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29 November 2023

BRAEMAR PLC

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

UNAUDITED HALF YEAR RESULTS
For the six months ended 31 August 2023

Simplification strategy delivering resilience and increasing scale

Braemar Plc (LSE: BMS), a leading provider of expert investment, chartering and risk management advice to the shipping and energy markets, announces its unaudited half-year results for the six months ended 31 August 2023 (“H1 FY24” or the “Period”).

The Group has delivered a strong performance in the Period, against a global backdrop of weakening rates in certain sectors. The addition of Southport Maritime Inc. in FY23, along with two new desks, more than offset this reduction in rates, enabling the Group to deliver revenue growth of 8%. Underlying operating profit was, as expected, lower than H1 FY23, due to an unfavourable foreign exchange swing (£2.8m) and acquisition-related expenditure (£0.9m). As a result, underlying profit after tax was £5.1m, a decrease of £4.0m from the prior period.

This set of results demonstrates that our strategy, to concentrate on shipbroking, expand into new geographies and grow the highly complementary securities business, while maintaining a keen focus on operational leverage and cost management, is delivering a more resilient Group. As a result, Braemar remains on track to double FY21’s underlying operating profit by FY25 on a sustainable basis.

The Group has continued to trade well in H2 FY24 and remains on course to meet market expectations¹ for FY24 and the board views the future with confidence.

Financials

	Underlying ²			Statutory		
	H1 FY24	H1 FY23	% change	H1 FY24	H1 FY23	% change
Revenue	£74.9m	£69.4m	+8%	£74.9m	£69.4m	+8%
Operating profit	£6.7m	£10.9m	-38%	£2.2m	£10.5m	-79%
Profit before tax	£6.0m	£10.5m	-43%	£1.9m	£10.1m	-81%
Profit after tax	£5.1m	£9.1m	-44%	£1.6m	£8.6m	-82%
Underlying earnings per share (basic)	17.43p	31.84p	-45%	5.37p	30.22p	-82%
Dividend per share	4.0p	4.0p	-	4.0p	4.0p	-
Net cash	£3.1m	£1.8m	+72%	£3.1m	£1.8m	+72%

Financial highlights

- Prior year acquisition and investments performing ahead of initial revenue expectations
- Increase in Group revenue of 8% driven by strong performance in Chartering and Risk Advisory
- Underlying operating profit² of £6.7m (H1 FY23: £10.9m), due to anticipated acquisition-related expenditure associated with the Madrid tanker desk (£0.9m) and a foreign exchange translation loss of £0.8m (H1 FY23: £2.0m gain)
- Underlying operating profit of £8.4m (H1 FY23: £8.9m) after adjusting for acquisition-related expenditure and foreign exchange translation
- Balance sheet remains strong with net cash position of £3.1m at 31 August 2023 (H1 FY23: £1.8m and FY23: £6.9m)
- Interim dividend maintained at 4.0 pence per share (H1 FY23: 4.0 pence), reflecting strong underlying performance and the board's confidence in the outlook for the Company

¹ Consensus as at 28 November 2023: Revenue £150.4m, Underlying operating profit (before acquisition-related expenditure) £18m

² Underlying results measures are before specific items, including acquisition and disposal-related charges and profit/loss from discontinued operations (see Note 5)

Operational highlights

- Continued growth in volumes, with fixture numbers up 8% from H1 FY23
- Forward order book increased to \$67.2m as at 31 August 2023 (28 February 2023: \$56.2m)
- Average revenue per head at £184,000 (H1 FY23: £192,000)

Outlook

- Market conditions healthy in the Group's core sectors, shipping and energy
- Forward order book continues to be strong, \$65.6m as at 31 October 2023
- Benefits of increased breadth, depth, and scale across the Group's core competency, shipbroking, continue to compound
- The Group is continuing to trade well in H2 FY24 and is on track to meet FY24 market expectations
- Opportunities for growth remain strong and Braemar is on-track to double FY21 underlying operating profit by FY25

James Gundy, Group Chief Executive Officer, said:

“Our strategy of simplifying the Group and focusing on shipbroking with a clear profitable growth agenda has delivered a strong performance for the first half of FY24. The investment in new operations, that we made in the prior year, has increased the resilience, breadth and scale of the business and we continue to grow our market share.”

“The outlook for the shipping industry remains positive and our growing scale and expertise put us in a great position to provide quality service to our clients and to capitalise on the many growth opportunities presented. With the independent internal investigation now complete, we can now fully focus on continuing on our growth trajectory.”

Results presentations

A presentation for analysts will be held today at 10.30 a.m. at Buchanan's offices at 107 Cheapside, London, EC2V 6DN. Please contact the team at Buchanan via braemar@buchanan.uk.com for further details.

A copy of the presentation and meeting recording will be made available on the Investor Relations section of Braemar's website later today: <https://braemar.com/investors/>.

The Company is also hosting an online investor presentation for Retail Investors with Q&A on Friday, 1 December 2023, commencing at 1.00 p.m. To participate, please register with PI World at https://bit.ly/BMS_FY23_webinar.

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About Braemar Plc

Braemar provides expert advice in shipping investment, chartering, and risk management to enable its clients to secure sustainable returns and mitigate risk in the volatile world of shipping. Our experienced brokers work in tandem with specialist professionals to form teams tailored to our customers' needs, and provide an integrated service supported by a collaborative culture.

Braemar joined the Official List of the London Stock Exchange in November 1997 and trades under the symbol BMS.

For more information, including our investor presentation, visit www.braemar.com and follow Braemar on LinkedIn.

Reconciliation of underlying profit before tax to reported profit before tax for the period

	H1 FY24 £m	H1 FY23 £m
Underlying operating profit	6.7	10.9
Specific items	(4.5)	(0.4)
Reported operating profit	2.2	10.5

Alternative Performance Measures (“APMs”)

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

This document contains forward-looking statements, including statements regarding the intentions, beliefs or current expectations of our directors, officers and employees concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. These statements are based on current expectations and assumptions and only relate to the date on which they are made. They should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward-looking information. The Group cautions investors that a number of factors, including matters referred to in this document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement, including general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, interest rates and currency fluctuations, and political and economic uncertainty (including as a result of global pandemics). Neither the Group, nor any of the directors, officers or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Undue reliance should not be placed on these forward-looking statements. Other than in accordance with our legal and regulatory obligations, the Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

CHAIRMAN'S STATEMENT

I am pleased with the Group's performance for the first six months of the year, despite the work undertaken to address legacy issues during the first half of the year, the Group has delivered strong results.

We successfully completed the capital reduction in June 2023, and then, with the support of external advisers, began a thorough and complex investigation that ultimately focused on several historical transactions from 2006 to 2013. This internal independent investigation is now complete, and the Group is well positioned to move forward and focus on continuing its development and growth.

During the previous financial year, the Group acquired Southport Maritime Inc. in the USA, a tanker desk in Madrid, Spain, and launched a Natural Gas and Oil derivatives desk. I am delighted to report that all these businesses outperformed our initial revenue expectations for the Period and are continuing to perform well. Most importantly, they have contributed significantly to the resilience of Group revenue, reducing the impact of less favourable market rates experienced in some sectors in the Period to deliver revenue growth of 8%.

As expected, given these new investments, costs have increased and underlying operating profit has reduced to £6.7m from the £10.9m reported last year. However, after adjusting for foreign exchange translation gains and losses, as well as acquisition-related expenditure, adjusted underlying operating profit was £8.4m, only £0.5m lower than the comparative figure in H1 FY23 of £8.9m.

As well as reflecting the continued improvement of the business, the strong outturn for the Period demonstrates the hard work, dedication and resilience of the Braemar team. Their unwavering commitment to delivering quality service to our clients, whilst dealing with the historic issues, shows the quality of our people and I would like to take this opportunity to thank them.

