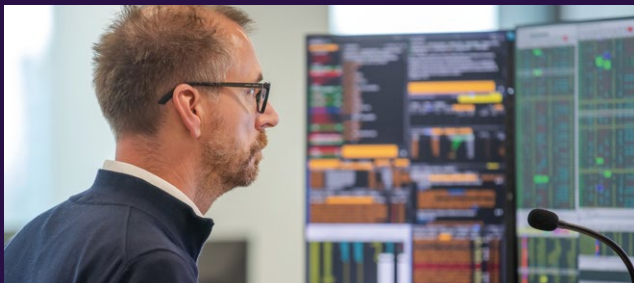


## ANNUAL REPORT 2022



“ When we started out, we didn’t think the world needed another investment bank, but it needed a better one. ”

Steven Fine  
*Chief Executive*





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This year has made us stronger, closer and even more focused on our purpose: guiding and nurturing people through the evolution of business. It marks the next exciting stage in our growth – as a publicly quoted company.

# WE ARE...

...different. We're a leading technology-focused UK investment bank that always takes the long-term view, guiding and nurturing our corporate clients, investors and people.

We have three business areas, but we act as one Peel Hunt. Our integrated approach combines expert research and distribution, a range of investment banking services, and an execution and trading hub that provides liquidity to the UK capital markets.

Founded in

1989

309

Number of employees  
(as at 31 March 2022)

“From day one, we have been delighted with the service that we have received from you and have never doubted that we made the right choice in a broking partner.”

Chief Financial Officer *Halfords*



# WE BELIEVE...

...in relevance, partnership, and longevity. People and technology will shape the future of our industry, and the key to long-term success is to nurture both, in a collegiate culture that encourages collaboration, while staying ambitious and hungry for success.

So we nurture each other within our business, and we build lasting relationships with investors and corporate clients: partnerships built on our continuing ability to provide them with insights and advice.

Employee satisfaction

92%

162

Retained corporate clients  
(as at 31 March 2022)



“Peel Hunt remain heavyweights in the UK mid- and small-cap investment banking broker space – a combination of first class research backed up with strong distribution, and a notably effective and experienced sales desk, places them as my ‘go to’ house.”

Fund Manager AXA Investment Managers



“ I enjoy coming to work every day. It’s as simple as that. Who wouldn’t want to be part of the Peel Hunt team? ”

**Michael Foster** *Market Maker*

# WE ACT...

...together. As one Peel Hunt – in partnership with our clients. We make sure our technology leads the competition, but we always put people first. And we do business with integrity, transparency and respect for everyone we work with. That's how we'll build our reputation and brand, and ensure our success continues into the future.

17%

Traded of LSE volumes

1,235

Institutional relationships

# WE SUCCEED...

...because of our unwavering focus on connecting our experience, expertise and data-led insights to create value for our clients. Because of our committed, talented people, and our market-leading technology, developed in-house. And because of our joined-up approach in which we empower each other to succeed.

We're proud to be different. And we're proud to be one of the leading mid- and small-cap UK investment banks.



## 10

Top-rated analysts  
(UK SMID 2021 II Survey)



444

Stocks covered  
(as at 31 March 2022)



# BUILT AROUND PEOPLE. DRIVEN BY TECHNOLOGY. TRUSTED BY CLIENTS.

Peel Hunt is a leading technology-focused UK investment bank with 309 people in two offices. Our business model differs from most competitors in two ways. First, alongside serving institutions and corporate clients, we also serve retail investors through intermediaries. By serving retail intermediaries through our Execution Services division, we diversify our business and are less exposed to the capital market cycle. Through the

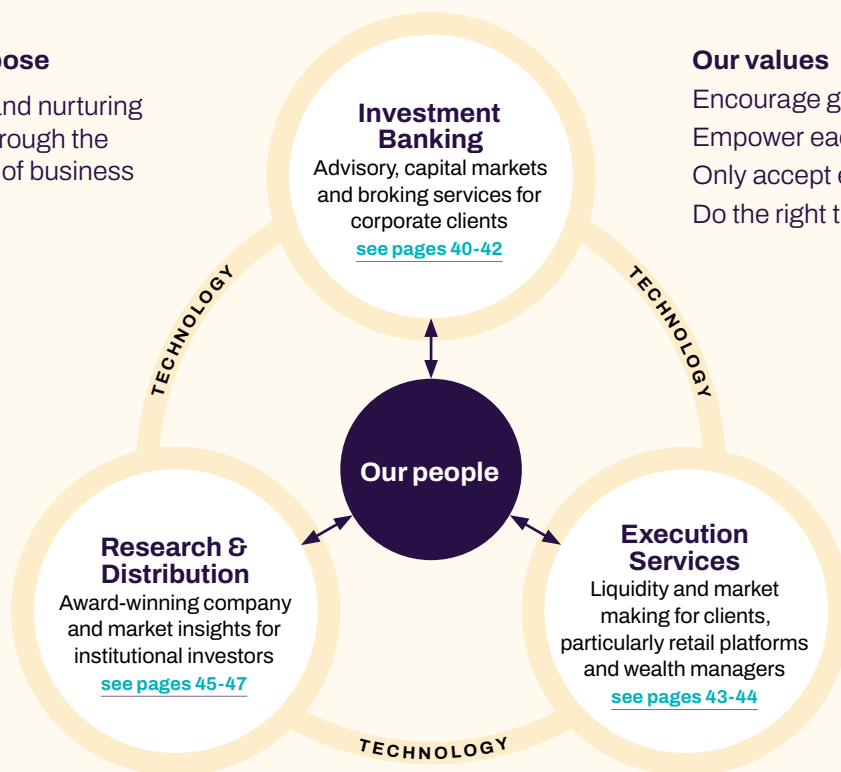
significant retail volumes we execute, we gain better insights into the investment ecosystem, which, in turn, benefits our institutional and corporate clients. Second, we act as one firm: we consider a client of one business area to be a client of the whole firm. Whichever service we provide, they have our whole team behind them. This unique approach to banking means we can deliver long-term value for all our stakeholders.

## Our purpose

Guiding and nurturing people through the evolution of business

## Our values

Encourage greatness  
Empower each other  
Only accept excellence  
Do the right thing



## Financial highlights

**£131m** Revenue

**£41.2m** Profit before tax

**15.4p** Earnings per share

**£100m** Net assets



Scan to see our  
full-year results

## Highlights for stakeholders

### For our shareholders

**3.1p** Dividend per share

### For our people

**309** Employees

**66%** are shareholders

### For our communities

**£111,605** Donated  
(Cash donations and in kind)

### For our clients

**£3.7bn** Total funds raised for  
corporate clients

**No.1** Ranking for mid- and small-cap research  
for institutional investors

**48,900** Trades executed per day for  
retail investors

“ We have a future full of opportunity – it’s an exciting time to join Peel Hunt. ”



# CHAIR SIMON HAYES AND CHAIR-DESIGNATE LUCINDA RICHES

Can you describe the past year for Peel Hunt?

**Simon:** Our IPO in September was the natural next step of our evolution. It has helped us to widen our shareholder base, secure growth capital and improve liquidity for our investors. We're now well-positioned for growth and will capitalise on our innovative technology with our new digital strategy. Markets have been challenging, and that is reflected when you compare this year with last year. Nonetheless, our aspirations are built over the long term – not from one year to the next. I'm delighted to welcome Lucinda as our next Chair, replacing me following our AGM this year.

**Lucinda:** And I'm delighted to join Peel Hunt! It's an exciting time of change.

How have you transitioned the Chair role?

**Simon:** Since September, we've met shareholders together and led on recruiting Maria Bentley to the Board as Non-Executive Director. I'm passing on as much knowledge as I can to Lucinda – after six years as Chair of Peel Hunt LLP and 29 years at Peel Hunt, it's hard to remember what you know and what you take for granted!

**Lucinda:** I've found it an incredibly healthy transition period. I've got to know the business really well by meeting lots of people throughout Peel Hunt – without being thrown in at the deep end.

### What is Peel Hunt's approach to governance?

**Simon:** I believe good governance is a facilitator to robust business practice and our own progression. It's thinking about the issues that affect our business in a disciplined way. As a highly-regulated business, we already had a strong governance culture. In preparation for our IPO, we strengthened the Board with Lucinda's appointment and, more recently, with that of Maria.

**Lucinda:** I'd add that we're building on our robust governance – it's no box-ticking exercise for us. Our Board acts to raise and set expectations, explore key issues and codify how to operate in the most effective way in a regulated environment, and provides a good sounding board to help senior management raise their game. Our non-executives bring diverse expertise and a different perspective. We have some very candid discussions.

### How would you describe Peel Hunt's culture?

**Lucinda:** As a newcomer to Peel Hunt, I've been struck by its people-focused culture – it's a strength and a differentiator. Senior management really nurtures and motivates everyone, and I'm determined to retain this characteristic.

**Simon:** I hope so! Our people really are central to everything we do, and our culture is echoed in how we treat our clients. A lot of our achievements are down to the way we've looked after our people, and in turn, that leads to better client outcomes.

#### Dividend

The Board has proposed a final dividend for the year of 3.1p per share. The dividend, subject to approval at the AGM, will be paid on 15 July 2022 to shareholders on the register on 17 June 2022.

## What's Peel Hunt's positioning in UK markets?

**Lucinda:** Peel Hunt is an investment bank specialised in the UK market. We've an integral role in guiding and nurturing our investor clients and UK mid- and small-cap companies through their lifecycle. We're positioned at the heart of UK plc, delivering day-to-day liquidity, trading, research and advice all under one roof, which people really value.

**Simon:** And that's evidenced in external industry benchmarks, such as the Institutional Investor survey, which put us top of every category. Also, the development potential behind our technology, especially REX and our trading platform, is huge. We see technology as an enabler and a differentiator.

## What are your priorities for the coming year?

**Lucinda:** I'll be supporting management in crystallising our strategic plan as a public company, including how our approach to ESG issues supports our growth. We'll be taking the time as a Board to really think through our long-term aspirations. Our future is full of opportunities, from developing our own proprietary technology, to promoting UK plc to US and EU investors, and our business model gives us a firm footing from which to grow. Together, we'd like to thank all our people for their contribution to our success so far.

**Simon:** We have a very special group of people here, including my Board colleagues, whose energy and commitment have been invaluable. As I hand over to Lucinda, I wish everyone at Peel Hunt every success.

“The development potential behind our technology, especially REX and our trading platform, is huge.”

# TRANSFORMING THE CAPITAL MARKETS...

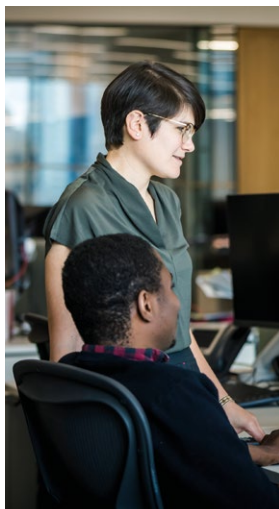
**Changing financial regulations, changing pension arrangements, digitalisation of financial services and increased retail investor participation: the trends shaping our marketplace create opportunities for Peel Hunt to open up capital markets for more people to invest in UK plc.**

**2021 in focus:**  
turbulent times for the global economy and our markets

The UK's IPO and fundraising markets began 2021 at their busiest since 2014, due to pent-up demand over the pandemic, with retail investors continuing to play a more active role in UK equity capital markets (ECM). However, during the second half, inflationary pressures and interest rate increases hit activity.

Investor sentiment was knocked further by geopolitical concerns and macroeconomic events including most notably the war in Ukraine which shook global markets.<sup>1</sup> As a result, investors' appetite for risk dropped significantly, and, in Q4, we saw an exceptional reduction in ECM and IPO volumes.

Investors also turned away from growth stocks towards value stocks, leading to material devaluations in the share price of companies focused on growth. Overall, the FTSE 250 declined c.13% over the course of the first five months of the calendar year.



<sup>1</sup> We do not have any exposure to Russia or any sanctioned persons/entities.

# AND GEARING UP FOR ACTION IN THE COMING YEAR

## Looking ahead:

new regulations, more investors and a dynamic market environment all signal change in UK capital markets

We expect the next two years to be a time of real change, bringing significant regulatory enhancements that will further improve the competitiveness and financing of the UK's equity capital markets, and giving retail investors greater access to primary and secondary fundraisings.

No less than eight consultations and reviews were launched in 2021 and we expect a draft Financial Services and Markets Bill to be published later in 2022 which will provide for prospectus reform and permit greater retail participation in fundraisings.

Lord Hill's UK Listings Review in 2021 aimed to optimise capital raising for companies and remove barriers to companies wanting to list in the UK. This prompted three revisions to the FCA's eligibility rules for companies listing on the main market of the London Stock Exchange:

- In August 2021, easing of rules around listing of special purpose acquisition companies (SPACs)
- In December 2021, permitting dual-class share structures for new listings
- In December 2021, reducing the free float requirement from 25% to 10%

Further, the UK Secondary Capital Raising Review is examining whether rule changes and technology could make capital-raising more efficient for companies already listed on UK markets.

## New opportunities for retail investors, and an evolving UK pensions market

There's been a rapid influx of new retail investors into UK companies since the start of Covid-19. In the UK, approximately £1tn of assets under administration are now held by around seven million people with £100,000 or more in investments.<sup>1</sup>

Structural changes to the investment market began with the FCA's Retail Distribution Review in 2012. Since then, people's higher disposable incomes and widespread adoption of digital technology, including online trading and mobile apps, have added momentum. We've also had significant changes to the UK pensions market: increased pensions freedoms and a shift from traditional defined benefit pension plans to defined contribution plans, which have moved investment risk from corporate employers to their employees. Individuals now have greater opportunities to manage their own personal investments; they are taking a far more active role in investing.

60

IPOs included a retail element (2021)

1. Source: ONS, Hargreaves Lansdown.

## Opening up share ownership and the impact on trading

The path to share ownership is changing. Retail participation in equity capital markets fundraisings increased markedly in 2021, with close to 60 IPOs including a retail element (and over £10bn in retail ‘tranches’). Over the past three years, UK retail investors have increased their share of trading by more than 25% a year.

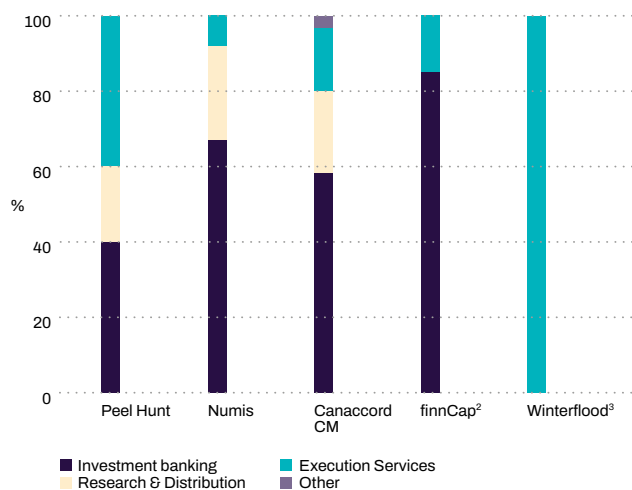
25%

Increase in UK retail share trading over the past three years

UK wealth directly managed by retail investors is set to grow at 11% CAGR over the next few years, driven by pension freedoms, low interest rates and the ageing population. A key objective of the UK prospectus reforms is to facilitate wider participation in public company ownership, so more shares are issued to wider groups of investors, including retail. We believe that these changes will lead to exciting revenue opportunities for us, particularly for our REX product and for Execution Services.

## Analysis of Peel Hunt peer revenue

Three-year average (FY19-21)<sup>1</sup>



Source: KBW Research, company data

<sup>1</sup> Note that peers may have different year ends from Peel Hunt, but we have used figures from the relevant comparative period.

<sup>2</sup> Investment Banking including Research & Distribution.

<sup>3</sup> Includes some revenue related to investment trust issuance, etc.

## The Peel Hunt perspective – market change is on the way

As a leading mid- and small-cap investment bank, we welcome any moves to help companies to raise funds more easily in the UK capital markets and those that open up opportunities for more retail investors to invest in UK plc. Reducing regulatory friction will increase the attractiveness of the UK as a destination to raise capital – and we’re well-placed to help all investors and corporates navigate this new arena.

Our market-leading technology and our liquidity provision to intermediary platforms for retail investors has already helped us grow trading volumes, increasing our trading market share. Following structural changes to markets, we see great opportunities to capture significant market share in retail investor trading and enable more retail involvement in capital markets.

## Case study: supporting the QCA

# Connecting and influencing in the mid- and small-cap markets



Since 2020, our CEO Steven Fine has served as a non-executive director on the Board of the QCA, the independent membership organisation that champions the interests of mid- and small-cap quoted companies. We worked closely with the QCA on different initiatives throughout the year to effect positive change in our markets.

Our annual QCA/Peel Hunt Mid- & Small-Cap Investment Survey, carried out by YouGov, highlights different themes in equity capital markets from the perspectives of investors and companies.

This year's survey 'The eye of the beholder', published in January 2022, explored the emerging disparity between how companies and investors view the public markets, and how markets could become more attractive.

**"It's crucial the views of companies and investors are heard as the UK's capital markets evolve. The QCA plays a vital role here, and our relationship is invaluable."**

**Steven Fine** CEO



“ We’re not like other investment banks. And that’s what drives our success. ”



# STEVEN FINE DESCRIBES THE EVOLUTION OF PEEL HUNT

**T**his has been a very busy year, a productive year, and a year of change. I believe our success is down to the things that make Peel Hunt different: our talented people, our collaborative culture, and our joined-up, technology-enabled approach.

I'd like to thank everyone at Peel Hunt who has worked exceptionally hard over the past 12 months. They should feel proud of what we've collectively achieved. We've made a success of our IPO and navigated our transition to a publicly-quoted company, while keeping true to our values and continuing to deliver strong performance in a very challenging market environment.

