial Statements continued

4 Balance sheet – Operating assets and liabilities continued

4.4 Financial instruments and risk management continued

Valuation processes continued

The following table provides a reconciliation of movements in Level 3 financial assets during the year:

	Contingent consideration receivable £'000	Unlisted investments £'000
Opening fair value	1,407	–
Transfer into level 3	–	1,780
Unrealised fair value gain/(loss) recognised in operating costs	83	(147)
Cash settlement	(408)	–
Total	1,082	1,633

Unlisted investments

The unlisted investment primarily relates to the Group's investment in the London Tanker's Broker Panel, see Note 3.3. In the prior year the investment was carried at fair value, based on the value of the most recent comparable transaction and was therefore classified as Level 2 in the fair value hierarchy. Due to the time which has passed since the most recent comparable market transaction, the Group has valued the investment in the current year based on an income approach which has resulted in the fair value being deemed to be in Level 3 of the fair value hierarchy. The Group's policy is that the beginning of the financial year is considered the date of transfer between levels in the fair value hierarchy. The significant unobservable inputs into the valuation are:

- a discount rate of 16.4%; and
- expected income from the investment.

An increase in the discount rate of 2% would result in an increased fair value loss of £0.1 million recognised in the Income Statement, while a decrease in the discount rate of 2% would result in a gain of £0.2 million recognised in the Income Statement. A 10% increase/decrease in expected income would result in a £0.1 million gain/loss.

Contingent consideration receivable

The fair value of the contingent consideration receivable includes unobservable inputs and are therefore classified as Level 3. The contingent consideration receivable relates to the disposal of the Logistics Division whereby the Group is entitled to three future cash payments. The SPA provides for a minimum guaranteed amount in each of the three years; this amount has been classified as deferred consideration. The balance of the earnout consideration is contingent on the future performance of the combined business up to a maximum specified in the SPA; this has been classified as contingent consideration. The fair value of the contingent consideration has been calculated by reference to management's expectation of the future profitability of the combined business and discounted to present value using a discount rate of 5.29%. The discount rate is based on the credit risk of Vertom Agencies BV assessed by a third-party credit agency. See Note 4.9 for further details and a sensitivity analysis on the contingent element.

Derivative contracts

Contracts with derivative counterparties are based on ISDA Master Agreements. Under the terms of these arrangements, only in certain situations will the net amounts owing/receivable to a single counterparty be considered outstanding. The Group does not have the present legal ability to set-off these amounts and so they are not offset in the Balance Sheet. Of the derivative assets and derivative liabilities recognised in the Balance Sheet, an amount of £0.2 million (2023: £0.1 million) would be set off under enforceable master netting agreements.

Forward currency contracts

The fair value of the forward currency contracts are based on prices quoted by the counterparty within these contracts versus the market rate at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy. See the currency risk section for further details.

Currency options

The fair value of the currency options are based on prices quoted by the counterparty within these contracts versus the market rate at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy.

Embedded derivative

The convertible loan note instruments issued on the acquisition of Naves contain an embedded derivative, being a euro liability of principal and interest. The equity value of the underlying derivative is not considered closely related to the debt host, therefore the loan note is considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The fair value of the embedded derivative includes unobservable inputs and is therefore classified as Level 3. The key assumptions underpinning the fair value of the embedded derivative relate to the expected future share price of the Group and the GBP:EUR exchange rate. The fair value has been determined using a Black-Scholes valuation model.

A gain of £244,000 (2023: loss of £18,000) has been recognised in the Income Statement in respect of the fair value movement of the embedded derivative from 1 March 2023 to 29 February 2024.

Financial instruments not measured at fair value

The Group's financial assets and liabilities that are not measured at fair value are measured at amortised cost. Due to their short-term nature or frequent repricing, the carrying value of these financial instruments approximates their fair value. Their carrying values are as follows:

Financial assets	2024 £'000	2023 £'000
Cash and cash equivalents	27,951	34,735
Deferred consideration receivable	2,620	3,637
Trade and other receivables	30,159	41,448
Total	60,730	79,820

Financial liabilities	2024 £'000	2023 £'000
Trade and other payables	4,851	6,446
Convertible loan notes	2,978	3,551
Long term borrowings	26,966	27,815
Total	34,795	37,812

Deferred consideration receivable

The initial fair value of the deferred consideration receivable was determined by discounting the guaranteed minimum amounts as per the SPA to present value using a discount rate of 2.39% and it is subsequently measured at amortised cost.

b) Currency risk

Currency risk arises when Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from operations in that currency. The Group's currency risk exposure arises mainly as a result of the majority of its earnings being denominated in US dollars while the majority of its costs are denominated in sterling. There is also some currency exposure related to convertible loan notes and deferred consideration denominated in euros and from the carrying values of its overseas subsidiaries being denominated in foreign currencies.

The Group manages its transactional exposures to foreign currency risks using forward exchange contracts and currency options. The Group is primarily exposed to fluctuations in US dollar to sterling exchange rates on foreign currency sales and hedges a proportion of those expected cash flows out to 17 months. The principal source of hedge ineffectiveness is the risk of changes in timing of the forecast transaction or that they do not occur, which is addressed by only hedging a proportion of future foreign currency sales. There were no hedged transactions forecast in the current year which did not occur (2023: £nil).

The Group's results, which are reported in sterling, are exposed to changes in foreign currency exchange rates across a number of different currencies with the most significant exposures relating to the US dollar. The Group is exposed to the underlying translational movements which remain outside the control of the Group. The Group's translational exposures to foreign currency risks relate to both the translation of income and expenses and net assets of overseas subsidiaries which are converted into sterling on consolidation. The Group finances overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries.

The Group continues to apply hedge accounting to hedging instruments that meet the criteria set out in IFRS 9.

c) Hedge accounting

Derivatives are initially recognised at fair value and are subsequently remeasured at their fair value at each Balance Sheet date with gains and losses recognised immediately in the Income Statement unless hedge accounting is applied. Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if it is, the nature of the item being hedged. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the Income Statement within finance costs or income.

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 fair value of derivative contracts is based either directly or indirectly on market prices at the Balance Sheet date.

Financial assets and liabilities are classified in accordance with the fair value hierarchy specified by IFRS 13. See Note 4.4.

Notes to the Financial Statements continued

4 Balance sheet – Operating assets and liabilities continued

4.4 Financial instruments and risk management continued

c) Hedge accounting continued

Cash flow hedge accounting

Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions caused by changes in foreign currency exchange rates and interest rates. Where a derivative financial instrument is designated in a cash flow hedge relationship with a highly probable forecast transaction, the effective part of any change in fair value arising is deferred in the cash flow hedging reserve within equity, via the Statement of Comprehensive Income. The Group designates a portion, being the first US dollar amounts in a particular period, of forecast revenue transactions in cash flow hedges and reports any gain or loss as part of revenue when the revenue is recognised. The gain or loss relating to the ineffective part is recognised in the Income Statement within net finance expense. Amounts deferred in the cash flow hedging reserve are reclassified to the Income Statement in the periods when the hedged item is recognised in the Income Statement.

If a hedging instrument expires or is sold but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

The critical terms of the hedging instruments match the hedged transactions in relation to currency, timing and amounts, meaning there is a clear economic relationship between the hedging instrument and hedged item as required under IFRS 9. Thereby, management qualitatively demonstrates that the hedging instrument and the hedged items will move equally in the opposite direction.

A gain of £2,231,000 (2023: £4,826,000 loss) in relation to effective hedges has been recognised in the Income Statement in respect of derivative contracts which have matured in the period. No ineffectiveness in relation to hedge accounting has been recognised in the period.

In the prior year the Group entered into currency options featuring a “cap and floor” feature. The intrinsic value of the options is designated in cashflow hedge relationships. The time value of the options is deferred in equity as a cost of hedging and reclassified to the Income Statement in the period that the hedged cash flow affects the Income Statement.

In a prior year the Group also entered into a currency option which was not designated in a cash flow hedge relationship and expired during the year (2023: £0.2 million liability). The £0.2 million movement in fair value in the period was charged to the Income Statement (2023: £0.2 million) and is included within Finance costs.

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

Currency options	2024	2023
Carrying amount of (liability)/asset	N/A	£(28,000)
Total notional amount	N/A	US \$1,500,000
Maturity dates	N/A	March 2023 to April 2023
Hedge ratio	N/A	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	N/A	£(23,000)
Change in value of hedged item used to determine hedge ineffectiveness	N/A	£23,000
Weighted average strike rate for outstanding hedging instruments	N/A	1.23 to 1.29
Forward currency contracts	2024	2023
Carrying amount of asset	£1,535,990	£1,254,000
Carrying amount of liability	£(217,622)	£(1,547,000)
Total notional amount	US \$118,950,000	US \$123,048,000
Maturity dates	March 2024 to July 2025	March 2023 to November 2024
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	£1,318,368	£(218,000)
Change in value of hedged item used to determine hedge ineffectiveness	£(1,318,368)	£218,000
Weighted average strike rate for outstanding hedging instruments	1.25	1.22

Net investment hedge accounting

The Group uses its US dollar denominated borrowings as a hedge against the translation exposure on the Group's net investment in overseas companies. The Group designates the spot rate of the loans as the hedging instrument. There was no ineffectiveness to be recognised on hedges of net investments in foreign operations. Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the translation reserve within equity, via the Statement of Comprehensive Income. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Income Statement within finance income or costs. The effective portion will be recycled into the Income Statement on the sale of the foreign operation.

The table below provides further information on the Group's net investment hedging relationships:

	2024 £'000	2023 £'000
Hedge ratio	1:1	1:1
Change in value of hedging instruments due to foreign currency movements since 1 March	(249)	124
Change in value of the hedged item used to determine hedge effectiveness	249	(124)

The balances and movements into and out of the foreign currency translation reserve are shown in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity respectively. The amount in the foreign currency translation reserve in relation to hedge accounting is a gain of £0.1 million (2023: £0.1 million loss) and is split as follows:

- continuing net investment hedges gain of £0.1 million (2023: £0.1 million loss); and
- hedging relationships for which hedge accounting is no longer applied, £nil (2023: £nil).

The effect on equity and profit before tax if the US dollar or the euro strengthened/(weakened) by 10% against sterling, with all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+10% strengthening £'000	-10% weakening £'000	+10% strengthening £'000	-10% weakening £'000
29 February 2024				
US dollars	1,621	(1,621)	(9,474)	7,100
Euros	40	(40)	40	(40)
Total	1,661	(1,661)	(9,434)	7,060
28 February 2023				
US dollars	874	(1,220)	(4,529)	3,656
Euros	(36)	36	(36)	36
Total	838	(1,184)	(4,565)	3,692

d) 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 entities.