The Group continues to trade well and the outlook for the business and shipping market remain positive. As a result of the strong underlying financial performance in the Period and the positive outlook, I am delighted to declare an interim dividend of 4.0 pence per share. This will be paid on 29 March 2024 for all shares on the register on 23 February 2024. The last date for Dividend Reinvestment Plan ("DRIP") elections will be 8 March 2024. The DRIP is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am delighted with our performance over the last six months. The investment we have made in acquisitions and new teams has more than offset the weakening rates experienced in some of our sectors, allowing us to achieve revenue growth of 8% against the same period last year. This proves that our strategy of focusing on shipbroking, moving into new geographies and growing our highly complementary securities business is delivering a more diversified and resilient business.

As expected, these investments have increased our cost base, but we remain on track to deliver a sustainable doubling of our FY21 underlying operating profit by FY25, as we focus on prudent cost control and delivering operational leverage.

The outlook for the shipping industry remains positive and our growing scale and expertise puts us in a great position to give the best possible service to our clients and continue on our growth trajectory.

I would also like to take this opportunity to thank our shareholders and the Braemar team for their patience and understanding during this Period. I am very proud of the continued hard work and resilience that the team has shown. With the internal independent investigation now complete and our growth-focused strategy delivering strong results, we look to the future with confidence.

OPERATING AND FINANCIAL REVIEW

As a result of the streamlined business and focus on our core Shipbroking activities, as in the prior year, the Group is presenting three business segments: Investment advisory, Chartering and Risk advisory.

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

Revenue	H1 FY24 £m	H1 FY23 £m	Change %
Investment advisory	12.4	16.3	(24%)
Chartering	52.6	44.9	17%
Risk advisory	9.9	8.2	21%
Total in Sterling	£74.9	£69.4	8%
Total in US dollars	\$92.6	\$88.1	5%

Chartering performed strongly in the Period, particularly Deep Sea Tankers driven by the additional revenue from the acquisitions that were made at the end of FY23. Specialised Tankers and Offshore also performed well, however, these performances were partially offset by a weaker Dry Cargo market.

Investment advisory had a weaker Period than last year, primarily driven by the more 'lumpy' revenue profile. However, the pipeline for these businesses remains strong.

Risk advisory continues to grow, as we expand our offering and meet the risk management requirements of our clients.

As at 31 October 2023, the forward order book totalled US\$65.6m, compared to US\$56.2m as at 28 February 2023. This represents an increase of \$9.4m in the eight months to 31 October 2023.

USD revenues have grown by 5%, whilst reported GBP revenues have increased by 8% supported by the Group's hedging.

SEGMENTAL PERFORMANCE

INVESTMENT ADVISORY

	H1 FY24 £m	H1 FY23 £m	Change %
Revenue	12.4	16.3	(24%)
Underlying operating profit	1.7	3.7	(55%)

Sale and Purchase

Total revenue for Sale and Purchase in H1 FY24 was £11.3m, a 16% decrease on the prior year. During the Period, there was strong interest for second hand tankers and gas carriers, and dry bulk deals continued to trade actively despite the more changeable sentiment driving the deals. Newbuilding enquiries for larger LPG carriers remained extremely strong, although the lack of prompt newbuilding slots continues to dampen conventional vessel newbuilding activity.

Corporate Finance

Total revenue for Corporate Finance in H1 FY24 was £1.2m, a decrease of 60% on prior year. The majority of the revenue in this business is success fee based, and as a result these fees are not earned evenly over the year. However, the business continues to have a strong pipeline and it is expected that revenue performance will improve in the second half of the year.

The adverse variance in underlying operating profit in the Investment advisory segment is the result of the weaker performance in both parts of the segment.

CHARTERING

	H1 FY24 £m	H1 FY23 £m	Change %
Revenue	52.6	44.9	17%
Underlying operating profit	6.4	6.9	(8%)

Tankers

Revenue for Deep Sea Tankers in H1 FY24 was £28.5m, a 68% increase on H1 FY23. Of this, £10m came from the new businesses in the USA and Spain, which are performing strongly. Overall, tanker rates remained relatively robust in the face of ongoing geopolitical uncertainty and OPEC cuts and this is expected to continue.

Revenue for Specialised Tankers in H1 FY24 was £9.3m, a 15% improvement on H1 FY23. Whilst rates softened slightly, the growing international reach of the business is driving revenues.

Offshore Energy Services

Revenue for Offshore Energy Services was £3.8m, a 70% improvement on H1 FY23. This division saw a strong market recovery in the Period, driven by a combination of a resurgent oil and gas sector as well as the continuation of a rapidly growing offshore wind industry. Tightening supply and demand, compounded by a lack of newbuilding, led to an improvement in day rates.

Dry Cargo

Revenue for Dry Cargo was £11.0m, a 37% decrease on prior year. Overall Dry Cargo volumes were at similar levels to those in H1 FY23 however, underlying market rates were significantly lower, driving a reduction in revenues. Forward cargo contract fixing increased, as charterers took advantage of low spot rates, and, whilst volatile fuel costs contributed to some spikes in rates, there was significantly less port congestion in China, leading to greater fleet efficiency and capping of rates.

Despite the improved revenue, underlying operating profit was 8% weaker due to costs relating to the new businesses.

RISK ADVISORY

	H1 FY24 £m	H1 FY23 £m	Change %
Revenue	9.9	8.2	21%
Underlying operating profit	1.4	1.5	(5%)

Securities

Revenue for Securities was £9.9m, a 21% rise on H1 FY23, the division continued to grow, expanding its global product range to include Natural Gas, EUA allowances, LNG FFA and oil derivatives, increasing the team to over 30 brokers.

Despite challenging market conditions leading to reduced rates for Dry FFA contracts, volumes continued to rise and the ongoing enhancements to the business' proprietary pricing platform, Braemarscreen.com, led to increased interest. Daily user volumes almost doubled to 4,000 from a year ago.

The Natural Gas desk performed extremely well and continues to broaden its reach, working closely with our shipping desks. Global political instability increased market volatility, underscoring the importance of proactive risk management and securing energy resources ahead of the winter months.

The Tanker FFA market was also very active, and our team continued to broker a significant market share. Time Charter Equivalent rates remained high and ongoing geopolitical factors have kept volatility high.

Other operating costs

Central costs	H1 FY24 £m	H1 FY23 £m	Change %
Central costs	2.7	1.2	125%

Central costs were up 125% compared with the previous period. However, the prior year included a favorable foreign exchange gain of £1.5m. When adjusting for this, central costs are unchanged year on year.

Specific items

	H1 FY24 £m	H1 FY23 £m
Operating costs	1.9	-
Acquisition related items	2.6	0.4
Other items	(0.4)	0.1

The Group has separately identified certain items that are not part of the underlying trade of the Group. These specific items are material in both size and/or nature and the Directors believe that they may distort the understanding of the underlying performance of the business. Specific items included within operating costs mainly relate to costs incurred in relation to the internal independent investigation.

Acquisition related costs are primarily employment costs relating to the treatment of the consideration for the acquisition of Southport and post contractual costs relating to the Madrid team. Other items include a gain on the revaluation of the embedded derivatives and a foreign exchange gain relating to the convertible loan notes issued on the acquisition of the Naves business. For further details see Note 5.

Foreign exchange

The majority of the Group's revenue is earned in USD. The US dollar exchange rate relative to Sterling weakened from US\$1.21:£1 at 28 February 2023 to US\$1.27:£1 at 31 August 2023.

At 31 August 2023, the Group held forward currency contracts to sell US\$148.9m at an average rate of US\$1.24/£1.

The Group also has material liabilities in Euros and the Euro rate weakened against Sterling from €1.14:£1 at 28 February 2023 to €1.17:£1 at 31 August 2023.

Balance sheet

Net assets at 31 August 2023 were £80.4m (28 February 2023: £76.7m). A review aimed at identifying evidence of impairment of intangible assets was carried out and no such impairment was identified.

Trade and other receivables decreased by £5.3m to £38.0m (28 February 2023: £43.3m) including provisions for the impairment of trade receivables which decreased by £1.1m from £3.7m at 28 February 2023.

