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3 November 2021

BRAEMAR SHIPPING SERVICES PLC

("Braemar", the "Company" or the "Group")

Unaudited interim results for the six months ended 31 August 2021

Strategic ambition set out

Strong performance laying solid foundations for growth strategy

Braemar Shipping Services Plc (LSE: BMS), a leading international Shipbroker and provider of expert advice in shipping investment, chartering, risk management and logistics services, today announces its unaudited half-year results for the six months ended 31 August 2021.

The board is delighted with the performance of the business in the first half, a period in which the new management team laid solid foundations from which to launch its growth strategy.

STRONG PERFORMANCE LAYING SOLID FOUNDATIONS

- Refocused the Group on its core Shipbroking and corporate finance business.
- 11% increase in revenue in the period from continuing operations to £47.4m (H1 2020/21: £42.8m).
- 10% increase in underlying operating profit to £5.6m (H1 2020/21: £5.1m).
- 23% increase in operating profit including the Logistics Division, Cory Brothers, to £6.9m (H1 2020/21: £5.6m).
- 28% increase in the forward order book to US\$55.5m (28 February 2021: US\$43.4m).
- Balance sheet strengthened – net debt reduced by 23% to £14.7m as at 31 August 2021 (28 February 2021: £19.1m), well below the board's target net debt to EBITDA ratio of 1.5x.
- Interim dividend of 2.0 pence per share declared to reflect the strong cashflow and confidence in the business.
- Trading continues in line with the announced upgraded expectations for the full year.
- Cory Brothers held for sale as discussions with Vertom Agencies on a potential joint venture progress.
- Disposal of non-core investment in AqualisBraemar LOC ("AqualisBraemar") and Engineering Division, Wavespec, completed.

NEW STRATEGIC AMBITION

The board has set a strategic ambition to double the size of the Group's core business over the next four years. The Group is targeting both organic growth and complementary, value-added acquisitions, and the board believes that consolidation is likely in the Shipbroking space over the next few years.

Scale is increasingly important within the industry, which in turn will increase our market share, diversify our revenue stream and build on what is already a global brand within the Shipbroking world.

OUTLOOK

The board continues to look forward with confidence as it sets about delivering on its growth strategy centred on Shipbroking, with a more streamlined business, and expects that revenue and profit for the full year will exceed the previous year and meet current upgraded expectations of operating profit.

Strong trading within Shipbroking, especially Dry Cargo, Sale and Purchase, and Securities, looks set to continue in the second half of the financial year, as the demand for the dry bulk sector and container capacity remains high. Investment in these areas over the last few years has strengthened our revenue line and market share within the industry. The resurgent interest in the shipping industry from both a lending and equity investment point of view has meant that the Group's Financial Division, Braemar Naves, is trading well ahead of last year and has completed two significant transactions in the first six months of the year with a third expected to complete before the end of the financial year. Additionally, the Group's forward order book has increased by 28% to US\$55.5 million – predominantly with new building orders and Dry Cargo – compared with US\$43.4 million at the beginning of the period.

In the previous financial year, we saw an unprecedented surge in deep-sea tanker rates fuelled by contango storage demand. This financial year, we have seen this unwind and a huge cut-back in oil demand due to the COVID-19 pandemic. As the world starts to move back to normality, and exports of oil increase, we believe that a consequent increase in deep-sea tanker rates is likely and that Braemar is in an ideal position to take full advantage.

James Gundy, Group Chief Executive Officer of Braemar, commenting on the Group's growth strategy, said:

"The board has focused and delivered on simplifying the Group and reducing debt, which in turn allows us to concentrate our attention on growing our core business, something we fully understand. Scale is increasingly important within the industry, and, if we are to best service the growing needs of our clients, we must continue to provide further geographical reach and push for diversification. The board believes that building scale will further strengthen our client base, counterparties, employees and shareholders, as well as allowing us to reduce the impact of cyclical markets.

Our strategic ambition is to push towards doubling the size of the Group within four years, through organic growth and complementary, value-added acquisitions.

I also want to thank our staff for their continued efforts in what can only be described as abnormal working conditions over the last six months."

FINANCIAL HIGHLIGHTS

Revenue	H1 21/22 £m	H1 20/21 £m	Change %
Dry Cargo	10.9	6.5	68%
Sale & Purchase	9.8	5.7	72%
Deep-sea Tankers	8.9	16.3	(45)%
Securities	5.5	4.2	31%
Financial	5.2	3.5	49%
Specialised Tankers (including Chemicals, LPG, LNG and Gas)	5.1	5.2	(2)%
Offshore and Renewables	2.0	1.4	43%
Total	47.4	42.8	11%

Profit, EPS and Dividend	Underlying results*		Reported results**	
	H1 21/22	H1 20/21	H1 21/22	H1 20/21
	£m	£m	£m	£m
Operating profit	5.6	5.1	5.5	4.1
Operating profit including Cory Brothers***	6.9	5.6	6.9	5.6
Profit on sale of AqualisBraemar investment	4.4	-	4.4	-
Profit before tax	4.9	4.5	7.2	3.3
Earnings per share	18.0p	16.2p	36.5p	3.5p
Dividend per share	2.0p	-	2.0p	-

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

** Reported results are from continuing operations only, comparatives have been re-presented in relation to discontinued operations.

*** Operating profit including Cory Brothers contains the trading profits of Cory Brothers which are reported as discontinued operations.

Results briefing

A presentation for analysts will be held at 10.00am today via conference call. Please contact the team at Buchanan for details on braemar@buchanan.uk.com.

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

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About Braemar Shipping Services Plc

Braemar Shipping Services Plc (LSE: BMS), a leading international Shipbroker and provider of expert advice in shipping investment, chartering, risk management and logistics services. Braemar employs approximately 540 people in 30 offices worldwide across its Shipbroking, Financial and Logistics Divisions. 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.

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

	H1 21/22 £m	H1 20/21 £m
Underlying operating profit	5.6	5.1
Specific items	2.3	(1.0)
Net finance costs	(0.7)	(0.8)
Profit before taxation	7.2	3.3
Taxation	(0.5)	(0.4)
Discontinued operations*	4.7	(1.8)
Reported profit after tax	11.4	1.1

*Discontinued operations includes Wavespec and the non-core investment in AqualisBraemar that have both been disposed of in the period and Cory Brothers which is classified as “held for sale”.

Calculation of operating profit including Cory Brothers

	H1 21/22 £m	H1 20/21 £m
Underlying operating profit	5.6	5.1
Cory Brothers profit before tax (see Note 6)	1.3	0.5
Underlying operating profit including Cory Brothers	6.9	5.6

Alternative Performance Measures (“APM”s)

Braemar uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide more useful information to investors and other interested parties. Our APMs include underlying operating profit, underlying profit before tax, underlying operating profit including Cory Brothers, 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.

CHAIRMAN’S STATEMENT

Strong Trading Results

I am delighted with the performance of the Group since the beginning of the financial year, a period in which trading has not only exceeded our expectations but the board has also successfully executed the necessary actions in order to position the business for further growth.

Revenue for the period increased by 11% to £47.4 million (H1 2020/21: £42.8 million) and operating profit including Cory Brothers increased by 23% to £6.9 million (H1 2020/21: £5.6 million), ahead of the board’s previously upgraded expectations.

Underlying earnings per share were 18.0p compared with 16.2p in the first half of 2020/21. Reported earnings per share, which amongst other things includes the benefit of the sale of the non-core investment in AqualisBraemar, the restated cost of prior acquisitions and the cost of disposing of Wavespec were 36.5p, up 943% as compared with 3.5p per share in the first half of 2020/21.

New Strategic Ambition and Direction

The board has continued to develop its growth strategy in order to build on the successful actions already taken by the new management team to simplify and refocus the Group on its core Shipbroking

business and to position it for further growth. As a result of the strategic development work that the board has carried out, the board has identified that its key ambition is to double the size of the business over the next three to four years.

We believe that scale is becoming increasingly important within the industry in order to service the expectations of our clients, provide the Group with sufficient geographical and product diversification to meet such expectations on an increasingly global basis, reduce the impact of cyclical markets, and create cost efficiencies. Buoyant shipping markets, a strong market share and a strong forward order book, position us well to grow at an accelerated pace.

The board believes that the delivery of the Group's core strategic ambition will require both organic growth and value-added acquisitions. In addition to expanding the reach of its existing service lines, we will seek to recruit additional brokers covering not only existing products and geographies, but also new supplementary markets. We have also identified several potential complementary, value-added acquisition targets to grow our business lines. As a publicly listed market leader, we can take advantage of the likely consolidation in the Shipbroking market.

The board also believes that the delivery of the Group's core strategic ambition will require further investment in both its business support infrastructure and its technology. Robust support infrastructure is essential to lay the foundations for a business twice as big as it is today, and to ensure that Braemar can continue to meet the ever-increasing demands of its clients. The Group will also build on the bespoke technology solutions that have been developed in partnership with Zuma Labs, such as the technology platforms that have been successfully launched for sharing information across certain broking desks and clients. The board will now accelerate the next stage of technology development across all broking desks in order to further improve access to data and market information for staff and clients.

The strategic development work that the board has carried out also covered the Group's branding and positioning. Amongst other branding initiatives, the Group will launch a new website to communicate the Group's objectives, purpose and values, as well as demonstrating the Group's focus on compliance and ESG, including new growth opportunities created by the rapidly developing area of environmental sustainability.