The last quarter of our financial year in particular has been affected by widespread disruption in the financial markets, worsened by macro-economic events such as the war in Ukraine. But our results for FY22 as a whole show the resilience of our diversified investment banking model and the strength of our strategy. Our IPO on AIM in September marks the start of a new chapter as the UK investment bank of choice.

## **Robust performance from all business areas shows underlying strategic strength**

**Investment Banking:** We continued to grow our number of corporate clients, now at 164 up from 156 in 2021. We gained a larger and broader range of corporate clients as well as increasing our services to existing corporate clients.

**Execution Services:** As a major liquidity provider to the largest active pool of funds left in the market, our performance was in line with expectations, namely that trading volumes would moderate after the extremes of the pandemic, and remain at higher levels than we saw before the pandemic.

**Research & Distribution:** We gained market share in institutional commissions, and we were named the best overall broker for UK mid- and small-cap companies in Institutional Investor's 2021 Survey.

## **Unlocking long-term growth for us, investors and UK plc**

Peel Hunt enjoyed consistent growth as an LLP, and 2021 was the right time to accelerate our growth plans, building on the strong momentum in our business. From an operational perspective, we needed to evolve our structure so we could continue to invest in our development, to continue to meet regulatory and working capital requirements and be able to retain more capital. Our positioning gives us a great platform to take advantage of growth opportunities. We're now a leading mid- and small-cap investment bank and an expert in UK plc. We are a major liquidity hub in the UK with our trading platform, so we're well-placed to take advantage of major structural reforms in the UK capital markets and support the participation of more retail investors, as well as attracting global investors into UK plc.

There's no doubt that during our IPO, as an investment bank, we faced added scrutiny from our peer group, our clients and investors – but we also attracted a lot of interest. We involved our stakeholders throughout and focused on transparent communication. Sunil and I met over 150 organisations and had more than 200 meetings. Our internal conversations also made it clear that the IPO was a popular and exciting evolution of our business for our people. The IPO has boosted our profile, and we've had a higher level of incoming interest from corporate clients since September. We will use the £40m funds raised to continue investing in technology, establish a presence in the EU, continue growth in our core activities, and for future increases in our regulatory and working capital requirements.

For more information on our business areas see [pages 40-47](#).

46

transactions

Most active investment  
bank in UK ECM

### A strategy that positions us to embrace opportunity

Our strategy is designed to ensure we make the most of the opportunities we see in our marketplace – maintaining the flexibility and agility that have always been among our key strengths. It has three main pillars, which align with long-term value creation and our purpose of guiding and nurturing people through the evolution of business:

#### 1. Focusing on culture and people

We're investing in our culture, building on our approach to diversity and inclusion, creating opportunities for our people to learn and develop, and ensuring we attract and retain the best talent.

#### 2. Investing in technology

By focusing on our digital strategy, which provides agility, scalability and efficiency, we will create greater synergies between our three business areas. This will deliver better service to our clients, and so deliver greater value for us.

#### 3. Expanding our offering

We will continue to expand our core offering to clients in other jurisdictions (including North America and the EU), helping more investors and companies access UK capital markets. And we want to continue to expand the products and services we can offer those clients and partners, leveraging know-how and expertise from our core markets.

We monitor and report our progress through a series of KPIs, set out on [pages 33-35](#). I'll say more about each pillar below:

### Looking after our people to create a winning business

Our people-centric approach has been a huge part of our success and continues now we're a publicly-quoted company. We've managed to maintain a very open, collaborative culture, where everyone has a voice. People are our most important asset – without them, we have no business. We provide them with a career, not just a job: that's why our staff turnover is so low, at just 11.73% this year. During the year, we've grown to over 300 people (see [pages 56-63](#)). We are well aware that becoming more diverse is an evolution not a revolution. We will always recruit and promote people on merit but we're developing our partnerships and our processes to identify and recruit from a more diverse pool of candidates. This is central to our recruitment strategy.

### Technology: a vital edge in a competitive market

Technology is absolutely fundamental to our success and is a major part of our profile as a leading investment bank. Over the past year, we've continued to invest in technology to help our people work more efficiently, and to create new platforms and products that give us a real edge: from sourcing third-party systems that we then enhance, to creating our own new infrastructures that support retail investor involvement in markets, such as REX.

We're also creating a digital culture. In FY22, we carried out a firm-wide survey on digital skills and know-how to understand where to focus our digital investment so that everyone in the business – senior managers and myself included – is equipped with the right digital skills and knowledge they need to succeed. We've recruited more developers, and are continuing to strengthen our close relationships with key technology partners. We've also signed a five-year deal with the leading provider of front office systems, a five-year contract for our client relationship management system, and we have

a long-term agreement in place with our back-office system provider. Our new environmentally-friendly offices are also playing a part, with our state-of-the-art auditorium and recording studio giving clients new ways to engage digitally with their stakeholders.

### Opening up the investor market – attracting global and retail investors to UK plc

Structural changes in the retail investor market provide a fantastic opportunity for Peel Hunt. Through our trading operations, we have access to significant retail investor activity, and through REX, we can give retail investors the ability to take part in IPOs and secondary offerings. They'll even be able to take part in 'accelerated book builds'. We're continuing to invest in developing our technology to give us an increasingly diverse revenue base and to leverage these ongoing structural changes. At the same time, we know our presence outside the UK will give more global investors the opportunity to invest in UK plc. We're expanding our North American distribution, and are working to open an office in Denmark as a platform to support our growing distribution franchise across Europe.

**“We genuinely put our clients first and help them grow – we're not a short-term, transaction-driven business. We're in this for the long term.”**

We support the various humanitarian efforts to relieve suffering in Ukraine. So far, we have donated £50,000 to the Disasters Emergency Committee's Ukraine Humanitarian Appeal, and our people are also raising money through their own charitable activities.

### Evolving our approach to ESG

Environmental, social and governance issues, or ESG, is one of the fastest-growing areas of interest for investors – yet only now do we have a clearer view on what investors and advisers should be looking for. We've worked with clients on ESG issues for several years, and we factor in ESG considerations when we take new clients on. We're now aiming to improve our own disclosures, as well as increasing the positive impact we can make on our local communities, aside from building on our approach to diversity and inclusion. We're also working towards reducing our own carbon footprint and achieving net zero, following our move to 100 Liverpool Street, a BREEAM (Building Research Establishment Environmental Assessment Method) building.

Our results for this financial year – FY22 – show the resilience of our diversified investment banking model and the strength of our strategy. The future and our opportunities for growth are positive – and we're focused on growing our market position as the UK's investment bank of choice.



**Steven Fine**  
CEO

Steven Fine, CEO,  
presents our  
full-year results



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	– Research & Distribution

“It’s been a transformative year for Peel Hunt, despite the difficult markets we’ve all had to navigate.”

**Sunil Dhall** *CFOO*

# REVIEW OF THE YEAR



# HIGHLIGHTS OF THE YEAR

We're focused on doing the right thing. By putting long-term success above short-term gain and helping good companies succeed, we deliver outstanding results for our corporate and institutional clients, and our shareholders.

Leading provider of retail liquidity responding to **1.1m quote requests** per day

We adopted our new corporate purpose: **guiding and nurturing people through the evolution of business**



**No.2** market share across all trading in AIM 100, and **no.2** in AIM All Share  
**17%** share of the LSE volume in FY21 and FY22  
Source: Bloomberg

Launched new digital strategy to harness our technology and take advantage of growth opportunities

Read more on [page 52](#)

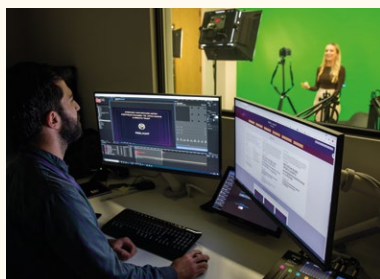
Refinancing our debt funding facilities

Hosted **16th annual** Non-Executive Director Awards™, founded by us, recognising the vital contribution and achievements of NEDs within business and not-for-profit/public sector communities



Signed an underwriting collaboration agreement with Santander to underwrite equity capital markets transactions





Opened new recording studio, enhancing research output and boosting engagement with corporate and investor clients

Ranked as leading broker focused on UK mid- and small-cap companies across all categories by Institutional Investor's 2021 survey – sales, trading, corporate broking, corporate access, investment trusts, research – the first time in ten years an investment bank has won all categories



**Our IPO on AIM,** completed on 29 September 2021, raising £40m in funds



Welcomed first AI and machine learning analyst into our market-leading Research & Distribution team

Lucinda Riches joined our Board as Chair-Designate

Most active investment bank in UK ECM over 2021, completing **46 fundraising deals**

Signed the **Mental Health at Work commitment**, a framework for helping businesses achieve better mental health outcomes in the workplace



“ We’ve witnessed many market cycles over the past 30 years – our amazing team, joined-up business model, tech strength and long-term approach inspire me for the next 30 and beyond. ”



# SUNIL DHALL DISCUSSES OUR RESILIENT MODEL AND OUR HYBRID YEAR

**T**he past year has been a transitional one for Peel Hunt. I'm proud of our evolution from a private partnership to a publicly-quoted company, and the successful delivery of our IPO in September 2021 on AIM, enabling our next stage of growth.

## Resilient performance in challenging markets

The first six months of the year, culminating in our IPO, were characterised by strong investment banking activity and excellent results. Following the easing of pandemic restrictions early in the year, we saw record revenues from Investment Banking and a good performance in Execution Services as confidence returned to the market.

The second half of the year was more challenging. The cost-of-living crisis, with rising inflation and rising interest rates, together with Russia's invasion of Ukraine, hit capital markets and trading around the world as investors lost confidence and sanctions kicked in. However, in the final few weeks of our financial year, our Execution Services business was able to help offset the reduction in Investment Banking activity. This demonstrates the resilience of our business model to challenging markets and shows the benefit of our diversification across business lines, particularly through our Execution Services business given its role as one of the largest liquidity providers in the UK.

Against this backdrop, we delivered full-year revenues of £131m, in line with initial market expectations.

## Partnership and public: our hybrid year

Our results for the year, summarised in the next few pages, combine the results of our first half, as a private partnership, and our second half, as a publicly-quoted company. Thus, FY22 represents a hybrid year and is difficult to compare easily against our prior year and to future years.

As a partnership, the earnings of the Group after fixed costs (including employee salaries and guaranteed drawings for members) are distributed to partners, predominantly the individual partners of Peel Hunt LLP. As a public company, our earnings after fixed costs (including employee salaries and former members' salaries) are retained within the Group, with dividends provided to shareholders.

We've given a more useful view of our financials for FY22 by showing how the income statement may have looked had the Group operated as a public company for all of that year and the previous year. These illustrative financials are shown on [pages 38-39](#) and should provide a clearer understanding of the underlying profitability and performance of the Group and provide comparatives for FY23 onwards, when we will have been operating as a public company for a full financial year.

## Enabling future growth: people, technology and capability

Our IPO was a critical step in providing the right structure to enable us to continue the growth of the last decade. The ability to retain more capital will allow us to fund our growth initiatives and meet the increased regulatory capital requirements of a rapidly growing business. As a listed company we will also have a greater ability to continue our inclusive equity culture where employees are fully aligned with shareholders, which has been a key part of our past success.

Our people are a key focus for us – we want to make sure that they have a career at Peel Hunt, not just a job. That means providing the right environment to nurture great talent, enabling opportunities for our people to innovate, flourish and develop. We believe this will provide the foundations of growth for the business in the future.

Our IPO has also expanded our capability to invest in the technologies that are transforming the way we work, allowing us to compete with bigger banks as we enable change in our constantly evolving industry. A great example here is in the retail investor market, where regulatory changes are opening up opportunities. I'm particularly excited about how REX, our proprietary technology that enables retail investors to be part of IPOs and secondary offerings, could have a significant impact on our market here in the UK, and also in other geographies. Traditionally it's been difficult for retail investors to participate in such fundraises, and we are connecting investment banks to retail intermediaries and execution-only platforms through our technology.

As we focus on our people and technology, we also intend to expand on our capabilities to provide more services to our clients. We're already expanding our geographic reach through our European office, but we also want to build on our existing US platform, look at new opportunities to deploy our trading and execution expertise, and continue to expand our investment banking services.

But as we consider the future, it's always good to reflect on our past. The success of our business has always been about relationships, whether with clients or between our people. People say that Peel Hunt 'feels different' to other firms, and I believe that's true: we all come to work every day because we like working together. And preserving that will be as important to our growth as all our investment plans.



**Sunil Dhall**  
CFOO

“ I’m particularly excited about how REX, our proprietary technology for retail investors, could have a significant impact on our market in the UK, and elsewhere. ”

# GOOD PROGRESS AGAINST OUR STRATEGIC PRIORITIES

Our strategy is designed to ensure we make the most of the opportunities we see in our marketplace – maintaining the flexibility and agility that have always been our key strengths.

It is aligned with long-term value creation and our purpose of guiding and nurturing people through the evolution of business. We measure our overall progress in delivering our strategy against a set of financial and non-financial metrics.

## Group financial

### Revenue

£131.0m

Revenue from all of the business divisions of the Group

We achieved a resilient performance despite challenging market conditions.

### Profit before tax

£41.2m

Actual profit before tax for the Group showing revenue less administration costs (including staff bonuses) and net financing costs

We delivered a good PBT margin in difficult markets.

### Pillar 1 coverage

558%

Size of our net assets compared with our Pillar 1 capital requirement

This coverage demonstrates our robust capital position but should decrease as we deploy more capital within the business.

### Earnings per share

15.4p

Total profit attributable to owners of the Group over the weighted average number of shares outstanding during the year

EPS has been affected by our hybrid year, with the first half as a private partnership and the second half as a public company.

### Net assets

£100.1m

Total Group assets less total liabilities as recorded on the balance sheet

Our balance sheet has strengthened considerably since our IPO.

### Cash balances

£76.7m

All cash balances of the Group

This shows how well the business has generated cash this year.

## Group non-financial

### Employee engagement

82%

Result of our combined Culture and Engagement Surveys

Overall, we scored 8.2 out of 10, which is 0.4 above the financial services sector average of 7.8, highlighting our great culture, management support and peer relationships.

### Gender balance (all employees)

76% men  
24% women

Ratio of male to female staff

We have been working hard to increase the number of women, but recognise this is a long-term goal.

### Carbon intensity ratio

2,498 kgCO<sub>2</sub>e  
per employee

Carbon intensity ratio (total operations)

We've made good progress in reducing our carbon intensity per employee, most notably through our move to our carbon-efficient building at 100 Liverpool Street.

## Divisional

### Investment Banking

#### Revenue

£57.9m

Revenue from fees in ECM, M&A, DCM, PCM and client retainers

We achieved a second consecutive year of record revenues with good performance in ECM and advisory.

#### Retained corporate clients

162

Total number of retained clients (including 33 in the FTSE 350)

We added 19 clients (including two in the FTSE 350) in the year.

#### Average market cap of retained corporate clients

£683.7m

Average market cap of our retained corporate clients at the end of the year

Although the market reduced in our final quarter, we are still well ahead of FY20.

#### Total funds raised for corporates during the year

£3.7bn

Amount of funds raised for clients for whom we acted

This is ahead of last year due to our retained corporate client list and the 46 transactions we acted on during the year.

#### Market share of UK ECM deals

7%

The number of deals on which we acted during the year versus the total number of deals in UK Equity Capital Markets

We acted on 46 ECM transactions, the highest number for a UK investment bank.

## Execution Services

### Revenue

£42.9m

Revenue for our market-making, systematic and electronic trading businesses

We achieved a solid performance, although lower than last year's exceptional performance during the pandemic when trading activity and volatility were significantly heightened.

### LSE market share

17%

Our share of the volume of trading on the LSE

We maintained a strong market share during the year, through utilisation of our technology.

### Number of quote requests processed in the year

156m

Number of quotes requested and processed by us in retail trades

This demonstrates our significant capacity to handle major quote volumes in the retail market.

### Average trades executed per day

76,400

Average number of trades executed each day over the last year

This has remained much higher than pre-pandemic levels.

### Total traded value during the year

£121bn

Value of trades executed by us during FY22

The value of trades processed this year remained higher than pre-pandemic levels.

## Research & Distribution

### Revenue

£30.2m

Revenue from execution commission and research payments

We achieved a resilient performance, despite the challenging macroeconomic environment and lower volumes compared to those during the pandemic.

### Institutional Investor survey ranking 2021

No.1

Rank for overall mid- and small-cap research house in the II survey

This is voted for by our corporate and institutional clients which shows the quality and relevance of our research.

### Institutions receiving our research

1,235

Number of institutional clients able to receive our research

This has continued to increase as more institutions became clients.

### Stocks covered by our research

444

Number of companies on which we write research

We provide one of the widest coverages of UK stocks for our clients.

# RESILIENT PERFORMANCE IN CHALLENGING MARKETS

## Revenue performance

We delivered a solid revenue performance in a year where market conditions, particularly in the second half, were very challenging. Whilst overall revenue performance is down relative to the prior year, this was in line with our expectations, given the prior year saw exceptional trading and heightened activity during the pandemic. Our continued investment in the business, both in technology and our people, remains important to the long-term growth of the business.

Revenue comprises the following:

	FY22 £'000	FY21 £'000	% change
Investment Banking revenue	57,948	43,910	32.0%
Research payments and execution commission	30,241	36,258	(16.6%)
Execution Services revenue	42,857	116,706	(63.3%)
<b>Total revenue for the year</b>	<b>131,046</b>	196,874	(33.4%)

Revenue for the year was £131.0m (FY21: £196.9m). Despite the difficult market environment, this constituted record revenues in Investment Banking for the second year in succession, a solid performance by Execution Services and resilient revenues for Research & Distribution.