Amounts totalling £3.6m have been included in respect of the expected deferred and contingent consideration receivable for the disposal of Cory Brothers at 31 August 2023. £1.8m is due in May 2024 and is presented as current, £1.8m is due in May 2025 and has been presented as non-current. There has been no significant change to the expected contingent consideration and the unwinding of the discounting has been credited to finance income.

The pension surplus increased by £0.7m to £1.8m during the Period (28 February 2023: £1.1m) largely reflecting increases in discount rates.

Shares held in the Group's Employee Share Ownership Plan ("ESOP") increased by £1.9m from £10.6m at 28 February 2023 to £12.5m at 31 August 2023, due to the additional shares purchased by the ESOP.

Borrowings and cash

At 31 August 2023, the Group held cash of £29.1m (28 February 2023: £34.7m). The decrease in cash is largely attributable to the reduction in borrowings and tax paid.

The Group has continued to pay down debt and the net bank position was cash of £3.1m compared with £6.9m at 28 February 2023, reflecting the higher level of cash payments typically seen in the first half of the year.

The Group continues to hold a revolving credit facility with HSBC ("RCF"). The RCF limit totals £40.0m with £30.0m available immediately and an accordion limit of £10.0m. Drawdown of the accordion facility is subject to additional credit approval. The facility is for a three-year duration to November 2025, but at the Group's option this can be extended by one year on each of the first and second anniversaries of its completion. Therefore, the maximum possible duration is five years.

The RCF has a number of covenants, in particular the ratio of debt to rolling 12-month EBITDA with a limit of 2.5x. In addition, the RCF has a requirement to provide 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 requirement. The Group also has access to global cash management arrangements, notably in our regional hubs of UK, Germany and Singapore.

The operating cash flows of the Group exhibit seasonality with higher bonus payments occurring in the first half of the financial year and it is therefore normal for the second half of the year to generate more cash.

Dividend

As previously announced, a final dividend of 8.0 pence per ordinary share for FY23 will be proposed at the reconvened Annual General Meeting on 18 December 2023, for payment on 9 February 2024. The board remains committed to its progressive dividend policy and an interim dividend of 4.0 pence has been declared for the Period, which will be paid on 29 March 2024.

Taxation

The total tax charge of £0.3 million consists of a current tax charge of £0.8 million and a deferred tax credit of £0.6 million. The total tax charge of £1.5m for the comparative period comprises a current tax charge of £2.1m and a deferred tax credit of £0.6m.

Current tax is charged at 23.5% on underlying profits for the six months ended 31 August 2023 (FY22: 20.2%) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six-month period. The annual effective tax rate in the current Period is higher than the prior year, partly due to the increase in UK tax rate from 19% to 25%, but broadly lower than the standard rate applicable due to the impact of timing differences.

Deferred tax assets arise primarily in the UK, the deferred tax credit is based on 25.0% for the six months ended 31 August 2023 (H1 FY23: 25.0%) The amount of deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities. The Directors believe it is probable that there will be sufficient taxable profits in the future to recover the deferred tax assets in full.

Principal risks

The Directors consider that the principal risks and uncertainties which could have a material effect on the Group's performance identified on pages 49 to 51 of the 2023 Annual Report and Accounts are also applicable for the period of six months to 31 August 2023. These include risks associated with sanctions and trade restrictions, integration risk, loss of key personnel and weak organisational culture, compliance with laws and regulations, currency fluctuations, cybercrime and data security, disruptive technology, environment and climate change and geopolitical and macroeconomic risks.

The Directors continue to monitor the risks associated with the conflicts in Ukraine and the Middle East. The Group's compliance with sanctions related to the conflict in the Ukraine is not expected to have any material effect on trading in the current financial year nor does the Group have any existing material exposure.

Going concern

Following a detailed review, no material uncertainty has been identified and the interim condensed consolidated financial statements have been prepared on a going concern basis. See Note 2.

Condensed Consolidated Income Statement

	Unaudited			Unaudited			
	Six months ended 31 Aug 2023			Six months ended 31 Aug 2022			
	Notes	Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Revenue	4	74,929	-	74,929	69,439	-	69,439
Operating expense:							
Operating costs	5	(67,355)	(1,903)	(69,258)	(58,540)	-	(58,540)
Acquisition-related expenditure	5	(862)	(2,597)	(3,459)	-	(377)	(377)
Total operating expense		(68,217)	(4,500)	(72,717)	(58,540)	(377)	(58,917)
Operating profit/(loss)		6,712	(4,500)	2,212	10,899	(377)	10,522
Share of associate loss for the period	9	1	-	1	(14)	-	(14)
Finance income	5	552	391	943	99	-	99
Finance costs		(1,265)	-	(1,265)	(456)	(83)	(539)
Profit/(loss) before taxation		6,000	(4,109)	1,891	10,528	(460)	10,068
Taxation		(923)	597	(326)	(1,473)	-	(1,473)
Profit/(loss) attributable to equity shareholders of the Company		5,077	(3,512)	1,565	9,055	(460)	8,595
Total							
Earnings per ordinary share							
Basic	7	17.43p		5.37p	31.84p		30.22p
Diluted	7	14.15p		4.36p	24.36p		23.33p

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 August 2023

	Notes	31 Aug 2023 £'000	Restated ¹ 31 Aug 2022 £'000
Profit for the period		1,565	8,595
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		556	1,971
<i>Items that are or may be reclassified to profit or loss:</i>			
- Foreign exchange (losses)/gains on retranslation of foreign operations	18	(1,873)	2,417
- Investment hedge gain	18	262	-
- Cash flow hedging gain/(loss) – net of tax	18	2,077	(3,272)
Other comprehensive income		1,022	1,116
Total comprehensive income attributable to equity shareholders of the Company		2,587	9,711

¹ For further details refer to Note 22 Prior period adjustments.

Condensed Consolidated Balance Sheet

		Unaudited	Audited
		As at	As at
	Note	31 Aug 2023 £'000	28 Feb 2023 £'000
Assets			
Non-current assets			
Goodwill		71,341	71,407
Other intangible assets		3,507	3,980
Property, plant and equipment		4,506	5,320
Other investments		1,780	1,780
Investment in associate	9	702	701
Derivative financial instruments	13	430	30
Deferred tax assets		4,478	4,794
Pension surplus	14	1,755	1,120
Other long-term receivables	10	4,929	8,554
		93,428	97,686
Current assets			
Trade and other receivables	11	37,997	43,323
Derivative financial instruments	13	2,329	1,224
Current tax receivable		2,136	973
Cash and cash equivalents		29,051	34,735
		71,513	80,255
Total assets		164,941	177,941
Liabilities			
Current liabilities			
Derivative financial instruments	13	141	1,122
Trade and other payables		47,336	57,310
Current tax payable		1,645	4,141
Provisions	15	2,722	2,575
Convertible loan notes	12	696	699
		52,540	65,847
Non-current liabilities			
Long-term borrowings		27,122	29,919
Deferred tax liabilities		896	344
Derivative financial instruments	13	299	1,022
Other long-term payables		331	542
Provisions	15	468	734
Convertible loan notes	12	2,836	2,852
		31,952	35,413
Total liabilities		84,492	101,260
Total assets less total liabilities		80,449	76,681
Equity			
Share capital	16	3,292	3,292
Share premium	16	-	53,796
ESOP reserve	17	(12,517)	(10,607)
Other reserves	18	9,134	28,819
Retained earnings		80,540	1,381
Total equity		80,449	76,681