Strengthening the Balance Sheet and well-covered Interim Dividend

Reducing net debt

The board previously stated that it had set a target of achieving a net debt to EBITDA ratio sustainably below 1.5 times on average over the seasonal working capital cycle. I am pleased to report that excellent progress has been made towards this goal with the ratio falling to 1.23 times for the 12 months to 31 August 2021, down from 2.03 times for the prior year.

Interim dividend

Recognising the importance of dividends to shareholders and the strong cash generation from Shipbroking, the board has decided to supplement its growth strategy with a progressive dividend policy involving the payment of dividends to shareholders each year, subject to financial performance. The board has declared a well-covered interim dividend of 2.0p per share (2020: nil) following the first half's improved performance. The final dividend of 5.0p pence per share in respect of the year ended 28 February 2021 was paid on 1 September 2021.

This interim dividend will be paid on 16 December 2021 to shareholders on the register at the close of business on 12 November 2021, with a corresponding ex-dividend date of 11 November 2021. The last date for Dividend Reinvestment Plan (DRIP) elections will be 25 November 2021.

Braemar Naves Consideration Restructuring

On 3 June 2021, the Group also agreed a restructuring of deferred consideration amounts owed in relation to its acquisition of Braemar Naves in 2017. The restructuring of the deferred consideration will see over £2.5 million (€2.9 million), which was previously due for repayment before the end of December 2022, deferred to be paid no earlier than September 2025. In addition, a further amount of approximately £0.7 million (€0.75 million) is to be satisfied by the issue of new ordinary shares in the capital of the Company in three tranches. The first tranche of £0.4 million (€0.5 million) was completed with the issue of 157,339 new ordinary shares in October 2021, and the other two tranches are due in December 2021 and December 2022.

A credit of £2.4 million has been recognised in finance income in respect of the accounting for the restructuring. The majority of this modification gain relates to a number of management estimates and judgements primarily on the amount of interest that would be payable under the terms of the original deal.

The development of Braemar Naves as the corporate finance business of the Group's overall Shipbroking offering is progressing well.

Refocusing on Shipbroking

Vertom Cory Joint Venture

As previously announced, a non-binding term sheet has been signed with Vertom BV to form a joint venture with Cory Brothers to create a port agency business with stronger reach and breadth than either business alone. Discussions are ongoing, working towards completion in the second half of the financial year. The term sheet contemplates the disposal of the current Cory Brothers legal entities in exchange for a significant minority stake in the combined business. The joint venture should provide a strong platform from which to accelerate growth. The Group's share of profit from the new joint venture would be accounted for as an associate.

Disposal of Investment in AqualisBraemar

On 19 May 2021, the Group sold 9,640,621 shares of its non-core investment in AqualisBraemar for cash proceeds of £7.2 million. After legal costs and recycling of foreign exchange, the Group realised a profit on disposal of £4.4 million. Following the sale, the Group's interest in AqualisBraemar was limited to its holding of 6,523,977 performance-based warrants. On 20 August 2021, 1,000,000 warrants vested and were exercised and the remaining warrants lapsed. The resulting shares were sold for additional cash proceeds of £0.7 million on 31 August 2021.

Disposal of Wavespec

On 31 March 2021, the Group completed the disposal of its loss-making Engineering Division, Wavespec, for a maximum consideration of £2.6 million. The consideration was intended to be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The recognised fair value of the consideration of £2.4 million was based on the net present value of the promissory note and this resulted in a profit on disposal of £1.6 million.

As of 31 August 2021, the buyer had not delivered on its obligations to secure the promissory note and the board took a prudent view that the promissory note was unlikely to be honoured and that consequently the consideration has been credit impaired. The overall total amount recognised in discontinued operations in respect of the Wavespec disposal is a net loss of £0.9 million, including trading prior to disposal.

Board Changes

With effect from 1 August 2021, Tristram ("Tris") Simmonds and Elizabeth Gooch MBE were appointed to the board of the Company as Chief Operating Officer (Executive) and Non-Executive Director respectively. Tris was previously the Managing Director of Braemar Atlantic Securities, the Group's derivative brokerage business. Tris has over 30 years' experience in the commodities industry, having founded Atlantic Brokers in 2013 which was sold to Braemar in 2018.

Elizabeth has over 16 years' experience of governance, compliance and financial reporting of publicly listed companies, having founded and run an AIM-quoted software company EG Solutions Plc from 2005 until its acquisition by Verint Systems Inc. in 2017. Elizabeth has joined the Group's Audit and Nomination Committees and has chaired the Group's Remuneration Committee since Jürgen Breuer stood down from the board on 26 August 2021.

I am delighted to welcome Tris and Elizabeth to the board. The addition of Tris creates a stronger executive team with the bandwidth and experience needed to deliver the board's growth aspirations for the benefit of all stakeholders of the Group. Elizabeth's prior governance, Plc and technology experience in growth-oriented people-based businesses is highly complementary to the Group's strategy and existing Non-Executive skill base.

Our people

The calibre of our people is central to the high quality of service that we provide to our clients, and it is their hard work and creativity that enables Braemar to continue to build its brand and reputation as we develop our business.

The COVID-19 pandemic has been challenging for staff, but all adapted and performed well. I am pleased that the Group has been able to welcome staff around the world back to their offices as local government rules allow. The results for the first half of the year are a tribute to the dedication and expertise of our people and I would like to thank them for their continuing efforts on behalf of the Group.

Outlook

The board continues to look forward with confidence as it sets about delivering on its growth strategy centred on Shipbroking, with a more streamlined business, and expects that revenue and profit for the full year will exceed the previous year and meet current upgraded expectations of operating profit.

Strong trading within Shipbroking, especially Dry Cargo, Sale and Purchase, and Securities, looks set to continue in the second half of the financial year, as the demand for the dry bulk sector and container capacity remains high. Investment in these areas over the last few years has strengthened our revenue line and market share within the industry. The resurgent interest in the shipping industry from both a lending and equity investment point of view has meant that the Group's Financial Division, Braemar Naves, is trading well ahead of last year and has completed two significant transactions in the first six months of the year with a third expected to complete before the end of the financial year. Additionally, the Group's forward order book has increased by 28% to US\$55.5 million – predominantly with new building orders and Dry Cargo – compared with US\$43.4 million at the beginning of the period.

In the previous financial year, we saw an unprecedented surge in deep-sea tanker rates fuelled by contango storage demand. This financial year, we have seen this unwind and a huge cut-back in oil demand due to the COVID-19 pandemic. As the world starts to move back to normality, and exports of oil increase, we believe that a consequent increase in deep-sea tanker rates is likely and that Braemar is in an ideal position to take full advantage.

OPERATING AND FINANCIAL REVIEW

The trading performance in our major business units for the six months ended 31 August 2021 is detailed below.

SHIPBROKING DIVISION

	H1 2021/22	H1 2020/21	Change %
Revenue	£42.2 million	£39.3 million	7%
Underlying operating profit	£5.9 million	£6.1 million	(3)%

The Shipbroking Division has again performed well during the first half of the year and achieved revenue growth of 7%. Overall profitability has reduced slightly as the cost savings seen from reductions in travel and entertainment are no longer there after the easing of lockdown restrictions and the resumption of normal business activities.

The total forward order book was US\$55.5 million as at 31 August 2021 compared to US\$42.4 million as at 31 August 2020 and US\$43.4 million as at 28 February 2021, an increase of US\$13.1 million. Approximately US\$29.5 million of this is deliverable in the second half of this financial year.

Revenues from the Dry Cargo, Sale and Purchase, and Securities and operations were considerably higher than the comparative period. Chinese and other East Asian imports are a key driver of demand in Dry Cargo, and the Dry Cargo desk has benefitted from investment in recent years. Dry Cargo demand has also benefitted from government stimulus spending in China, and more recently in the US and Europe, focused on steel-intensive infrastructure projects. Both container and dry bulk markets have seen ships delayed for extended periods in heavily congested ports – the result of high activity levels and the COVID-19 pandemic related logistical bottlenecks.

The Securities desk has also benefitted from investment, particularly in respect of the strategic partnership with Zuma Labs. The Securities desk has successfully launched a bespoke platform for Dry Cargo Forward Freight Agreements ('FFAs'), "Venetian", the technology from which is also being utilised by other desks within the Shipbroking Division. "Venetian" is a live portal for price discovery and analytics for internal and external use and it has proved to be very popular with clients given the volatility in current shipping markets.

The Sale and Purchase desk has been active on the back of buoyant dry bulk and container markets, in particular sales values of second-hand container ships have increased.

As anticipated, the deep-sea tanker market continues to be affected by the COVID-19 pandemic-related weaker demand for oil, in comparison with the exceptional conditions seen in the previous year that were driven by demand for storage capacity. Some restrictions on mobility continue to be enforced, particularly in countries that have been slower to vaccinate their populations. Air travel has been very slow to recover and jet fuel demand has therefore remained weak. However, recent spikes in LNG and thermal coal prices are seeing greater use of diesel for power generation. OPEC+ producers are expected to release more crude oil into the market as consumer stocks are drawn down and oil prices continue to rise. Whilst freight rates are weak, the Group has maintained its market share and, as the world starts to move back to normality, and exports of oil increase, we believe that a consequent increase in deep-sea tanker rates is likely and that Braemar is in an ideal position to take full advantage.

FINANCIAL DIVISION - BRAEMAR NAVES

	H1 2021/22	H1 2020/21	Change %
Revenue	£5.2 million	£3.5 million	49%
Underlying operating profit	£1.7 million	£0.7 million	143%

Braemar Naves provides maritime-related corporate finance advice to international clients covering finance raising advisory, restructuring, M&A, asset brokerage, and financial management including loan servicing. It earns fees through retainer arrangements with clients but mainly through success related transaction fees. As a result, the level of revenue in any one period can be hard to forecast and subject to project success and timing.