## Investment Banking performance

	FY22 £'000	FY21 £'000	% change
Investment Banking fees	49,643	36,701	35.3%
Investment Banking retainers	8,305	7,209	15.2%
<b>Total Investment Banking revenue</b>	<b>57,948</b>	43,910	32.0%

Investment Banking delivered record revenue for the year of £57.9m (FY21: £43.9m). The first half of the year saw us execute a healthy deal pipeline across a broad spread of products and sectors; along with a number of new client wins.

The final quarter of the financial year saw the operating environment become much more challenging with greater market volatility, heightened economic uncertainty and geopolitical tensions taking hold. We therefore saw a corresponding reduction in performance across the market in the second half. While this affected our Investment Banking deals, we were encouraged by our advisory activity, where we acted on approximately 19% of all announced UK takeover situations in the mid- and small-cap segment of the market.<sup>1</sup> This shows the resilience of our diversified offering in Investment Banking.

## Execution Services performance

	FY22 £'000	FY21 £'000	% change
Execution Services revenue	42,857	116,706	(63.3%)

Execution Services revenue in FY22 of £42.9m was in line with our expectations, being lower than in FY21 (£116.7m), but ahead of FY20 (£26.3m). FY21 was buoyed by much higher volumes and volatility amid market-wide uncertainty at the onset of the pandemic, while FY20 was a more comparable, pre-pandemic market environment. We retained our leading trading position with a 17% share of LSE volume.

During FY22, Execution Services' performance was solid, with our ongoing investment in technology helping us to capture additional liquidity. This investment has created further efficiencies in our systematic trading products, which we have been rolling out to more product lines.

<sup>1</sup> 'Small and mid-cap segment' is defined as where the transaction equity value falls between £100m and £1,500m.

## Research & Distribution performance

	FY22 £'000	FY21 £'000	% change
Research payments and execution commission	<b>30,241</b>	36,258	(16.6%)

Despite the macroeconomic environment and the significant decline in UK equity volumes in FY22, Research & Distribution returned a resilient performance of £30.2m. This reflects long-term growth in revenue and market share from our institutional clients. Revenue from servicing retail wealth management platforms with overseas equity execution was lower compared to the prior year due to market volumes falling back from the highs experienced during the pandemic.

During FY22, we increased our number of research agreements with institutional clients. We also increased market share from our existing client base to 2%, continuing the trend of the last five years, during which we have doubled our overall market share.

## Operating costs

	FY22 £'000	FY21 £'000	% change
Illustrative staff costs <sup>1,2</sup>	<b>60,680</b>	89,885	(32.5%)
Illustrative non-staff costs <sup>1,2</sup>	<b>35,665</b>	28,256	26.2%
<b>Total illustrative admin costs<sup>1</sup></b>	<b>96,345</b>	118,141	(18.4%)
Illustrative compensation ratio <sup>1</sup>	<b>46.3%</b>	45.7%	0.6ppts
Actual staff costs <sup>3</sup>	<b>41,465</b>	23,090	79.6%
Actual non-staff costs	<b>36,852</b>	31,836	15.8%
<b>Total actual admin costs</b>	<b>78,317</b>	54,926	42.6%
Actual compensation ratio	<b>47.1%</b>	44.3%	2.8ppts
Period-end headcount	<b>309</b>	285	8.4%
Average headcount	<b>299</b>	271	10.3%

Notes:

- 1 Illustrative financials are outlined in the Unaudited Illustrative Statement of Comprehensive Income on page 38.
- 2 The non-GAAP alternative performance measures shown here are described on page 178.
- 3 Actual staff costs include variable remuneration costs for employees but not for former members.

Actual staff costs (not including partner profit share) in FY22 were higher than FY21, largely due to the changes in compensation structure of the Group, including all former members of Peel Hunt LLP being remunerated as employees, plus the resulting additional National Insurance contributions, variable compensation and pension costs. We also hired more staff to support our growth which is reflected in higher actual staff costs. In readiness for the new Investment Firm Prudential Regulation (IFPR) remuneration requirements (the MIFIDPRU Remuneration Code) and also in response to market pressures for talent, during the year we benchmarked the fixed and variable pay of our staff and, where necessary, increased salaries with effect from the start of FY23. IFPR requires a proportion of the variable compensation of certain staff members to be paid in shares and deferred over multiple years. There is also a requirement to set an overall limit on the ratio of fixed to variable compensation.

Illustrative staff costs (including variable remuneration) in FY22 were lower than FY21, in line with the reduction in revenue and the associated reduction in variable remuneration expense. This has resulted in a small increase in the illustrative compensation ratio compared with FY21.

Actual non-staff costs increased in FY22 due to costs associated with the IPO, increased audit and corporate governance requirements and our continued investment in technology. Illustrative non-staff costs increased on FY21 due to higher property costs following our move to our new offices in January 2021.

Average headcount grew by 10.3% over the corresponding period in FY21, reflecting the strategic investment in additional people to support business expansion, improved governance and to ensure that we maintain exceptional client service.

## Balance sheet

The Group's net asset position as at 31 March 2022 was £100.1m (31 March 2021: £48.4m), representing an increase of 106.8% compared to the prior year. The net assets include the net proceeds of £35.9m raised in the IPO.

## Capital and liquidity

Pillar 1 coverage over net assets as at 31 March 2022 was 558% (31 March 2021: no equivalent comparative) due to the increase of the net assets of the Group following our IPO. This has helped provide a stable regulatory capital position for the Group as we look to provide additional capital for our trading strategies and additional comfort for our underwriting activities.

Following the introduction of IFPR on 1 January 2022, our Pillar 1 regulatory capital requirement decreased in comparison to the previous regime;<sup>1,2</sup> however we will not have certainty of our total regulatory capital requirements until the Financial Conduct Authority (FCA) has reviewed our Internal Capital and Risk Assessment (ICARA).

Our cash balance has decreased to £76.7m against the prior year end (FY21: £103.4m) predominantly due to the exceptional trading performance and greater cash generation in FY21. There has also been higher cash utilisation in FY22 due to IPO-related costs and final payments for the fit-out of our new corporate headquarters.

During the year, we continued our partnership with Lloyds and refinanced our Senior Facilities Agreement (SFA) just prior to our IPO, with a total facility of £50m over a new five-year term. We drew down £30m, with the rest either being cancelled or allowed to expire, as we refined the Group's liquidity requirements. At the year end, our SFA loan balance was £27m (FY21: £24m).

We also increased the size of our revolving credit facility (RCF) with Lloyds prior to the IPO, increasing this from £10m to £30m. This facility is for working capital purposes and provides much greater flexibility for us to manage our cash flows during the year. At the year end, the facility was undrawn.

## Dividend

The Board has proposed a final dividend for the year of 3.1p per share. The dividend is in line with the policy stated at the time of our IPO and represents the policy applied to the actual H2 FY22 results. The dividend, subject to approval at the AGM, will be paid on 15 July 2022 to shareholders on the register on 17 June 2022.

1 Capital Requirements Regulations, Regulation (EU) No 575/2013.

2 Capital Requirements Directive, Directive 2013/36/EU.

## Unaudited illustrative statement of comprehensive income<sup>1</sup>

The unaudited illustrative statement of comprehensive income set out below has been prepared to illustrate the impact that the reorganisation of the Group's corporate structure, and the IPO, would have had on the consolidated statement of comprehensive income had it taken place on or before 31 March 2020. The statement has been adjusted to remove the impact of one-off costs relating to the IPO, the office move in the year ended 31 March 2021, and tax-related prior year items arising in the period. The illustrative consolidated income statement addresses a hypothetical situation and therefore does not represent the Group's actual financial position, results or costs and expenses.

	Notes	Year ended 31 Mar 22 £'000	Year ended 31 Mar 21 £'000
<b>Continuing activities</b>			
Revenue		<b>131,046</b>	196,874
Illustrative administrative expenses	(a)	<b>(96,345)</b>	(118,141)
<b>Illustrative profit from operations</b>		<b>34,701</b>	78,733
Finance income		<b>15</b>	30
Finance expenses		<b>(1,664)</b>	(2,106)
Other income		<b>56</b>	360
<b>Illustrative profit before tax</b>		<b>33,108</b>	77,017
Illustrative corporation tax	(b)	<b>(7,566)</b>	(19,108)
<b>Illustrative profit after tax</b>		<b>25,542</b>	57,909
Illustrative dividend	(c)	<b>(10,217)</b>	(23,164)
<b>Illustrative retained profit for the period</b>	(d)	<b>15,325</b>	34,745
<b>Illustrative performance metrics</b>			
Compensation ratio		<b>46.3%</b>	45.7%
Non-staff cost ratio		<b>28.4%</b>	15.2%
Profit before tax margin		<b>25.3%</b>	39.1%

1 The non-GAAP alternative performance measures shown here are described on page 178.

## Notes to the unaudited illustrative statement of comprehensive income

- (a) **Illustrative administrative expenses** – the illustrative administrative expenses in all periods include the impact of changes to the compensation structure of the Group, including the former members of Peel Hunt LLP being remunerated as employees plus the resulting additional National Insurance contributions and pension costs. In addition, for the periods:
- i. Illustrative administrative expenses in the year ended 31 March 2022 exclude one-off costs of £4.1m (£1.2m of staff costs relating to the reorganisation of the Group's corporate structure, and £2.9m of non-staff costs relating to the IPO).
  - ii. Illustrative administrative expenses in the year ended 31 March 2021 exclude one-off costs of £3.4m (relocation to 100 Liverpool Street).
- (b) **Illustrative corporation tax** – the illustrative corporation tax includes the effect of the Group being subject to corporation tax at the standard rate (19%) on additional profits, as well as the bank surcharge levy (8% on annual profits over £25m). The illustrative corporation tax for 31 March 2022 excludes £1.6m of tax charged in respect of prior years.
- (c) **Illustrative dividend** – the illustrative dividend includes the targeted basic dividend pay-out ratio of the Group (40%), applied to the illustrative profits after tax for the period.
- (d) **Adjustments in relation to other matters** such as equity incentive structures that may be implemented have not been reflected in the illustrative consolidated statement of comprehensive income because they would not currently be factually supportable since their quantum would not have been known at that time.

## Reconciliation of illustrative to actual consolidated statement of comprehensive income

The impact of Notes (a) to (c) on the unaudited illustrative statement of comprehensive income on FY22 is summarised below:

	Administrative expenses <sup>1</sup>			Exclude: one-off tax charge in respect of prior years £'000	Include: additional corporation tax (incl. bank levy) £'000	Include: illustrative 40% dividend £'000	Illustrative financials FY22 £'000
Actual financials FY22 £'000	Include: revised compensation structure <sup>2</sup> £'000	Exclude: one-off expenses £'000					
<b>Profit before tax for the period</b>	<b>41,228</b>	<b>(12,193)</b>	<b>4,073</b>				<b>33,108</b>
Tax	(5,280)			1,559	(3,845)		(7,566)
<b>Profit after tax</b>	<b>35,948</b>	<b>(12,193)</b>	<b>4,073</b>	<b>1,559</b>	<b>(3,845)</b>		<b>25,542</b>
Illustrative dividend						(10,217)	(10,217)
<b>Illustrative retained profit for the period</b>							<b>15,325</b>

<sup>1</sup> Illustrative administration expenses includes members' remuneration charged as an expense; this is presented separately from the actual administration expenses shown in the statement of comprehensive income on page 138.

<sup>2</sup> Includes National Insurance, pension costs and variable remuneration related to former members of Peel Hunt LLP.

# DELIVERING VALUE THROUGH AN INTEGRATED INVESTMENT BANKING APPROACH

## Key facts

- Integrated investment banking model providing corporate clients with advice and services on equity and debt capital markets (ECM and DCM), private capital markets (PCM), retail capital markets, debt advisory, private and public mergers and acquisitions (M&A), investor relations, private equity coverage and corporate broking
- Eight specialist sector teams
- 162 retained corporate clients, with an average market capitalisation of approximately £684m
- No.1 broker focused on UK mid- and small-cap companies in the Institutional Investor survey 2021, in all categories



“We are with our clients on a journey: helping them achieve their corporate ambitions and delivering superior returns to their stakeholders.”

**Andrew Chapman**  
*Head of Investment Banking*

## Our year in review

Investment Banking reported record results in terms of both revenue and number of retained corporate clients, as we broadened our offering to our retained corporate clients to support them through the evolution of their businesses. Revenue increased from £43.9m in FY21 to £57.9m. We acted on 46 ECM transactions over FY22 (H1: 30; H2: 16), the highest number for a UK investment bank, and advised on approximately 19% of all announced UK takeover situations in the mid- and small-cap segment of the market.

The year started well with trading in line with expectations through to the end of Q3, and a healthy deal pipeline across a broad spread of products and sectors. We achieved record results for the first half of the year, with revenue up 43% to £32.7m and retainer income up 15%, reflecting new client wins.

As we entered the final quarter, the operating environment became much more challenging with greater market volatility, heightened economic uncertainty and escalating macroeconomic and geopolitical tensions taking hold. This affected market-wide investment banking performance particularly in our Q4.

## Our collaborative approach is our differentiator

We work with companies where we believe we can add significant value; companies that are relevant to our institutional clients, sales and investment banking colleagues, as well as our research. A lot of our success is down to our corporate client ‘take-on’ approach – all our business areas must agree before we start to guide and advise a company. In this way, we align all parts of our business model and can generate superior returns for our stakeholders.

# £3.7bn

Equity fundraising transactions  
(+22% on FY21)

The proof of this approach is reflected in our client base. Over the past decade, we've increased retained Investment Banking corporate clients to 162 (March 2011: 43) – a CAGR of approximately 12.8%. The average market capitalisation of our retained clients has grown from approximately £317m in FY17 to approximately £684m at the year end, when we had 32 FTSE 250 and 1 FTSE 100 retained corporate clients. In FY22, Investment Banking worked on equity fundraising transactions with a total value of £3.7bn (a 22% increase on FY21).

Our M&A strategy focuses on advising our retained listed clients on their strategic ambitions, and in takeover situations as they arise. Our specialist M&A product team acts as a 'centre of excellence' providing strategic insight and regulatory expertise. In combination with sector teams, and market intelligence provided by our equity distribution team, we enable the boards of our client companies to make informed decisions on their firms' future direction, and give clear recommendations to shareholders. This gives them high confidence in our ability to advise and execute on their behalf.

## Supporting our retained corporate clients

The consistent growth in the number of our retained corporate clients and their relative average market capitalisation has generated opportunities for us to advise more frequently, on both larger and more complex transactions. In early FY22, we entered into an underwriting collaboration agreement with Banco Santander SA, which significantly extends our capability for underwriting large or multiple simultaneous equity offerings.

We've invested in a broad range of services to meet the needs of our clients, as their businesses develop and their financing needs become

more sophisticated. In FY22, we continued to build our retail capital markets capabilities, advising corporate clients on structuring, marketing and distributing securities to UK retail investors using REX, our own proprietary electronic distribution platform.

We believe UK retail investors will have an increasingly important role to play in supporting corporate fund raises as upcoming market reforms, including anticipated reforms to the prospectus regime, will give them more opportunities to take part in UK ECM transactions. In private capital markets (PCM), we have widened our focus to include larger and later stage fund raises, as well as smaller and earlier stage financings. We see significant opportunities to develop PCM in advisory, financing (equity and debt) and liquidity provision. In FY22, we added Debt Advisory to our franchise, and will continue to develop our capability in private placements of bonds during FY23.



### Case study: Inspec Group plc

## Driving growth for a new AIM-quoted company

Inspec Group plc designs, manufactures and distributes eyewear frames and optical spectacle lenses, with operations across the globe, including in the UK, Portugal, Italy, Scandinavia, the US and China. Its customers include global optical and non-optical retailers, global distributors and independent opticians, with a distribution network reaching approximately 80,000 points of sale.

### Attracting top tier investors

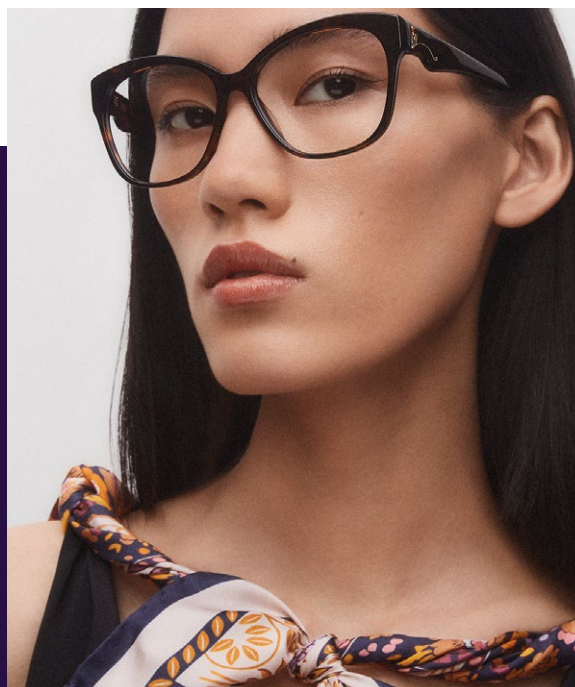
We started working with Inspec as it considered joining the public market in 2019, and were appointed nominated adviser and sole broker for its IPO on AIM in February 2020.

Despite Inspec joining AIM just before the world went into lockdown, we attracted many established top tier investors, demonstrating our strong market relationships. We've guided the company over its next stage of evolution as it has undertaken several acquisitions and, since IPO, its market capitalisation has more than doubled to over £360m.

### Engaging with investors through research and sales

We built a strong rapport with Inspec from the beginning, supporting and advising the management team, with a partnership approach.