By order of the board

James Gundy
Group Chief Executive Officer

Grant Foley
Group Chief Financial Officer

28 November 2023

Condensed Consolidated Cash Flow Statement

For the six months ended 31 August 2023

	31 Aug 2023	31 Aug 2022
	Notes	restated ¹
	£'000	£'000
Profit before tax	1,891	10,068
<i>Adjustment for non-cash transactions included in profit before tax</i>		
Depreciation and amortisation charges	1,867	1,545
Loss on disposal of fixed assets	-	134
Share of loss of associate	(1)	14
Share scheme charges	3,802	1,770
Fair value loss on financial instruments charged to profit or loss	13 66	799
Net finance cost	322	440
Foreign exchange differences	343	(1,177)
Cash settlement of share-based payment	(52)	-
<i>Adjustment for cash items not included in profit before tax</i>		
Contribution to defined benefit scheme	(37)	(225)
Operating cash flow before changes in working capital	8,201	13,368
Decrease/(increase) in receivables	6,082	(6,858)
(Decrease)/increase in payables	(8,921)	4,551
Increase in provisions	(83)	98
Cash flows from operating activities	5,279	11,159
Interest received	235	21
Interest paid	(1,219)	(305)
Tax paid	(4,418)	(2,159)
Net cash (used in)/generated from operating activities	(123)	8,716
Cash flows (used in)/from investing activities		
Purchase of property, plant and equipment	(366)	(187)
Purchase of other intangible assets	(12)	(300)
Proceeds from disposal of Cory Brothers	13 1,397	6,500
Principal received on finance lease receivables	310	300
Net cash generated from investing activities	1,329	6,313

¹ For further details refer to Note 22 Prior period adjustments.

	31 Aug 2023	31 Aug 2022
	Notes	restated ¹
	£'000	£'000
Cash flows (used in)/from financing activities		
Repayment of borrowings	(4,098)	(3,000)
Proceeds from borrowings	2,500	2,000
Repayment of principal under lease liabilities	(1,576)	(2,195)
Purchase of own shares	(1,931)	(4,884)
Net cash used in financing activities	(5,105)	(8,079)
(Decrease)/increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	34,735	13,964
Foreign exchange (loss)/gain	(1,785)	3,144
Cash and cash equivalents at end of the period	29,051	24,058

The six months ended 31 August 2022 has been restated for the impact of prior period adjustments. See Note 22.

¹ For further details refer to Note 22 Prior period adjustments.

Condensed Statement of Changes in Total Equity

	Note	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 March 2022 (reported)		3,221	53,030	(6,771)	27,124	(1,543)	75,061
Prior period adjustment		-	-	-	(994)	(2,576)	(3,570)
At 1 March 2022 (restated)		3,221	53,030	(6,771)	26,130	(4,119)	71,491
Profit for the period		-	-	-	-	8,595	8,595
Actuarial gain on employee benefits schemes – net of tax (restated)		-	-	-	-	1,971	1,971
Foreign exchange gain arising on translation of foreign operations		-	-	-	2,417	-	2,417
Loss on cash flow hedges – net of tax		-	-	-	(3,272)	-	(3,272)
Other comprehensive (expense)/income (restated)		-	-	-	(855)	1,971	1,116
Total comprehensive (expense)/income (restated)		-	-	-	(855)	10,566	9,711
Tax credit taken to equity		-	-	-	-	2,261	2,261
Shares issued	16	26	-	-	-	(26)	-
Acquisition of own shares	17	-	-	(4,884)	-	-	(4,884)
ESOP shares allocated	17	-	-	3,849	-	(3,849)	-
Share-based payments		-	-	-	-	1,770	1,770
Transactions with owners		26	-	(1,035)	-	156	(853)
At 31 August 2022 (restated)		3,247	53,030	(7,806)	25,275	6,603	80,349
At 1 March 2023		3,292	53,796	(10,607)	28,819	1,381	76,681
Profit for the period		-	-	-	-	1,565	1,565
Actuarial gain on employee benefits schemes – net of tax		-	-	-	-	556	556
Foreign exchange loss arising on translation of foreign operations		-	-	-	(1,873)	-	(1,873)
Foreign exchange gain on net investment hedge		-	-	-	262	-	262
Gain on cash flow hedges – net of tax		-	-	-	2,077	-	2,077
Other comprehensive income		-	-	-	466	556	1,022
Total comprehensive income		-	-	-	466	2,121	2,587
Deferred tax expense on share awards		-	-	-	-	(638)	(638)
Capital reduction	8	-	(53,796)	-	(20,151)	73,947	-
Acquisition of own shares	17	-	-	(1,931)	-	-	(1,931)
ESOP shares allocated	17	-	-	21	-	(21)	-
Cash paid for share-based payments		-	-	-	-	(52)	(52)
Share-based payments		-	-	-	-	3,802	3,802
Transactions with owners		-	(53,796)	(1,910)	(20,151)	77,676	1,819
At 31 August 2023		3,292	-	(12,517)	9,134	80,540	80,449

Notes to the Condensed Consolidated Financial Statements (unaudited)

1 General information

Braemar Plc (the “Company”) is a public limited company incorporated and domiciled in England and Wales. These interim condensed consolidated financial statements for the six months ended 31 August 2023 comprise the Company and its subsidiaries (together referred to as the “Group”). The address of the Company’s registered office is One Strand, Trafalgar Square, London, WC2N 5HR, United Kingdom. The interim condensed consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the directors on 28 November 2023.

2 Basis of preparation and statement of compliance

The interim condensed consolidated financial statements for the six months ended 31 August 2023 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34, “Interim Financial Reporting”, and also in accordance with the measurement and recognition principles of UK adopted international accounting standards.

These interim accounts and comparative figures for the half year ended 31 August 2022 and year ended 28 February 2023 do not constitute statutory accounts for the purpose of section 434 of the Companies Act 2006. The auditors have reported on the 2023 accounts, and these have been filed with the Registrar of Companies; their report was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The half year accounts as at and for the half years ending 31 August presented in these condensed consolidated interim financial statements have been reviewed in accordance with International Standard on Review Engagements (UK and Ireland) 2410 but have not been audited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s Annual Report for the year ended 28 February 2023, which were prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

These interim condensed consolidated financial statements have been prepared on a going concern basis with a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing of the interim condensed consolidated financial statements. In reaching this conclusion the directors considered cash flow forecasts that have been prepared in the light of current trading, the continued impact of conflict in the Ukraine and the possibility of a global recession. The Directors have considered the trading and cash flows over the first six months of the year which has been good across the Group’s business and has benefitted from the volatility in the shipping markets caused by international conflicts. The Directors consider that the breadth of the Group’s business model and the diversity of the broking operation and the markets in which the Group now operates, have insulated the business well from cycles in any one shipping market. The Directors have also considered forward-looking market data in respect of the shipping market. This includes the forward order book within the Chartering segment, and the potential within the Investment Advisory segment.

The Group’s RCF is for £30.0 million plus an accordion limit of £10.0 million. 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 August 2023, 31 May 2023 and 28 February 2023 the Group met all financial covenant tests. As at 31 August 2023 the Group’s net cash was £3.1 million with available headroom in the £30.0 million RCF of £3.8 million (net cash is calculated as cash less secured RCF).

The Group has updated its expected revenue, cost and cash forecasts in the light of the positive trading over the first half of the current financial year and assessed the ability of the Group to operate both within the facility covenants and the facility headroom. A number of downside sensitivities were tested including reverse stress scenarios. The results of this exercise showed that the Group could withstand revenue reductions of 35% before it was forecast that covenants would be breached or liquidity insufficient, after taking into account reasonable cost mitigations and other cash management measures within the control of the Group.

The Directors have considered these revenue downside sensitivities and in the light of the revenue growth seen in the period and the prospects for the second half of the year have concluded that it would be remote that revenues would be impacted to this extent over the assessed going concern period,

The Directors consider revenue as the key assumption in the Group’s forecasts as the operating costs are largely fixed or made up of discretionary bonuses which are directly linked to profitability.

To date the current geo-political instability and global trade interruption has not had a significant impact on the business but there remains uncertainty over the current outlook. However, the directors are comfortable that under the scenarios run, the Group could withstand a decline in revenue as described and continue to operate within the available banking facilities. Accordingly, the Group continues to adopt the going concern basis in preparing the condensed consolidated financial statements.