	H1 2021/22	H1 2020/21	Change %
Retainer income	£1.5 million	£1.6 million	(6)%
Success fees	£3.7 million	£1.9 million	95%
Total	£5.2 million	£3.5 million	49%

The resurgent interest in the shipping industry from both a lending and equity investment point of view has meant that the Division had a successful first half of the year. Revenue for the period has increased due to an increased level of success fees; but by contrast the level of retainer fees has declined as the focus of the work has transitioned from advisory to transactional. Two significant transactions completed during the first half of the year: a leasing transaction in the container market and a restructuring transaction in respect of financing for an offshore heavy lift vessel. A third significant transaction is expected to complete before the end of the financial year. Whilst the nature of the corporate finance work that is done by Braemar Naves means that revenues can be unpredictable, current activity levels point to a strong year as a whole.

LOGISTICS DIVISION - CORY BROTHERS

	H1 2021/22	H1 2020/21	Change %
Revenue	£21.3 million	£13.5 million	58%
Underlying operating profit	£1.3 million	£0.6 million	117%

Cory Brothers had a very strong first half of the year, particularly from its Freight Forwarding activities. The pressure on container space and Brexit-related import/export complexities has led to greater demand for its services with a consequent increase in revenue and profits compared to the same period last year. A number of new clients have been won on the back of these market conditions but also from investment in business development activity in 2020. Trading has also been good on the Port Agency side with levels of activity remaining relatively high, despite imports of jet fuel and other oil products being lower than previous years. The US office has grown strongly on the back of higher export volumes and investment in new staff and capabilities in the local offices.

Discussions are ongoing with Vertom BV, working towards the proposed divestment of Cory Brothers into a joint venture with Vertom Agencies in the second half of the financial year. As previously announced, a non-binding term sheet has been signed with Vertom BV to create a joint venture that should provide a strong platform from which the combined business can accelerate growth. The Group's share of profit from the new joint venture would be accounted for as an associate.

OTHER OPERATING COSTS

Central costs	H1 2021/22	H1 2020/21	Change %
Central costs	£2.1 million	£1.7 million	24%

Central costs were 24% higher than the previous year, primarily due to the cost of reverting from an Executive Chairman to a CEO and Non-Executive Chairman and additional fees in connection with the renewal of the Group's revolving credit facility.

Specific items	H1 2021/22	H1 2020/21	Change %
Acquisition and disposal-related charges	£0.1 million	£1.0 million	(90)%

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 they may distort understanding of the underlying performance of the business. The majority of these costs relate to acquisitions completed in previous financial years and are primarily non-cash.

Expenditure of £0.1 million (2020: £0.7 million) is directly linked to the acquisition of NAVES Corporate Finance GmbH. In the comparative period last year, the Group also incurred £0.3 million of costs directly linked to the acquisition of Atlantic Brokers Holdings Limited and ACM Shipping Group Plc.

Discontinued operations

The results of the Wavespec and the non-core investment in AqualisBraemar that have both been disposed of in the period and Cory Brothers which is classified as "held for sale" have been presented as discontinued operations in the current and comparative period.

Profit/(loss) from discontinued operations net of tax	H1 2021/22	H1 2020/21	Change %
Wavespec	£(0.9) million	£(2.0) million	(55)%
Cory Brothers	£1.1 million	£0.5 million	120%
AqualisBraemar	£4.4 million	£(0.2) million	(2300)%
Total	£4.6 million	£(1.7) million	(371)%

A loss of £0.9 million (2020: £2.0 million) was recognised in respect of Wavespec, which was sold on 31 March 2021. This consists of a trading loss of £0.1 million (2020: £0.5 million), a profit on disposal of £1.6 million and a credit impairment of £2.4 million. In the comparative period, £1.5 million relates to the impairment of assets and other costs of disposal.

Profit after taxation of £1.1 million (2020: £0.5 million) relating to the first half trading of Cory Brothers was reclassified to discontinued operations as discussions with Vertom Agencies on a potential joint venture progress. The signed, non-binding term sheet contemplates Braemar's disposal of the current Cory Brothers legal entities in exchange for a significant minority stake in a much larger European port agency business.

A gain of £4.4 million (2020: loss of £0.2 million) relates to the Group's investment in AqualisBraemar, which was recognised following the disposal of the Group's Technical Division in 2019. Following the

full disposal of this investment these amounts were reclassified to discontinued operations. Included in the gain on disposal is a gain of £3.8 million on the sale of the shares, a gain of £0.6 million in respect of recycling amounts previously held in other comprehensive income, a gain of less than £0.1 million in respect of the Group's share of AqualisBraemar's results to 19 May 2021 and a cost of less than £0.1 million in respect of the vesting of the warrants and subsequent sale of shares. The loss of £0.2 million in the comparative period represents profit of £0.8 million from Braemar's share of AqualisBraemar's profit for the period and £1.0 million of costs in respect of fair value movements on warrants held over AqualisBraemar shares.

Foreign exchange

The US dollar exchange rate relative to sterling strengthened from US\$1.39:£1 at 1 March 2021 to US\$1.38:£1 at 31 August 2021. A significant proportion of the Group's revenue is earned in US dollars. At 31 August 2021, the Group held forward currency contracts to sell US\$50.3 million at an average rate of US\$1.375/£1.

The Group also has material liabilities in Euros and the Euro rate weakened against Sterling from €1.15:£1 at 1 March 2021 to €1.17:£1 at 31 August 2021.

Balance sheet

Net assets at 31 August 2021 were £68.3 million (31 August 2020: £59.1 million, 28 February 2021: £63.6 million). A review aimed at identifying evidence of impairment of intangible assets was carried out and no such impairment was identified. An interim dividend of 2.0 pence per ordinary share was declared in respect of the period (£nil in the period to 31 August 2020) and 1,635,164 shares were purchased for the Employee Share Ownership Plan.

As a result of the classification of Cory Brothers as held for sale, trade and other receivables decreased by £5.4 million to £29.4 million compared with £34.8 million at 28 February 2021 and £34.9 million at 31 August 2020. On the same basis, trade and other payables have decreased by £19.9 million to £26.3 million compared to £46.2 million at 28 February 2021 and £44.0 million at 31 August 2020.

The Group's volume of business was slightly higher in the first half of FY21/22 compared to the second half of FY20/21. If Cory Brothers had not been classified as held for sale, trade and other receivables would have increased by £8.6 million while trade and other payables would have increased by £2.9 million compared to 28 February 2021.

The pension deficit has increased by £1.5 million to £4.9 million during the period (31 August 2020: £3.4 million, 28 February 2021: £3.8 million) as a result of the most recent actuarial valuation.

Shares to be issued has increased by £3.4 million from £0.5 million at 31 August 2020 to £3.9 million due to additional shares purchased by the Group's Employee Share Ownership Plan. At 28 February 2021, shares to be issued amounted to £1.4 million.

Borrowings and cash

On 25 May 2021, the Group completed an extension and amendment to its revolving credit facility with HSBC ("RCF"). The RCF facility limit was reduced from £35.0 million to £30.0 million while the accordion limit was increased from £5.0 million to £10.0 million. Consequently, at the balance sheet date, the Group had bank facilities totalling £40.0 million, made up of the RCF of £30.0 million and the accordion facility of £10.0 million. Drawdown of the accordion facility is subject to additional credit approval. The RCF has a number of covenants, in particular the ratio of debt to rolling 12-month EBITDA. This covenant has a limit of 3x until January 2022 after which it will revert to 2.5x until the

facility expires in September 2023. The Group also has access to global cash management arrangements, notably in our regional hubs of UK, Germany and Singapore.

At 31 August 2021, the Group held cash of £17.0 million (31 August 2020: £12.7 million, 28 February 2021: £14.2 million). The increase in cash is largely attributable to the sale of shares in AqualisBraemar. £1.7 million of cash used to fund the dividend paid on 1 September 2021 had already been transferred to the Group's registrars prior to the balance sheet date.

	31 August 2021	31 August 2020	28 February 2021
	£m	£m	£m
Cash at bank	9.1	12.7	14.1
Cash held for sale	7.9	-	0.1
Total cash	17.0	12.7	14.2

Net bank debt (excluding acquisition liabilities and IFRS 16 lease liabilities) was £8.0 million compared with net bank debt of £19.3 million at 31 August 2020 and net bank debt of £8.8 million at 28 February 2021. Net debt (including acquisition liabilities but excluding IFRS 16 lease liabilities) was £14.7 million compared with net debt of £30.2 million at 31 August 2020 and net debt of £19.1 million at 28 February 2021.

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

Assets held for sale

As discussions regarding the proposed joint venture between Cory Brothers and Vertom Agencies progress, working towards completion in the second half of the financial year, the assets of Cory Brothers have been accounted for as assets held for sale under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'. Trading profits of £1.3 million have been presented in discontinued operations. The completion of the transaction is expected to be concluded during the second half of the financial year.

Taxation

The tax charge of £0.5 million (2020: £0.4 million) comprises a current tax charge of £0.8 million and a deferred tax credit of £0.3 million. Current tax is charged at 16.8% (2020 restated: 14.1%) representing the best estimate of the annual effective tax rate, applied to the taxable profits of the interim period. The rate is lower than the standard rate of UK corporation tax due to utilisation of losses. Deferred tax is charged at 25.0% (2020: 19.0%) based on the UK Government's Spring Budget which was substantively enacted in May 2021.