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	2024 £'000	2023 £'000
Floating rate:			
Within one year			
Cash and cash equivalents	4.5	27,941	34,735
Long-term borrowings	4.6	(27,237)	(27,815)
		704	6,920

Notes to the Financial Statements continued

4 Balance sheet – Operating assets and liabilities continued

4.4 Financial instruments and risk management continued

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
29 February 2024				
Cash and cash equivalents	308	(308)	308	(308)
Long-term borrowings	(266)	266	(266)	266
Total	42	(42)	42	(42)
28 February 2023				
Cash and cash equivalents	187	(187)	187	(187)
Long-term borrowings	(195)	195	(195)	195
Total	(8)	8	(8)	8

e) Credit risk

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets. Concentrations of credit risk with respect to trade receivables are limited due to the diversity of the Group's customer base. The directors believe there is no further credit risk provision required in excess of normal provisions for doubtful receivables, estimated by Management based on prior experience and their assessment of the current economic environment. The Group seeks to trade only with creditworthy parties and carries out credit checks where appropriate. The maximum exposure is the carrying amount as disclosed in Note 4.4.

f) 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 receives 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 undiscounted contractual amounts due, in relation to the Group's financial liabilities which exposes the Group to liquidity risk:

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total contractual amount £'000	Total carrying amount £'000
At 29 February 2024							
Trade and other payables	4,245	606	–	–	–	4,851	4,851
Loans and borrowings	487	1,460	28,586	–	–	30,533	26,966
Lease liabilities	846	1,253	1,013	2,062	44	5,218	4,778
Convertible loan notes	46	47	3,190	–	–	3,283	2,978
Total	5,624	3,366	32,789	2,062	44	43,885	39,573
Forward currency contracts							218
Gross outflows	1,779	7,946	1,818	–	–	11,543	
Gross inflows	(1,769)	(7,784)	(1,775)	–	–	(11,328)	
Currency options							–
Gross outflows	–	–	–	–	–	–	
Gross inflows	–	–	–	–	–	–	
Net outflow from derivative contracts	10	162	43	–	–	215	

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total contractual amount £'000	Total carrying amount £'000
At 28 February 2023							
Trade and other payables	4,971	1,388	87	–	–	6,446	6,446
Loans and borrowings	422	1,266	1,688	29,242	–	32,618	27,815
Lease liabilities	757	2,271	1,375	799	23	5,225	5,027
Convertible loan notes	66	764	109	3,726	–	4,665	3,551
Total	6,216	5,689	3,259	33,767	23	48,954	42,839
Forward currency contracts							1,547
Gross outflows	14,749	48,925	29,414	–	–	93,088	
Gross inflows	(14,553)	(48,866)	(28,521)	–	–	(91,940)	
Currency options							213
Gross outflows	3,107	5,593	1,864	–	–	10,564	
Gross inflows	(3,084)	(5,593)	(1,864)	–	–	(10,541)	
Net outflow from derivative contracts	219	59	893	–	–	1,171	

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.

g) 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 29 February 2024 and 28 February 2023.

4.5 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.

	2024 £'000	2023 £'000
Cash at bank and cash in hand	27,951	34,735
Total	27,951	34,735

Cash and cash equivalents largely comprise bank balances denominated in sterling, US dollars, euros and other currencies for the purpose of settling current liabilities.

Cash includes an amount of £4.6 million (2023: £4.0 million) held in the bank accounts of regulated entities where there is a requirement to hold a certain amount of cash at any one time in order to cover future obligations. No charge or other restriction of use is held over this cash.

The Directors consider that the carrying amounts of these assets approximate to their fair value.

4.6 Long-term borrowings

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.

Notes to the Financial Statements continued

4 Balance sheet – Operating assets and liabilities continued

4.6 Long term borrowings continued

Modification of terms of financial liabilities

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.

	2024 £'000	2023 £'000
Long-term borrowings		
Secured revolving credit facilities	26,966	27,815
Lease liabilities	2,853	2,104
Total	29,819	29,919

The Group's revolving credit facility ("RCF") is for £300 million plus an accordion limit of £100 million and has an initial termination date of November 2025 with an option, subject to lender approval, to extend the term of the facility by 24 months. Drawdown of the accordion facility is subject to additional credit approval. The RCF agreement has an EBITDA leverage covenant of 2.5x and a minimum interest cover of 4x. At 31 May 2023, 31 August 2023, 31 November 2023 and 29 February 2024 the Group met all financial covenant tests. Amounts can be rolled on a monthly basis until the facility expires subject to certain conditions, and on that basis the borrowings have been classified as non-current. The amounts drawn under the RCF bear interest based on SONIA, SOFR and EURIBOR from amounts drawn in sterling, US dollars and euros respectively, plus a credit margin dependent on the Group's leverage ratio.

All revolving credit facilities are drawn by Braemar Plc and appear in the accounts of the Company. See Note 4.5 for details of the Group's cash pooling arrangements and the net overdraft available to the Group.

The directors consider that the fair value of the revolving credit facility liability is equivalent to its carrying amount.

4.7 Convertible loan notes

The convertible loan notes are considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The Group has an accounting choice to record the instrument in its entirety at fair value through profit and loss but has not chosen to apply this treatment. Instead, the financial liability host is recognised as a euro liability initially recognised at fair value and prospectively accounted for applying the effective interest rate method. As the loan notes are denominated in euros, the conversion feature does not meet the definition of an equity instrument. As a result, it is treated as a separated embedded derivative and is recognised at fair value through profit and loss. Where there are conversion options that can be exercised within one year the liability is recognised as current.

In September 2017, the Group acquired the entire share capital of Naves Corporate Finance GmbH ("Naves"). Naves is an established and successful business, headquartered in Hamburg, Germany, which advises national and international clients on corporate finance related to the maritime industry, including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management and financial asset management including loan servicing.

The acquisition agreement provided for consideration of £16.0 million (€18.4 million) payable as follows:

- at completion in cash of £7.3 million (€8.3 million), in shares of £1.3 million (€1.5 million) and in convertible loan notes of £6.4 million (€7.4 million); and
- deferred consideration in cash of £0.5 million (€0.6 million) and convertible loan notes of £0.5 million (€0.6 million), payable in instalments over the three years after the acquisition.

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:

- deferred cash of £1.3 million (€1.5 million) and deferred convertible loan notes of £4.3 million (€4.9 million) conditional only on the individual management seller's continued service payable in instalments over the five years after the acquisition; and
- deferred convertible loan notes of up to £9.4 million (€11.0 million) conditional on the individual management seller's continued service and the post-acquisition Naves' EBIT in the three years post-acquisition. By February 2021, there was no contingency remaining and the total amount paid was £4.6 million (€5.3 million).

Following the issuance of new convertible loan notes in the prior year, at February 2024 no amounts are subject to future service conditions.

No post-acquisition remuneration associated with the acquisition was incurred during the year ended 29 February 2024 (2023: £0.1 million).

Convertible instruments

The Group issued convertible loan notes in connection with its acquisition of Naves in September 2017.

These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for management sellers and 450.3 pence for non-management sellers.

The convertible loan note instruments carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The loan notes shall automatically convert or be redeemed in the event that any person or persons acting in concert hold more than 50% of the issued share capital of the Group or an impairment charge in excess of £43.9 million (€50.0 million) is reflected in the audited Financial Statements of the Group.

The embedded derivatives within the convertible loan notes are valued using level 3 hierarchy techniques under IFRS 13. See Note 4.4.

The total value of convertible loan note liabilities, including linked derivatives, is £3.1 million (2023: £3.9 million). The following table shows amounts in the Group balance sheet relating to the convertible loan notes issued on the acquisition of Naves.

	2024 £'000	2023 £'000
Represented in the Group Balance Sheet		
<i>Current liabilities:</i>		
Convertible loan notes	632	699
<i>Non-current liabilities:</i>		
Convertible loan notes	2,346	2,852
Derivatives	140	384
	2,486	3,236
	3,118	3,935

The movement in the Naves-related balances in the Group Balance Sheet during the year is explained by the items below:

	2024 £'000	2023 £'000
Total Naves-related balances at start of year	3,935	4,917
Finance expense	227	408
Derivative (gain)/loss	(244)	18
Post-acquisition remuneration	–	59
Foreign exchange movements	(89)	250
Cash paid	(711)	(1,606)
Equity issued	–	(111)
Total movements	(817)	(982)
Total Naves-related balances at year-end	3,118	3,935

The current year cash paid includes interest of £0.1 million (2023: £0.2 million).

The loan notes have the following maturities:

	Accounting value		Nominal value	
	2024 £'000	2023 £'000	2024 €'000	2023 €'000
Due at the reporting date				
30-Sep-23	–	606	–	699
30-Sep-24	568	550	699	699
30-Sep-25	2,410	2,395	2,929	2,929
	2,978	3,551	3,628	4,327
Derivatives thereon	140	384		
Total liabilities on loan notes	3,118	3,935		

Notes to the Financial Statements continued

4 Balance sheet – Operating assets and liabilities continued

4.7 Convertible loan notes continued

Convertible instruments continued

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.

4.8 Reconciliation of liabilities from financing activities

	RCF borrowings £'000	Convertible loan notes £'000	Deferred consideration £'000	Lease liabilities £'000	Total £'000
At 1 March 2023	27,815	3,551	–	5,027	36,393
Cash flows	(598)	(598)	–	(3,143)	(4,339)
Non-cash flows:					
– Interest accruing in the period	153	114	–	–	267
– Fees paid reported as operating cash flows	(122)	–	–	–	(122)
– New leases	–	–	–	3,021	3,021
– Effects of foreign exchange	(282)	(89)	–	(127)	(498)
At 29 February 2024	26,966	2,978	–	4,778	34,722
Current portion	–	632	–	1,925	2,557

	RCF ¹ borrowings £'000	Convertible ¹ loan notes £'000	Deferred consideration £'000	Lease liabilities £'000	Total £'000
At 1 March 2022	23,254	4,171	495	8,506	36,426
Cash flows ²	4,694	(1,448)	–	(3,864)	(618)
Non-cash flows:					
– Shares issued	–	(111)	–	–	(111)
– Derivatives issued	–	(71)	–	–	(71)
– Accrual of service cost	–	–	59	–	59
– Interest accruing in the period ²	32	250	–	–	282
– Fees paid reported as operating cash flows	(336)	–	–	–	(336)
– New leases	–	–	–	770	770
– Business combinations	–	–	–	86	86
– Lease terminations	–	–	–	(632)	(632)
– Amounts reclassified from deferred consideration to loans	–	615	(615)	–	–
– Effects of foreign exchange	171	145	61	161	538
At 28 February 2023	27,815	3,551	–	5,027	36,393
Current portion	–	699	–	2,923	3,622

¹ In the prior year, RCF borrowings and the convertible loan notes were disclosed in the aggregate. The movement in balances during the year ended 28 February 2023 has been updated to reflect the current year presentation which provides the reconciliation separately for the RCF and the convertible loan notes.