Forward-looking statements

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied

by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

3 Accounting policies

The Group has applied the same accounting policies and methods of computation in its interim condensed consolidated financial statements as in its annual consolidated financial statements as at and for the year ended 28 February 2023, except as described below, and should be read in conjunction with the 2023 Annual Report.

No new standards or amendments effective for reporting periods beginning on or after 1 March 2023 had a material impact on the interim condensed consolidated financial statements for the period ended 31 August 2023.

Amendments to IFRS Accounting Standards

The following amendments to IFRS Accounting Standards have been applied for the first time by the Group. Their adoption has not had any material impact on the amounts reported or the disclosures in these condensed half-yearly financial statements:

- 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
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Accounting estimates and critical judgements

The preparation of interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements as at and for the year ended 28 February 2023.

Seasonality

The Group's operating cash flows exhibit seasonality in that the majority of bonus payments occur in the first half of the financial year. The Group's revenues are not subject to significant seasonal variation.

4 Segmental information and revenue

a) Business segments

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. 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 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.

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 as set out in Note 5.

The segmental information provided to the board for reportable segments for the six months ended 31 August 2023 is as follows:

	Revenue		Operating profit/(loss)	
	Six months ended 31 Aug 2023 £'000	Six months ended 31 Aug 2022 £'000	Six months ended 31 Aug 2023 £'000	Six months ended 31 Aug 2022 £'000
Chartering	52,567	44,892	6,385	6,931
Investment advisory	12,445	16,325	1,663	3,719
Risk advisory	9,917	8,222	1,379	1,457
Trading segments revenue/results	74,929	69,439	9,427	12,107
Central costs			(2,715)	(1,208)
Underlying operating profit			6,712	10,899
Specific items included in operating expenses			(4,500)	(377)
Operating profit			2,212	10,522
Share of associate's profit/(loss) for period			1	(14)
Net finance expense			(322)	(440)
Profit before taxation			1,891	10,068

Geographical segment – by origin

The Group manages its business segments on a global basis. The Group's main geographical area of operation and also the home country of the Company is the United Kingdom.

Geographical information determined by location of customers is set out below:

	Revenue	
	Six months ended 31 Aug 2023 £'000	Six months ended 31 Aug 2022 £'000
United Kingdom	37,777	36,061
Singapore	11,102	13,251
United States	10,358	1,167
Australia	4,412	8,579
Switzerland	4,027	5,168
Germany	363	1,646
Rest of the World	6,890	3,567
Total	74,929	69,439

b) Revenue analysis

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

	Revenue	
	Six months ended 31 Aug 2023 £'000	Six months ended 31 Aug 2022 £'000
Chartering		
Deep Sea Tankers (incl. Projects)	28,513	17,005
Specialised Tankers & Gas	9,256	8,054
Offshore	3,773	2,224
Dry Cargo	11,025	17,609
Chartering sub-total	52,567	44,892
Shipping Investment Advisory		
S&P	11,291	13,454
Corporate Finance	1,154	2,871
Shipping Investment Advisory sub-total	12,445	16,325
Shipping Risk Advisory		
Securities (incl. GFI)	9,917	8,222
Shipping Risk Advisory sub-total	9,917	8,222
Total revenue	74,929	69,439

There is no single customer that makes up more than 10% of the Group's revenues.

5 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. Further details of the specific items as disclosed in the Group's Condensed Consolidated Income Statement are set out below.

	Six months ended 31 Aug 2023 £'000	Six months ended 31 Aug 2022 £'000
<i>Operating costs</i>		
- Investigation costs	(1,442)	-
- Board change costs	(232)	-
- Unlawful dividend rectification	(229)	-
	(1,903)	
<i>Acquisition-related items</i>		
- Madrid post-contractual obligation	(521)	-
- Amortisation of acquired intangible assets	(289)	-
- Consideration treated as an employee expense	(1,787)	-
- Acquisition of Naves Corporate Finance GmbH	-	(377)
	(2,597)	(377)
<i>Other items</i>		
Finance income – Interest income on deferred consideration	68	-
Finance income – Gain on Naves derivative liability and foreign exchange gain	323	-
Finance costs	-	(83)
Total	(4,109)	(460)

Operating 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 £1.4 million in the six months to August 2023 which the Group does not consider reflects the trading of the business in the period and as a result is treated as a specific item.

As set out in more detail in Note 8, 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.

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.

Acquisition-related items

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 related to amounts linked to ongoing employee service in connection with the acquisition of Southport was £1.8 million (2022: £nil) in the six months to August 2023. The period of required employee service is three years from the acquisition date.

An amount of £0.3 million (2022: £nil) relates to the amortisation of acquired intangible assets, primarily in relation to intangible assets recognised as a result of the acquisition of Southport.

In the prior period, the Group incurred total costs of £0.4 million directly linked to the acquisition of Naves Corporate Finance GmbH, being £0.1 million due to management sellers conditional on their ongoing service to the Group, a £0.1 million charge on remeasurement of the fair value of derivative liabilities on the restructured liabilities due to management sellers, and exchange losses on acquisition related liabilities of £0.2 million.

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 includes the following key elements:

- The Group assumed a liability of £0.3 million for a post-contractual payment to the employees, which was fully vested on signing the contracts.
- An upfront cash payment of £1.3 million with a further payment of £1.3m due in December 2023.
- Share awards to a total value of £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 but are disclosed as acquisition-related expenditure given their materiality and will be amortised over three years to December 2025 (H1 FY24: £0.9 million). 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 (H1 FY24: £0.5 million).

Other specific items

The unwinding of the discounting of the deferred receivable due in respect of the Cory Brothers disposal contributed interest income of £0.1 million (2022: £nil). 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.

The gain of £0.3 million in relation to Naves related foreign exchange on convertible loan note liabilities and fair value gain on the linked derivative is included as a specific item as it relates to the acquisition of Naves and is not related to trading. The Naves-related gains and losses do not relate to the trading performance of the businesses during the period, and as a result are classified as specific items. These current period amounts are included within net finance cost which the Group considers more reflective of their substance, but the comparative amounts have not been restated as they are not material, and are included in 'Acquisition-related items' as previously reported and disclosed above.

In the prior year, finance costs include an amount of £0.1 million in relation to the interest charge on the convertible loan notes related to the acquisition of Naves. This is no longer treated as a specific item by the Group due to its limited size.

6 Taxation

The total tax charge of £0.3 million consists of a current tax charge of £0.8 million and a deferred tax credit of £0.6 million. The total tax charge of £1.5m for the comparative period comprises a current tax charge of £2.1 million and a deferred tax credit of £0.6 million.

Current tax is charged at 23.5% on underlying profits for the six months ended 31 August 2023 (2022 20.2%) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six-month period. The annual effective tax rate in the current period is broadly lower than the standard rate applicable due to the impact of timing differences.

At 31 August 2023, the Group recognised a deferred tax asset of £4.5 million (28 February 2023 £4.8 million) and deferred tax liability of £0.9 million (28 February 2023 £0.3 million). The reduction in the deferred tax asset is a result of the valuation of outstanding share awards. The increase in the deferred tax liability is attributable to the movement in the mark-to-market gain of the Group's forward currency contracts at 31 August 2023. As a result of the movements on deferred tax, a credit of £0.6m was recognised in the income statement, with the balance of the movement recognised in equity. Deferred tax assets arise primarily in the UK, the deferred tax credit is based on 25.0% for the six months ended 31 August 2023 (2022: 25.0%) The amount of deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities. The directors believe it is probable that there will be sufficient taxable profits in the future to recover the deferred tax assets in full.

The Group is not within the scope of the OECD Pillar two model rules. Pillar two applies to multinational groups with consolidated revenue over €750 million.

7 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. At 31 August 2023 4,229,630 ordinary shares were held by the Employee Share Ownership Plan and 62,290 ordinary shares held by the ACM Employee Benefit Trust which are not treated as outstanding for the purpose of calculating earnings per share (28 February 2023: 3,587,130 and 62,290 shares respectively).