We actively engage with investors to generate interest in the company, whether through our in-depth written research or the activity of our sales desk – interest which generates the capital to fuel Inspec's growth. We advised on and executed an additional fundraising in 2020, raising £64m to help fund Inspec's acquisition of Eschenbach, a leading, global eyewear supplier, which includes the American company Tura. We also supported the extension of Inspec's manufacturing capacity.



**“Peel Hunt have been highly supportive partners – delivering a successful IPO with high quality shareholders and helping us engage effectively with the market as a public company. The acquisition of Eschenbach has been transformational for Inspec and our partnership with Peel Hunt played a key role in facilitating that transaction. We look forward to our ongoing collaboration as we continue to grow!”**

**Robin Totterman**  
CEO, Inspec Group

# DELIVERING LIQUIDITY TO UK MARKETS

## Key facts

- Execution Services covers execution, market making and trading
- We make markets in over 10,000 instruments in over 45 markets, including UK and overseas equities, ETFs, investment trusts and fixed income securities
- We are a registered market-maker on the London Stock Exchange, Aquis Stock Exchange and International Property Securities Exchange
- Our trading platform, which uses proprietary technology, provides liquidity to the market
- We provide bespoke dealing and execution services for institutional asset managers, registrars, private client wealth managers and private banks
- In FY22, our trading platform processed approximately 19 million trades, representing approximately £121bn
- Ranked No.1 for UK mid- and small-cap execution and trading in the Institutional Investor survey 2021
- No.2 market share in all trading in AIM-100, and in AIM All Share



“Our focus on in-house trading technology differentiates us from our competitors and gives our clients the best outcomes. This is what makes Peel Hunt unique.”

**Iain Morgan**  
Head of Execution Services

## Our year in review

We're a market-leading liquidity provider to retail and institutional investors, earning trading income as a market maker. We delivered a solid performance this year, generating revenue of £42.9m. As expected, this was lower than last year's exceptional performance during the pandemic of £116.7m, but higher than pre-pandemic levels (FY20: £26.3m). Our ongoing investment in technology helps us to retain a high market share of retail trading and continue to build our overall UK trading volumes.

Our presence and market share of trading in the retail and institutional investor markets give us deep insight into the markets and capital flow, through data insights generated from our quote and trading database. This in turn supports information flow with our Research & Distribution and Investment Banking teams.

## Differentiated technology products that are delivering outperformance

Technology is integral to our trading ability, risk controls and ability to outperform. Our automated risk management controls protect Peel Hunt, but also give traders the confidence to win more business through their pricing strategies. Technology also allows greater speed in fast markets, leading to better pricing. Our trading team can therefore manage more stocks, improving operational gearing.

Our technology, mainly developed in-house over the last 10 years, has enabled us to secure a market-leading share in retail equity trading, working closely with intermediary investor platforms. Peel Hunt Automated Trading (PHAT) is our robust and scalable execution and trading system. PHAT allows algorithmic institutional execution, and automated on-exchange and retail flow market making, which means we can achieve better outcomes, such as price improvements, for our trading and institutional clients.

### Investing in the future to meet increasing demand

During the year, our developers continued to enhance our trading and execution products and platforms. We are investing to generate further trading efficiencies and create more revenue opportunities, and to leverage ongoing structural changes in financial markets. In FY22, we signed a five-year agreement with the leading provider of trading and order management systems to use their European trading platform, which gives us more capacity to meet increasing trading volumes from different investors, including new retail platforms.

19.3m

Trades in FY22



### Case study: LondonMetric Property

## Transforming a property investor into a leading logistics owner

LondonMetric Property Plc is a FTSE 250, UK-based real estate investment trust (REIT) – and one of our longstanding clients. From London & Stamford, a London-focused property company that floated on AIM in 2007, through several equity raisings, mergers and acquisitions, to today's £3bn property portfolio focused on distribution and long income, we've supported the company as broker and adviser throughout its evolution.

### Partnering throughout the evolution of a business

Following London & Stamford's move to the Main Market in 2010 and conversion to a REIT, we acted on their behalf in the merger with Metric Property in 2013, and continued to act for the renamed LondonMetric Property Plc. In 2019, we were instrumental in their £415m acquisition of A&J Mucklow plc, which further increased LondonMetric's urban logistics exposure. Overall, since the IPO in 2007, we have helped the company raise over £890m of fresh equity.

LondonMetric's growth has proved our confidence in their excellent management team, their insight into the wider real estate market, and their proven track record in realigning the property portfolio with macro-economic trends. Since the merger, LondonMetric has delivered a compound annualised total shareholder return of 16.5%.

**“Peel Hunt have been a key member of our team since the initial IPO back in 2007. We obviously have a choice of who we work with, so we try and pick the smartest people. They bring something special to the debate and value to the deal.”**

**Andrew Jones** *Chief Executive, LondonMetric Property*

## DELIVERING INSIGHTS THROUGH OUR BEST-IN-CLASS SERVICE



“Our Institutional Investor ranking is about more than just being number one: it demonstrates our commitment to providing high-quality research to our clients by our outstanding team of analysts.”

**Charles Hall** *Head of Research*



“Our consistent focus on putting the needs of our clients first and helping them to outperform has built a depth of trust and a scale of platform which is market leading and incredibly hard to replicate.”

**Alex Carter** *Head of Equities*

### Research

#### Key facts

- Ranked No.1 for five years for UK Mid- and Small-Cap Research in the Institutional Investor survey 2016-2021
- 43-strong analyst research team covers 16 sectors – one of the widest coverages by a mid- and small-cap research team
- Produces in-depth research on 444 UK companies and investment trusts
- Assists Investment Banking by providing research on company clients

### Distribution

#### Key facts

- Ranked No.1 in the 2021 UK Mid- and Small-Cap Institutional Investor survey for both Sales and Execution
- 39-strong sales and sales trading team distributing globally to UK, European, North American and Asian clients
- Cover all major categories of equity investor including long-only, hedge funds, sovereign wealth funds, wealth managers, family offices and retail intermediary platforms
- 1,235 institutional relationships
- Work closely with Research and Investment Banking to broker our No.1-ranked research product and raise capital for our fast-growing and dynamic retained corporate client list

### Our year in review

Despite the challenging macroeconomic environment, and a significant decline in UK capital market volumes, our performance in Research & Distribution has been resilient, with revenue from research payments and execution commissions of £30.2m (FY21: £36.3m). This reflects long-term growth in revenue and market share from our institutional clients, thanks to our expanding team of expert analysts and sales specialists, and their understanding of our corporate and institutional clients' needs across the UK and international markets.

As expected, our commission revenues from servicing retail intermediary platforms with overseas equity execution moderated down from the exceptional volumes we saw during the pandemic in the prior year.

### Our focus on relevance and service is driving our results

In a commoditised research market, our institutional and corporate clients deal with limited providers. They demand best-in-class service and highly-ranked MiFID II-relevant investment banks, which is our guiding principle. The quality of our research and distribution teams is a key driver for winning new corporate clients and IPO mandates. During the year, we both increased the number of clients that pay us for our research, and increased market share from our existing clients.

We now have 1,235 relationships with clients who value our top-rated research, and this number of relationships has increased by 3.4% compared with FY21.

How research is consumed and what institutional clients want is changing. We're making our research more relevant, engaging and accessible, with ESG ratings and analysis integral to our research. We write research on companies that people care about and want to read about, and this is reflected in our market share of global commission and research payments in UK equities, which has doubled over five years. We are proactive about distributing our research, with annual sales interactions of 16,372 in FY22, a CAGR of 13% over two years. We're investing in increasing our US distribution and further pushing into European markets with the opening of our office in Copenhagen (planned to take place in FY23).

+3.4%

Increase in client relationships in FY22

This builds on our leading Institutional Investor ranking in both geographies, and will give more global investors the opportunity to invest into UK plc.

We're increasingly using technology to improve our service. Over the past year, we have invested in technology so we can better interrogate data and produce more in-depth reports. We are developing a new portal for investors, providing access to our research and enhanced screening tools. We are also continuing to invest

in our digital media capabilities.

In FY22, we started to use our new recording studio to deliver podcasts and videos, enhancing how we engage with corporate and institutional clients. We believe both this and our own in-house developed technologies will give us the opportunity to enhance our research, and improve our ability to inform our clients with deeper insights.

### Our experience and strong relationships are key

Our equity research analysts have an average of 16 years' experience, with 43 highly-ranked analysts producing equity research that resonates with investors and corporates. We have one of the largest UK mid- and small-cap distribution teams, who all have deep sector expertise and embedded relationships with clients, and we've invested in expanding it in FY22. We've also increased our sector coverage and added specialist expertise in the fields of artificial intelligence and machine learning.



## Case study: Octopus Renewables Infrastructure Trust

### Developing a best-in-class portfolio of renewable energy assets

Octopus Renewables Infrastructure Trust (ORIT) plc is a closed-ended investment company that aims to provide investors with sustainable income plus capital growth, by investing in a diversified portfolio of renewable energy assets across the UK, Europe and Australia. With a mix of operational, construction and development assets, ORIT's objective is to accelerate the transition to net zero through its investments. They own 30 renewable energy assets (wind and solar photovoltaic), totalling 525MW of capacity, as well as three minority stakes in developers.

We started working with ORIT in 2019, developing their investment proposition and positioning them within the fast-growing renewables sector, culminating in ORIT raising £350m on IPO in December 2019. The fundraise was heavily oversubscribed by both institutions and private wealth managers. It also included a significant number of retail investors via intermediary platforms such as Hargreaves Lansdown and Interactive Investor, which we managed through our proprietary technology, REX.

Since ORIT's launch, we've continued to advise on strategy, market developments, positioning and marketing, as well as helping carry out two more oversubscribed equity issues, raising £224m. ORIT have made a series of accretive investments since launch, and successfully completed their first construction asset, on time and on budget. Today, ORIT's market cap is £625m and they trade on a premium to book value of 7%, with a fully covered dividend yield of 4.7%.



**“Peel Hunt’s expert advice and knowledge of the investment trust sector and investor base have helped guide us on our journey from inception, to IPO, to leading listed impact fund in less than three years.”**

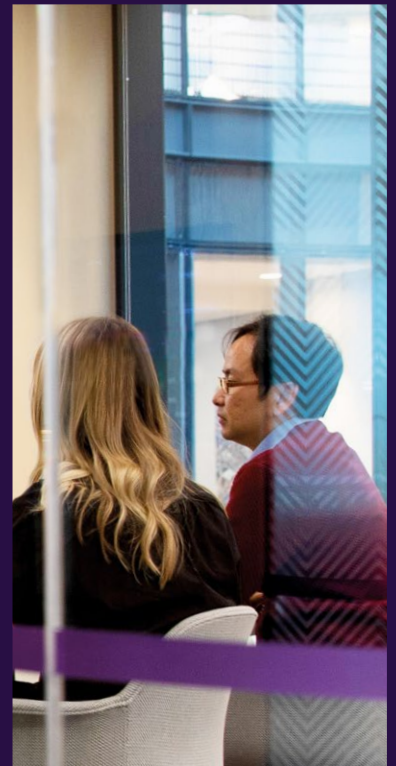
**Phil Austin MBE**  
*Chair, Octopus Renewables Infrastructure Trust*

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### **Supporting section 172 of the UK Companies Act 2006**

As stated throughout this report, our purpose is to guide and nurture people through the evolution of business. This purpose applies to dealings with all our key stakeholders, the way we run the Company and how we make decisions at every level, starting at the top with the Board. Whilst Peel Hunt Limited is a Guernsey-registered company, this ethos very much aligns with section 172 of the UK Companies Act 2006, which requires directors to promote the success of the business for the benefit of all stakeholders. We explain how our Board has done this in the ‘How we made our key decisions’ section on [page 97](#), which discusses how our Directors take into account the interests of our stakeholders.

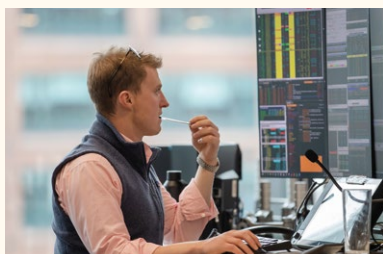
# BUSINESS FUNDAMENTALS



# THE EVOLUTION OF PEEL HUNT OVER THE LAST 10 YEARS

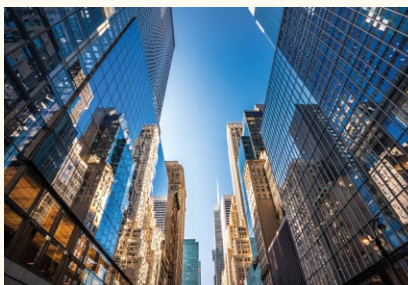
We take a long-term view to everything we do, from building relationships with our clients to looking after our people and developing our teams – to meet the evolving markets and investor needs.

Launch systematic trading as part of Execution Services



- Reach **£10bn** of value traded on the retail service provider network (RSP)

Investment Trusts team established at Peel Hunt



- Open New York office

2016

2015

Develop and launch REX, a platform that gives retail investors access to corporate transactions including IPOs

2014

2013

Start use of algorithmic trading platform in Execution Services

2012

MiFID II – watershed moment for investment banking (our institutional relationships would grow from **420** in 2017 to **1,235** in 2022)

Launch quantitative systematic trading model for Execution Services

2017

Rank **No.1** in Extel/Institutional Investor survey for research

Establish M&A team

Reach 10% of total LSE volume traded

£924m notional value of retail trades



2018

2019

Reach **1,000** institutional relationships

Establish private capital markets (PCM) team

2020

Announce **150** retained corporate clients

2021

Sales and sales trading teams rank **No.1** in Institutional Investor survey for the first time

Reach 17% of total LSE volume traded

Move to 100 Liverpool Street, a BREEAM-rated, carbon-neutral building

Most active investment bank in UK ECM with 46 equity fundraises

**IPO** of the Group with 52% employee ownership

£374m funds raised via REX

# A TECH-ENABLED FUTURE



**Aaqib Mirza, Chief Technology Officer, discusses our innovative approach to technology.**

## Why is technology so important to investment banking – and how are you approaching it?

We live in an increasingly digital world. The industry is ramping up how it uses technology and data, with structural changes in retail investment and the digitalisation of financial services pushing this harder. Peel Hunt is ready to compete: we're a cutting-edge, technology-focused investment bank that's technical, analytical and driven by data.

Steven, Sunil and I developed our focused digital strategy during 2021 to digitally transform our organisation. We aim to leverage technology and big data, optimising our clients' outcomes and improving efficiency and scale.

“With technology, we're changing our organisation from the inside out. There are some really exciting opportunities to flip how we do things to benefit our clients.”

**Aaqib Mirza** *Chief Technology Officer*

## You've developed market-leading proprietary technology. Is that a key area of focus?

It's important we own the 'value-add' element of our technology – but we don't need to reinvent everything. Instead, we're focusing investment on value-add and differentiated solutions: we take market-leading solutions that address gaps and inefficiencies in the market and add our proprietary technology to provide an edge. Our in-house development team delivers bespoke solutions, such as PHAT, PHALGO and REX, and continues to develop and expand them. We've done this successfully in Execution Services, and want to replicate this in our Research & Distribution and Investment Banking divisions, providing efficiencies, creating new products and building scale.

For example, we are rebuilding our analyst model database, implementing new authoring technologies, and dramatically

improving our online research portal. Through these initiatives we aim to improve the depth and breadth of our proprietary data and create data-as-a-service capabilities. Our clients will be able to go beyond the content presented in a research report and use online tools to interrogate data and enable visualisation. At the same time, we have devoted significant effort to expanding how we capture user analytics, so we can tailor our service offering. Together, this work helps our people make better business decisions, reduces risk, and improve efficiencies.

### Our digital strategy has four pillars:

- Develop the digital skills and know-how of our people
- Build a value-driven data and analytics capability
- Product leadership for the digital business
- Develop a scalable operating platform

PHALGO: The Company's proprietary algorithmic trading platform to manage and route low-touch electronic order flow. PHAT: The Company's internal pre/post-trade analytics, risk and quote management system for market making. REX: Retail Exchange – the Company's electronic platform to enable retail participation in investment banking deals.

### What does your digital strategy mean for your people?

Not everyone needs to be a developer, but everyone needs to understand what technology can achieve – our future state vision – and senior management needs to know where we should invest. In 2022, our first digital survey identified opportunities to upskill our business areas and people. Over the past year, we've invested in data technology and technical project delivery, providing the tools, data and environment for our people to innovate.

We now have a hugely experienced technology and development team of 23 and we're actively expanding. Despite the scarcity of quality tech talent, with our strong brand we're already attracting people from major banks, hedge funds and outside financial services. It's important we get the right candidates: we must be a good fit for them, as much as they are a good fit for us.

### A holistic tech strategy...

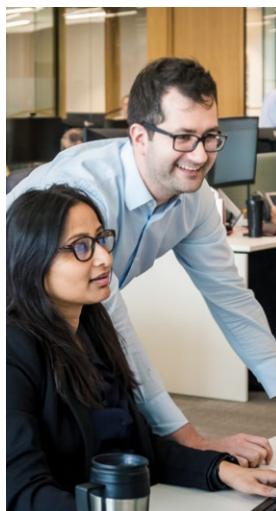


### What's on the horizon for tech at Peel Hunt?

We need to move to the next level and automate our digital core as we evolve. We're exploring agile solutions including ERP (enterprise resource planning) and workflow solutions to deliver scale and increased efficiency. Our risks increase as we bring on more clients, handle more data, and through our higher profile, so we need to continue making sure we can protect ourselves and our clients.

We have three ambitious objectives: deliver our digital strategy with new data and analytics products and capabilities; build on our trading technology success by expanding into new markets and liquidity sources; and develop REX to harness structural opportunities with retail investors.