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 34 to 39 of the Annual Report 2021 are also applicable for a period of six months from 31 August 2021. These include risks associated with geopolitical and macroeconomic changes, currency fluctuations, financial capacity, financial liquidity, failure to attract and retain skilled individuals, disruptive technology, cultural behaviours and corporate governance and

change management, compliance with laws and regulations, cybercrime and data security, and major business disruption.

The Directors are considering the impact of climate change and have appointed an external consultant to assist with the development of the Group's ESG strategy and climate change risk assessment.

The Directors continue to assess the potential impacts of Brexit and the COVID-19 pandemic on the principal risks and uncertainties. The experience of the last 18 months has shown that the business can continue to operate successfully during lockdown restrictions, although forecasting levels of transactions and income remains difficult given the continuing volatility of the markets in which we operate.

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.

Braemar Shipping Services Plc

Condensed Consolidated Income Statement

	Notes	Six months ended 31 August 2021 Unaudited			Six months ended 31 August 2020 Unaudited and restated *		
		Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Continuing operations							
Revenue	4	47,410	-	47,410	42,788	-	42,788
Cost of sales		(931)	-	(931)	(1,446)	-	(1,446)
Gross profit		46,479	-	46,479	41,342	-	41,342
Operating expenses		(40,890)	-	(40,890)	(36,266)	-	(36,266)
Other operating costs					-	-	-
Acquisition related expenditure	5	-	(72)	(72)	-	(1,016)	(1,016)
		(40,890)	(72)	(40,962)	(36,266)	(1,016)	(37,282)
Operating profit/(loss)	4	5,589	(72)	5,517	5,076	(1,016)	4,060
Share of associate loss	10	(29)	-	(29)	-	-	-
Finance income	5	40	2,386	2,426	128	-	128
Finance costs	5	(683)	-	(683)	(730)	(182)	(912)
Profit/(loss) before taxation		4,917	2,314	7,231	4,474	(1,198)	3,276
Taxation	5,7	(483)	-	(483)	(468)	28	(440)
Profit/(loss) from continuing operations		4,434	2,314	6,748	4,006	(1,170)	2,836
Profit/(loss) from discontinued operations	6	1,176	3,456	4,632	1,069	(2,800)	(1,731)
Profit/(loss) attributable to equity shareholders of the parent	4	5,610	5,770	11,380	5,075	(3,970)	1,105
Total							
Earnings per ordinary share	8						
Basic		18.00p		36.52p	16.22p		3.53p
Diluted		14.78p		29.99p	13.53p		2.95p
Continuing operations							
Earnings per ordinary share	8						
Basic		14.23p		21.66p	12.81p		9.07p
Diluted		11.68p		17.78p	10.68p		7.56p

* The six months ended 31 August 2020 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations.

Braemar Shipping Services Plc

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 Aug 2021 Unaudited £'000	Six months ended 31 Aug 2020 Unaudited £'000
Profit for the period	11,380	1,105
Other comprehensive income/(expense)		
<i>Items that will not be reclassified to profit or loss:</i>		
- Actuarial loss on employee benefit schemes – net of tax	(978)	-
<i>Items that are or may be reclassified to profit or loss:</i>		
- Foreign exchange differences on retranslation of foreign operations	(436)	(2,516)
- Cash flow hedges - net of tax	(532)	2,356
Other comprehensive expense	(1,946)	(160)
Total comprehensive income from continuing operations	9,434	945
Recycling of foreign exchange reserve	(638)	-
Share of other comprehensive income / (loss) of associate	52	(238)
Total comprehensive loss from discontinued operations	(586)	(238)
Total comprehensive income attributable to the equity shareholders		
of the parent	8,848	707

* The six months ended 31 August 2020 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations.

Condensed Consolidated Balance Sheet

		31 August 2021 Unaudited	31 August 2020 Unaudited	28 February 2021 Audited
	Notes	£'000	£'000	£'000
Assets				
Non-current assets				
Goodwill		80,169	83,812	83,955
Other intangible assets		1,072	2,037	2,129
Property, plant and equipment		8,093	10,763	9,841
Other investments		1,927	1,962	1,962
Investment in associate	10	606	7,126	3,763
Financial assets	13	-	188	-
Derivative financial instruments	13	-	-	200
Deferred tax assets		3,335	3,973	2,900
Other receivables		1,316	2,123	1,888
		96,518	111,984	106,638
Current assets				
Trade and other receivables	11	29,444	34,885	34,800
Financial assets		-	-	746
Derivative financial instruments	13	658	1,288	1,573
Cash and cash equivalents		9,111	12,687	14,111
Assets held for sale	6	27,878	283	436
		67,091	49,143	51,666
Total assets		163,609	161,127	158,304
Liabilities				
Current liabilities				
Derivative financial instruments	13	178	63	60
Trade and other payables		26,254	44,034	46,237
Short-term borrowings		25,000	31,999	23,000
Current tax payable		480	924	1,318
Provisions		574	250	307
Convertible loan notes	12	1,934	4,529	5,130
Deferred consideration	12	-	626	608
Liabilities directly associated with assets classified as held for sale	6	23,744	282	125
		78,164	82,707	76,785
Non-current liabilities				
Derivative financial instruments	13	67	-	-
Long-term borrowings		6,444	8,403	8,634
Deferred tax liabilities		166	889	174
Provisions		752	753	690
Convertible loan notes	12	1,360	2,502	1,217
Deferred consideration	12	3,417	3,289	3,358
Pension deficit		4,935	3,448	3,819
		17,141	19,284	17,892
Total liabilities		95,305	101,991	94,677
Total assets less total liabilities		68,304	59,136	63,627
Equity				
Share capital	14	3,199	3,172	3,174
Share premium	14	55,805	55,805	55,805
Shares to be issued		(3,880)	(526)	(1,362)
Other reserves	15	21,183	22,119	22,790
Retained earnings		(8,003)	(21,434)	(16,780)
Total equity		68,304	59,136	63,627

Braemar Shipping Services Plc

Condensed Consolidated Statement of Cash Flows

		Six months ended 31 August 2021 Unaudited	Six months ended 31 August 2020 Unaudited & restated *
	Notes	£'000	£'000
Profit before tax		7,231	3,276
Profit/(loss) before tax from discontinued operations	6	4,859	(1,613)
Depreciation and amortisation charges		1,825	1,801
Share of net profit in associates	10	(47)	(837)
Share scheme charges		1,562	943
Net finance cost		643	784
Fair value loss on warrants		-	991
Credit on modification of deferred consideration	12	(2,386)	-
Gain on disposal of shares in AqualisBraemar	10	(3,759)	-
Gain on disposal of Wavespec	10	(1,600)	-
Loss on impairment of Wavespec receivable	6	2,374	-
Impairment of assets held for sale		-	1,490
Contribution to defined benefit scheme		(198)	(225)
Operating cash flow before changes in working capital		10,504	6,610
(Increase)/decrease in receivables		(7,639)	4,670
Increase/(decrease) in payables		687	(3,223)
Increase in provisions and employee benefits		328	36
Cash flows from operating activities		3,880	8,093
Interest received		40	90
Interest paid		(665)	(697)
Tax paid		(980)	(872)
Net cash generated from operating activities		2,275	6,614

* The six months ended 31 August 2020 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations.

Condensed Consolidated Statement of Cash Flows (continued)

		Six months ended 31 August 2021 Unaudited	Six months ended 31 August 2020 Unaudited & restated *
	Notes	£'000	£'000
Cash flows from investing activities			
Purchase of property, plant and equipment and computer software		(346)	(446)
Purchase of other intangible assets		(528)	-
Investment in associate	10	(217)	-
Dividend received from associate	10	-	322
Cash in subsidiaries disposed		(53)	-
Proceeds from sale of property, plant and equipment		-	6
Proceeds from sale of investments	10	7,232	-
Principal received on finance lease receivables		450	396
Net cash generated from investing activities		6,538	278
Cash flows from financing activities			
Proceeds from borrowings		2,000	7,300
Repayment of principal under lease liabilities		(1,971)	(1,986)
Repayment of revolving credit facility		-	(29,325)
Gift to ESOP for purchase of shares		(4,183)	-
Deferred consideration paid		(1,198)	-
Net cash used in from financing activities		(5,352)	(24,011)
Increase/(decrease) in cash and cash equivalents		3,461	(17,119)
Cash and cash equivalents at beginning of the period		14,164	28,749
Foreign exchange differences		(579)	1,057
Cash and cash equivalents at end of the period		17,046	12,687
		Six months ended 31 August 2021 Unaudited	Six months ended 31 August 2020 Unaudited & restated *
		£'000	£'000
Cash and cash equivalents (continuing operations)		9,111	12,687
Cash and cash equivalents (included in assets held for sale)		7,935	-
Total cash and cash equivalents at end of the period		17,046	12,687

* The six months ended 31 August 2020 has been restated for the presentation of Cory Brothers and AqualisBraemar as discontinued operations.