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 potential ordinary shares, being those options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period, and convertible loan notes issued in respect of the Naves acquisition.

	Six months ended 31 Aug 2023 £'000	Six months ended 31 Aug 2022 £'000
Total operations		
Profit for the year attributable to shareholders	1,565	8,595
	Pence	Pence
Basic earnings per share	5.37	30.22
Effect of dilutive potential ordinary shares	(1.01)	(6.89)
Diluted earnings per share	4.36	23.33

Underlying operations	Six months ended 31 Aug 2023 £'000	Six months ended 31 Aug 2022 £'000
Underlying profit for the year attributable to shareholders	5,077	9,055
	pence	pence
Basic earnings per share	17.43	31.84
Effect of dilutive potential ordinary shares	(3.28)	(7.48)
Diluted earnings per share	14.15	24.36

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

	Six months ended 31 Aug 2023			Six months ended 31 Aug 2022		
	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000
Used in basic earnings per share						
RSP, DBP and LTIP	29,132,957	5,077	1,565	28,439,984	9,055	8,595
Options (SAYE)	6,749,611	-	-	8,728,393	-	-
Convertible loan notes	-	-	-	-	-	-
Used in diluted earnings per share						
	35,882,568	5,077	1,565	37,168,377	9,055	8,595

8 Dividends

The board has declared an interim dividend of 4.0 pence per share, as a result of the trading in the first half of this year, to be paid on 29 March 2024 (H1 FY23: 4.0 pence).

In December 2022 the Company commenced a project to research various options for increasing the distributable reserves available to the Company in order to support the stated progressive dividend policy. After the payment of an interim dividend in January 2023, the outcome of the research identified an accounting practice of the Company used since IFRS 2 was introduced in 2005, which carried realised gains which could only be used in very limited circumstances with the consequence that a significant balance within retained earnings (that was not previously identified as created by unrealised gains) was incorrectly used by the Company in the calculation of distributable reserves.

Dividends paid between 2016 and 2023 were therefore paid by the Company without having sufficient distributable reserves from which to lawfully pay them. Having identified these issues, to rectify the gap in retained earnings and the unlawful payment of dividends, after the Balance Sheet date, the Company reduced its share premium account and capital redemption reserve and capitalised and reduced £19.8 million of the merger reserve ("Capital Reduction") and entered into releases from liability for the benefit of shareholders and directors (to ensure that no person was disadvantaged as a consequence of the payment of unlawful dividends).

On 15 February 2023 the Company entered into deeds of release in favour of shareholders receiving the unlawful dividends and the directors of the Company at the time the unlawful dividends were paid. These releases were conditional on various conditions including; shareholder approval for the Capital Reduction, the Capital Reduction becoming effective, and the terms of the deeds of release for shareholders and directors. At a General Meeting of the Company on 14 April 2023, shareholders approved the Capital Reduction and the deeds of release for shareholders and directors which allowed the Company to proceed with the process for the Capital Reduction by seeking approval from the High Court of Justice. On 9 May 2023 the High Court approved and confirmed the Capital Reduction and on 5 June 2023 the Capital Reduction became effective providing the Company with an increase of £73.9 million of distributable reserves at that time.

9 Investment in associate

Zuma Labs Limited

At 31 August 2023 the Group held 2,500 ordinary shares in Zuma Labs Limited ("Zuma") being 20% of Zuma's share capital (at 28 February 2023: 2,500 ordinary shares being 20% of share capital). Zuma Labs Limited is a private company incorporated in England and Wales and its registered address is 128 City Road, London, United Kingdom, EC1V 2NX. Zuma Labs Limited has one share class and each share carries one vote.

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.

The movements in the investment in associate are provided below.

	Zuma £'000
At 1 March 2022	724
Share of loss of associate	(14)
At 31 August 2022	710
Share of loss of associate	(9)
At 28 February 2023	701
Share of profit of associate	1
At 31 August 2023	702

10 Other long-term receivables

	31 Aug 2023 £'000	28 Feb 2023 £'000
Other long-term receivables		
Deferred consideration	1,324	2,540
Contingent consideration	488	1,004
Security deposits	16	16
Finance lease receivables	-	228
Prepayments	3,101	4,766
	4,929	8,554

Deferred consideration of £1.3 and contingent consideration of £0.5m relates to the non-current earn-out payments receivable in respect of the disposal of Cory Brothers in 2022. Prepayments includes an asset of £3.0 million (28 February 2023: £4.8 million) which is the non-current element of the clawback provision on joining incentives paid to certain employees. This includes an amount of £2.5 million (28 February 2023: £3.6 million) in relation to the acquisition of Southport. The receivable is amortised over the clawback period.

11 Trade and other receivables

	31 Aug 2023 £'000	28 Feb 2023 £'000
Trade receivables	24,736	31,989
Provision for impairment of trade receivables	(2,663)	(3,725)
Net trade receivables	22,073	28,264
Deferred consideration	1,285	1,097
Contingent consideration	515	403
Other receivables	3,747	4,148
Finance lease receivables	550	626
Contract assets	4,518	3,388
Prepayments	5,309	5,397
Total	37,997	43,323

Included in other receivables in all periods are security deposits, VAT and other sales tax receivables and employee loans.

Deferred consideration of £1.3 million and contingent consideration of £0.5 million relates to the current element of earn-out payments receivable in respect of the disposal of Cory Brothers in 2022.

The Directors consider that the carrying amounts of trade receivables approximate their fair value.

The provision for impairment of trade receivables consists of a lifetime expected loss provision and any specific provisions. At 31 August 2023 the lifetime expected loss provision for trade receivables and contract assets was £0.6 million (28 February 2023: £0.7 million). The expected credit loss rates applied at 31 August 2023 are consistent with those applied at 28 February 2023. The specific provisions against trade receivables as at 31 August 2023 were £2.1 million (28 February 2023: £3.0 million).

12 Convertible Loan Notes

Acquisition of Naves Corporate Finance GmbH

In September 2017, the Group acquired the entire share capital of Naves Corporate Finance GmbH ("Naves"). Naves was an established and successful business, headquartered in Hamburg, Germany, which advises national and international clients on corporate finance related to the maritime industry including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management and financial asset management including loan servicing.

The acquisition agreement provided for consideration of £16.0 million (€18.4 million) payable as follows:

- i) at completion in cash £7.3 million (€8.3 million), in shares £1.3 million (€1.5 million) and in convertible loan notes £6.4 million (€7.4m); and
- ii) deferred consideration in cash of £0.5 million (€0.6 million) and convertible loan notes of £0.5m (€0.6 million), payable in instalments over the three years after the acquisition.

No consideration was contingent consideration. As at 31 August 2023, there is nil outstanding deferred consideration (28 February 2023: nil) due to non-management sellers.

The acquisition agreement also provided deferred amounts that would be payable to management sellers, conditional on their ongoing service in the business. IFRS 3 states that amounts paid to former owners which are conditional on ongoing service are for the benefit of the acquirer and not for the benefit of former owners. Consideration linked to the ongoing service of former owners is treated as remuneration for post-combination services and classified as acquisition-related expenditure under specific items in the Income Statement. As all service conditions had been met by 28 February 2023, there is no service cost included in the Group's interim accounts for the period ended 31 August 2023 (six months ended 31 August 2022: £0.1 million).

The deferred amounts payable to management sellers comprised:

- i) deferred cash of £1.3 million (€1.5 million) and deferred convertible loan notes of £4.3m (€4.9 million) conditional only on the individual management seller's continued service payable in instalments over the five years after the acquisition; and
- ii) deferred convertible loan notes of up to £9.4 million (€11.0 million) conditional on the individual management seller's continued service and the post-acquisition Naves' EBIT in the three years post-acquisition. By February 2021, there was no contingency remaining and the total amount paid was £4.6 million (€5.3 million).

The following tables set out the remaining outstanding amounts.