² In the prior year, 'Interest accruing in the period' included cash settled interest charges in relation to lease liabilities and the combined total for the RCF and convertible loan notes. These charges were offset by interest 'Cash flows' as reported in the reconciliation. The prior year numbers have been updated to remove these interest cash flows from both 'Interest accruing in the period' and 'Cash flows'. The effect is to reduce 'Cash flows' by £0.5 million and reduce 'Interest accruing in the period' by £0.2 million and include an additional item relating to fees paid of £0.3 million. There is no overall impact on total reported cash flows, opening or closing balances.

4.9 Deferred and contingent consideration receivable

Contingent consideration receivable is initially recognised at fair value and is subsequently remeasured at its fair value at each Balance Sheet date. The resulting gain or loss is recognised immediately in the Income Statement. Contingent consideration receivable is classified as Level 3 in accordance with the fair value hierarchy specified by IFRS 13. Deferred consideration is initially measured at its fair value and subsequently measured at amortised cost less provision for impairment.

Key estimate

On 28 February 2022, the Group sold Cory Brothers to Vertom Agencies BV for maximum consideration of £15.5 million. Initial cash proceeds of £6.5 million were received on completion of the transaction, and three contractual "earnout" payments will be made, being an agreed percentage of the future gross profits of the combined VertomCory business over three subsequent twelve month earn out periods. The remaining "earnout" payments are subject to a combined minimum of £2.7 million and a combined maximum of £6.4 million.

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

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

The fair value of the contingent consideration is calculated using the forecast gross profit for the combined VertomCory business for each earnout period, applying the agreed percentage, deducting the minimum payment and discounting the forecast contingent cashflows. The valuation of the contingent consideration involves two critical estimates: the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business and was reviewed by management as part of the financial due diligence process. A discount rate of 5.45% (2023: 5.29%) was used to calculate the net present value; this was based on the credit risk of Vertom Agencies BV following a credit check performed by management.

Set out below is a sensitivity analysis of the contingent consideration receivable to the discount rate and the assumptions of future profitability.

Fair value of Cory Brothers deferred and contingent consideration receivable

The agreed minimum earnout payment is presented as deferred consideration and measured at amortised cost, using a discount rate of 2.39% determined on initial measurement. The uncertain element of each earnout payment is measured at fair value through profit or loss and presented as contingent consideration.

Deferred and contingent consideration are included in other long-term receivables (see Note 4.1) and current other receivables (see Note 4.2). The amortised cost of the deferred consideration is £2.6 million (2023: £3.6 million). The fair value of the contingent consideration is £1.1 million (2023: £1.4 million).

During the year, the Group received £15 million (in the Group Cash Flow Statement, £1.4 million is allocated to investing activities and £0.1 million to interest received) in relation to the first deferred and contingent consideration payment. The receivable held on the Balance Sheet at 29 February 2024 in relation to the second earnout payment is £1.9 million (£1.3 million deferred consideration and £0.6 million contingent consideration).

Sensitivity analysis

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

	Carrying value as at 29 February 2024 £'000s	Undiscounted value as at 29 February 2024 £'000s	Sensitivity to the estimate of future gross profits of the VertomCory agency business		Sensitivity to change in the discount rate selected	
			Decrease by 10% £'000s	Increase by 10% £'000s	Decrease by 1% p.a. £'000s	Increase by 1% p.a. £'000s
Payment due on 31 May 2024	550	557	N/A	N/A	1	(1)
Payment due on 31 May 2025	532	569	(177)	177	6	(6)
Total	1,082	1,126	(177)	177	7	(7)

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 a 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. No sensitivity is provided for the payment due on 31 May 2024 as the payment amount is based on actual reported performance.

Notes to the Financial Statements continued

5 Employee remuneration schemes

5.1 Long-term employee benefits

Key estimate

Valuation of defined benefit pension scheme

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

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

Critical judgement

Recoverability of defined benefit pension scheme net asset

As a result of actuarial movements during the year, including an increase in the discount rate from 4.9% at 28 February 2023 to 5.0% at 29 February 2024, the UK defined benefit scheme continues to be in an actuarial surplus position at 29 February 2024 (measured on an IAS 19 "Employee Benefits" basis) of £1.4 million (28 February 2023: £1.1 million). The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme. The surplus will be subject to a tax charge on its recovery which the Group does not believe meets the definition of an income tax under IAS 12, and as a result, the surplus has been presented net of the expected taxes payable of £0.8 million, at a rate of 35%. The free-standing tax charge will reduce from 35% to 25% from 6 April 2024, this measure was substantively enacted on 11 March 2024. The impact of the change in rate is not expected to have a material impact on the Group.

The Group has the following long-term employee benefits:

i) Defined contribution schemes

The Group operates a number of defined contribution schemes. Pension costs charged against profits in respect of these schemes represent the amount of the contributions payable to the schemes in respect of the accounting period. The assets of the schemes are held separately from those of the Group within independently administered funds. The Group has no further payment obligations once the contributions have been paid.

ii) Defined benefit schemes

The Group operates a defined benefit scheme, the ACM Staff Pension Scheme, with assets held separately from the Group. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method which measures the liability based on service completed and allowing for projected future salary increases and discounted at an appropriate rate.

The current service cost, which is the increase in the present value of the retirement benefit obligation resulting from employee service in the current year, and gains and losses on settlements and curtailments, are included within operating profit in the Income Statement. The unwinding of the discount rate on the scheme liabilities which is shown as a net finance cost and past service costs are presented and recognised immediately in the Income Statement.

The pension asset or liability recognised on the Balance Sheet in respect of this scheme represents the difference between the present value of the Group's obligations under the scheme and the fair value of the scheme's assets. Actuarial gains or losses and return on plan assets net of tax, excluding interest, are recognised in the period in which they arise within the Statement of Comprehensive Income.

When the defined benefit plan is in a surplus, the asset is recognised at the lower of the surplus and the asset ceiling, less any associated costs, such as taxes payable.

iii) Other long-term benefits

The current service cost of other long-term benefits resulting from employee services in the current year is included within the Income Statement. The unwinding of any discounting on the liabilities is shown in net finance costs.

The Group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out as at 31 March 2023 and updated by the IAS 19 valuation as at 29 February 2024. All valuations have been carried out by a qualified independent actuary.

The Group's obligations in respect of the funded defined benefit scheme at 29 February 2024 were as follows:

	2024 £'000	2023 £'000
Present value of funded obligations	10,609	10,558
Fair value of scheme assets, net of tax	(12,023)	(11,678)
Total surplus of defined benefit pension scheme	(1,414)	(1,120)

Funded defined benefit scheme

The Group sponsors a funded defined benefit scheme (the ACM Staff Pension Scheme) for qualifying UK employees. The Scheme is administered by a separate board of Trustees which is legally separate from the Group. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the trust assets and the day-to-day administration of benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 60 of 1/60th of final pensionable salary for each year of service. Pensionable salary is defined as basic salary plus the average of the previous three years' bonuses (capped at three times basic salary). Pensionable salaries for members who joined after 1 June 1989 are also subject to an earnings cap. Other benefits are payable, for example those provided on death.

The scheme was closed to future accrual and from 1 February 2016, post-retirement benefits are provided to these employees through a separate defined contribution arrangement.

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees, and current pensioners. Broadly, around 50% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 50% 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 14.8 years (2023: 15.3 years).

Funding implications

UK legislation requires that pension schemes are funded prudently. The most recent funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2023 and showed a surplus of £0.3 million.

Risks associated with the Scheme

The Scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Changes in bond yields

An increase in corporate bond yields will decrease the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by a Decrease in the value of the Scheme's bond holdings.

Inflation risk

A proportion of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in scheme liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes moving assets to match pensioner liabilities when members reach retirement.

The Trustees insure certain benefits payable on death before retirement.

The principal assumptions used for updating the latest valuation of the Scheme were:

	2024 (% p.a.)	2023 (% p.a.)
Discount rate	5.0	4.9
CPI inflation	2.6	3.0
Pension increases:		
CPI capped at 2.5% p.a.	2.1	2.0
CPI capped at 5.0% p.a.	3.0	3.0
Deferred pension increases:		
CPI capped at 2.5% p.a.	2.1	2.0
CPI capped at 5.0% p.a.	3.0	3.0

Notes to the Financial Statements continued

5 Employee remuneration schemes continued

5.1 Long-term employee benefits continued

	2024 Years	2023 Years
Life expectancy from age 60 for:		
Current 60-year-old male	25.6	25.1
Current 60-year-old female	28.0	27.7
Pre-retirement mortality	–	–
Post-retirement mortality		S2 PXA, CMI 2022/2021 (min 1.25%)
Early retirement		No allowance for early retirement (2023: 33% of members retire at age 55, with the remainder retiring at age 60)
Withdrawals from active service		No allowance
Cash commutation		80% of members assumed to take maximum lump sum (2023: 100%)

All members are assumed to retire at age 60.

The Scheme's assets are split by type of asset in the following table.

Scheme assets	2024 £'000	2023 £'000
Scheme assets are comprised as follows:		
UK equities	359	434
Overseas equities	4,387	4,374
Unquoted equities	–	78
High yield debt	986	1,019
Cash	1,031	707
Inflation-linked bonds	1,142	1,022
Corporate bonds	2,793	1,883
Government bonds	1,726	1,303
Other	360	1,462
Total	12,784	12,282

The Pension Scheme assets do not include any ordinary shares issued by the Company. All assets are held through pooled investment vehicles.

Expense recognised in the Income Statement (included in operating costs)	2024 £'000	2023 £'000
Current service cost	–	–
Interest (income)/expense on net asset/liability	(85)	54
Expense recognised in Income Statement	(85)	54
Remeasurements in other comprehensive expense:		
(Gain)/loss on assets in excess of that recognised in net interest	(201)	1,061
Actuarial gains due to changes in financial assumptions	(179)	(4,594)
Actuarial loss/(gain) due to changes in demographic assumptions	127	(220)
Actuarial (gain)/loss due to liability experience	(77)	374
Deferred tax charge	–	414
Expected tax charge on recovery of assets	157	604
Gain recognised in other comprehensive income	(173)	(2,361)
Total amount recognised in Income Statement and other comprehensive expense	(258)	(2,307)

Changes to the present value of the defined benefit obligation are analysed as follows:

	2024 £'000	2023 £'000
Opening defined benefit obligation	10,558	15,156
Interest expense	517	402
Actuarial gains due to changes in financial assumptions	(179)	(4,594)
Actuarial loss/(gain) due to changes in demographic assumptions	127	(220)
Actuarial (gain)/loss due to liability experience	(76)	374
Net benefit payments from scheme	(338)	(560)
Closing value at 29 February (2023: 28 February)	10,609	10,558

Changes in the fair value of plan assets are analysed as follows:

	2024 £'000	2023 £'000
Opening fair value at 1 March	11,678	13,104
Interest income	602	348
Fair value gain/(loss) on assets	201	(1,061)
Contributions by employers	37	450
Net benefit payments from scheme	(338)	(559)
Expected tax charge on recovery of assets	(157)	(604)
Closing value at 29 February (2023: 28 February)	12,023	11,678

The Group does not expect to make any contributions to the scheme in the next twelve months (2023: £37,500).