Condensed Consolidated Statement of Changes in Equity

	Notes	Share capital £'000	Share premium £'000	Shares to be issued £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2021		3,174	55,805	(1,362)	22,790	(16,780)	63,627
Profit for the period		-	-	-	-	11,380	11,380
Foreign exchange differences		-	-	-	(1,075)	-	(1,075)
Actuarial loss on employee benefit schemes – net of tax		-	-	-	-	(978)	(978)
Share of associate's other comprehensive expense		-	-	-	-	53	53
Cash flow hedges		-	-	-	(1,360)	-	(1,360)
Deferred tax on cashflow hedges		-	-	-	828	-	828
Total comprehensive income		-	-	-	(1,607)	10,455	8,848
Dividends	9	-	-	-	-	(1,482)	(1,482)
Issue of shares		25	-	(25)	-	-	-
Purchase of shares		-	-	(4,183)	-	-	(4,183)
ESOP shares allocated		-	-	1,690	-	(1,690)	-
Share based payments		-	-	-	-	1,494	1,494
Balance at 31 August 2021		3,199	55,805	(3,880)	21,183	(8,003)	68,304
Balance at 1 March 2020		3,167	55,805	(2,498)	22,279	(21,267)	57,486
Profit for the period		-	-	-	-	1,105	1,105
Foreign exchange differences		-	-	-	(2,516)	-	(2,516)
Share of associate's other comprehensive expense		-	-	-	-	(238)	(238)
Cash flow hedges		-	-	-	2,683	-	2,683
Deferred tax on cashflow hedges		-	-	-	(327)	-	(327)
Total comprehensive income		-	-	-	(160)	867	707
Dividends	9	-	-	-	-	-	-
Issue of shares		5	-	-	-	(5)	-
Purchase of shares		-	-	-	-	-	-
ESOP shares allocated		-	-	1,972	-	(1,972)	-
Share based payments		-	-	-	-	943	943
Balance at 31 August 2020		3,172	55,805	(526)	22,119	(21,434)	59,136

Braemar Shipping Services Plc

Unaudited Notes to The Financial Statements

For the six months ended 31 August 2021

1. General information

Braemar Shipping Services Plc (the “Company”) is a public limited company incorporated and domiciled in England and Wales. The interim condensed consolidated financial information for the six months ended 31 August 2021 comprise the Company, its subsidiaries and the employee share ownership trust (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 2 November 2021.

The interim condensed consolidated financial statements do not comprise statutory financial statements within the meaning of Section 434 of the Companies Act 2006, but have been reviewed by BDO LLP, the Company’s auditor. The audited statutory financial statements for the year ended 28 February 2021 have been delivered to the Registrar of Companies. The auditor’s report on those financial statements was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The comparative information for the year ended 28 February 2021 in this interim report does not constitute statutory financial statements for that year.

2. Basis of preparation and statement of compliance

The condensed consolidated interim financial statements for the six months ended 31 August 2021 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.

The condensed consolidated interim 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 2021, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Following the classification of the Logistics Division (Cory Brothers) as held for sale and the disposal of AqualisBraemar, the Group has restated the condensed consolidated Income Statement, Statement of Comprehensive Income and Cash Flow Statement in relation to discontinued operations for the period ended 31 August 2020. See Note 6.

The 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 and the continued impact of COVID. 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 Divisions. 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 any ongoing pandemic weakness. The Directors have also considered forward-looking market data in respect of the shipping market. This includes the forward order book within the Shipbroking Division, and the potential within the Financial Division (Braemar Naves).

The revolving credit facility ("RCF") is currently £30.0 million plus an accordion limit of £10.0 million. Drawdown of the accordion facility is subject to additional credit approval. The EBITDA covenant is set at 3.0x until January 2022, and 2.5x until the facility expires in September 2023. At 28 February 2021, 31 May 2021 and 31 August 2021 the Group met all financial covenant tests. As at 31 August 2021 the Group's net bank debt* was £8.0 million with available headroom in the £30.0 million RCF of £5.0 million. (*Net bank debt is calculated as secured RCF less net cash.)

The Group has updated its expected revenue, cost and cash forecasts in the light of trading over the first half of the current financial year and assessed the ability of the Group to operate both within the revised covenants and the facility headroom. The base case assessment was performed to consider the scenario of Cory Brothers being divested. A number of downside sensitivities were tested including reverse stress scenarios for the planned scenario of Cory Brothers being divested which considered reductions in expected revenue from November 2021 onwards of 27%. The same process was undertaken for the scenario of Cory Brothers being retained which showed results with higher levels of headroom and a reverse stress revenue reduction of 32%. The assessment also included the assumption of reasonable cost mitigations and other cash management measures within the control of the Group.

The Directors have considered these revenue downside sensitivities and concluded that it would be remote that revenues would be impacted to this extent over the assessed going concern period, whether Cory Brothers is divested as planned or not. In making this assessment, significant judgement has been applied.

The Directors consider revenue as the key assumption in the Group's forecasts as there is a low level of cost of sales in the continuing operations. The remaining costs are largely fixed or made up of discretionary bonuses, predominately within the Shipbroking Division and which are directly linked to profitability.

To date the COVID pandemic 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 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 consolidated financial statements as at and for the year ended 28 February 2021, except as described below, and should be read in conjunction with the 2021 Annual Report.

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

No new standards or amendments effective for reporting periods beginning on or after 1 January 2021 had an impact on the interim condensed consolidated financial statements for the period ended 31 August 2021.

Policy on assessment of modification of terms of financial liability

When the terms of an existing financial liability are modified, management will consider both quantitative and qualitative factors to assess whether the modification is substantive. 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 substantive, then the existing financial liability is remeasured in accordance with its original classification.

Taxation

Taxation is recognised in the interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in the subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

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 condensed consolidated interim 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 2021, except as described below:

In preparing the condensed consolidated interim financial statements for the period ended 31 August 2021 the classification of assets held for sale is a critical accounting judgement.

Cory Brothers

The classification of Cory Brothers as held for sale and the carrying value of net assets held for sale are critical accounting judgements. As a result of the board's intention to dispose of Cory Brothers for a share of a joint venture entity with Vertom Agencies, the Group will lose control of Cory Brothers. Management believe it is highly probable that the transaction will complete and therefore the results of Cory Brothers should be presented as discontinued operations and the net assets of Cory Brothers classified as held for sale.

The net assets classified as held for sale must be held at the lower of carrying value and fair value less costs to sell. Management calculated the value in use of the planned joint venture using forecast cashflows, and approximated the fair value of the consideration to sell as the Group's future share of the calculated value in use of the joint venture. This exceeded the carrying value of net assets held for sale, and consequently management have concluded that the net assets should be held at cost and that there is no impairment. See Note 6.

Wavespec

Fair value of consideration

In the year ended 28 February 2021, the sale of Wavespec, the Group's Engineering Division, completed for a maximum consideration of £2.6m. The fair value of the consideration is a critical accounting judgement.

The consideration was satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The fair value of the consideration was based on the net present value of the promissory note (£2.4 million). A discount rate of 2.11% was used to calculate the net present value. The discount rate was made up of two elements, the first being a 5 year BBB+ bond yield of 1.51%, the second being a premium for lack of marketability at 0.60%. A 5 year BBB+ bond yield was used because it matches the maturity of the promissory note and reflects the credit rating of the bank that was expected to provide the letter of credit.

Credit impairment

As at 31 August 2021, the buyer had not delivered on its obligations to secure the promissory note and therefore management have judged that the promissory note is unlikely to be honoured and consequently the fair value of the consideration is credit impaired and a credit loss of £2.4 million has been booked.

NAVES Corporate Finance GmbH ("NAVES") acquisition – rescheduling of deferred consideration

During the period, management agreed a restructuring of the deferred consideration for the acquisition of NAVES (see Note 12). Judgement has been used in assessing whether this restructuring constituted a substantive modification of the terms of the deferred consideration. Management considered both quantitative and qualitative factors before judging that the modification was substantive. Accordingly, the original deferred consideration has been extinguished and a new financial liability has been recognised.

The majority of this modification gain relates to a number of management estimates and judgements primarily on the amount of interest that would be payable under the terms of the original deal. The £2.4 million difference between the carrying amount of the financial liability extinguished and the new liability assumed has been credited to the condensed consolidated income statement and classified as a specific item within finance income (see Note 5).

Significant revenue transaction

Management recognised significant one-off success fees from one of the clients in the period (see Note 4) whereby judgement has been applied in determination of an appropriate discount rate to deal with the significant financing component as per the agreement. Management believes that the client's approximate weighted average cost of capital is an appropriate discount rate.

Pension deficit

The defined benefit pension deficit is based on an actuarial assessment. The material movement in the pension deficit is a consequence of changes in estimates of future bond yields and inflation rates.

Climate-related risks

Management do not consider climate-related risks to have an impact on any key judgements, estimates or assumptions in these condensed consolidated interim financial statements. The potential impact of climate change is reviewed regularly by the board and climate related risk is not currently considered to be a principal risk of the business.

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, with the historical exception of the Deep-sea Tankers desk which has generated stronger revenues during the Northern hemisphere winter months.

4. Segmental information

The Group's reportable segments are trading divisions that are managed separately due to a combination of factors including the variety of services provided and method of service delivery.

The reportable segments reflect the way financial information is reviewed by the Group's Chief Operating Decision Maker ("CODM"). The CODM for the Group is the Board of Directors.

The results of discontinued operations for the six months ended 31 August 2021 include:

- The results of Wavespec which was disposed of during the period.
- The gains and losses related to the Group's investment in AqualisBraemar which was disposed of during the period.
- The results of Cory Brothers which is classified as held for sale.

All amounts are represented as discontinued operations in both the current and comparative periods (See Note 6 and Note 10).