	As at 31 Aug 2023 £'000	As at 28 Feb 2023 £'000
<i>Current</i>		
Issued convertible loan notes	696	699
Derivatives	-	14
	696	713
<i>Non-current</i>		
Issued convertible loan notes	2,836	2,852
Derivatives	128	370
	2,964	3,222
Total	3,660	3,935
		£'000
Total Naves liabilities at 28 February 2023		3,935
Interest expense		106
Derivative fair value gain		(256)
Cash paid		(57)
Foreign exchange gain		(68)
Total Naves liabilities at 31 August 2023		3,660

As at 31 August 2023, there are three further payments of principal required, with the final payment being in the full year ended 28 February 2026.

13 Financial instruments

There have been no substantive changes in the Group's exposure to financial instrument risk, its objectives, policies, and other processes for managing those risks or the methods used to measure them from previous periods. The Group continues to apply hedge accounting to derivative financial instruments that meet the criteria set out in IFRS 9.

a) Financial instruments

i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables;
- cash and cash equivalents;
- deferred consideration receivable;
- contingent consideration receivable;
- unlisted investments;
- trade and other payables;
- revolving credit facility;
- lease liabilities;
- derivative financial instruments; and
- convertible loan notes.

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 31 Aug 2023 £'000
<i>Financial assets</i>				
Unlisted investments	-	1,780	-	1,780
Contingent consideration receivable	-	-	1,003	1,003
Derivative contracts	-	2,759	-	2,759
Total	-	4,539	1,003	5,542

<i>Financial liabilities</i>				
Derivative contracts	-	312	-	312
Embedded derivative	-	-	128	128
Total	-	312	128	440

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 28 Feb 2023 £'000
<i>Financial assets</i>				
Unlisted investments	-	1,780	-	1,780
Contingent consideration receivable	-	-	1,407	1,407
Derivative contracts	-	1,254	-	1,254
Total	-	3,034	1,407	4,441

<i>Financial liabilities</i>				
Derivative contracts	-	1,760	-	1,760
Embedded derivative	-	-	384	384
Total	-	1,760	384	2,144

Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities are classified in their entirety into one of three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Unlisted investment

The unlisted investments primarily relate to the Group's investment in the London Tanker Brokers' Panel. The investment is carried at fair value, being the value of the most recent comparable transaction and is therefore classified as Level 2 in the fair value hierarchy.

There was no movement in the fair value of the unlisted investment.

Contingent consideration receivable

The fair value of the contingent consideration receivable includes unobservable inputs and is therefore classified as Level 3. The contingent consideration receivable relates to the disposal of the Logistics Division in 2022 whereby the Group is entitled to two further future cash payments. The SPA provides for a minimum guaranteed amount in each of the remaining two 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 5.41%. The valuation is most sensitive to the expectation of future profitability. During the period, the Group received £1.5 million (in the 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.

Forward currency contracts

The fair value of the forward currency contracts is determined from the present value of future cash flows based on the forward exchange rates at the balance sheet date and have therefore been classified as Level 2 in the fair value hierarchy.

The Group manages its exposure to US Dollar currency variations by spot and forward currency sales and other derivative currency contracts. The following table shows the notional values and average rates of forward contracts held at the balance sheet date.

	Notional Value US \$'000	Weighted average exchange rate £/\$	Net balance sheet carrying value £'000
At 31 August 2023	148,948	1.24	2,447
At 28 February 2023	123,048	1.22	(293)

A gain of £1.1 million (2022: £2.0 million loss) has been recognised in the condensed consolidated Income Statement in respect of forward contracts which have matured in the period.

Currency options

The fair value of the currency options is based on option pricing models, using observable inputs such as foreign exchange rates, at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy.

At 31 August 2023 the Group does not hold any currency options, but at 28 February 2023 had entered into currency options featuring a "cap and floor" feature. The net fair value of these options, that were designated as effective cash flow hedges, amounted to a £0.0 million liability at 28 February 2023.

The maturity analysis of forward currency contracts and currency options is provided below:

	31 Aug 2023 £'000	28 Feb 2023 £'000
Assets		
Forward currency contracts maturing within 12 to 24 months	430	30
Forward currency contracts maturing within 12 months	2,329	1,224
Total assets	2,759	1,254
Liabilities		
Forward currency contracts maturing within 12 to 24 months	(171)	(468)
Options maturing within 12 to 24 months	-	(184)
Forward currency contracts maturing within 12 months	(141)	(1,080)
Options maturing within 12 months	-	(28)
Total liabilities	(312)	(1,760)

In the prior year, the Group entered into a currency option which was not designated as an effective cash flow hedges and has expired during the period (28 February 2023: £0.2 million liability).

Embedded derivative

The convertible loan notes 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 to be 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, which the valuation is most sensitive to, and the sterling to euro exchange rate. The fair value has been determined using the Black-Scholes valuation model. During the period, an unrealised gain of £0.3 million (2022: £0.1 million loss) was recognised in finance income (2022: operating costs) in the Income Statement.

Valuation processes

Generally, the Group uses external specialists to value 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.

Financial instruments not measured at fair value

The Group's financial assets and liabilities that are not measured at fair value are held at amortised cost. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value. Their carrying values are as follows:

Financial assets	31 Aug 2023 £'000	28 Feb 2023 £'000
Cash and cash equivalents	29,051	34,735
Deferred consideration receivable	2,609	3,637
Trade and other receivables	32,947	41,448
Total	64,607	79,820

Financial liabilities	31 Aug 2023 £'000	28 Feb 2023 £'000
Trade and other payables	6,991	6,446
Convertible loan notes	3,532	3,551
Loans and borrowings	25,915	27,815
Total	36,438	37,812

At 31 August 2023, trade and other payables of £47.3 million (2022: £41.5 million) were recognised on the Balance Sheet, which included a bonus accrual of £34.9 million (2022: £28.6 million) and deferred income of £0.2 million (2022: £0.2 million), which are not financial liabilities, and are not included in the table above.

14 Pension surplus

	31-Aug-23 £'000	28-Feb-23 £'000
Present value of funded obligations	9,756	10,558
Fair value of scheme assets, net of tax	(11,511)	(11,678)
Total surplus of defined benefit pension scheme	(1,755)	(1,120)

The decrease in the present value of the defined benefit obligation is primarily as a result of the increase in discount rate from 4.9% at 28 February 2023 to 5.3% at 31 August 2023. The following table sets out the sensitivity of the net defined pension surplus to changes in key estimates.

Change in assumption	Approximate increase in liabilities £000's
Interest rate reduced by 0.5% pa	1,093
Inflation assumption increased by 0.5% p.a.	702
Increase in life expectancy of 1 year for each member	215

15 Provisions

	Dilapidations £'000	Uncertain commission obligation £'000	Other £'000	Total £'000
At 28 February 2023	592	1,964	753	3,309
Exchange differences	(8)	(83)	(28)	(119)
At 31 August 2023	584	1,881	725	3,190
Current	116	1,881	725	2,722
Non-current	468	-	-	468
At 31 August 2023	584	1,881	725	3,190

Dilapidations relate to future obligations to make good certain office premises upon expiration of the lease term. The provision is calculated with reference to the location and square footage of the office.

Employee entitlements of £0.5 million is included in other, which relate to statutory long service leave in Braemar ACM Shipbroking Pty Limited. This is based on the principle that each Australian employee is entitled to eight weeks of leave over and above any annual leave on completion of ten years' continuous service. The provision is calculated with reference to the number of employees who have at least seven years of continuous service.

The uncertain commission obligation relates to an historical unsettled commission payable which was recorded in 2017 upon completion of a contract originated in 2013. 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.

16 Share capital and Share premium

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000
At 1 March 2022	32,200	3,221	53,030
Issue of shares	266	26	-
At 31 August 2022	32,466	3,247	53,030
Issue of shares	459	45	766
At 28 February 2023	32,925	3,292	53,796
Capital reduction (see note 8)	-	-	(53,796)
At 31 August 2023	32,925	3,292	-

No ordinary shares have been issued in the six months to 31 August 2023.