Actual return on Scheme assets	2024 £'000	2023 £'000
Interest income on plan assets	602	348
Remeasurement gain/(loss) on assets	201	(1,061)
Actual return on assets	803	(713)

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 29 February 2024 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.	9.0	955
Inflation assumption increased by 0.5% p.a. ¹	5.9	626
Increase in life expectancy of one year for all members reaching 60	2.5	265

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.

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 £2,247,000 (2023: £1,811,000) which was in respect of continuing operations.

Contributions of £180,000 were due to these schemes at 29 February 2024 (2023: £nil).

The assets of these schemes are held separately from those of the Group in funds under the control of the Trustees.

Notes to the Financial Statements continued

5 Employee remuneration schemes continued

5.2 Share-based payments

The Group operates a number of equity-settled share-based payment schemes.

No awards may be granted under the schemes set out below which would result in the total number of shares issued or remaining issuable under all of the schemes (or any other Group share schemes), in the ten-year period ending on the date of grant of the option, exceeding 10% of the Company's issued share capital (calculated at the date of grant of the relevant option).

All of the Group's share schemes are accounted for as equity-settled share-based payments because they only entitle the employee to receive equity instrument issued by the Parent Company. 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. Occasionally the Group, at its discretion, might repurchase vested equity instruments. In accordance with IFRS 2, such payments to employees are accounted for as a deduction from equity, except to the extent the payment exceeds the fair value of the equity instruments repurchased.

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 6.3 provides detail on the ESOP and the EBT and movements in shares to be issued.

Key estimate

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 the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

A 1% increase in the forfeiture assumption for all awards which were not vested at 29 February 2024 would result in an additional charge to the Income Statement of £0.1 million in FY24, while a 5% increase in the forfeiture assumption would result in an additional charge of £0.6 million to the Income Statement in FY24. While the Group believes that a change in estimate of 5% or greater for all awards in any one year is unlikely, due to the fact that the value of awards are not uniform between employees, the Group believes that there is a significant risk that a revision to the forfeiture estimate could result in a material impact to the Income Statement in the next financial year depending on the profile of leavers.

Share Option Scheme

During the prior year the Company operated the Braemar Plc Savings-Related Share Option Scheme 2014 (the "SAYE Scheme") and the Braemar Plc International Savings-Related Share Option Scheme 2019 (the "International SAYE Scheme"). Options are granted at up to a 20% discount to the prevailing market price and entitle employees to purchase shares in the Company at a fixed price subject to continued employment. The fair value of share options granted under the SAYE schemes is determined using a binomial pricing model. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Deferred Bonus Plan ("DBP")

The Company adopted a Deferred Bonus Plan in May 2020 (the "2020 DBP"), pursuant to which future discretionary bonus awards will be granted to staff including executive directors. Awards under the New DBP may be linked to an option granted under the new Braemar Company Share Option Plan 2020, which was also adopted by the Company in May 2020 (the "2020 CSOP"). Where an employee receives a linked award under the 2020 DBP, if the Company's share price rises over the vesting period, the 2020 CSOP award can be exercised with the value of shares delivered on the vesting of the 2020 DBP award being reduced by the exercise gain on the 2020 CSOP award. Awards under the 2020 DBP and the 2020 CSOP may be settled by the issue of new shares of by way of transfer of shares from the ESOP. Historical practice has been to settle via the transfer of shares from the ESOP and it is the current intention to continue to operate in this manner.

The number of awards granted under the Deferred Bonus Plan each year is related to the profits generated in the previous year. The cost of the award is therefore expensed from the beginning of that profit period until the vesting date which is usually three years after the date of award and is subject to continued employment. Awards made to new joiners are expensed over the period from date of joining to date of vesting. Their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Restricted Share Plan ("RSP")

During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up to grant awards to certain key staff to try to retain them following the merger between Braemar and ACM Shipping Group Plc, but it can also be used where the Remuneration Committee considers it necessary to secure the recruitment of a particular individual. Executive directors of the Company are not eligible to participate in the RSP. RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment. Their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Long Term Incentive Plan ("LTIP")

The Company also operates an LTIP, which was approved by shareholders and adopted in 2014. LTIP awards under this plan take the form of a conditional right to receive shares at £nil cost. The awards normally vest over three years and are typically subject to a performance condition such as earnings per share ("EPS") or Total Shareholder Return ("TSR"), a market-based condition.

The fair value of awards with the EPS condition are non-market conditions and their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The fair value of awards containing market conditions is determined using Monte Carlo simulation models. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures and the expected outcome of the EPS condition. For awards subject to market conditions, no adjustment is made to reflect the likelihood of the market condition being met nor the actual number of awards which lapse as a result of the condition not being met.

The Company operates a variety of share-based payment schemes which are listed below.

a) Share options

Details of the share options in issue and the movements in the year are given below:

Share scheme	Year option granted	Number at 1 March 2023	Granted	Exercised	Lapsed	Number at 29 February 2024	Exercise price (pence)	Exercisable between
SAYE	N/A	–	–	–	–	–	N/A	N/A

During the prior year, 433,528 options were exercised. The weighted average share price on exercise for awards exercised in the prior year was £2.82.

These options are valued using a binomial pricing model. The value of the awards was expensed over the period from the date of grant to the vesting date.

b) Deferred Bonus Plan

Details of the share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2023	Granted	Exercised	Forfeited	Number at 29 February 2024	Exercise price (pence)	Exercisable
Jul-20	2,833,067	–	(2,763,777)	(69,290)	–	nil	July 2023
Nov-20	315,975	–	(315,975)	–	–	nil	November 2023
Jun-21	1,172,051	–	–	(59,162)	1,112,889	nil	June 2024
Nov-21	239,415	–	–	–	239,415	nil	November 2024
Sep-22	934,694	–	–	(54,850)	879,844	nil	June 2025
Jan-23	400,679	3,568	(51,013)	(5,516)	347,718	nil	June 2025
Feb-23	137,132	–	–	(15,188)	121,944	nil	June 2025
Dec-23	–	1,647,204	–	–	1,647,204	nil	July 2026
Deferred Bonus Plan	6,033,013	1,650,772	(3,130,765)	(204,006)	4,349,014		

The weighted average share price on exercise for awards exercised during the year was £2.82 (2023: £3.32). The weighted average share price at grant date for awards granted during the year was £2.75 (2023: £2.98).

Under the 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 29 February 2024, the ESOP held 2,303,211 ordinary shares (2023: 3,587,130). 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.

Notes to the Financial Statements continued

5 Employee remuneration schemes continued

5.2 Share-based payments continued

c) Restricted Share Plan

Details of the RSP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2023	Granted	Exercised	Lapsed	Number at 29 February 2024	Exercisable between
July 2014	13,750	–	(7,500)	–	6,250	Jul 17 – Jul 24
August 2015	12,500	–	–	–	12,500	Aug 18 – Aug 25
Restricted Share Plan	26,250	–	(7,500)	–	18,750	

The weighted average share price on exercise for awards exercised during the year was £2.71 (2023: £3.32).

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 is 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.

d) Long-Term Incentive Plan (“LTIP”)

The Company also has LTIP awards, which allow for the form of a conditional right to receive shares at £nil cost. The awards normally vest over three years and are subject to various performance conditions based on earnings per share (“EPS”) or segmental operating profit.

Details of the LTIP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2023	Granted	Exercised	Lapsed	Forfeited	Number at 29 February 2024	Exercisable between
LTIP 2018	33,294	–	–	–	–	33,294	May 23 – Oct 28
LTIP 2019	202,853	–	–	–	(36,653)	166,200	Jul 24 – Jul 29
LTIP 2020	375,000	–	–	–	–	375,000	Jul 25 – Jul 30
LTIP 2021	389,379	–	–	–	(88,495)	300,884	Jun 26 – Jun 31
LTIP 2022 (granted FY23)	624,174	–	–	–	(78,326)	545,848	Jul 27 – Jul 32
LTIP 2023	–	369,958	–	–	–	369,958	
Long-Term Incentive Plan	1,624,700	369,958	–	–	(203,474)	1,791,184	

The weighted average share price at grant date for awards granted during the year was £2.75 (2023: £3.14).

The fair value of the LTIP 2021 award which has a TSR-based vesting condition has been calculated using a Monte Carlo simulation. The fair value of the other LTIPs is determined based on the share price at the time of grant less the expected dividend to be paid during the vesting period calculated using the market consensus dividend yield.

The value of the awards is recognised as an expense over the period from the date of grant to the vesting date. The awards are satisfied by the issue of new shares.

e) Other share-based payments

On 5 December 2022, 253,434 shares were awarded as a joining incentive to certain employees of Madrid Shipping Advisors SL and on 16 December 2022, 1,016,121 shares were issued to the former owners of Southport as part of the acquisition. In addition, on the acquisition of Southport, a further 872,821 shares were awarded to key employees of Southport. The fair value of the awards is determined based on the share price at the time of grant less the expected dividend to be paid during the three-year vesting period calculated using the market consensus dividend yield.

The value of the awards is recognised as an expense over the period from the date of grant to the vesting date. The Southport Maritime Inc. awards will be satisfied by the issue of new shares.

Share award	Number at 1 March 2023	Granted	Exercised	Lapsed	Forfeited	Number at 29 February 2024	Vesting
Southport Maritime Inc.	1,888,942	–	–	–	–	1,888,942	Dec 25
Madrid Shipping Advisors SL	253,434	–	–	–	–	253,434	Dec 23 – Dec 25

6 Share capital and other reserves

6.1 Share capital

Authorised	Ordinary shares		Ordinary shares		Share premium	
	2024 Number	2023 Number	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Ordinary shares of 10 pence each	34,903,000	34,903,000	3,490			3,490
	Ordinary shares		Ordinary shares		Share premium	
	2024 Number	2023 Number	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Issued						
Fully paid ordinary shares of 10 pence each						
As at start of year	32,924,877	32,200,279	3,292	3,221	53,796	53,030
Capital reduction	–	–	–	–	(53,796)	–
Shares issued and fully paid (see below)	–	724,598	–	71	–	766
As at end of year	32,924,877	32,924,877	3,292	3,292	–	53,796

In the prior year, in connection with setting up a broker team in Madrid, 253,434 shares were issued to certain employees as a joining incentive; and 37,636 shares were issued to settle part of the deferred consideration payable in respect of the acquisition of Naves.