### ...to deliver innovative products...



### ...supported by market-leading partners



SINGLETRACK



- Empowering people to experiment with fresh ideas and technologies to deliver new products and services
- Leveraging cloud technology to: process big data and analytics; enable scalable operations; and allow us to use the latest technologies
- Constantly reviewing our solutions and investment plans to keep us at the forefront of technological functionality and capability

# MAKING A DIFFERENCE AS A RESPONSIBLE BUSINESS

**W**e're a responsible business, with a duty to all those who work with and around us – and this philosophy guides us every day. It's woven into our purpose of guiding and nurturing people through the evolution of business.

But we can only live up to this purpose if we take care of our wider impact on ESG issues, and how they play out for all those we engage with. This means taking care of each other, and doing business honestly and with integrity, for the good of everyone.

We look at our responsibilities in two ways: first, the direct impact of our operations – looking after our people's wellbeing, promoting diversity and inclusion in our industry, being active in our local communities, and controlling our carbon footprint; second, the wider influence we have through our work with our corporate and investor clients, including supporting our corporate clients to develop and manage their own approach to sustainability.

## Establishing a more rigorous approach to managing our impacts

We're now in the process of formalising our own impact-led approach to sustainability so we can manage, monitor and report better on ESG issues, against the backdrop of the United Nations Sustainable Development Goals (SDGs). We've identified in this report those SDGs where we feel we can make the most difference. In 2020, we established our Diversity, Equity & Inclusion Forum, with a remit to explore new ways to improve our diversity, and our Community & Sustainability Forum, with a remit to support our activities within our local communities and manage our environmental impact.



**5.c** Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.



**8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.



**10.3** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.



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

As part of becoming a publicly-quoted company in 2021, we've evolved our governance approach to sustainability issues and established our Board-level ESG Committee in June 2021, chaired by our Non-Executive Director Richard Brearley. Further detail on our ESG Committee can be found on [page 113](#). Our Diversity, Equity & Inclusion Forum and Community & Sustainability Forum are working groups of the ESG Committee.

## Working with responsible clients

We want to work with clients who, like us, aim to do the right thing as a responsible business. Our onboarding process for corporate clients already includes screening for ESG criteria. In 2021, we enhanced this process by establishing our Social, Environmental, Ethical and Reputational (SEER) Committee, which looks in detail at potential clients whose ESG screening raised a flag, to determine whether or not the issues pose a barrier to working with them.

As a trusted adviser to our clients, we are in a privileged position, and we are mindful of the wider influence that gives us. We're seeing a growing interest in ESG issues from our corporate and institutional clients, who are increasingly seeking our advice on how to address them. We run ESG conferences attended by companies and investors alike and our expert research analysts incorporate ESG analysis into their investment reports.

### Making our workplace more diverse and inclusive

Our people are our most important asset, and the open, collaborative culture that embodied our partnership structure is just as relevant and important now we are a publicly-quoted company. This stretches beyond our own people to their families as well – we consider them all part of our wider Peel Hunt family. Just as important is our collaborative approach to major decisions, which encourages everyone to speak up and contribute to how we work, and our positive working environment.

We believe that a diverse and inclusive work place leads to better business outcomes for all our stakeholders. We are working on expanding the diversity of our people, including by gender, ethnicity, socio-economic background and other characteristics such as age or disability, and are well aware that there is still a great deal to do, both within Peel Hunt and in the

#### Our key policies and standards

We publicise our key policies and standards to our people through our Staff Handbook and intranet. These include the following areas:

- Conduct, ethics and whistleblowing
- Equal opportunities and diversity
- Professional development and training
- Shared parental leave
- Holidays (including 30 days for all our people regardless of position)
- Flexible working
- Volunteering days
- Remuneration
- Compliance, including anti-bribery and financial crime



We also publish our [Modern Slavery Statement](#) on our website.



City as a whole. While we will always recruit and promote people on merit, we are developing partnerships and processes that will help us to identify more employees from different backgrounds and with diverse experiences. This will give us the richer diversity of thought and experience which we believe is so essential for innovation and making good decisions.

### Supporting disadvantaged communities

Through our community programmes with various charities, we encourage all our people to volunteer to help socially disadvantaged groups. We feel that we can make a difference to young people within those communities by supporting them with education, work experience and careers advice. We also support our local communities, for example through our volunteer work in city farms and soup kitchens.

### Reducing our carbon footprint

As a responsible business, we believe that transitioning to a lower carbon world is the right thing to do. We're in the process of measuring our emissions to establish our existing carbon footprint, and will then use this to work out how we can cut our emissions on the pathway to carbon neutrality and reaching net zero. By 2023, we will have finished mapping all our scope 3 emissions, including our supply chain, and have published our total footprint. We will then publish our first carbon reduction plan: for more details see [page 64](#).

# INTERVIEW WITH FATIMA, HESTER AND JAMES

**Fatima Badini, HR Director:** We pride ourselves on a culture that's very special. It's been developed over 30 years and involves trust, respect and collaboration – with our people, our clients, and our communities.

**Hester White, Chair of Diversity, Equity and**

**Inclusion Forum:** I'd agree. Other firms may say this, but our people do genuinely care – about their teams, the person working next to them and how Peel Hunt can achieve its goals. We really do want to make a difference in our local communities. I think a lot of this is down to our very clear purpose, which gives us a unity of approach. We articulated it for the first time this year – guiding and nurturing people through the evolution of business.

**James Schofield, Chair of Community and**

**Sustainability Forum:** But it's not always easy in financial services, is it? The nature of our business can be fast-paced, demanding and challenging.

**FB:** That's true, but as a company, we're absolutely committed to supporting the wellbeing and mental health of all our people, and their families, and we've upped our programme here over the past year.

**HW:** I think a key part of looking after our people is not only showing we care, but also listening to them and understanding what's important to them. We've always been open and transparent in our communication. We've had to adjust how we approach that now we're quoted, so we do it in different ways. Our 'Culture Jam' focus groups are a brilliant example – where we invite our people to have their say on different issues. This worked very quickly to help us put together our principles on hybrid working earlier this year.

**FB:** Our employee engagement has also highlighted areas we need to work on, such as manager training or communicating HR issues, and particularly diversity and inclusion.

**HW:** Yes, there is a great deal we can do to increase our diversity, along with the rest of the financial services sector, so that our industry better represents the communities in which we live. In our staff engagement survey in 2021, our people told us Peel Hunt is an inclusive place, where individuals from diverse backgrounds feel comfortable, but more diversity would be welcome. So, we're tackling the issue head on, from gender to ethnicity and background, within both Peel Hunt and the wider financial services industry.

**FB:** We want to attract more women into finance, empowering them to thrive in what has traditionally been a male-dominated sector. We've increased our female board-level representation at Peel Hunt with the appointment of our Chair-Designate, Lucinda Riches. Maria Bentley also joined us as a Non-Executive Director at the start of April 2022 and, when Simon Hayes, our current Chair, steps down after the AGM, women will represent over 40% of the Board.

**JS:** A lot of the work we are doing with our local communities is helping to increase inclusion within the City as well. We're very conscious that we work next to an area of great social inequality, and so we're helping break down barriers to entry to the City from its surrounding local communities. We're focusing on where we can make a positive social impact, working with charities to help young people within those communities, and supporting them with education, work experience and careers advice.

**FB:** This goes back to our purpose of guiding and nurturing people. We understand that long-term change requires commitment but we're making progress. Over the year ahead, we'll continue to focus on developing our diversity, equity and inclusion initiatives throughout the business, ensuring we're looking after our people, and giving them confidence, more opportunities and skills through learning and development.

“We’re about people and partnership. Whether it’s clients or our own people – we’re in this together. We’re all pushing towards the same goal and that drives our success.”

**Fatima Badini**  
*HR Director*



“Being a responsible business is not just about ourselves, but about our clients and our community. This drives our responsible approach and the social value we create.”

**James Schofield**  
*Chair of Community and Sustainability Forum*



“I believe that everyone should have access to the same opportunities, should have guidance in how to spot the right ones, and should have the support to seize them.”

**Hester White**  
*Chair of Diversity, Equity and Inclusion Forum*

## OUR PEOPLE

**We believe in supporting our people to be their best – it's a key element of our collaborative culture. We do this through creating a diverse and inclusive workplace and looking after our people and their families.**

### Safeguarding wellbeing and mental health

We've always been committed to supporting the health and wellbeing of our people and their families, and, over and above private healthcare insurance for them, we have had a structured programme in place since the start of 2020. This includes partnerships with organisations such as City Psychology Group and Nuffield Health. It's also essential for people's wellbeing that they take proper breaks from work, so all our people on full-time contracts, regardless of seniority, receive 30 days' holiday a year. The experience of the pandemic changed everyone's lives, adding intense pressure and severely challenging people's mental health. It also made the world consider the traditional office environment and the daily commute to work in a different way; technological developments have meant the old model of everyone being in the office every day is no longer essential. So, in early 2022, we consulted all our people to establish clear hybrid working principles, which would help everyone get the best out of both office and home working.

We also introduced some specific wellbeing initiatives. Through Talking Talent, a platform for parents and caregivers, we now support flexible working and family leave, and we've widened our employee assistance programmes, Help@Hand and LifeWorks, to include people's families. We also launched a new pregnancy and parenting at work programme with Tommy's charity.

Since March 2020 we've had a dedicated team of four mental health first aiders who act as points of contact for anyone who's feeling emotional distress, struggling with mental health issues, looking for guidance, or just needs someone to listen. In January 2022, we signed the Mental Health at Work commitment, which is a simple framework for helping businesses achieve better mental health outcomes in the workplace. In the coming year, we will launch a training programme for managers on mental health awareness.

### Refusing to accept the 'norm' – creating a more diverse City

The financial services sector suffers from a lack of diversity – of gender, ethnicity, disability, sexual orientation and socio-economic background. For example, 51% of people at all levels of seniority in the City are from a higher socio-economic background (as defined by parental occupation), compared with 33% of the economy-wide working population across the UK. Employees from lower socio-economic backgrounds are also found to take 25% longer to progress through grades, according to The Bridge Group and the City of London's report 'Who gets ahead and how?'. At Peel Hunt, we don't want to accept this situation as 'the norm'.

#### Employee profile 2022

#### Permanent employees

# 309

**"The best part about Peel Hunt is the people. Everyone is so approachable and always eager to help you."**

**Yashasvi Gawali** *Business Manager, Infrastructure Group*

“People want to be at Peel Hunt because of its energy and can do attitude. Here you feel empowered, you feel like you can make a real change – both internally and externally.”

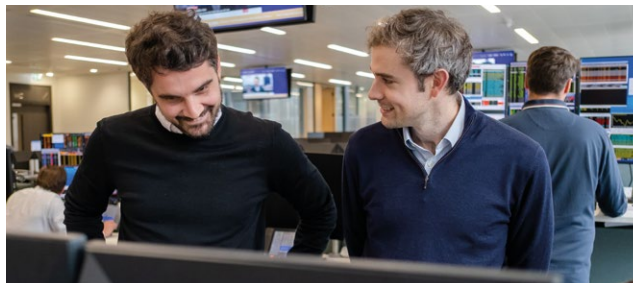
**Damindu Jayaweera** *Technology Research Analyst*

At an industry level, we’re using our influence to press for wider diversity. Our CFOO Sunil Dhall sits on a taskforce commissioned by the Government’s Department for Business, Energy and Industrial Strategy and HM Treasury that is working for greater socio-economic diversity at senior levels across UK financial and professional services. The taskforce is collecting data on workforce socio-economic diversity, tracked against levels of seniority, and will then develop an action plan for improvement.

Closer to home, while we will always recruit and promote people on merit, we want to attract more employees with different backgrounds and experiences, which will give us the

richer diversity of thought and experience so essential for the success of our business. To support our own efforts, at the start of 2020, we established a Diversity, Equity and Inclusion (DEI) Forum, and during that year, it examined our own structures and processes. During 2021, we ran a summer internship programme specifically for talent from challenged social economic and ethnically diverse

backgrounds. We’ve also worked on educating our people on the importance and value of diversity and inclusion, through training and events, including expert speakers. We now require all our managers to take part in an annual DEI training session.



“Some of our new family-related policies are fantastic. Peel Hunt’s approach to wellbeing and flexible working in particular has made it possible for me to continue my career here.”

**Holly Greenwood** *Distribution Team Assistant*

“I’m passionate about ensuring we are a diverse and inclusive organisation – it’s fundamental for Peel Hunt’s success.”

**Lucinda Riches**

*Senior Independent Director and Chair-Designate*

## Gender diversity

### Board

With effect from  
7 July 2022

- Women 3  
(FY21: 1)
- Men 4  
(FY21: 5)



### All employees

- Women 24%  
(FY21: 23%)
- Men 76%  
(FY21: 77%)



## Opening up the boardroom to women

Peel Hunt is a long-standing supporter of Women On Boards, which has nearly 30,000 members, and we regularly host their networking sessions at our office. Our membership gives our people access to the wider Women On Boards network for ongoing advice, support in developing a non-executive career, regular networking opportunities, talks from topical experts, encouragement and inspiration. All genders and other diverse backgrounds are welcome in this inclusive, impactful network, which encompasses people at all career stages.

In April 2022, we launched our first employee-led network, Connect Women, which aims to facilitate greater interaction among peers and create a more inclusive workplace through hosting events with Women On Boards, learning and development opportunities, topical discussions and networking.



## Focusing on gender

Gender is often the easiest aspect of diversity to tackle first and, while it’s just a subset of the wider diversity issue, addressing it helps to open up the conversation about diversity more broadly.

There is much to do to create a level playing field for men and women. However, we are focused on improving, as we have a strong commitment to diversity and inclusion. Change will naturally take time and there may be volatility from year to year.

In September 2021, we published our first gender pay gap report for the year to 5 April 2020. Our median pay gap was 56.0%, and the median bonus pay gap 83.3% due to our gender imbalance, in particular at senior levels. Our second report, for the year to 5 April 2021, showed the median pay gap narrowing slightly to 54.1% as we are taking steps to increase senior and overall female representation throughout Peel Hunt. Our median bonus gap increased to 88.2% over the year.

During the year, we started to improve the gender balance at Board level with our new Chair-Designate, Lucinda Riches, and our new Independent Non-Executive Director, Maria Bentley. To increase diversity throughout the firm, we’re expanding our reach when recruiting, and relying less on existing networks. We now require diverse shortlists from our recruitment partners and

are using a ‘gender de-coder’ to ensure our job descriptions have balanced language. We also hope that our new hybrid working practices will attract a broader pool of candidates.

Aside from gender, we’re continuing to focus on disability, and are keen to provide reasonable adjustments to the workplace or work patterns for people with disabilities. In 2021, we were proud to be credited by the Department for Work and Pensions as a Disability Confident Employer.

### Disability confident employer

In 2021, Peel Hunt was accredited by the Department for Work and Pensions.



## Giving everyone a voice

We champion our people's opportunity to be heard and empower them to make decisions. We pride ourselves on our open, two-way and transparent approach to communications, which includes regular CEO update videos and emails, and hybrid town hall meetings that everyone can attend. This openness was particularly important and valued by our people during the pandemic, and on our journey to becoming a publicly-quoted company.

In May 2021, 75% of our people responded positively to our latest engagement and culture survey. Overall, we scored 8.2 out of 10, which is slightly above the financial services sector average of 7.8 out of 10.<sup>1</sup> We were particularly pleased with the response rate, and the depth of feedback we received. A real positive was that our score for wellbeing was 7.8 out of 10, given the challenges of Covid-19 and remote working. The survey raised some challenges that we are now addressing; for example, we are using more communication channels, such as CEO update videos, as mentioned above. We're also developing a HR business partnering programme to better support individual business areas.



## Case study

### Hybrid working – it's about principles, not rules

We are constantly asking how can we create the best culture and live up to our purpose and values. That's why in January 2022, we invited all of our people to contribute to our 'Culture Jam' focus groups to consider the future of how we work. In small groups, over 100 people representing every business area and function discussed the topic. All groups told us they wanted a clear principles-based framework – not rules – as each team works differently. Taking this into account we have agreed four principles, for teams to apply to their own situations, as a framework for future working at Peel Hunt. The focus is on employee responsibility. Individual managers can apply those principles as appropriate for their teams, as some teams may need to be in the office servicing and communicating with clients every day, while others will do concentrated work for a short period at home.

- 1 **More in than out** – we're an office-based business and want to maintain our strong collaborative culture
- 2 **Clients first** – we respect the needs of our clients, internal and external
- 3 **Right for the team** – we adapt the way we work depending on what our team needs
- 4 **Flexibility and fairness** – we each take responsibility for our actions and we all respect our values

## Putting learning and development front of mind

We support the development and aspirations of all our people through a variety of programmes, including one-to-one coaching, mentoring, external courses, expert training and wellbeing sessions. Over FY22, our training initiatives included:

- Technical, including sponsorship for CFA qualifications for junior employees
- Data visualisation courses for data technology, to improve our data analytics
- Personal development, such as leadership training

1. Source: Workday Peakon Employee Voice

## OUR COMMUNITIES

**We are committed to making a difference to where we work, and take an active role in supporting our local community, with a focus on reducing social inequality.**

### Making a positive difference

As a responsible business we want to make a positive impact and contribute to our local communities. We support community project and social enterprises, working together with our local communities. We help young people with education, work experience, internships and careers advice, as well as through working in local city farms and soup kitchens, and supporting community projects and social enterprises.

In FY22, we worked with Arrival Education, a charity that works with low-income communities in London boroughs to give socially and ethnically diverse young people work opportunities. We hosted four internships across Sales, Research, Risk and Compliance, and Sales Trading and Operations.

Our partnership with The Brokerage, which provides work experience opportunities for disadvantaged young people in our local communities around the City of London, offered weekly mentoring sessions and masterclass sessions in 'Skills to Succeed at Peel Hunt and in the Investment Banking sector', and 'Interviews and Networking'.