	Revenue		Results	
	H1 2021/22	H1 2020/21 restated	H1 2021/22	H1 2020/21 restated
	£'000	£'000	£'000	£'000
Shipbroking	42,215	39,291	5,921	6,076
Braemar Naves	5,195	3,497	1,736	723
Trading segments revenue/results	47,410	42,788	7,657	6,799
Central costs			(2,068)	(1,723)
Underlying operating profit			5,589	5,076
Exceptional operating costs			-	-
Acquisition related expenditure			(72)	(1,016)
Operating profit			5,517	4,060
Share of associate profit			(29)	-
Finance income – remeasurement of deferred consideration (see Note 12)			2,386	-
Net finance expense from underlying operations			(643)	(784)
Profit before taxation			7,231	3,276
Taxation			(483)	(440)
Profit from continuing operations			6,748	2,836
Profit/(loss) from discontinued operations			4,632	(1,731)
Profit for the period			11,380	1,105

The Group's revenue disaggregated by country of origin is as follows:

	Revenue	
	H1 2021/22	H1 2020/21 restated
	£'000	£'000
United Kingdom	27,630	27,123
Singapore	9,386	5,517
United States	276	392
Australia	5,001	3,526
Germany	1,124	1,661
Rest of the World	3,993	4,569
Continuing operations	47,410	42,788
Discontinued operations	21,281	14,774

The Group does not allocate income tax expense or interest to reportable segments. Treasury management is managed centrally.

Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

Significant transaction

In August 2021, the Group's Financial segment invoiced a customer for a one-off amount of £2.3 million (£2.7 million). Although all the services had been supplied at the point of invoicing, management reached agreement with the customer that payment for the invoice would be spread over 18 months at a rate of €150,000 per month, starting in September 2021. After allowing for discounting to present value, the fair value of revenue and the receivable recognised on the balance sheet as at 31 August 2021 is £2.2 million. This amount is split less than one year: £1.5 million; greater than one year: £0.7 million.

Major customers

Revenues from two customers of the Group's Financial segment represented £2.4 million and £1.2 million (2020: £0.1 million and £nil) of the Group's total revenues in the six months ended 31 August 2021.

In the six months ended 31 August 2020, revenues from one customer of the Group's Financial segment represented £0.6 million of the Group's total revenues.

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

5. Specific items

During the period, the Group incurred the following specific items:

	Six months ended 31 Aug 2021	Six months ended 31 Aug 2020 restated
	£'000	£'000
<i>Acquisition related items</i>		
- Acquisition of NAVES	(72)	(719)
- Acquisition of Atlantic Brokers Holdings Limited	-	(228)
- Acquisition of ACM Shipping Group Plc	-	(69)
	(72)	(1,016)
- Gain / (loss) from discontinued operations (Note 6)	3,456	(2,800)
- Finance income - credit on modification of deferred consideration	2,386	-
- Finance costs	-	(182)
- Taxation	-	28
Total	5,770	(3,970)

Acquisition related items

The Group incurred net expenditure of £0.1 million (2020: net expenditure of £1.0 million) relating to acquisition related items.

Net expenditure of £0.1 million is directly linked to the acquisition of NAVES (2020: expenditure of £0.7 million). In the six months ended 31 August 2021 the expenditure included £0.1 million of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement and charges of £0.1 million of interest which were offset by a gain of £0.1 million related to foreign exchange translation of Euro liabilities.

The net expenditure relating to the acquisition in the half year ended 31 August 2020 included £0.2 million of post-acquisition remuneration payable to certain vendors under the terms of the acquisition agreement, charges of £0.1 million of interest and a charge of £0.5 million related to foreign exchange translation of Euro liabilities, offset by a credit of £0.1 million in respect of reimbursement from the sellers of certain expenses incurred by Braemar Naves prior to acquisition.

Expenditure of £nil (2020: £0.2 million) is directly linked to the acquisition of Atlantic Brokers Holdings Limited in respect of incentive payments to working sellers. The cash payment was made in the year ended 28 February 2018 and was subject to clawback provisions, and the clawback period over which costs were charged to the Income Statement expired on 28 February 2021.

Expenditure of £nil (2020: less than £0.1 million) was incurred in relation to the restricted share plan implemented to retain key staff following the merger between Braemar Shipping Services Plc and ACM Shipping Plc.

Other specific items

The Group recognised a net gain of £3.5million (2020: loss of £2.8 million) in relation to discontinued operations. Gains on the disposal of Wavespec and AqualisBraemar of £1.6 million and £4.4 million respectively, were offset by an impairment charge of £2.4 million on the consideration due in respect of Wavespec, and Wavespec trading losses of £0.1 million. See Note 6.

On 3 June 2021, the Group completed a restructuring of the deferred consideration amounts in relation to the acquisition of NAVES. This modification resulted in a credit of £2.4 million. The majority of this modification gain relates to a number of management estimates and judgements primarily on the amount of interest that would be payable under the terms of the original deal, see Note 12. This credit is classified as specific finance income.

In the prior period the Group recognised £0.2 million of interest charges related to the Group's RCF as specific finance costs. These charges related to interest payable on tranches of the RCF that were used to fund the acquisition of NAVES.

6. Discontinued operations

	Six months ended 31 Aug 2021 £'000	Six months ended 31 Aug 2020 £'000
<i>Underlying</i>		
Cory Brothers	1,100	452
AqualisBraemar	76	617
Underlying profit from discontinued operations	1,176	1,069
<i>Specific items</i>		
Wavespec	(920)	(2,029)
Cory Brothers	8	-
AqualisBraemar	4,368	(771)
Profit / (loss) from specific items related to discontinued operations	3,456	(2,800)
Total profit / (loss) from discontinued operations	4,632	(1,731)

Wavespec

On 31 March 2021, the Group completed the sale of Wavespec, which was classified as held for sale at 31 August 2020 and 28 February 2021. A gain of £1.6 million was recognised on disposal.

The sale was for maximum consideration of £2.6 million which was expected to be satisfied by the issuance of a promissory note with a maturity date of 31 March 2026. The disposal agreement contained an obligation for the buyer to secure the note by providing a standby letter of credit issued

by an international bank with an acceptable credit rating. Should they fail to deliver such a letter of credit, the Group could elect to receive a sum of cash of £0.5 million from the buyer with the balance of the note of £2.1 million remaining unsecured. The fair value of the consideration was £2.4 million (see Note 3 for details of assessment of discount rate).

At 31 August 2021, the buyer had not delivered a secured letter of credit nor had the cash sum of £0.5 million been received. Management believes the consideration (fair value of £2.4 million) is unlikely to be received and consequently has been provided in full (charge of £2.4 million).

Cory Brothers

Following the Group's decision to dispose of Cory Brothers, the results of the current and comparative periods have been restated to include the results of Cory Brothers as discontinued operations. The disposal of Cory Brothers is expected to complete during the current financial year. The net assets of Cory Brothers have been classified as held for sale.

The net assets classified as held for sale must be held at the lower of carrying value and fair value less costs to sell. Management undertook a number of estimates to determine the fair value of net assets held for sale (see Note 2), and consequently management have determined that the net assets should be held at carrying value and that there is no impairment.

AqualisBraemar

The Group recognised its minority shareholding in AqualisBraemar as an investment in associate until its disposal on 19 May 2021. The Group's share of profit of associate and the profit on disposal including foreign exchange recycling totalled £4.4 million (see Note 10). In the prior year the Group recognised a loss of £1.0 million on the fair value movement of warrants to acquire further shares in AqualisBraemar. There was a matching gain recognised in the financial statements of Aqualis Braemar, and the Group's share of this gain was £0.2 million and is presented within specific items.

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

Wavespec	Six months ended 31 Aug 2021 £'000	Six months ended 31 Aug 2020 £'000
Revenue	15	1,254
Costs	(161)	(1,708)
Trading loss	(146)	(454)
Impairment to fair value and other disposal costs	-	(1,575)
Gain on disposal	1,600	-
Credit impairment charge	(2,374)	-
Loss before taxation	(920)	(2,029)
Taxation	-	-
Total loss for the period from Wavespec	(920)	(2,029)

Cory Brothers	Six months ended 31 Aug 2021 £'000	Six months ended 31 Aug 2020 £'000
Revenue	21,281	13,520
Costs	(19,954)	(12,950)
Trading profit	1,327	570
Specific items	8	-
Profit before taxation	1,335	570
Taxation	(227)	(118)
Total profit for the period from Cory Brothers	1,108	452

AqualisBraemar	Six months ended 31 Aug 2021 £'000	Six months ended 31 Aug 2020 £'000
Share of associate profit for the period – trading	76	617
<i>Specific items</i>		
Movement in fair value in warrants	-	(991)
Share of associate profit for the period – fair value movement in warrants	-	220
Profit on disposal	4,368	-
Total profit for the period from AqualisBraemar	4,444	(154)

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

	£'000
<i>Net assets disposed of</i>	
Intangibles	90
Property, plant and equipment	1
Cash	53
Trade and other receivables	293
Trade and other payables	(272)
	165

	£'000
Disposal proceeds	2,374
Net assets disposed of	(165)
Disposal-related costs	(609)
Gain on disposal of Wavespec (before credit impairment)	1,600

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

Wavespec	31 Aug 2021	31 Aug 2020	28 Feb 2021
	£'000	£'000	£'000
Intangibles	-	146	90
Property, plant and equipment	-	12	1
Cash	-	-	53
Trade and other receivables	-	125	292
Assets held for sale	-	283	436
Trade and other payables	-	(270)	(125)
Short-term borrowings	-	(12)	-
Liabilities held for sale	-	(282)	(125)
Net assets of discontinued operations	-	1	311

At 31 August 2020 an impairment to fair value less costs to sell of £782,000 was pro-rated across intangibles, property, plant and equipment and trade and other receivables.