No shares remained unpaid at 29 February 2024 or 28 February 2023.

The Company has one class of ordinary shares which carry no right to fixed income.

6.2 Dividends

Amounts recognised as distributions to equity holders in the year:

	2024 £'000	2023 £'000
Ordinary shares of 10 pence each		
Final dividend of 8.0 pence per share for the year ended 28 February 2023 (2023: 7.0 pence per share)	2,440	2,018
Interim dividend (2023: 4.0 pence per share)	–	1,172
	2,440	3,190

The dividends paid by the Group during the year ended 29 February 2024 totalled £2.4 million (8.0 pence per share) relating to a final dividend in respect of the year ended 28 February 2023 paid on 9 February 2024. An interim dividend of £1.2 million (4.0 pence per share) was paid on 2 April 2024.

The right to receive dividends on the shares held in the ESOP has been waived (see Note 6.3). The dividend saving through the waiver is £0.2 million (2023: £0.4 million).

During the year ended 28 February 2023, the Group paid dividends totalling £3.2 million (11.0 pence per share), being a final dividend in respect of the year ended 28 February 2022 of £2.0 million (7.0 pence per share) paid on 14 October 2022 and an interim dividend for the year ended 28 February 2023 of £1.2 million (4.0 pence per share) paid on 4 January 2023.

In December 2022, the Company commenced a project to research various options for increasing the distributable reserves available to the Company in order to support the stated progressive dividend policy. After the payment of an interim dividend in January 2023, the outcome of the research identified an accounting practice of the Company used since IFRS 2 was introduced in 2005, which carried realised gains which could only be used in very limited circumstances with the consequence that a significant balance within retained earnings (that was not previously identified as created by unrealised gains) was incorrectly used by the Company in the calculation of distributable reserves.

Dividends paid between 2016 and 2023 were therefore paid by the Company without having sufficient distributable reserves from which to lawfully pay them. Having identified these issues, to rectify the gap in retained earnings and the unlawful payment of dividends, after the Balance Sheet date, the Company reduced its share premium account and capital redemption reserve and capitalised and reduced £19.8 million of the merger reserve (“Capital Reduction”) and entered into releases from liability for the benefit of shareholders and directors (to ensure that no person was disadvantaged as a consequence of the payment of unlawful dividends).

Notes to the Financial Statements continued

6 Share capital and other reserves continued

6.2 Dividends continued

On 15 February 2023 the Company entered into deeds of release in favour of shareholders receiving the unlawful dividends and the directors of the Company at the time the unlawful dividends were paid. These releases were conditional on various conditions including, shareholder approval for the Capital Reduction, the Capital Reduction becoming effective, and the terms of the deeds of release for shareholders and directors. At a General Meeting of the Company on 14 April 2023, shareholders approved the Capital Reduction and the deeds of release for shareholders and directors which allowed the Company to proceed with the process for the Capital Reduction by seeking approval from the High Court of Justice. On 9 May 2023 the High Court approved and confirmed the Capital Reduction and on 5 June 2023 the Capital Reduction became effective providing the Company with £73.9 million of distributable reserves at that time.

For the year ended 29 February 2024, a final ordinary dividend of 9.0 pence per share has been proposed totalling £3.0 million.

6.3 ESOP reserve

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

The ESOP reserve represents a deduction from shareholders' funds and a reduction in distributable reserves. The deduction equals the net purchase cost of the shares held in trust by the ESOP. Shares allocated by the ESOP to satisfy share awards issued by the Group are released at cost on a First in First Out basis.

Group and Company	£'000
At 28 February 2022	6,771
Shares acquired by the ESOP	7,963
ESOP shares allocated	(4,127)
At 28 February 2023	10,607
Shares acquired by the ESOP	6,125
ESOP shares allocated	(9,592)
At 29 February 2024	7,140

As at 29 February 2024, the ESOP held 2,303,211 (2023: 3,579,630) ordinary shares of 10 pence each. The funding of the purchase has been provided by the Company in the form of a gift and the Trustees have contracted with the Company to waive the ESOP's right to receive dividends. The fees charged by the Trustees for the operation of the ESOP are paid by the Company and charged to the Income Statement as they fall due.

As part of the acquisition of ACM Shipping Group plc in July 2014, the Company issued 125,621 shares into an Employee Benefit Trust ("EBT") previously run by ACM Shipping Group plc. As at 29 February 2024, the EBT held 62,290 (2023: 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 29 February 2024 was £7.1 million (2023: £10.6 million) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 29 February 2024 of £6.3 million (2023: £10.9 million). The distribution of these shares is determined by the Remuneration Committee.

3,440,115 shares (2023: 1,877,473) have been released to employees during the year. The shares acquired by the ESOP had an aggregate cost of £6.1 million (2023: £8.0 million).

6.4 Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Hedging reserve £'000	Total £'000
At 28 February 2022	396	24,641	1,626	(533)	26,130
<i>Cash flow hedges:</i>					
– Transfer to income statement	–	–	–	4,826	4,826
– Fair value gain/losses in the period	–	–	–	(4,438)	(4,438)
Investment hedge	–	–	(124)	–	(124)
Exchange differences	–	–	2,522	–	2,522
Deferred tax on items taken to equity	–	–	–	(97)	(97)
At 28 February 2023	396	24,641	4,024	(242)	28,819
<i>Cash flow hedges:</i>					
– Transfer to income statement	–	–	–	(2,231)	(2,231)
– Fair value gain/losses in the period	–	–	–	3,872	3,872
Investment hedge	–	–	249	–	249
Exchange differences	–	–	(1,783)	–	(1,783)
Capital reduction	(396)	(19,755)	–	–	(20,151)
Deferred tax on items taken to equity	–	–	–	(410)	(410)
At 29 February 2024	–	4,886	2,490	989	8,365

The capital redemption reserve arose on previous share buy-backs by the Company. The merger reserve arose on transactions where the Company issued shares pursuant to an arrangement to acquire more than a 90% interest in another company and no share premium was recorded. The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited. Further additions have arisen in respect of Naves and Atlantic Brokers. The amounts in the merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write-down of these assets. During the year, following the Capital Reduction (see Note 6.2), the merger reserve was reduced by £19.8 million and the capital redemption reserve was reduced to £nil.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred of £1.3 million asset (2023: £0.3 million liability). The deferred tax movement recognised in equity in the year was a loss of £410,000 (2023: £97,000 loss).

7 Other supporting notes

7.1 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.

Notes to the Financial Statements continued

7 Other supporting notes continued

7.1 Provisions continued

Key estimate

Uncertain commission obligations

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

As a result of the investigation, the Group has recognised a provision of £2.0 million in relation to the uncertain obligations connected to a number of the transactions and commission obligations identified as part of the investigation. Of the £2.0 million, £1.7 million relates to an historical unsettled commission payable which was recorded in 2017 upon completion of the relevant contracts which originated in 2013. This balance was reclassified from trade payables to provisions in the prior year. During the year, £0.2 million was added to the provision following the return of previously paid amounts connected to the uncertain commission obligation. While the board cannot forecast with certainty final outcomes in respect of these obligations, based on the Group's current information, the amount recognised is the current best estimate of the amount required to settle the obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligations, including interpretation of specific laws and likelihood of settlement.

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

	Dilapidations £'000	Uncertain commission obligation £'000	Other £'000	Total £'000
At 28 February 2022	682	–	601	1,283
Reclassification	18	1,707	(346)	1,379
Provided in the year	–	257	462	719
Utilised in the year	–	–	(15)	(15)
Reversal of provision in the year	(124)	–	–	(124)
Exchange differences	16	–	51	67
At 28 February 2023	592	1,964	753	3,309
Provided in the year	20	–	–	20
Provision added in year	–	209	–	209
Utilised in the year	–	–	(134)	(134)
Reversal of provision in the year	–	–	(154)	(154)
Exchange differences	(7)	(79)	(26)	(112)
At 29 February 2024	605	2,094	439	3,138
Current	547	2,094	439	3,080
Non-current	58	–	–	58
At 29 February 2024	605	2,094	439	3,138

Dilapidations relate to future obligations to make good certain office premises upon expiration of the lease term. The provision is calculated with reference to the location and square footage of the office.

Employee entitlements of £0.4 million is included in other, which relate to statutory long service leave in Braemar Shipbroking Pty Limited. This is based on the principle that each Australian employee is entitled to eight weeks of leave over and above any annual leave on completion of ten years' continuous service. The provision is calculated with reference to the number of employees who have at least seven years of continuous service.

7.2 Contingent liabilities

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.

7.3 Related party transactions

During the period the Group entered into the following transactions with joint ventures and investments:

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 included in the following table. 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 29 February 2024:

Incorporated in England & Wales One Strand, Trafalgar Square, London WC2N 5HR	Principal activity	Registration number
Braemar Shipping Group Limited*	Holding company	05990315
Braemar Securities Holdings Limited*	Holding company	10010995
Braemar Financial Holdings Limited*	Holding company	10917096
Braemar Shipbrokers Limited*	Shipbroking	01674710
Seascope Capital Services Limited	Dormant	03592796
Braemar Shipping Services Limited	Dormant	02360525
Braemar Developments Limited	Dormant	02186790
Braemar Tankers Limited	Dormant	02001027

Incorporated in the US 2800 North Loop West, Suite 900, Houston, Texas 77092, US

Principal activity	Registration number
Braemar Holdings (USA) Inc	Holding company
	FEIN 81-1568938

2401 PGA Boulevard, Suite 236, Palm Beach Gardens, Florida 33410 US

Principal activity	Registration number
Southport Maritime Inc	Shipbroking
	65-0342509

Incorporated in Spain Madrid, ctra. Humera 43, 6, Spain

Principal activity	Registration number
Madrid Shipping Advisors S.L.	Shipbroking
	B10866028

Indirect holdings of the Company as at 29 February 2024:

Incorporated in England & Wales One Strand, Trafalgar Square, London WC2N 5HR	Principal activity	Registration number
Braemar Shipbroking Group Limited*	Holding company	01611096
Braemar Shipbroking Limited	Shipbroking	01020997
Braemar Shipbroking (Dry Cargo) Limited*	Shipbroking	07223509
A.C.M. Shipping USA Limited*	Shipbroking	08391132
Braemar Valuations Limited*	Valuations	03439765
Braemar Securities Limited	Futures broker	07899358
Braemar Corporate Finance Limited*	Corporate finance	02710842
ACM Shipping CIS Limited	Dormant	06934055
Braemar Maritime Limited	Dormant	03321899
Braemar Burness Maritime Limited	Dormant	03674230
Burness Marine (Gas) Limited	Dormant	01081837
Braemar Pension Trustees Limited	Dormant	05502209