Next year, we will continue to work with The Brokerage to provide sessions on 'Women in Banking' and 'How to Succeed on Work Experience'; and our people will help run bootcamps for young people, organised by The Brokerage. We'll also be hosting students for rotational work experience placements.

In FY23, we'll launch a new scholarship programme sponsoring two socio-economically disadvantaged students in partnership with Queen Mary University, which has won awards for its commitment to diversity and inclusion. During their three-year undergraduate courses (economics and finance, and law and business), we will invite the students to take part in work experience, mentoring and insight days with us. Our aim is to coach them and build a relationship, so they consider working at Peel Hunt when they graduate.



Fundraising for Stem4

All our people have one paid charity day each year to volunteer in a Peel Hunt-organised activity. During the past year, we were pleased that nearly a third of our people managed to take their volunteering day, despite the pandemic and lockdowns. Now that we can all get back into the office and out to the local community, we are encouraging all our people to take up these charity days.

Our people also regularly vote on a company-wide charity partner. In April 2021, we began a two-year partnership with Stem4, a charity that supports positive mental health in teenagers. Over the last year, our people have participated in different fundraising activities for Stem4 and raised £26,745.



In 2021, we prepared and served over 150 lunches to people living or sleeping in temporary accommodation with **Providence Row**, an East London homeless charity.

“It was a brilliant experience working with Providence Row and really opened my eyes to the extremes in our local area and what we can do to help.”

**Harry Young** *Junior Trader*

With **Blackfriars Settlement**, we’ve prepared lunches, helped out at the Blackfriars Christmas Bazaar and provided online entertainment for the visually impaired.

“It was a great opportunity to volunteer at Blackfriars settlement and provide lunch for their members. It was challenging, rewarding, and lovely to spend the day giving back to the local community.”

**Hannah Humberstone** *HR Business Partner*



**Spitalfields City Farm** is the nearest city farm to the Square Mile. Our volunteers have looked after the animals, cultivated the vegetable garden and helped out with other projects.

“I am impressed by the amount of work we carried out in a short space of time and great to know this is being enjoyed by local schools and families – a very rewarding and worthwhile day!”

**Mike Booth** *IT Engineer*

# REDUCING OUR ENVIRONMENTAL IMPACT FOR A LOW-CARBON FUTURE

As a responsible business, we're seeking to minimise the environmental impact of our own operations, including using our position of influence as advisers to companies and investors to support the transition to a low-carbon economy. We're also developing our approach to help our clients as they prepare for the transition to carbon-neutral while managing other environmental issues. Here, we report on how we are minimising our own environmental impact.

## Our path to carbon neutrality and net zero

The first stage of determining our path to carbon neutrality and net zero is to define our total carbon footprint. In FY19, we started measuring our Scope 1 and 2 emissions for compliance with the UK's Streamlined Energy and Carbon Reporting (SECR) requirements, and the Energy Savings and Opportunities Scheme (ESOS). In 2020, we started to work with a specialist consultancy to measure and understand our total footprint, including mapping our principal Scope 3 emissions in accordance with the Greenhouse Gas (GHG) Protocol's methodology.

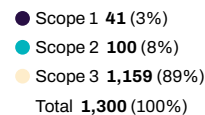
As a result of this work, we have defined our carbon footprint with 2020 as our baseline year, as shown in the charts below. The work we have done since then shows that, in FY22, Scope 3 emissions made up

74% of our total footprint, although we're expecting this to increase as we complete our measurement of the remaining categories defined by the GHG Protocol in the coming year.

With this work complete, we will then be able to develop our plan to become carbon neutral. This will involve assessing net zero requirements using the Science Based Targets initiative (SBTi) methodology as a starting point, and producing our first verifiable carbon reduction plan, all of which we expect to complete in FY23.

We do not currently need to report against the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), but we support its aims. In the coming year, we will be looking closely at TCFD's disclosure requirements, and how its approach might help us develop our own path to net zero.

### Our total carbon footprint – baseline year 2020 (tCO<sub>2</sub>e)



#### Scope 1

Direct emissions from gas burned for heating in our offices

#### Scope 2

Indirect emissions from the energy we buy

#### Scope 3<sup>1</sup>

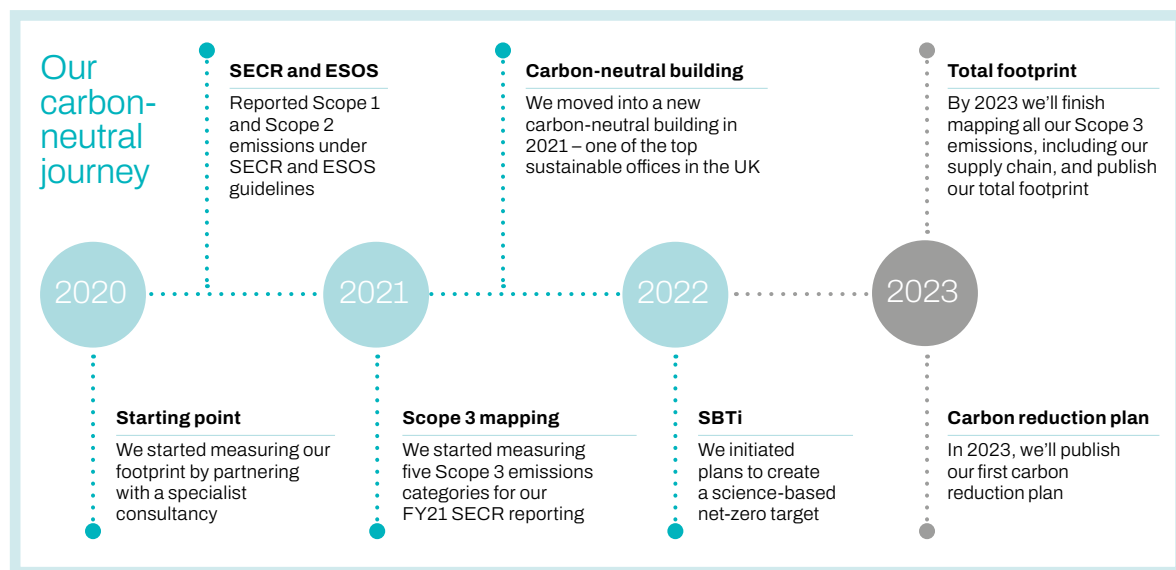
Purchased goods and services – 4%  
 Capital goods – 22%  
 Fuel and energy-related activities – 3%  
 Upstream transportation and distribution – 1%  
 Waste generated in our operations – 1%  
 Business travel – 66%  
 Commuting and home working – 3%

1 Percentages are quoted as a proportion of total Scope 3, rather than total carbon emissions.

“We’re only at the start of our journey to become carbon-neutral and reach net zero. We believe achieving this will benefit all our stakeholders.”

**James Schofield**

*Chair of Community and Sustainability Forum*

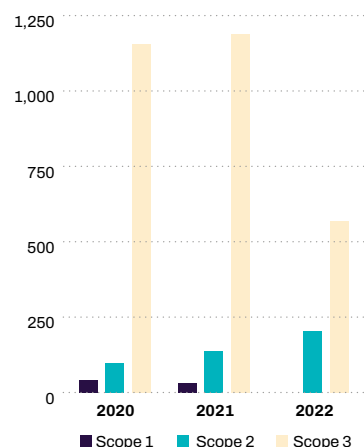


### Our progress this year

Overall, we’ve made good progress in our ability to reduce our emissions since our baseline year of 2020. Key to this was our move in early 2021 to 100 Liverpool Street, which is regarded as one of London’s most sustainable buildings. The move resulted in the carbon intensity ratio of our head office falling from 6.3 to 4.3 kgCO<sub>2</sub>e per square foot, a reduction of 32%. If we consider our carbon intensity ratio for the whole business, including our US

operations – which we calculate as a ratio of kgCO<sub>2</sub>e per employee – then we also see a decline. Our overall carbon intensity ratio fell from 4,719 kgCO<sub>2</sub>e per employee in FY21 to 2,498 in FY22. Our shift to hybrid working and using more video conferencing has also contributed to our progress in energy efficiency in FY22; although as life returns to normal post the Covid-19 pandemic, we may see our Scope 3 emissions varying year on year.

**Carbon emissions (tCO<sub>2</sub>e)**  
From FY20 to FY22



Pre-pandemic, most of our Scope 3 emissions, 66%, came from business travel – either visiting clients or commuting to the office. The pandemic has changed how we do business – there are more remote meetings and client roadshows can be held virtually as opposed to physically – and this, combined with our new offices, has reduced our carbon footprint, with overall Scope 3 emissions down 51% compared to our 2020 baseline.

In FY21, we completed the fit-out of 100 Liverpool Street, and therefore we saw a large spike in emissions relating to capital goods. In FY22, however, following the completion of the fit-out, emissions relating to capital goods dropped back down again. We expect the volume to continue to reduce a little further in FY23.

We recognise that meeting in person is essential, for maintaining our collegiate culture. Therefore business travel and commuting will remain a significant source of our emissions and may, in fact, increase slightly in FY23 as we settle into the post-pandemic hybrid working environment. As we enter this new environment, we will continue to monitor these emissions closely. We will also continue to work with our people to minimise emissions generated from our offices, whether through increased recycling, better procurement or moving towards a paperless office.

We are committed to offsetting all of our emissions and, whilst the energy supplied for 100 Liverpool Street is certified as green energy and is therefore classifiable as an offset under the Renewable Energy Guarantees of Origin (REGO) scheme, we have not reported any offsets or REGOs in the table opposite. This is because, in FY23, we are seeking to understand the REGO scheme better and further identify the best offsetting scheme(s) that stands up to scrutiny. Once we have completed this, we will then recognise any REGOs or offsetting in the FY23 annual report.

### GHG emissions disclosure, Scopes 1-3<sup>1</sup>

Section	GHG emissions /tCO <sub>2</sub> e		
	FY20	FY21	FY22
Gross operational GHG emissions			
<b>Scope 1 emissions</b>			
Direct emissions	41	32	0
<b>Scope 2 emissions</b>			
Electricity	100	130	192
Steam	–	7	12
<b>Scope 3 emissions<sup>2</sup></b>			
Purchased goods and services	45	2	1
Capital goods	263	809	184
Fuel and energy-related activities	35	23	74
Upstream transportation and distribution	12	22	6
Waste generated in operations	6	3	0
Business travel	768	50	57
Commuting and home working	31	283	246
<b>Total Scope 3 emissions</b>	<b>1,160</b>	<b>1,192</b>	<b>568</b>
<b>Gross carbon emissions total</b>	<b>1,300</b>	<b>1,359</b>	<b>772</b>

1 Covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions. Scope 3 emissions not included in SECR calculation.

2 Exclude 'Investments' category which we will calculate in FY23.

### Energy usage by type<sup>1</sup> (kWh)

	FY20	FY21	FY22
Electricity (UK)	503,739	333,225	755,759
Electricity (USA)	n/a <sup>2</sup>	171,457	149,982
Steam (UK)	–	30,868	67,784
Gas (UK)	231,710	195,646	–
Transport (UK)	4,111	6,239	–
<b>Total</b>	<b>739,560</b>	<b>737,435</b>	<b>973,525</b>

1 Electricity is the only energy used by our US operations.

2 No data available.

## Case study

# Our carbon-neutral building

In 2021, we moved into our new office at 100 Liverpool Street, a ground-breaking carbon-neutral building that's in the top 1% of sustainable office buildings in the UK.

- 49% of the new development's concrete was retained and reused from the existing building, including 100% of the foundations, saving 4,086 tonnes of carbon. Where new materials were needed, lower carbon choices were used, including 51% secondary aggregates
- 2% of the steel frame was retained and reused from the existing building as the base for the new development, saving 3,435 tonnes of carbon
- Smart technologies were used throughout the building to enhance operational efficiency, for example by optimising light and heat
- Any carbon offset was split equally by developer British Land between a project restoring 30,000 hectares of land on the Tibetan plateau and a teak afforestation project in Mexico

## Carbon intensity ratio compared to previous office

- Carbon intensity ratio for Moor House (occupied Apr 20 – Jan 21; data updated to represent 12 months for comparison): 6.3 kgCO<sub>2</sub>e per square foot
- Carbon intensity ratio for Liverpool Street (Apr 21 – Mar 22): 4.3 kgCO<sub>2</sub>e per square foot



“Being a bank, our own carbon footprint is quite small, but it’s important we do what we can, so it’s great to be in one of London’s greenest offices.”

**Oliver Jackson** Associate Director, M&A

# OUR PROACTIVE APPROACH TO RISK



## David Curran, Chief Risk Officer, discusses the importance of culture and Peel Hunt's key and emerging risks.

Operating in a highly-regulated industry, risk management and regulatory compliance are a fundamental part of our day-to-day activities. Understanding and managing our risks is essential for making fully informed business decisions that balance the needs of our different stakeholders.

No business can ever be fully insulated from all risks, although we can protect ourselves with a proactive approach to risk and an effective risk management framework. We keep a close watch on new trends and threats, and continuously monitor the current environment.

“Managing risks well is really about culture – and we’re fortunate to have a genuinely open culture that respects diversity of thought.”

**David Curran** *Chief Risk Officer*

Since I started as Chief Risk Officer, I’ve focused on key areas including our people, the market environment, new regulations, our digital strategy, and our plans for expanding into Europe. I’ve outlined below what they mean for risk management and how we’re approaching them.

This underpins our focus on sound conduct and strong governance (including how we manage the remuneration and incentivisation of our people). Ultimately, this drives the delivery of good outcomes for our clients. Developing and maintaining a positive approach to risk and compliance culture is critical. By this, I mean we encourage everyone to understand the risks in their daily work, so they have the right mindset and behaviour to enable effective risk management and promote sound risk-taking.

In this risk report, I outline our principal and emerging risks, and how we manage risk across the Group as a whole. During the year, we enhanced our risk governance structure to reflect our new position as a publicly-quoted company, and the new Investment Firms Prudential Regime (IFPR) requirements that apply to our UK-regulated entities. We also established the Executive Risk Committee, which has enhanced the oversight of our key risks.

## Principal risks

We have outlined the principal risks of the Group on [pages 72-74](#). We have described those risks, how they arise and how we mitigate them, and include an update for the year.

## Emerging risks

### People

Our people are our most important asset. Over the past year, a key challenge has been our gradual return to the office as government lockdown restrictions ease. We've helped our people with this transition, providing confidential support, wellbeing advice and activities – and, more recently, consulting with our people on their vision of hybrid working. Throughout the pandemic we've balanced this with the need to ensure that we continue to meet our regulatory responsibilities, whether working from home or in the office. I believe that our new hybrid working model supports our people and clients, and protects our culture.

Going forward, we're conscious that we need to continue recruiting and retaining high-quality people in a market that's very competitive for talent. It's important we give them a diverse and inclusive workplace, lots of opportunities to learn and develop, and support their positive mental health and wellbeing.

### Market environment

The big issue that has shaped markets since February 2022 is Russia's invasion of Ukraine and the resultant humanitarian crisis. This has increased uncertainty in global markets, which has in turn weakened investors' confidence. Our business has, like all in the financial markets, been affected, but we conducted a detailed review of all clients and business

operations in the early stages of the conflict, which confirmed we have no direct exposure to sanctioned organisations.

Since the second half of 2021, high inflation, rising interest rates, rising commodity prices and supply shocks created significant market volatility. We continually monitor our trading positions to maintain a balanced portfolio, tightly controlling market risk while continuing to provide critical liquidity to investors and retail intermediaries.

### Regulation

In 2021, regulatory changes that affected the Group were primarily in the UK, where the FCA introduced two new regulatory regimes: Operational Resilience and IFPR. Under Operational Resilience, UK-based investment firms must identify their important business services that could cause 'intolerable harm' to clients or markets if they were disrupted; assess the operational resilience of these services; and ensure they're operating within expected levels. IFPR is a new approach to risk management for all UK investment firms like ours, and unifies capital and liquidity planning in different scenarios. It aims to ensure all investment firms consider any potential harms to the market and clients, and to the investment firm itself. During the year, we worked with regulatory change experts to implement both these new regulations, and also engaged with the FCA on specific aspects of IFPR.

### Digital and cyber security

We launched our new digital strategy this year, which includes leveraging technology to implement robust reporting solutions and moving to a more data-driven approach to risk management. We continue to manage digital change in a controlled manner, ensuring that existing processes aren't affected, particularly those with client service and regulatory obligations.

Our increased profile, focus on digital and the growing sophistication of cyber criminals raises the risk of cyber attacks. It is therefore essential we continue to maintain our cyber resilience strategy and information security frameworks in line with any threats to which we may be exposed.

### European expansion

The introduction of our new EU-regulated operation will require us to comply with a regulatory regime that is similar to that of the UK but one which will diverge over time. The regulated activities in Europe will be similar to those in the UK, and we're working with local regulatory advisers to ensure that our risk management and compliance frameworks and processes are right for what we are planning.

# RISK MANAGEMENT

**Good risk management is about two things – having the right governance structure in place, supported by a strong risk framework and processes; and having the right culture, embedded throughout the Company, which means everyone is alive to managing risk proactively.**

## How we manage risk

### Risk governance

Good governance is central in ensuring we consider and manage the objectives of our different stakeholders. For governance and regulatory reasons, we operate committees at both the publicly-quoted company level and on behalf of the regulated entities within the Group. This report details the key activities of the committees across the Group as a whole ('Group Risk Committees' or the 'Committees'). These Committees are primarily responsible for implementing and overseeing the Board-approved risk appetite; reviewing and recommending the risk management framework; reviewing and challenging risk management information and overseeing and advising on the embedding and maintenance of a positive risk management culture.