Cory Brothers	31 Aug 2021	31 Aug 2020	28 Feb 2021
	£'000	£'000	£'000
Intangibles	5,013	-	-
Property, plant and equipment	733	-	-
Deferred tax assets	230	-	-
Cash	7,935	-	-
Trade and other receivables	13,967	-	-
Assets held for sale	27,878	-	-
Trade and other payables	(22,758)	-	-
Current tax payable	(431)	-	-
Long-term borrowings	(555)	-	-
Liabilities held for sale	(23,744)	-	-
Net assets of discontinued operations	4,134	-	-

The net assets held for sale of Cory Brothers must be held at lower of carrying value or fair value less costs to sell. At 31 August 2021 these net assets are held at carrying value as management believe that the fair value less costs to sell exceeds carrying value (see Note 3 for further detail on assessment).

The total basic and diluted earnings per share in respect of discontinued operations is 14.86p and 12.21p respectively (August 2020 restated: both loss of 5.53p per share).

During the period the discontinued operations had net operating cash outflows of £0.6 million. Investing activities included proceeds of £7.2 million, which were received in respect of the AqualisBraemar disposal and the disposal of £0.1 million cash held for sale within Wavespec, and there were no cashflows relating to financing activities.

7. Taxation

The total tax charge of £0.5 million consists of a current tax charge of £0.8 million and a deferred tax credit of £0.3 million. Current tax is charged at 16.8% for the six months ended 31 August 2021 (2020 restated: 14.1%) 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 rate in the current period is higher than the comparative period due to the utilisation of losses in the prior period and the effects of restating the prior period tax charge for the presentation of Cory Brothers as discontinued operations.

Deferred tax is based on 25.0% for the six months ended 31 August 2021 (2020: 19.0%). This is the UK tax rate based on the Finance Bill 2021 which was substantively enacted in May 2021. The effect on the Group's deferred tax charge was not material. 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.

8. Earnings per share

	Six months ended 31 Aug 2021 £'000	Six months ended 31 Aug 2020 £'000
Total operations		
Profit attributable to equity holders of the parent	11,380	1,105
	pence	pence
Basic earnings/(loss) per share	36.52	3.53
Effect of dilutive share options	(6.53)	(0.58)
Diluted loss per share	29.99	2.95
Continuing operations	£'000	£'000
Profit attributable to equity shareholders of the parent	6,748	2,836
	pence	pence
Basic earnings per share	21.66	9.07
Effect of dilutive share options	(3.88)	(1.51)
Diluted earnings per share	17.78	7.56
Underlying operations	£'000	£'000
Profit attributable to equity shareholders of the parent	5,610	5,075
	pence	pence
Basic earnings per share	18.00	16.22
Effect of dilutive share options	(3.22)	(2.69)
Diluted earnings per share	14.78	13.53

Underlying continuing operations	£'000	£'000
Profit attributable to equity shareholders of the parent	4,434	4,006
	pence	pence
Basic earnings per share	14.23	12.81
Effect of dilutive share options	(2.55)	(2.13)
Diluted earnings per share	11.68	10.68

Earnings per share from continuing operations and underlying operations for the comparative periods have been restated following the restatement of Cory Brothers and AqualisBraemar as discontinued operations.

The weighted average number of shares used in basic earnings per share is 31,161,213 (2020: 31,283,334).

The weighted average number of shares used in the diluted earnings per share is 37,951,467 (2020: 37,509,762) after adjusting for the effect of 6,790,254 (2020: 6,226,428) dilutive share options.

Where any potential ordinary shares would have the effect of increasing earnings per share, they have not been treated as dilutive.

9. Dividends

On 3 June 2021 the Directors recommended a dividend of 5p per share for approval at the AGM for the financial year ended 28 February 2021. On 26 August 2021 the dividend of 5p per share was approved and was paid on 1 September 2021.

No dividends were declared or paid in the six months ended 31 August 2020.

The board has declared an interim dividend of 2.0p per share, as a result of the trading in the first half of this year, to be paid on 16 December 2021 (H1 2020: nil).

10. Investment in associate

Zuma Labs

On 29 October 2020 the Group subscribed for 1,000 ordinary shares in Zuma Labs Limited. Zuma Labs Limited is a private company incorporated in England and Wales and its registered address is Kemp House, 160 City Road, London, United Kingdom, EC1V 2NX. Zuma Labs Limited has one share class and each share carries one vote.

During the period, in accordance with the shareholders' agreement, two further subscriptions for shares were made totalling of \$0.3 million (£0.2 million), increasing Braemar's shareholding increased by 750 shares. Fractal's shareholding has remained at 10,000 shares.

At 31 August 2021 the Group's shareholding was 2,125 shares, which equates to 17.5% of Zuma Lab Limited's share capital and 17.5% of voting rights. The Group has representation on the board of Zuma Labs Limited and, since the period end, has subscribed for a further 375 shares for \$0.15 million resulting in the Group owning 20% of Zuma Labs Limited's share capital. 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.

AqualisBraemar

AqualisBraemar is listed on the Oslo Børs, its principal place of business is Oslo and its registered address is Olav Vs gate 6, 0161, Oslo Norway. AqualisBraemar has one share class and each share carries one vote.

On 21 June 2019 the Group recognised an investment in associate as a result of the divestment of the Offshore, Marine and Adjusting product lines in return for a significant minority shareholding in AqualisBraemar.

On 19 May 2021 the Group sold 9,640,621 shares in AqualisBraemar for a profit of £4.4 million. At that point significant influence was lost, the Group ceased to equity account for AqualisBraemar and the Group's interest in AqualisBraemar was limited to its holding of 6,523,977 performance-based warrants which were accounted for as a financial asset at fair value.

On 20 August 2021, 1,000,000 of the 6,523,977 warrants vested with the remainder lapsing. A loss on vesting of £2,000 was recognised in specific items. The shares received were subsequently sold on 31 August 2021 crystallising a further loss of £4,000.

At 31 August 2021 the Group's shareholding was nil which equates to 0% of AqualisBraemar's share capital and 0% of voting rights (2020: 27.3% of share capital and 27.3% of voting rights).

	Zuma Labs £'000	AqualisBraemar £'000	Total £'000
At 1 March 2020			
Cost of investment	-	7,315	7,315
Share of profit in associate – underlying	-	837	837
Share of associate's other comprehensive expense	-	(238)	(238)
Dividends received	-	(322)	(322)
Foreign exchange movements	-	(466)	(466)
At 31 August 2020	-	7,126	7,126
Cost of investment	418	-	418
Share of loss in associate – underlying	-	(491)	(491)
Share of associate's other comprehensive income	-	550	550
Dividends received	-	(319)	(319)
Gain on dilution	-	826	826
Book value of 9,600,000 shares disposed	-	(3,753)	(3,753)
Foreign exchange movements	-	(594)	(594)
At 28 February 2021	418	3,345	3,763
Book value of 1,125 shares acquired	217	-	217
Share of profit/(loss) in associate – underlying	(29)	76	47
Share of associate's other comprehensive income	-	52	52
Book value of 9,640,621 shares disposed	-	(3,473)	(3,473)
At 31 August 2021	606	-	606

A reconciliation of the book value of the AqualisBraemar shares disposed of to the profit on disposal in Note 6 is as follows:

Number of shares sold	9,640,621
Share price NOK	9.00
	NOK'000
Gross disposal proceeds	86,776
Brokers commission at 1.5%	(1,301)
Net disposal proceeds	85,475
	£'000
Net disposal proceeds	7,232
Book value of shares sold	(3,473)
Profit on disposal before selling costs and FX	3,759
Legal costs	(31)
Recycle of amounts in OCI	640
Profit on disposal	4,368

Management have reviewed the carrying value of the investment in Zuma Labs Limited at 31 August 2021 and do not consider this to be impaired.

IAS 28 requires the most recent financial statements of an associate are used for accounting purposes, and that coterminous information should be used unless it is impractical to do so. AqualisBraemar have a year end of 31 December and for practical reasons AqualisBraemar full year accounts are used for the purposes of the Group's full year reporting at 28 February with adjustments made for any significant transactions and events. For the interim period to 31 August 2021 the Group has included its share of the AqualisBraemar results to 19 May 2021, at which point the Group disposed of its investment and ceased to equity account. Zuma Labs has a year end of 31 March and for practical reasons Zuma's results for the 12 months ended 31 December will be included in the Group's full year report at 28 February with adjustments made for any significant transactions and events. For the interim period to 31 August 2021 the Group has included its share of Zuma's results from 1 November 2020 to 30 June 2021. There were no significant events between 1 July 2021 and 31 August 2021 and Zuma Labs Limited has no contingent liabilities.

11. Trade and other receivables

	As at 31 Aug 2021 £'000	As at 31 Aug 2020 £'000	As at 28 Feb 2021 £'000
Trade receivables	20,737	26,971	27,266
Provision for impairment of trade receivables	(2,787)	(2,778)	(2,858)
	17,950	24,193	24,408
Other receivables	8,219	6,975	5,567
Finance lease receivables	750	772	974
Accrued income	1,240	1,778	2,570
Prepayments	1,285	1,167	1,281
	29,444	34,885	34,800

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

At 31 August 2021 the lifetime expected loss provision for trade receivables and contract assets is £0.5 million (28 February 2021: £0.8 million). The expected credit loss rates applied at 31 August 2021 are consistent with those applied at 28 February 2021. At 31 August 2021 the expected credit loss rate for balances over 12 months was 0.154% (28 February 2021: 0.154%).