Incorporated in Germany Domstrasse 17, 20095 Hamburg, Germany

Principal activity	Registration number
Braemar Corporate Finance GmbH	Corporate finance
	HRB 114161
Braemar Financial Holdings Germany GmbH	Holding company
	HRB 146089

Notes to the Financial Statements continued

7 Other supporting notes continued

7.3 Related party transactions continued

Incorporated in United Arab Emirates Gold Tower, Level 15 Unit 14 D&E, JLT area, Dubai, UAE	Principal activity	Registration number
Braemar Shipbroking DMCC	Shipbroking	DMCC-749556
Incorporated in the US 2800 North Loop West, Suite 900, Houston, Texas 77092, US	Principal activity	Registration number
Braemar Shipbroking (USA) Inc	Shipbroking	46-2641490
Braemar Technical Services (USA) Inc	Energy loss adjuster	76-0036958
24 Grassy Plain Street – Ste 4, Bethel, CT 06801-1700 US	Principal activity	Registration number
Braemar ACM Shipbroking LLP	Shipbroking	1099337
Incorporated in Singapore 80 Robinson Rd, #24-01/02, Singapore 068898	Principal activity	Registration number
Braemar Shipbroking Pte Limited	Shipbroking	200602547M
Braemar Corporate Finance Pte Limited	Corporate finance	201834760K
Incorporated in Australia Level 3, 70 City Road, South Bank, Melbourne, Victoria 3006, Australia	Principal activity	Registration number
Braemar Shipbroking Pty Limited	Shipbroking	ACN 000862 993 ABN 35 000 862 993
Incorporated in other overseas countries Piazza 2 Giugno No 14, 54033 Carrara, Italy	Principal activity	Registration number
Braemar Seascope Italia SRL	Shipbroking	01268770458
Suite 2009, Building C Luneng International Center, No.211, GuoYao Road, Pudong District, Shanghai, 200126, China	Principal activity	Registration number
Braemar Seascope (Shanghai) Limited	Shipbroking	913100005588064761
2nd Floor, Building No. 22, Pushp Vihar, Commercial Complex, Madangir, New Delhi – 110 062, India	Principal activity	Registration number
Braemar ACM Shipbroking India Private Limited (49.9% owned) ¹	Shipbroking	U63090DL2003PTC120247
Office No. 1004, 10th Floor, Dalamal House, 206-Jamanalal Bajaj Road, Nariman Point, Mumbai-400021, India	Principal activity	Registration number
ACM Shipping India Limited	Dormant	U93090MH2006FLC164019

¹ The Group has a 49.9% legal ownership of Braemar ACM Shipbroking India Private Limited, but has a 100% economic interest and control of the entity through other contractual arrangements.

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 29 February 2024. The Company has provided a guarantee of all outstanding liabilities to which these subsidiaries were subject as at 29 February 2024 in accordance with section 479C of the Companies Act 2006.

7.4 Events after the reporting date

The Company paid an interim dividend of £1.2 million (4p per share) on 2 April 2024. There were no other adjusting or significant non-adjusting events between the reporting date and the date these Financial Statements were authorised.

Company Balance Sheet

As at 29 February 2024

Notes	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000
Assets		
Non-current assets		
Intangible assets	5	217
Property, plant and equipment	6	723
Investments	8	126,865
Deferred tax assets	9	734
Derivative financial instruments	15	291
Other long-term receivables	10	15,141
		143,971
Current assets		
Other receivables	11	3,617
Derivative financial instruments	15	294
Cash and cash equivalents	12	2,712
		6,623
		150,594
Total assets		
Liabilities		
Current liabilities		
Other payables	13	57,145
Convertible loan notes	15	658
Derivative liabilities	15	294
Provisions	16	417
		58,514
Non-current liabilities		
Other payables	13	518
Long-term borrowings	14	26,975
Convertible loan notes	15	2,344
Derivative liabilities	15	431
Provisions	16	–
		30,268
		88,782
Total liabilities		
Total assets less total liabilities		
		61,812
Equity		
Share capital	17	3,292
Share premium	17	–
ESOP reserve	19	(7,140)
Other reserves	20	3,611
Retained earnings/(deficit)		62,049
		61,812
Total equity		

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. The profit for the Parent Company for the year was £9,026,000 (2023: loss of £25,694,000) has been dealt with in the Financial Statements of the Company.

The accompanying notes on pages 151-161 form an integral part of these Financial Statements.

The Financial Statements of Braemar Plc on pages 149-161 were approved by the board of directors on 22 May 2024 and were signed on its behalf by:

James Gundy
Group Chief Executive Officer

Grant Foley
Group Chief Financial Officer

Registered number: 02286034

Company Statement of Changes in Total Equity

For the year ended 29 February 2024

	Notes	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 March 2022		3,221	53,030	(6,771)	23,762	11,633	84,875
Loss for the year		–	–	–	–	(25,694)	(25,694)
Dividends paid		–	–	–	–	(3,190)	(3,190)
Issue of shares		71	766	–	–	–	837
Own shares acquired		–	–	(7,963)	–	–	(7,963)
Issue of shares held by ESOP		–	–	4,127	–	(3,650)	477
Share-based payments		–	–	–	–	4,520	4,520
Deferred tax credit on share awards		–	–	–	–	241	241
At 28 February 2023		3,292	53,796	(10,607)	23,762	(16,140)	54,103
Profit for the year		–	–	–	–	9,026	9,026
Dividends paid	4	–	–	–	–	(2,440)	(2,440)
Capital reduction	17, 20	–	(53,796)	–	(20,151)	73,947	–
Own shares acquired	19	–	–	(6,125)	–	–	(6,125)
Issue of shares held by ESOP	19	–	–	9,592	–	(8,766)	826
Share-based payments		–	–	–	–	6,442	6,442
Cash paid for share-based payments		–	–	–	–	(52)	(52)
Tax on share awards		–	–	–	–	32	32
At 29 February 2024		3,292	–	(7,140)	3,611	62,049	61,812

The accompanying notes on pages 151-161 form an integral part of these Financial Statements.

Notes to the Company Financial Statements

General information

The separate Financial Statements of Braemar Plc for the year ended 29 February 2024 were authorised for issue in accordance with a resolution of the directors on 22 May 2024. Braemar Plc is a public limited company incorporated in England and Wales, and its principal activity is a holding company for the shipbroking business.

The term “Company” refers to Braemar Plc.

1 Material accounting policies

a) Basis of preparation

The Company Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice). No Income Statement is presented for Braemar Plc as permitted 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;
- certain information as per IAS 1 Presentation of Financial Statements;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

As the Consolidated Financial Statements of the Group on pages 90-148 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”.

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 to 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 table provides a summary of the Company’s significant estimates and judgements, along with the location of more detailed information relating to those judgements.

Judgement applied to	Judgements excluding estimates	Estimates	Location of further information
Investments in subsidiaries		Yes	Note 8 – Investments
Preference share assets	Yes	Yes	Note 10 – Other long-term receivables
Provision for impairment of amounts due from subsidiaries		Yes	Note 10 – Other long-term receivables
Measurement of deferred and contingent consideration receivable		Yes	Note 4.8 – Deferred and contingent consideration receivable to the Consolidated Financial Statements
Share option vesting		Yes	Note 5.2 – Share-based payments to the Consolidated Financial Statements

Notes to the Company Financial Statements continued

1 Significant accounting policies continued

d) Accounting policies

The Company's accounting policies are the same as the accounting policies of the consolidated Group described on pages 95-148 except for the policies described in the respective notes below.

2 Profit/loss 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 2.6 to the Consolidated Financial Statements.

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

3 Staff costs

Staff costs for the Company during the year (including directors) are provided in the table below.

	2024 £'000	2023 £'000
Salaries, wages and short-term employee benefits	2,445	2,391
Other pension costs	70	46
Social security costs	272	764
Share-based payments	548	1,264
	3,335	4,465

The numbers above include remuneration and pension entitlements for each director. Details are included in the Directors' Remuneration Report on pages 62-78.

The average number of full-time employees of the Company was 7 (2023: 6).

4 Dividends

Amounts recognised as distributions to equity holders in the year are detailed in Note 6.2 to the Consolidated Financial Statements. Certain dividends paid between 2016 and 2023 were paid by the Company without having sufficient distributable reserves from which to lawfully pay them. The Company has rectified its position with respect to these dividends; refer to Note 6.2 to the Consolidated Financial Statements for further details.

5 Intangible assets

	Computer software £'000
Cost	
At 28 February 2022	1,054
Additions	74
Disposal	(87)
At 28 February 2023 and 29 February 2024	1,041
Accumulated amortisation and impairment	
At 28 February 2022	427
Charge for the year	132
Impairment	60
At 28 February 2023	619
Charge for the year	205
At 29 February 2024	824
Net book value at 29 February 2024	217
Net book value at 28 February 2023	422

At 29 February 2024, the Company had no contractual commitments for the acquisition of computer software (2023: £nil).

6 Property, plant and equipment

	Land and buildings £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 28 February 2022	8,988	220	17	9,225
Additions at cost	–	7	–	7
Disposals ¹	(2,161)	–	–	(2,161)
At 28 February 2023	6,827	227	17	7,071
Additions at cost	–	7	11	18
At 29 February 2024	6,827	234	28	7,089
Accumulated depreciation and impairment				
At 28 February 2022	5,289	30	15	5,334
Charge for the year	1,244	55	2	1,301
Disposals ¹	(1,568)	–	–	(1,568)
At 28 February 2023	4,965	85	17	5,067
Charge for the year	1,241	57	1	1,299
At 29 February 2024	6,206	142	18	6,366
Net book value at 29 February 2024	621	92	10	723
Net book value at 28 February 2023	1,862	142	–	2,004

¹ The disposal in the prior year primarily relates to the Bevis Marks premises assigned to Beat Capital by the Company. As part of the arrangement, a payment of £0.9 million was made in relation to the outstanding lease liability. The disposal resulted in the derecognition of land and buildings of £0.5 million net book value and the transfer of £0.5 million of the lease liability resulting in no gain or loss in the year.

The land and buildings category includes land and buildings held under leases and leasehold improvements. At 29 February 2024, the Company had no contractual commitments for the acquisition of property, plant and equipment (2023: £nil).

7 Leases

The Company as a lessee

The Company primarily leases property in relation to offices. 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 12 months or less, costs for which are recognised as an operating expense within the income statement on a straight-line basis.

A right-of-use asset is capitalised on the Balance Sheet at cost, comprising the amount of the initial measurement of the lease liability and lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term.