### Risk appetite

Our risk appetite is the level of risk we're willing to accept in our day-to-day operations, and we define it in a set of risk appetite statements for each risk type, supported by quantitative metrics. Where risks exceed or are expected to exceed pre-defined levels, we ensure appropriate action and escalation is undertaken to reduce risk to an acceptable level. Our risk appetite statements are reviewed at least once a year by the Risk Committees, the Board and any relevant local Boards.

### Risk identification and management

We identify our risks through top-down and bottom-up processes, and assess the likelihood and impact of each risk, considering financial, regulatory, reputational and external factors. We manage risks with controls to reduce the likelihood of a risk occurring, and its potential impact, and monitor all risks to ensure our controls are operating effectively and the risks remain within acceptable levels.

### Three lines of defence

Our risk management processes, policies and procedures are embedded in our culture and working practices. These form a model based on 'three lines of defence':

- The 'first line of defence' is the management teams of our different business areas. They identify, assess, manage and report on any risks in their areas
- The 'second line of defence' is our Risk Management and Compliance teams, which review and challenge the risks, and risk assessments; monitor and test applicable controls; and provide assurance of the first line's management of risk
- The 'third line of defence' is our independent Internal Audit team, which provides assurance on our risk management framework and internal control environment

## Our risk management framework

Our enterprise-wide risk management framework (EWRMF) is our foundation and structure for clear and effective risk management throughout Peel Hunt. It enables us to speak a common risk language, focus on working towards our strategic priorities and reduce the impact and likelihood of risk events. In doing so, it helps us focus on working towards our strategic priorities. We apply the EWRMF and related policies in all our daily

activities. The Chief Risk Officer oversees the EWRMF and reports to the CEO and the Risk Committee Chair, and is a member of the senior management team.

Our risk register summarises our annual risk and control self-assessment process (RCSA), together with findings from interviews with managers and the relevant local Board. The Committees review our risk register annually to ensure key and emerging risks are identified, managed, monitored and reported on appropriately.



## Risk and compliance culture

Our proactive approach to ensuring our risk and compliance culture benefits our business, our stakeholders and the markets and Peel Hunt. We foster this in different ways:

- Clear roles and responsibilities, through role descriptions, and senior manager statements of responsibility
- Clear tone from the top, leading by example, so we have an environment that ensures risks are identified and considered in the right way
- Encouraging people to speak up and challenge the status quo, to ensure we balance risk and reward in all business decisions
- Aligning our personal objectives and remuneration with sound conduct and effective risk management
- Group-wide training to ensure we're all aware of our part in managing risks

# PRINCIPAL RISKS

**Our principal risks are those that might prevent us from achieving our goal of long-term, sustainable growth, and could seriously affect our performance, future prospects or reputation. We employ different strategies throughout the year to reduce or mitigate these inherent risks to an acceptable level.**


Risk	Description	Mitigation	Update for the period
<b>Capital</b>	There is a risk that we don't retain sufficient capital resources to meet our ongoing business and regulatory obligations.	We are prudent and proactive in our capital management, ensuring we always hold capital in excess of local regulatory requirements. We regularly stress test our positions against severe scenarios.	The introduction of new capital as part of our admission to AIM has strengthened the Group's capital position.
<b>Liquidity</b>	There is a risk that we are unable to meet our financial liabilities as they fall due.	We maintain a prudent level of liquidity and funding to meet our normal business activity and increasing local regulatory requirements. We also run regular stress tests to ensure we have sufficient liquidity in severe scenarios.	The introduction of new capital as part of our IPO on AIM, and the increase in our banking facilities, have ensured we remain able to meet liquidity and working capital requirements.
<b>Market</b>	There is a risk of losses on financial instruments arising from movements in market prices.	We manage our market-making activities in a balanced and well disciplined way. We maintain a diversified portfolio and, where appropriate, hedge exposures. We monitor multi-level limits and regularly stress test our positions against severe scenarios.	Financial markets experienced bouts of volatility and varying investor confidence in response to macroeconomic and political events. Following our IPO, we expanded the size of our market-making books in those trading strategies, delivering consistent and repeatable returns.
<b>Credit</b>	There is a risk of financial loss from a counterparty failing to discharge an obligation.	We monitor our exposures against limits on trading counterparties, investment banking underwriting and delivery versus payment settlement. We regularly stress test our positions against severe scenarios.	We enhanced our real-time credit risk monitoring tools, which were developed in conjunction with our Data Technology team.
<b>Conduct</b>	There is a risk that we do not adequately consider the impact of our actions on clients, consumers and financial markets.	We promote a culture where good conduct, risk awareness and positive client outcomes are a key part of how we operate, from how we design our products and services, through to client delivery.	In implementing the FCA's Operational Resilience and Investment Firms Prudential Regime (specifically in relation to remuneration aspects), we have strengthened our focus on better client outcomes.

Risk	Description	Mitigation	Update for the period
<b>Regulatory</b>	There is a risk of legal or regulatory sanctions, material financial loss, or loss to our reputation, if we fail to comply with regulations, rules or codes of conduct.	We maintain high standards of regulatory compliance and review and monitor them regularly. We have robust policies and procedures and raise our people's awareness through comprehensive training. We regularly scan the horizon to identify regulatory changes and we maintain an open dialogue with the FCA.	We have continued to liaise with regulatory bodies throughout the pandemic and during a period of regulatory change, seeking guidance and providing assurance on our regulatory compliance.
<b>Financial crime</b>	There is a risk that we do not protect ourselves and our clients from money laundering, terrorist financing, bribery, corruption and tax evasion.	We have robust policies and procedures and all our people complete mandatory financial crime training to help detect, prevent and report financial crime. This training includes: anti-money laundering and counter-terrorist financing; fraud; market abuse; and the criminal finances act. We robustly screen all our people and clients before they join us. We maintain robust cyber defences.	We have strengthened our anti-money laundering capabilities through a number of key hires.
<b>Strategic and business model</b>	There is a risk that we are not able to deliver our strategy or achieve our objectives, or that external factors prevent us from doing so.	We have a clear strategy which has been communicated, is understood by all our people, and is a critical factor considered in all our decision-making. We scan the external environment for factors that may have a negative financial impact on our business.	We communicated our strategy to external and internal stakeholders as part of the IPO. We are now focusing on refining the specific objectives and reporting mechanisms, to monitor our progress in delivering it.
<b>Reputational</b>	There is a risk that damage to our reputation could limit our ability to retain and attract new business and to access funding sources.	We maintain high standards at all times in the way we conduct our business and the way we work with stakeholders.	The nature of our business as a publicly-quoted entity has increased the level of scrutiny we face. We have enhanced our internal processes and resources to facilitate effective communication with all our stakeholders.

## Principal risks continued

Risk	Description	Mitigation	Update for the period
<b>People</b>	There is a risk that we fail to attract, motivate and retain our people.	We have a strong focus on conduct, ethics and values, and foster a collaborative working environment and culture. We offer continuous professional development and provide support, advice and training to our people, so they can meet their full potential.	We have implemented a wide range of wellbeing programmes for our people, and carried out a Group-wide consultation on future hybrid working arrangements. With the lifting of government restrictions, our people have begun to transition to a hybrid working environment, with a focus on responsibility to their teams – recognising the benefits to collaboration that brings. Since the pandemic we have also seen a significant increase in the competition for talent.
<b>Environmental, social and governance (ESG) issues</b>	There is a risk that we fail to operate in a manner consistent with our stakeholders' ESG expectations.	We implement our Company strategy in a responsible and sustainable manner to deliver positive outcomes for all our stakeholders. We also ensure that external stakeholders with whom we forge strategic relationships are aligned to our appetite for ESG risk.	We have taken steps to introduce independent review and challenge, ensuring we consider ESG factors in all our key decisions. This includes those relating to new clients, investment banking activities, strategic direction, and in response to changes in the external environment. During the year we established our Board-level ESG Committee.
<b>Digital and cyber security</b>	There is a risk that client, employee and business confidential information may be accidentally lost or deliberately exploited, or that critical business services are not available.	We have implemented robust, layered, preventative and detective controls. We promote high awareness of cyber and information security across Peel Hunt and maintain appropriate business continuity, disaster recovery and incident response plans.	We continued to enhance our cyber and information security controls and assurance programme, to ensure our resilience strategy remains effective.
<b>Operational</b>	There is a risk of loss due to a failure of internal processes, people and systems, or from external events.	We have a robust operational risk management approach, including robust risk and control self-assessments; focus on strong governance and escalation of risks and issues; and regular scenarios and stress tests on significant operational risks.	We made a number of key hires (including our CRO, Chief of Internal Audit and General Counsel) to strengthen our internal control environment.





“Governance is a facilitator to good business practice – and we aim to have structures that are best in class for AIM companies of our size.”

Simon Hayes *Chair*

# GOVERNANCE REPORT

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# LETTER FROM OUR CHAIR

Simon Hayes

**We've had an extremely busy year as a Board, with a significant amount of work focused on preparation for our initial public offering (IPO) on AIM in September 2021. I would like to thank all our people for their incredible work over the past 12 months. Not only have they worked hard to help Peel Hunt reach such a significant milestone, but they've done so while continuing to build our business and working tirelessly on behalf of our clients.**



**Simon Hayes**  
Chair

## Preparing for our IPO

The IPO, unsurprisingly, dominated the Board's agenda during the year. We were impressed by the executive management team, and the leadership shown by our Chief Executive Steven Fine and our Chief Financial and Operating Officer Sunil Dhall. Navigating the needs of the IPO while ensuring the successful management of the day-to-day business has been a particular highlight. Articulation of our purpose – 'guiding and nurturing people through the evolution

of business' – for the first time in 2021, which was developed in consultation with people at all levels across our business, has helped direct the business during this busy year and will continue to do so in the next phase of our growth.

As we began preparing for our flotation, Covid-19 was still very much an ongoing reality. While I speak for the whole Board in saying how pleased we were to be able to start meeting in person again as the year continued, we were all pleasantly surprised at how

## Statement of compliance

The Directors believe that good corporate governance is central to achieving the objectives of Peel Hunt Limited (the Company) and all its subsidiaries (together, the Group or Peel Hunt), and to creating and delivering sustainable shareholder value. The Board of Directors of the Company (the Board) is committed to high standards of corporate governance. Peel Hunt adopted the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (QCA Code) in September 2021 following our IPO on the Alternative Investment Market (AIM). We have complied with the QCA Code since that time, except as follows:

- The Board did not evaluate the Environmental, Social and Governance (ESG) Committee or the Nomination Committee, as they were both constituted during the financial year; we will evaluate their performance in the next financial year.
- The Board did not evaluate the Risk Committee as it had already carried out a detailed internal effectiveness review, based on a survey administered by an external consultant, in March 2021 and we are embedding the review's recommendations before conducting a further evaluation.

Disclosures required by the QCA Code are included in this Annual Report and Accounts (Report) and on our website.

effectively we used technology and remote meetings to maintain both open channels of communication with executive management and stewardship of the Group throughout the period.

Since we operate in a highly-regulated industry, we were well prepared for our IPO in terms of our broad governance framework, systems and internal controls. Our strong belief in the importance of sound and effective governance as a foundation for good decision-making and business practices, and ensuring we are mindful of the interests of all our stakeholders, has helped to ensure our readiness as a public company. However, there were some aspects we needed to evolve to support our new profile as an AIM company that complies with the QCA Code, particularly the composition of our Board, to ensure that we had the right experience and balance.

## Strengthening the Board

During the last 12 months we made two new appointments to the Board. Lucinda Riches joined as Deputy Chair and Senior Independent Director (SID) in September 2021. Lucinda is also our Chair-Designate and will be taking on the Chair role following the Annual General Meeting (AGM) in July. Maria Bentley also joined us as a Non-Executive Director and, subject to regulatory approval, will chair our Remuneration Committee. I believe that with these two excellent appointments the Board has an appropriate balance of knowledge,

skills and expertise to oversee and guide the business. More information on each Board member, their experience and background and the skills they bring, can be found on [pages 82-87](#), while details on the Board's role and responsibilities can be found on [pages 92-94](#). Set out below is a high-level overview of the current composition of the Board and membership of its committees.

### Board of Directors<sup>1</sup>

**Simon Hayes**  
Chair

**Steven Fine**  
CEO

**Lucinda Riches<sup>2</sup>**

**Richard Brearley**

**Sunil Dhall**  
CFO

**Liz Blythe**

**Maria Bentley**

**Darren Carter**

### Committees<sup>3</sup>

Nomination Committee	Audit Committee	Risk Committee	Remuneration Committee	ESG Committee
Lucinda Riches (Chair)	Liz Blythe (Chair)	Richard Brearley (Chair)	Liz Blythe (Chair)	Richard Brearley (Chair)
Maria Bentley	Maria Bentley	Maria Bentley	Maria Bentley <sup>4</sup>	Maria Bentley
Liz Blythe	Richard Brearley	Liz Blythe	Richard Brearley	Sunil Dhall
Richard Brearley	Lucinda Riches	Lucinda Riches	Lucinda Riches	Steven Fine
Darren Carter				Simon Hayes
Simon Hayes				

1 Lucinda Riches, Liz Blythe, Richard Brearley and Maria Bentley are Independent Non-Executive Directors while Simon Hayes and Darren Carter are Non-Executive Directors. Steven Fine and Sunil Dhall are Executive Directors.

2 Chair-Designate.

3 The Audit, Risk and Remuneration Committees comprise solely independent Directors.

4 Maria Bentley was appointed as a Non-Executive Director with effect from 4 April 2022 and, subject to regulatory approval, will take over as Chair of the Remuneration Committee.

### Adapting our corporate governance as an AIM company

As part of our IPO in September 2021, we formally adopted the QCA Code as our benchmark for good corporate governance. As Chair, I oversee how our corporate governance processes and procedures meet its recommendations. Part of this responsibility involves evaluating how effectively the Board and committees performed during the year. Therefore, as part of this evaluation we assessed the performance of the Board and the Audit and Remuneration Committees. The results were generally positive, albeit with some minor recommendations for improvement, as discussed on [pages 102 and 103](#) and in the Board committee reports from [page 104](#). In March 2021, prior to the Company's IPO on AIM, the Risk Committee conducted an internal effectiveness review. Several recommendations came out of the review, which we implemented during the financial year.

During the year, we created the positions of, and recruited, a Chief Risk Officer and a Chief of Internal Audit. These appointments reflected the desire of the Board to ensure that our governance and risk management systems remain aligned to the growing and changing needs of the business. In January 2022, we appointed our new General Counsel, Michael Lee. Michael joins us with over 20 years' experience and having spent over 10 years as a listed company general counsel. Michael leads our Legal and Company Secretariat functions and, with effect from the AGM, will assume the role of statutory Company Secretary for the



Company. Our Governance team supports the Board to make sure we maintain high standards of corporate governance and compliance. The Company Secretariat is responsible to the Chair for ensuring Board and Board committee meetings are properly conducted, that Directors receive the right information before meetings to help them contribute effectively, and that governance requirements are considered and implemented.

As part of our IPO, we reviewed and updated the Board's Schedule of Reserved Matters and the terms of reference for all our committees. This took into account the expectations of the QCA Code, and, as a result, we enhanced our existing governance framework to facilitate the delivery of our strategy. We also formed the ESG Committee to oversee and enhance our holistic approach to the management of environmental, social and governance (ESG) issues. This new committee is supported by our Diversity, Equity and Inclusion (DEI) Forum and Community

& Sustainability (CS) Forum, which are employee-led. Over the coming year, we will be refining our approach to ESG and developing our ESG priorities. This includes the development of our DEI plan, which is particularly important to our ESG agenda. As a Board, we aim to lead by example. We have made good progress in respect of our Board's diversity, with the appointments of two highly experienced NEDs during the year, but we recognise that there is more work to do, particularly across the wider firm.

Given increasing regulatory focus, we also sought to enhance our internal governance frameworks for our operational business by forming the Executive Board of Peel Hunt LLP. This Board manages the day-to-day activities of Peel Hunt LLP's business with the support of the Management Committee. More details on the role of the Executive Board, the Management Committee and our governance framework can be found on [page 92](#).

### Bringing stakeholders' views into the boardroom

As Directors, we are very mindful of our duty to all our stakeholders including our people, our clients, our regulators, our suppliers and our shareholders. Both Steven and Sunil have met with our shareholders during our IPO and subsequently to understand their views and priorities, and provided feedback on those meetings to the Board. Lucinda and I offered introductory meetings to our larger shareholders and met with several to get an understanding of their specific areas of focus.

As I know from my many years with Peel Hunt, the views of our people are critical to the success of the Group. We've always had a very open, collegiate approach and it's essential we maintain that as we grow. This has meant bringing in more avenues to receive feedback, including engagement surveys and our 'Culture Jam' internal focus groups. Feedback from these comes to the Board, which we use to ensure that we keep our people central to our decision-making.

The views of our regulators are also very important. The management team keeps the Board updated on material communications with our key regulators, and we take their views into account in the way we conduct our business and in the decisions we make.

On pages 97-100, we talk more about how we made decisions this year and factored in the views of our stakeholders.

### Entering the next stage of growth

Our IPO came after a decade of growth. Much of this is thanks to our unique culture, our keen sense of purpose and our long-term approach to doing business. We are determined to keep our entrepreneurial spirit alive as we pursue future opportunities for growth as a quoted business. Articulating our purpose clearly this year was an excellent foundation, while our values – encourage greatness, empower each other, only accept excellence and do the right thing – act as guiding principles for the whole Group in how we build long-term relationships and do business.

Our strong internal culture supports us in striving for high ethical and professional standards. Given the importance of our culture, it's something the Board takes seriously. To enable us to gauge the evolving culture, we look at it formally, through feedback from senior management and from receiving reports that allow us to assess our culture and ensure it is aligned with our strategy, purpose and values; and informally, in our own interactions with colleagues across the business. We also consider our culture

through engagement with other key stakeholders, including our clients. It's something that will remain high on the Board's agenda. We talk more about how we promote a corporate culture based on ethical values and behaviours on [page 98](#).