Other receivables includes £1.5 million restricted cash held for the payment of future dividends (28 February 2021: £nil).

12. Deferred consideration

In September 2017, the Group acquired the entire share capital of NAVES. The acquisition agreement provided for a minimum consideration of £20.6 million (€24.0 million), excluding a working capital adjustment, and a maximum consideration of £30.0 million (€35.0 million). Following the conclusion of the assessment period, the total amount payable under the acquisition agreement was fixed at £25.3 million (€29.3 million). Management Sellers represent Mark Kuchenbecker and Axel Siepmann, the managing partners of NAVES, and non-management Sellers represent other investors.

On 3 June 2021 the Group reached an agreement with two of Braemar Naves' Managing Directors, Axel Siepmann and Mark Kuchenbecker, and their connected parties, to restructure certain deferred consideration amounts owed by the Group in relation to the acquisition.

A total of £2.5 million (€2.9 million) which was previously due for repayment before the end of December 2022 has been deferred to be paid no earlier than September 2025. In addition, a further amount of £0.7 million (€0.75 million) will be satisfied by the issue of Braemar shares in three tranches between September 2021 and December 2022. As part of the modification the Group has also agreed to increase the interest rate on certain convertible loan notes, to the extent that they are still outstanding, to five per cent per annum from September 2025.

A credit of £2.4 million has been recognised in respect of the accounting for the modification and classified in finance income under specific items in the condensed consolidated Income Statement. The majority of this modification gain relates to a number of management estimates and judgements primarily on the amount of interest that would be payable under the terms of the original deal. See Note 5.

In total, the Group has committed to the issue of £20.6 million (€24.0 million) convertible loan note instruments in respect of the acquisition of NAVES. Of the total convertible loan notes and deferred consideration, £1.9 million is in relation to payments that will be made within one year of the Balance Sheet date.

	As at 31 Aug 2021 £'000	As at 31 Aug 2020 £'000	As at 28 Feb 2021 £'000
<i>Current</i>			
Issued convertible loan notes	1,934	4,529	5,130
Deferred cash	-	626	608
	1,934	5,155	5,738
<i>Non-current</i>			
Issued convertible loan notes	1,360	2,502	1,217
Accrued retention convertible loan notes	3,417	3,289	3,358
	4,777	5,791	4,575
Total	6,711	10,946	10,313

13. Financial instruments

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 unless otherwise stated in this note.

a) Principal financial instruments

The principal financial instruments used by the Group are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Unlisted investments
- Warrants
- Trade and other payables
- Bank overdrafts
- Revolving credit facility
- Lease liabilities
- Forward currency contracts
- Deferred and contingent consideration

b) Financial instruments measured at fair value

The carrying values of the Group's financial assets and liabilities measured at fair value through the income statement, 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.

	As at 31 Aug 2021	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
<i>Financial Assets</i>				
Unlisted investments	1,500	-	1,500	-
Forward currency contracts	658	-	658	-
Total	2,158	-	2,158	-
<i>Financial Liabilities</i>				
Forward currency contracts	245	-	245	-
Total	245	-	245	-

	As at 28 Feb 2021	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
<i>Financial Assets</i>				
Unlisted investments	1,500	-	1,500	-
Forward currency contracts	1,773	-	1,773	-
Warrants	746	-	-	746
Total	4,019	-	3,273	746
<i>Financial Liabilities</i>				
Embedded derivative	60	-	-	60
Total	60	-	-	60

Fair value hierarchy

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

Unlisted investment

The unlisted investment of £1.5 million relates to the Group's investment in the London Tanker Broker 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.

Warrants

At 28 February 2021 the fair value of the warrants included unobservable inputs and they were therefore classified as Level 3. The key assumptions underpinning the fair value of the warrants related to the future expected share price of AqualisBraemar, the GBP:NOK and GBP:USD exchange rate and the future performance of both AqualisBraemar as a whole, and of the former Braemar Marine and Adjusting product lines.

On 20 August 2021 the Group successfully exercised 1,000,000 warrants. The Group received 1,000,000 ordinary shares in AqualisBraemar which were held on the Balance Sheet as an equity investment at market value. On vesting, a loss of £2,000 was recognised in specific items. On 31 August

2021 the Group sold 1,000,000 ordinary shares and derecognised the investment from the Balance Sheet. A further loss of £4,000 on disposal was recognised in specific items. See Note 5.

There was no movement in the fair value of the warrants between 28 February 2021 and 20 August 2021.

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.

The Group manages the exposure to US dollar currency variations by spot and forward currency sales and other derivative currency contracts.

At 31 August 2021 the Group held forward currency contracts to sell \$50.3 million at an average rate of \$1.375/£1.

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

The net fair value of forward currency contracts that are designated and effective as cash flow hedges amount to a £413,000 asset (28 February 2021: £1,773,000 asset).

Amounts of £570,000 have been charged (31 August 2020: £958,000) to the condensed consolidated Income Statement in respect of forward contracts which have matured in the period.

The maturity analysis of forward currency contracts is provided below:

	As at 31 August 2021	As at 28 February 2021
	£'000	£'000
Assets		
Forward currency contracts maturing within 12 to 18 months	-	200
Forward currency contracts maturing within 12 months	658	1,573
Total	658	1,773
Liabilities		
Forward currency maturing within 12 to 18 months	67	-
Forward currency contracts maturing within 12 months	178	-
Total	245	-

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 are therefore classified as Level 3. The key assumptions underpinning the fair value of the embedded derivative

relate to the expected future share price of the Group and the GBP:EUR exchange rate. The fair value has been determined using the Black-Scholes valuation model.

Enil has been charged to the condensed consolidated Income Statement in respect of the fair value movement of the embedded derivative from 1 March 2021 to 31 August 2021. The embedded derivative was derecognised as part of the modification to the terms of the deferred consideration described in Note 12.

c) Financial instruments not measured at fair value

The Group's financial assets and liabilities that are not measured at fair value are held at amortised costs. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value. The carrying values of the Group's financial assets and liabilities (excluding assets and liabilities held for sale) measured at amortised cost are:

	As at 31 Aug 2021 £'000	As at 28 Feb 2021 £'000
Financial assets		
Cash and cash equivalents	9,111	14,111
Trade and other receivables	29,475	35,408
Total	38,586	49,519

	As at 31 Aug 2021 £'000	As at 28 Feb 2021 £'000
Financial liabilities		
Trade and other payables	10,722	30,335
Deferred and contingent consideration	6,711	10,313
Loans and borrowings	34,964	35,553
Total	52,397	76,201

14. Share capital

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 March 2021	31,731	3,174	55,805	58,979
Issue of shares	264	25	-	25
At 31 August 2021	31,995	3,199	55,805	59,004
At 1 March 2020	31,673	3,167	55,805	58,972
Issue of shares	36	5	-	5
At 31 August 2020	31,709	3,172	55,805	58,977

In the six months ended 31 August 2021 the total number of ordinary shares of 10 pence each in issue increased from 31,731,218 at 1 March 2021 to 31,995,335. These shares were issued by the Company at nominal value and were allotted to the Company's Employee Share Ownership Plan to be used to satisfy share awards under the Company's employee incentive schemes (including the Braemar Shipping Services Plc Long-Term Incentive Plan; the Braemar Shipping Services Plc Restricted Share Plan and the Braemar Shipping Services Plc 2010 Company Share Option Plan).

15. Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
At 1 March 2021	396	21,346	182	866	22,790
Cash flow hedges					
- Amounts recycled to profit or loss	-	-	-	(1,084)	(1,084)
- Fair value gains in the period	-	-	-	(276)	(276)
- Deferred tax movements	-	-	-	828	828
Foreign exchange differences	-	-	(1,075)	-	(1,075)
At 31 August 2021	396	21,346	(893)	334	21,183

	Capital redemption reserve £'000	Merger reserve £'000	Translation reserve £'000	Hedging reserve £'000	Total other reserves £'000
At 1 March 2020	396	21,346	1,385	(848)	22,279
Cash flow hedges	-	-	-	-	-
- Amounts recycled to profit or loss	-	-	-	958	958
- Fair value gains in the period	-	-	-	1,725	1,725
- Deferred tax movements	-	-	-	(327)	(327)
Foreign exchange differences	-	-	(2,516)	-	(2,516)
At 31 August 2020	396	21,346	(1,131)	1,508	22,119

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

16. 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.

17. Related parties

The Group's related parties are unchanged from 28 February 2021. Other than the Braemar Naves Payment rescheduling described in Note 12, there have been no significant related party transactions in the six months ended 31 August 2021. For further information about the Group's related parties, please refer to the Group's Annual Report 2021.

18. Events after the reporting date

Shares issued as part of the rescheduled consideration for Naves

On 3 June 2021, the Group agreed a rescheduling of deferred consideration amounts owed in relation to its acquisition of Braemar Naves, in 2017. As part of this restructuring it was agreed that an amount of approximately £0.7 million (€0.75 million) would be satisfied by the issue of new ordinary shares in the capital of the Company in three tranches between September 2021 and December 2022. Since the period end, £0.4 million was satisfied by the issue of the first tranche of 157,339 shares in October 2021.

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

Nick Stone
Chief Financial Officer

2 November 2021

INDEPENDENT REVIEW REPORT TO BRAEMAR SHIPPING SERVICES PLC

Introduction

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 2021 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Cash Flows, Condensed Consolidated Statement of Changes in Equity and the Unaudited Notes to The Financial Statements.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the 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.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. 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.

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 2021 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.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with 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

2 November 2021

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