The lease liability is initially measured at the present value of future lease payments. Interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the interest rate implicit in the lease is not readily determinable, as such the incremental borrowing rate is used to discount future lease payments.

For the Company, lease payments generally comprise the following:

- Fixed payments, less any lease incentives receivable; and
- Payments to be made under extension options which are reasonably certain to be exercised.

Contracts entered into by the Company have a wide range of terms and conditions but generally do not impose any additional covenants. Contracts entered into by the Company include extension or termination options which provide the Company with additional operational flexibility.

Notes to the Company Financial Statements continued

7 Leases continued

The Company as a lessee continued

If the Company considers it reasonably certain that an extension option will be exercised or a termination option not exercised, the additional period is included in the lease term.

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

The Company as a lessor

The Company classifies leases as either operating or finance leases based on the substance of the arrangement. At commencement of a finance lease, a receivable is recognised at an amount equal to the Company's net investment in the lease. Finance income is recognised reflecting a constant periodic rate of return on the net investment in the lease. Lease payments from operating leases are recognised as income on a straight-line basis.

Right-of-use assets

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2022	3,443	–	3,443
Amortisation	(1,168)	–	(1,168)
Disposal	(527)	–	(527)
At 28 February 2023	1,748	–	1,748
Additions	–	11	11
Amortisation	(1,165)	–	(1,165)
At 29 February 2024	583	11	594

Lease liabilities

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2022	6,631	–	6,631
Interest expense	125	–	125
Lease payments	(3,080)	–	(3,080)
Disposal ¹	(650)	–	(650)
At 28 February 2023	3,026	–	3,026
Additions	–	11	11
Interest expense	57	–	57
Lease payments	(2,154)	–	(2,154)
At 29 February 2024	929	11	940

¹ Refer to Note 6 Property, plant and equipment for the details of the disposal.

Lease receivables

	Gross £'000	Provision £'000	Net £'000
At 28 February 2022	1,512	(15)	1,497
Interest received	35	–	35
Lease payments	(642)	–	(642)
Movement in provision	–	6	6
Disposal	(38)	–	(38)
At 28 February 2023	867	(9)	858
Interest received	16	–	16
Lease payments	(643)	–	(643)
Movement in provision	–	9	9
Disposal	–	–	–
At 29 February 2024	240	–	240

There was no short-term lease expense, no short-term lease income and no low-value lease expense in the year (2023: £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 29 February 2024	468	469	3	6	–	946	(6)	940
At 28 February 2023	539	1,615	934	–	–	3,088	(62)	3,026

Lease receivables

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000	Unearned interest £'000	Provision £'000	Net receivable £'000
At 29 February 2024	134	107	–	–	–	241	(1)	–	240
At 28 February 2023	160	482	245	–	–	887	(20)	(9)	858

8 Investments

Key estimate

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.

Investments

Investments in subsidiaries, associates and joint ventures are held at cost less accumulated impairment. Where there is objective evidence that the investment in subsidiaries, associates and joint ventures has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

For share awards granted to employees of subsidiary companies, the IFRS 2 charge is recognised as an increase of the Company's investment in the relevant subsidiaries.

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

	Subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 March 2022 (restated) ¹	107,839	1,500	109,339
Additions	7,894	–	7,894
Share-based payments	3,256	–	3,256
At 28 February 2023	118,989	1,500	120,489
Additions	1,579	–	1,579
Fair value loss	–	(147)	(147)
Share-based payments	5,894	–	5,894
At 29 February 2024	126,462	1,353	127,815
Impairment			
At 1 March 2022 and 28 February 2023 (restated)¹	950	–	950
At 29 February 2024	950	–	950
Net book value at 29 February 2024	125,512	1,353	126,865
Net book value at 28 February 2023	118,039	1,500	119,539

¹ Following a review of the gross cost and gross accumulated impairment amounts, the Company has restated the opening gross cost and gross impairment amount to reduce both by £9.6 million to reflect disposals of investments in prior years for which the gross amounts had not been reduced. There is no impact on the Company's profit or loss or movements in investments the current and prior years.

Notes to the Company Financial Statements continued

8 Investments continued

Additions in the prior year represent an investment made on the acquisition of Southport Maritime Inc. of £65 million and an investment made in respect of Madrid Shipping Advisors S.L. of £14 million. The addition in current year represent a further investment made in respect of Madrid Shipping Advisors S.L. of £1.6 million. The payments are subject to claw-back conditions linked to continuous employment within the Group which are treated as a cost of investment by the Company, but treated as prepayments for future service in the Group accounts.

The Company invested £5.9 million (2023: £3.3 million) in the subsidiaries of the Group in respect of share-based payment charges incurred in the year.

The carrying value of the Company's investments in subsidiary undertakings are reviewed for indicators of impairment on an annual basis. In the event impairment indicators are identified, the recoverable amount is determined based on a value-in-use calculation which requires the determination of appropriate assumptions in relation to cash flows over a forecast period, the long-term growth rate to be applied beyond this period and the risk-adjusted discount rate used to discount the estimated cash flows to present value. There are no indicators of impairment in relation to the Company's investments measured at cost less accumulated impairment.

The Company's principal investment in Braemar Financial Holdings Limited is held as preference shares; see Note 10 for further information.

A list of subsidiary undertakings is included in Note 7.3 of the Consolidated Financial Statements.

The Financial Statements of the principal subsidiary undertakings are prepared to 29 February 2024.

Unlisted investments

The Company's unlisted investments include 1,000 (2023: 1,000) ordinary £1 shares in London Tanker Broker Panel. The unlisted investment primarily relates to the Company's investment in the London Tanker's Broker Panel. In the prior year the investment was carried at fair value, based on the value of the most recent comparable transaction and was therefore classified as Level 2 in the fair value hierarchy. Due to the time which has passed since the most recent comparable market transaction, the Company has valued the investment in the current year based on an income approach which has resulted in the fair value being deemed to be in level 3 of the fair value hierarchy. The Company's policy is that the beginning of the financial year is considered the date of transfer between levels in the fair value hierarchy. The significant unobservable input into the valuation are:

- a discount rate of 16.4%; and
- expected income from the investment.

An increase in the discount rate of 2% would result in an increased fair value loss of £0.1 million recognised in the Income Statement, while a decrease in the discount rate of 2% would result in a gain of £0.2 million recognised in the Income Statement. A 10% increase/decrease in expected income would result in a £0.1 million gain/loss.

The following table provides a reconciliation of movements in level 3 financial assets during the year:

	Unlisted investment £'000
Opening fair value	–
Transfer into level 3	1,500
Unrealised fair value loss recognised in operating costs	(147)
Total	1,353

9 Deferred tax

	Accelerated Capital allowances	Employee benefits	Total £'000
The movement in the deferred tax asset			
Balance at 1 March 2023	(35)	879	844
Credit for the year to profit or loss	12	17	29
Credit for the year to reserves	–	(139)	(139)
Balance at 29 February 2024	(23)	757	734

A deferred tax asset of £0.7 million (2023: £0.8 million) has been recognised as the directors believe that it is probable that there will be sufficient taxable profits in the UK tax group in the future to recover the asset in full.

10 Other long-term receivables

Key estimate

Preference share assets

The Company holds investments in preference shares issued by a subsidiary at fair value through profit and loss and are classified as level 3 in the IFRS 13 fair value hierarchy. The preference shares are not traded in any market and there are no similar assets in quoted markets. Therefore, the Company performs a valuation based on the present value of future cashflows using unobservable ("Level 3") inputs. The Company develops unobservable inputs using the best information available in the circumstances, which include the Group's forecasts of cash flows for the underlying businesses of the holding company issuing the preference shares using a risk-adjusted discount rate. See also accounting policies Note 1 (d).

The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit. The 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 3.1 in the Consolidated Financial Statements for a description of the approach used by management to determine these key values and the sensitivity analysis on the impairment.

In addition, management makes adjustments for expected working capital requirements with any surplus net current assets being included in the valuation of the issued preference shares. The estimate of working capital requirement is based on historical experience as well as forecasts relating to the sub-group.

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 expected 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.

Key judgement

Classification of financial assets

The Company holds investments in preference shares issued by a subsidiary. The preference shares do not provide a contractual right to unpaid amounts in the event of a bankruptcy of the issuer and therefore, in the judgement of the directors, the returns do not meet the conditions of being solely payments of principal and interest and are required to be held at fair value through profit and loss. The valuation of these shares is considered in the use of estimates and critical judgements above. The preference shares are recognised as amounts due from subsidiaries receivable after more than one year.

Amounts due from subsidiaries

The expected credit losses on amounts due from subsidiaries is assessed under the general approach with reference to changes in credit quality since initial recognition. An amount due from a subsidiary is considered to be in default and credit impaired when there is evidence that the subsidiary is in significant financial difficulty such that it will have insufficient liquid assets to repay the loan. The assessment of a significant increase in credit risk is performed qualitatively by reference to the borrower's expected cash flows, liquid asset position and considers the impact of the wider Group's support.

	Notes	2024 £'000	2023 £'000
Amounts due from subsidiary undertakings			
Preference shares measured at fair value		7,095	3,576
Other amounts due from subsidiary undertakings		6,453	6,638
Provision for impairment of other amounts due from subsidiary undertakings		(249)	(258)
Net amounts due from subsidiary undertakings		13,299	9,956
Deferred consideration		1,304	2,540
Contingent consideration		532	1,004
Prepayment		6	–
Finance lease			
Finance lease receivables	7	–	241
ECL provision for impairment of finance lease receivables		–	(9)
Net finance lease receivables		–	232
Other long-term receivables		15,141	13,732

Notes to the Company Financial Statements continued

10 Other long-term receivables continued

Amounts due from subsidiaries

The fair value of the investment in preference shares is based on the value-in-use of the Corporate Finance Division (see Note 31 in the Consolidated Financial Statements), with adjustments to determine a fair value, principally an adjustment for net debt in relation to balances not forming part of working capital of the entity.

Deferred consideration of £1.3 million and contingent consideration of £0.5 million relates to the non-current element of the earn-out payments receivable in respect of the disposal of Cory Brothers. The deferred consideration relates to the minimum earnout payments accounted for on an amortised cost basis. The contingent consideration represents the variable element of the earnout payments which are contingent on the future gross profit of the newly formed VertomCory agency business, which are recognised at fair value through profit or loss. Note 4.9 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.

11 Other receivables

Amounts due from subsidiaries

The expected credit losses on amounts due from subsidiaries is assessed under the general approach with reference to changes in credit quality since initial recognition. An amount due from a subsidiary is considered to be in default and credit impaired when there is evidence that the subsidiary is in significant financial difficulty such that it will have insufficient liquid assets to repay the loan. The assessment of a significant increase in credit risk is performed qualitatively by reference to the borrower's expected cash flows, liquid asset position and considers the impact of the wider Group's support.