17 ESOP reserve

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

The ESOP reserve represents a deduction from shareholders' funds and a reduction in distributable reserves. The deduction equals the net purchase cost of the shares held in by the ESOP. Shares allocated by the ESOP to satisfy share awards issued by the Group are transferred to retained earnings at cost on a FIFO basis.

£'000

At 1 March 2022	6,771
Shares acquired by the ESOP	4,884
ESOP shares allocated ¹	(3,849)
At 31 August 2022	7,806
Shares acquired by the ESOP	3,079
ESOP shares allocated	(278)
At 28 February 2023	10,607
Shares acquired by the ESOP	1,931
ESOP shares allocated	(21)
At 31 August 2023	12,517

¹The previously reported figure of £4,562,000 in relation to shares allocated has been corrected due to an incorrect allocation calculation being performed in the comparative period.

As at 31 August 2023 the ESOP held 4,229,630 (31 August 2022: 3,577,830) ordinary shares of 10 pence each and the ACM EBT held 62,290 (31 August 2022: 62,290) ordinary shares of 10 pence each.

18 Other reserves

Note	Capital redemption reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Hedging reserve £'000	Total £'000
At 1 March 2022 (reported)	396	24,641	2,620	(533)	27,124
Prior period adjustment	-	-	(994)	-	(994)
At 1 March 2022 (restated)	396	24,641	1,626	(533)	26,130
Cash flow hedges:					
– Transfer to income statement	-	-	-	2,152	2,152
– Fair value losses in the period	-	-	-	(6,515)	(6,515)
Investment hedge	-	-	-	-	-
Foreign exchange gain arising on translation of foreign operations	-	-	2,417	-	2,417
Deferred tax on items taken to equity	-	-	-	1,091	1,091
At 31 August 2022	396	24,641	4,043	(3,805)	25,275
Cash flow hedges:					
– Transfer to income statement	-	-	-	2,674	2,674
– Fair value gains in the period	-	-	-	2,077	2,077
Foreign exchange loss on net investment hedge	-	-	(124)	-	(124)
Foreign exchange gain arising on translation of foreign operations	-	-	105	-	105
Deferred tax on items taken to equity	-	-	-	(1,188)	(1,188)
At 28 February 2023	396	24,641	4,024	(242)	28,819
Cash flow hedges:					
– Transfer to income statement	-	-	-	(1,074)	(1,074)
– Fair value gains in the period	-	-	-	3,843	3,843
Capital reduction	(396)	(19,755)	-	-	(20,151)
Foreign exchange gain on net investment hedge	-	-	262	-	262
Foreign exchange loss arising on translation of foreign operations	-	-	(1,873)	-	(1,873)
Deferred tax on items taken to equity	-	-	-	(692)	(692)
At 31 August 2023	-	4,886	2,413	1,835	9,134

All other reserves are attributable to the equity holders of the parent company.

19 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 contingent liabilities expected to have a material adverse financial impact on the Group's consolidated results or net assets.

20 Related party transactions

The Group's related parties are unchanged from those reported in the full year financial statements for the year ended 28 February 2023. There have been no significant related party transactions in the six months ended 31 August 2023. For further information about the Group's related parties, please refer to the Group's Annual Report 2023.

21 Events after the reporting date

There were no significant non-adjusting events between the reporting date and the date these condensed interim financial statements were authorised for issue.

22 Prior period adjustments

As reported in the Group's Annual Report for the year ended 28 February 2023, the Group identified and corrected a number of prior period errors, primarily impacting the balance sheet. The correction of those errors was already reflected in the Group's latest annual financial statements for the year ended 28 February 2023. The comparative balance sheet at 28 February 2023 as reported in these condensed consolidated interim financial statements incorporates those corrections. Because those errors impacted the balance sheets as at 28 February 2022 and 31 August 2022, the cash flow statement previously reported for the six-month period to 31 August 2022 is also impacted. Further details are set out below.

Errors corrected and reported in the 2023 Annual Report

Principally, there were two errors identified:

- i) A consolidation error in relation to the sale of the Group's Technical Division in 2019 resulted in the overstatement of other receivables, and retained earnings as at 28 February 2022 and 31 August 2022 of £1.1 million;
- ii) An error in the elimination of intercompany balances principally related to postings required in respect of the Naves transaction and associated liabilities resulted in the overstatement of other receivables and understatement of other payables. The effect of the restatement on the Balance Sheet as at 28 February 2022 was to decrease trade and other receivables by £1.9 million, increase trade and other payables by £0.5 million. The effect of the restatement on the Balance Sheet as at 31 August 2022 was to decrease trade and other receivables by £0.2 million and increase trade and other payables by £2.2 million. The effect of the restatements at 28 February 2022 and 31 August 2022 was to decrease retained earnings by £1.4 million and the foreign exchange reserve by £1.0 million.

The overall effect of the restatements on the Balance Sheet as at 28 February 2022 was to decrease trade and other receivables by £3.0 million and increase trade and payables by £0.6 million. The overall effect of the restatement on the Balance Sheet as at 31 August 2022 was to decrease trade and other receivables by £1.4 million and increase trade and payables by £2.2 million. The overall impact to equity at both 28 February 2022 and 31 August 2022 was a reduction in retained earnings of £2.6 million and the foreign exchange reserve of £1.0 million.

The impact on the Consolidated Cash Flow Statement for the period ended 31 August 2022 is to decrease the movement in receivables by £1.6 million with a corresponding decrease to the movement in payables balances and does not impact any actual cash movements.

Other errors impacting the six months to 31 August 2022

In addition to the errors noted above which were corrected in the Group's latest annual financial statements for the year ended 28 February 2023, as set out below there are four further items which have been identified relating to the interim period ending 31 August 2022.

- i) As at 31 August 2022, the Group reported a pension deficit £0.2 million based on an incorrect assumption that the Group did not have an unconditional right to a refund in relation to the actuarial surplus. As reported in the 2023 Annual Report, the Group has an unconditional right to a refund, assuming the gradual settlement of the 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 IAS 12 Income Tax. As a result, at 31 August 2022, the Group had an asset of £0.6 million (net of tax payable on refund) in relation the pension Scheme.

The effect of the restatement as at 31 August 2022 is to recognise a pension surplus of £0.6 million and remove the pension deficit of £0.2 million and to increase the previously reported actuarial gain of £1.2m to £2.0 million for the six months to 31 August 2022. The restatement has no impact on the cash flow statement.

- ii) In the cash flow statement for the period ended 31 August 2022, cash flows from financing activities in relation to repayment and proceeds from borrowings were presented net. There is no overall impact to the cash flow statement, but the previously reported net cash outflow of £1 million has been restated to show a repayment of £3 million and a borrowing of £2 million during the comparative period.

- iii) The comparative figures for the cash flow statement have also been restated to correct the presentation of the effects of foreign exchange gains and losses. The cash flow statement previously published for the comparative period offset the impact of the translation to presentational currency of cash balances of non-GBP denominated foreign operations against the adjustment for other foreign exchange gains and losses included in operating profit. The correction increases "Foreign exchange gain" by £1.2 million to £3.1 million, and reduces operating cash flow before changes in working capital by £(1.2 million).
- iv) The allocation of shares from the ESOP was incorrectly calculated during the interim period ended 31 August 2022. The previously reported number of £4.6 million has been corrected to be £3.8 million. There was no impact to the Income Statement, overall equity or the Cash Flow Statement.

Statement of directors' responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting; and
- the interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the board

James Gundy
Group Chief Executive Officer

Grant Foley
Group Chief Financial Officer

28 November 2023

INDEPENDENT REVIEW REPORT TO BRAEMAR PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2023 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Cash Flow Statement, Condensed Statement of Changes in Equity and the Unaudited Notes to the Financial Statements.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting."

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including

our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
28 November 2023

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