	2024 £'000	2023 £'000
Amounts due from subsidiary undertakings	806	4,881
Deferred consideration	1,316	1,097
Contingent consideration	550	403
Other receivables	456	1,111
Finance lease receivables	240	626
Prepayments	249	324
Total	3,617	8,442

Deferred consideration of £1.3 million and contingent consideration of £0.6 million relates to the current element of the earn out payments receivable in respect of the disposal of Cory Brothers.

The total receivables balance (including long-term receivables) is denominated in the following currencies.

	2024 £'000	2023 £'000
Sterling	11,654	18,589
USD	9	9
Euro	7,095	3,576
Total	18,758	22,174

The Company has no trade receivables (2023: £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.

12 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank	2,712	2,174

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.

13 Other payables

	2024 £'000	2023 £'000
Current liabilities		
Lease liabilities	931	2,097
Amounts owed to subsidiary undertakings payable within one year	55,341	56,334
Other payables ¹	133	751
Accruals	740	828
Total	57,145	60,010

¹ In the prior year, a payable of £587,000 in relation to the working capital adjustment on the acquisition of Southport, which also included a service condition, was included in other payables. This amount was settled in the current year.

Amounts owed to subsidiary undertakings payable within one year are interest-free and unsecured and repayable on demand.

	2024 £'000	2023 £'000
Non-current liabilities		
Amounts owed to subsidiary undertakings payable after more than one year	220	425
Other long-term payables	298	443
Total	518	868

14 Borrowings

	2024 £'000	2023 £'000
Long-term borrowings		
Lease liabilities	9	929
Secured revolving credit facilities	26,966	27,815
Total	26,975	28,744

The Company has a revolving credit facility ("RCF") with HSBC. For further details see 'Note 4.6 Borrowings' in the Group's Financial Statements. Amounts can be rolled on a monthly basis until the facility expires subject to certain conditions, and on that basis the borrowings have been classified as non-current. The amounts drawn under the RCF bear interest based on SONIA, SOFR and EURIBOR from amounts drawn in sterling, US dollars and euros respectively, plus a credit margin dependent on the Group's leverage ratio.

15 Convertible loan notes and derivative financial instruments

The Company issued convertible loan notes as part of the acquisition of Naves Corporate Finance GmbH (further details of the acquisition are provided in Note 4.7 to the Consolidated Financial Statements). The convertible loan notes have been valued at amortised cost with a derivative liability recognised in respect of the equity conversion feature.

	2024 £'000	2023 £'000
Assets		
Derivative assets maturing after more than one year	291	1,183
Derivative assets maturing within one year	294	-
Total assets	585	1,183
Liabilities		
Issued convertible loan notes maturing within one year	658	703
Issued convertible loan notes maturing after more than one year	2,344	2,899
Derivative liabilities due within one year	294	42
Derivative liabilities due after more than one year	431	554
Total liabilities	3,727	4,198

Notes to the Company Financial Statements continued

15 Convertible loan notes and derivative financial instrument continued

Financial instruments in relation to the acquisition of Naves

The following table shows amounts in the Company balance sheet relating to the convertible loan notes issued on the acquisition of Naves. The amounts shown in the table below differ from the similar amounts disclosed in Note 4.7 to the Group's Consolidated Financial Statements primarily due to the difference in accounting arising from the employment condition relating to certain of the instruments issued, which results in different effective interest rates applying at the Group and Company level. At 29 February 2024, there are no unsatisfied ongoing employment conditions.

	2024 £'000	2023 £'000
Current liabilities		
Convertible loan notes	658	703
Derivatives	–	14
	658	717
Non-current liabilities		
Convertible loan notes	2,344	2,899
Derivatives	140	370
	2,484	3,269
	3,142	3,986

16 Provisions

	Dilapidations £'000
At 1 March 2023 and 29 February 2024	417

The Company holds a dilapidations provision of £0.4 million (2023: £0.4 million) which is classified as a current liability (2023: non-current liability). Dilapidations relate to future obligations to make good certain office premises upon expiration of the lease term. The provision is calculated with reference to the location and square footage of the office.

17 Share capital and share premium

The Company has one class of ordinary shares which carry no right to fixed income. Note 6.1 to the Consolidated Financial Statements provides detail on authorised share capital and movements in issued share capital.

18 Share-based payments

The Company operates a number of equity-settled share-based payment schemes for the benefit of the Group's employees.

No awards may be granted under the schemes set out below which would result in the total number of shares issued or remaining issuable under all of the schemes, 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).

All of the Company's share schemes are accounted for as equity settled share-based payments because they only entitle the employee to receive equity instrument issued by the Company. For further details relating to share awards issued by the Company see Note 5.2 to the Consolidated Financial Statements.

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 6.3 to the Consolidated Financial Statements provides detail on the ESOP and the EBT and movements in shares to be issued.

20 Other reserves

Merger reserve

The merger reserve arises on transactions where the Company issues shares pursuant to an arrangement to acquire more than a 90% interest in another company and no share premium is recorded. The 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.

	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 March 2022 and 28 February 2023	396	23,366	23,762
Capital reduction	(396)	(19,755)	(20,151)
At 29 February 2024	–	3,611	3,611

The capital redemption reserve arose on previous share buy-backs by the Company. The merger reserve arose on transactions where the Company issued shares pursuant to an arrangement to acquire more than a 90% interest in another company and no share premium was recorded. The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited. Further additions have arisen in respect of Naves and Atlantic Brokers. The amounts in the merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write-down of these assets. During the year, following the Capital Reduction (see Note 6.2 to the Consolidated Financial Statements), the merger reserve was reduced by £19.8 million and the capital redemption reserve was reduced to £nil.

21 Contingent liabilities and commitments

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 29 February 2024. See Note 7.3 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.

A list of the Company's subsidiary undertakings is provided in Note 7.3 in the Consolidated Financial Statements.

23 Events after the reporting date

The Company paid an interim dividend of £1.2 million (4p per share) on 2 April 2024. There were no other adjusting or significant non-adjusting events between the reporting date and the date of authorisation.

Five-year financial summary (unaudited)

Consolidated Income Statement

	12 months to 29 Feb 2024 £'000	12 months to 28 Feb 2023 £'000	12 months to 28 Feb 2022 £'000	12 months to 28 Feb 2021 £'000	12 months to 29 Feb 2020 £'000
Continuing operations					
Group revenue	152,751	152,911	101,310	83,695	117,655
Other operating expenses	(136,203)	(132,836)	(91,250)	(75,976)	(106,625)
Specific items (net)	(7,504)	(8,406)	(514)	(1,097)	(3,344)
Total operating expenses	(143,707)	(141,242)	(91,764)	(77,073)	(109,969)
Operating profit/(loss)	9,044	11,669	9,546	6,622	7,686
Gain on revaluation of investment	–	–	172	–	–
Net interest expense	(1,533)	(2,195)	(1,156)	(1,486)	(1,853)
Share of associate profit for the period	12	(23)	(19)	–	436
Profit before taxation	7,523	9,451	8,543	5,136	6,269
Taxation	(2,899)	(4,855)	(1,839)	(1,574)	46
Gain/(loss) for the year from discontinued operations	–	–	7,215	970	(2,299)
Profit/(loss) after taxation	4,624	4,596	13,919	4,532	4,016
Dividends					
Interim	1,222	1,172	610	–	1,564
Final proposed	2,963	2,440	2,254	1,495	–
	4,185	3,612	2,864	1,495	1,564
Earnings per ordinary share – pence					
Basic – underlying from continuing operations	36.62p	46.22p	23.06p	15.60p	29.45p
Diluted – underlying from continuing operations	29.96p	38.52p	18.79p	12.91p	26.62p

Five-year financial summary (unaudited)

Consolidated Balance Sheet

	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000	As at 28 Feb 2022 £'000 (restated)	As at 28 Feb 2021 £'000 (restated)	As at 29 Feb 2020 £'000 (restated)
Assets					
Non-current assets					
Goodwill	71,337	71,407	79,891	83,955	83,812
Other intangible assets	3,185	3,980	997	2,129	2,411
Property, plant and equipment	5,582	5,320	7,078	9,841	11,928
Other investments	1,633	1,780	1,780	1,962	1,962
Investment in associate	713	701	724	3,763	7,315
Financial assets	–	–	–	–	1,184
Derivative financial instruments	249	30	8	200	–
Deferred tax assets	2,979	4,794	3,713	2,900	3,620
Pension surplus	1,414	1,120	–	–	–
Other long-term receivables	4,589	8,554	5,636	1,888	2,467
	91,681	97,686	99,827	106,638	114,699
Current assets					
Trade and other receivables	37,730	43,323	35,792	33,416	39,541
Financial assets	–	–	–	746	–
Derivative financial instruments	1,287	1,224	54	1,573	–
Current tax receivable	2,925	973	–	–	–
Assets held for sale	–	–	–	436	–
Cash and cash equivalents	27,951	34,735	13,964	14,111	28,749
	69,893	80,255	49,810	50,282	68,290
Total assets	161,574	177,941	149,637	156,920	182,989
Liabilities					
Current liabilities					
Derivative financial instruments	175	1,122	688	–	437
Trade and other payables	43,611	57,310	39,183	47,833	47,209
Short-term borrowings	–	–	–	–	25,116
Current tax payable	1,625	4,141	1,608	1,318	1,334
Provisions	3,080	2,575	486	307	201
Convertible loan notes	632	699	1,416	4,461	4,444
Deferred consideration	–	–	–	–	177
Liabilities directly associated with assets classified as held for sale	–	–	–	125	–
	49,123	65,847	43,381	54,044	78,918
Non-current liabilities					
Long-term borrowings	29,819	29,919	28,331	31,634	34,585
Deferred tax liabilities	8	344	–	174	903
Derivative financial instruments	183	1,022	335	56	4
Trade and other payables	58	542	–	–	–
Provisions	416	734	797	690	765
Convertible loan notes	2,346	2,852	2,755	2,681	2,639
Deferred consideration	–	–	495	882	2,293
Pension deficit	–	–	2,052	3,819	3,672
	32,830	35,413	34,765	39,936	44,861
Total liabilities	81,953	101,260	78,146	93,980	123,779
Total assets less total liabilities	79,621	76,681	71,491	62,940	59,210
Equity					
Share capital	3,292	3,292	3,221	3,174	3,167
Share premium	–	53,796	53,030	52,510	52,510
ESOP reserve	(7,140)	(10,607)	(6,771)	(1,362)	(2,498)
Other reserves	8,365	28,819	26,130	27,100	25,862
Retained earnings	75,104	1,381	(4,119)	(18,482)	(19,831)
Total equity	79,621	76,681	71,491	62,940	59,210

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