This is my last year as Chair, which brings to a close my career with Peel Hunt after nearly 30 years. I am delighted to be handing over to Lucinda, whose insights and experience will, as I know from working with her this year, be immensely valuable to Peel Hunt's next phase of growth. I have no doubt that Peel Hunt's diversified business model will enable the Group to continue to thrive, staying close to and guiding our clients through these difficult markets.



**Simon Hayes**  
Chair  
9 June 2022

## Our Directors

# SIMON HAYES

## Chair

Simon is Board Chair, a position he assumed in September 2021 in preparation for our IPO, and was previously Peel Hunt LLP's Chair from July 2016 until Peel Hunt's IPO on AIM. He joined Peel Hunt in 1993 as a research analyst, becoming Head of Corporate Finance in 2003 and Chief Executive in 2006. In 2010, Simon was a member of the executive committee that led the management buy-out of the Group from KBC, together with our CEO Steven Fine and CFO Sunil Dhall.

Simon's intimate knowledge of our business means that he has been instrumental in leading its strategic direction and our transition from a privately owned partnership to an AIM-quoted company.

Simon has also served on the board of Finsbury Growth & Income Trust plc since 2015, becoming chair in February 2021.

He will retire from the Board at the upcoming AGM in July 2022.

### Committees

ESG and Nomination (Member)



“ We’ve identified a strong Board with the right skills and experience to ensure Peel Hunt continues to grow and evolve. ”

# STEVEN FINE

## Chief Executive (CEO)

Steven has been Peel Hunt's CEO since 2016 and is responsible for our strategic development and the executive management of the Group. He has significant industry experience, gained over the course of a 30+ year career in investment banking. Steven has a deep understanding of our business model and culture. He joined KBC in 2006, leading KBC Peel Hunt's sales, trading and research teams. He was a member of the executive committee in 2010 that led the buy-out of the Group from KBC, with our Chair Simon Hayes and CFOO Sunil Dhall. Previously, Steven was the founder member of D. E. Shaw Securities International, which became the core of KBC Financial Products.

Steven's commitment to our partnership ethos, demonstrated by his collaborative management style and his transparent approach to communication, has contributed to Peel Hunt building successful long-term relationships with our clients and our people. He has worked with Sunil Dhall for 16 years and their joint approach and complementary balance of skills ensures effective leadership.

Steven sits on the board of the QCA and is a member of the FCA Markets Practitioners Panel. He is also a judge for the Non-Executive Director Awards, which is hosted by Peel Hunt.

**Committees**  
ESG (Member)



“ Our talented people, our collaborative culture and our joined-up, technology-enabled approach make us different – and will enable us to grow our market position as the investment bank of choice in the UK. ”

## SUNIL DHALL

Chief Financial and Operating Officer (CFOO)

Sunil has been Peel Hunt's CFOO since 2010 and oversees our support and infrastructure functions, including Technology, Finance, Operations, Human Resources and Legal & Company Secretariat. He is responsible for the preparation and integrity of the Group's financial information and for building our infrastructure to allow the business to not only remain efficient and well-controlled, but also to enable expansion and growth for the future. This work was essential in enabling us to transition successfully from being a partnership to becoming a company quoted on AIM.

Sunil was a member of the executive committee in 2010 that led the buy-out of the Group from KBC, together with Steven Fine and Simon Hayes.

Sunil believes that Peel Hunt's inclusive culture and strong values have been a key differentiator to building a successful business, and leverages his management style to nurture and encourage our people to continue that success. He has worked with Steven for 16 years, developing a collaborative approach to provide effective management.

Before Peel Hunt, Sunil held senior positions at KBC Financial Products, including Global Head of Operation Risk, Projects and New Products. Sunil also has specialist skills in internal audit and was a senior internal auditor at Credit Suisse before joining KBC. He is chair of the UK Equity Markets Association and a member of the City of London Taskforce for Socio-economic Diversity.

**Committees**  
ESG (Member)



“Our focus on governance, building our infrastructure and maintaining a good control environment, has helped to deliver our IPO and this continued focus will support the next stage of our growth.”

# LUCINDA RICHES CBE

Deputy Chair and Senior Independent Director

Lucinda joined the Board as Deputy Chair and SID in September 2021 and will assume the role of Chair following our AGM. She has extensive experience on listed company boards and within investment banking.

Lucinda spent the majority of her career in investment banking, with 21 years' experience at UBS Investment Bank (and its predecessor firms) in senior management positions in the UK and the US, including global head and chair of UBS's Equity Capital Markets Group, vice chair of the Investment Banking Division and was a member of UBS Investment Bank's board. She was awarded a CBE in 2017 for her contribution to financial services, British industry and to charity. Her previous non-executive roles include CRH plc, ICG Enterprise Trust plc, the British Standards Institution, Diverse Income Trust plc and UK Financial Investments Ltd.

Lucinda's experience and credibility mean that she is able to advocate our strategy and represent Peel Hunt at the highest levels. She has an inclusive and collaborative approach, and has spent considerable time getting to know not only our business, but our people too. Lucinda's deep understanding of our industry means that she is able to provide invaluable advice on our strategic objectives.

Lucinda is senior independent director at Greencoat UK Wind plc and non-executive director and remuneration committee chair at Ashtead plc.

## Committees

### Nomination (Chair)

Audit, Remuneration and Risk (Member)



“ Peel Hunt is an excellent organisation that has great potential. I'm excited about helping it grow in its next stage of development. ”

## MARIA BENTLEY

### Non-Executive

Maria joined Peel Hunt as an Independent Non-Executive Director in April 2022. She has more than 30 years' experience across financial services and investment banking. She has held senior human resources roles, including managing director, global head of HR for equities and fixed income at Goldman Sachs, group managing director, global head of HR for UBS Investment Bank and senior managing director, global head of HR for wholesale at Nomura International. Maria also has extensive experience in fixed income sales roles at Credit Suisse and Goldman Sachs. Maria's strong sector experience, commercial approach and understanding of remuneration practices in financial services complements the range of skills of our other Directors.

She is also a non-executive director and remuneration committee chair at Daiwa Capital Markets Europe Limited, BlueBay Asset Management LLP and Picton Property Income Limited.

#### Committees

Audit, ESG, Nomination, Remuneration<sup>1</sup> and Risk (Member)

<sup>1</sup> Following regulatory approval, Maria will take over as Remuneration Committee Chair.



“Working with a financial services business where people are central to its culture and approach is exciting – there are tremendous opportunities to help take the Group into its next stage of growth.”

## LIZ BLYTHE

### Non-Executive

Liz joined Peel Hunt as an Independent Non-Executive Director in 2020. She has 25 years' experience holding board and regulatory approved positions in financial services. Liz was previously chief internal auditor at Skipton Building Society for over 11 years and has significant experience as an executive director, having previously been finance director at Homeloan Management Limited (now part of Computershare) for 13 years. From 2018 to 2020, Liz was also a trustee at Lhasa Limited, a global software development company.

A qualified accountant, with specialist skills in finance, internal audit, risk and governance, Liz has an understanding of complex regulatory and business issues, and developing pragmatic solutions. Her vast experience of internal and external audit matters is extremely helpful to ensure a sound control environment.

Liz is a non-executive director and audit committee chair at specialist lender Together Personal Finance, and chairs the board and audit committee of Care Plan Holdings Limited.

#### Committees

**Audit and Remuneration<sup>1</sup> (Chair)**  
Nomination and Risk (Member)

<sup>1</sup> Following regulatory approval, Liz will step down as Remuneration Committee Chair and will be replaced by Maria Bentley. Liz will remain as a member of the Remuneration Committee.



“I’m looking forward to Internal Audit continuing to add value to our organisation, through collaborative control improvements.”

# RICHARD BREARLEY

## Non-Executive

Richard joined Peel Hunt as an Independent Non-Executive Director in 2020. He has had a long-standing career in legal and compliance within the financial services industry and was previously EMEA head of compliance at Macquarie, spanning the UK, EU, Switzerland, South Africa and Middle Eastern market. Prior to that role, he was head of compliance and legal at Investec plc and Investec Bank (2006-2015). He held senior positions in the Markets Division of the Financial Services Authority and was a corporate partner at Nabarro Nathanson, where he specialised in public and private transactions and fundraisings.

Richard's comprehensive understanding of our legal and regulatory environment means he is able to provide valuable guidance to the Board. He also has a wealth of experience with regulators and a deep understanding of our investment banking business.

Richard is head of compliance at Ninety One plc, a FTSE 250 listed asset manager.

### Committees

#### ESG and Risk (Chair)

Audit, Nomination and Remuneration (Member)



“I am looking forward to us continuing to enhance and develop our understanding and management of risk and the environmental, social and governance challenges we face.”

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# DARREN CARTER

## Non-Executive

Darren has been a Non-Executive Director on Peel Hunt's boards since 2004. He was Chair of Peel Hunt LLP from its buyout from KBC in 2010 until 2016, and Chair of the Company from 12 December 2018 until 3 September 2021.

Darren has over 30 years' equity markets experience working for financial services firms. He held a number of senior management positions, including managing director at D. E. Shaw Securities International, where he was responsible for the firm's financial products businesses in London, New York, Tokyo and Hong Kong. He was also chief executive of KBC Financial Products, following KBC's acquisition of D. E. Shaw Securities International in 1999.

With 18 years on Peel Hunt's boards, Darren brings unparalleled knowledge of, and interest in, our business. This detailed knowledge, and his pragmatic approach, is invaluable in Board discussions. He also brings detailed insights into the UK venture capital industry and SME lending activities.

He is a non-executive director at FCA-regulated Praetura Ventures and a Board director at Praetura Debt.

### Committees

Nomination (Member)



“I know I speak for the whole Board when I say we are all looking forward to supporting the growth of Peel Hunt as a publicly quoted company.”

# APPLYING THE QCA CODE

**The Board is committed to maintaining high standards of corporate governance. We recognise the value and importance of a governance framework that is appropriate for our size, scale and complexity, and is in the interests of all our stakeholders, and have therefore adopted the QCA Code. Here we set out in broad terms how we apply its ten principles.**

## Deliver growth

### Principle 1

**Establish a strategy and business model which promote long-term value for shareholders**

Our strategy and business model emphasise collaborative working across our operating divisions: Investment Banking (IB), Research & Distribution (R&D) and Execution Services.

This approach, alongside investing in client relationships, business development, proprietary technology, our people and supplier relationships, help us build our business and create value for our clients' businesses for the long term.

*Read more about our business model and strategy on [pages 12, 13 and 24](#) and our principal risks and uncertainties on [pages 72-74](#).*

### Principle 2

**Seek to understand and meet shareholder needs and expectations**

As a newly-quoted company, we are in the early days of engagement with our shareholders. We know, however, that engaging with them will be key to our success and to creating sustainable long-term value. Our CEO, CFO, Chair and SID have started to meet regularly with shareholders to hear their views on various matters, and provide feedback to the Board, which enables the Board to consider shareholders' interests in their decision-making. The Non-Executive Directors are also provided with any reports and feedback issued by banks or their analysts to support their understanding of how the investment community views Peel Hunt.

We also keep our shareholders updated on Company performance and news through regulatory information services, annual and half-yearly financial results and periodic trading and market updates. Our first AGM in 2022 will be a particularly good opportunity for the Directors to hear shareholders' views and answer their questions.

Developing our relationships with shareholders as we mature as a quoted company is essential, and we will continue to engage with them regularly to ensure we are factoring their views into our decision-making.

*Read more about how we meet shareholder needs and expectations on [page 98](#).*

### Principle 3

#### **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

As a Board, we factor stakeholders' views into the way we make key decisions, as discussed on pages 98-100. While the Company is Guernsey registered, our purpose very much aligns with section 172 of the UK Companies Act 2006, which requires directors to promote the success of the company for the benefit of all stakeholders. We explain how our Board has done this in the 'How we made our key decisions' section on [page 97](#). Here we explain in broad terms how the Company engages with our various stakeholders.

Just as we meet with and update our shareholders (Principle 2), we communicate with our stakeholders through digital media, including podcasts and video updates, and social media, and keep our website, [peelhunt.com](http://peelhunt.com), regularly updated.

Through our culture and engagement surveys and 'Culture Jam' internal focus groups, our people give feedback to the Board, which we use to make sure our long-term strategy is aligned with their interests, and that behaviours across our business are aligned with our purpose and values. Read about how we have acted on the outcomes of our most recent culture and engagement survey on [page 100](#).

Our business teams have regular relationship meetings with our clients to better understand what they need from Peel Hunt, and what we can do to improve the services we provide them. The CEO includes material client feedback in his regular CEO reports to keep the Board updated, enabling the Board to factor client views into the decisions it makes.

We have open, transparent and cooperative relationships with the Financial Conduct Authority (FCA), the London Stock Exchange (LSE), the Takeover Panel, the Aquis Stock Exchange (AQSE), AIM Regulation and the Financial Industry Regulatory Authority (FINRA), to stay on top of regulatory requirements and developments.

Using our evaluation, selection and management process for key third parties, we vet suppliers when they are appointed and review their ongoing performance. Our responsible procurement procedures aim to minimise the risk of modern slavery in our supply chains, and the Board reviews and approves the Modern Slavery Statement annually.

We continue to develop our approach to sustainability issues and environmental, social and governance (ESG) issues more broadly. We established our Board-level ESG Committee in June 2021, chaired by our Non-Executive Director Richard Brearley. Further details about our ESG Committee can be found on [page 113](#).

*Read more about how we take into account wider stakeholder and social responsibilities on [page 98](#).*

### Principle 4

#### **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

We seek to deliver our strategy in accordance with the Group's risk appetite and review our risk appetite statement regularly to confirm that the business model is consistent with our low tolerance for risk.

This financial year we further developed our expertise with the appointment of a Chief Risk Officer, and with the hiring of a General Counsel and a Chief of Internal Audit, materially strengthening our risk management model.

We work to embed our risk management processes, policies and procedures in our culture and working practices. These are operated through a 'three lines of defence' model: from our business functions in the first line; to oversight by our risk and compliance function, which provides challenge in the second line; and our internal auditors who provide independent assurance in the third line.

*Read more about our risk management processes, policies and procedures on [page 70](#). Please also refer to the Audit Committee report from [page 107](#) and the Risk Committee report from [page 110](#).*

## Maintain a dynamic management framework

### Principle 5

#### **Maintain the Board as a well-functioning, balanced team led by the Chair**

At the date of this Report, the Board comprises two Executive Directors, four Independent Non-Executive Directors and two Non-Executive Directors who are not independent, reflecting a range of experiences and backgrounds. Of these, one is from an ethnic minority and three are women (representing 43% women on the Board following Simon Hayes' resignation at the upcoming AGM). The Chair is responsible for the leadership of the Board, setting its agenda and ensuring that the Board discharges its role effectively and in line with good corporate governance.

The Board operates formally through Board and committee meetings, as well as informally through regular contact among Directors. Directors are expected to attend all meetings of the Board and the committees on which they serve. The table on [page 95](#) provides details of attendance of the Company's Board and committees post-IPO.

Each year the Nomination Committee reviews the Board's composition and performance, including the independence of the Non-Executive Directors and the time they've committed to their duties. Read more about the performance evaluation of our Board and our individual Directors on [pages 102 and 103](#), and the time commitment of our Non-Executive Directors on [page 101](#). We describe how the Board remains independent on [page 95](#). The Nomination Committee also puts succession plans in place and keeps them under review.

*Read more about our Board on [pages 82-87](#).*

### Principle 6

#### **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

We have a good balance of sector, financial and public markets skills and experience. The Chair, CEO and CFO offer significant combined investment banking experience, while our Non-Executive Directors bring extensive audit, legal, risk, regulatory and remuneration expertise and public company experience. Read more about the experience, skills and capabilities of our Board in the Board biographies on [pages 82-87](#).

As mentioned in Principle 5, the Nomination Committee regularly reviews the Board's structure, size and composition to make sure it has the necessary skills to support our ongoing strategy.

New Directors undergo a tailored induction training programme. All Directors receive regular training from our divisional heads, external professional advisers and training providers about market trends and business opportunities, and regulatory, governance and legal matters. The Directors also have access to the General Counsel, the Company Secretariat, our nominated adviser and our professional advisers for advice and counsel. They may also take independent advice at the Group's expense in carrying out their duties. Read more about the development and support provided to our Board on [page 102](#).

Each Director is responsible for maintaining their skills and managing any other external roles and training.

The Remuneration Committee engaged external advisers to provide advisory services and to help design our long-term incentive plan. The ESG Committee worked with a specialist external consultant in 2021 to help develop our ESG agenda.

*Read more about our Board skills on [page 105](#).*

<p><b>Principle 7</b></p> <p><b>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</b></p>	<p>The Nomination Committee is responsible for overseeing the evaluation of Board performance. Each year it evaluates the performance of the Board, its committees, individual Directors and the Chair. Every third year, the evaluation will be facilitated externally.</p> <p>This financial year, the evaluation included a Board skills review and a Board effectiveness review.</p> <p><i>Read more about how we evaluate our Board on <a href="#">page 106</a>; and the results of this year's evaluation on <a href="#">page 103</a>.</i></p>
<p><b>Principle 8</b></p> <p><b>Promote a corporate culture that is based on ethical values and behaviours</b></p>	<p>We strive for the highest ethical and professional standards. This is supported by our strong internal culture, driven by our purpose – ‘guiding and nurturing people through the evolution of business’ – and our four values: encourage greatness, empower each other, only accept excellence and do the right thing.</p> <p>The Board aims to lead by example in this area and do what is in the best interests of the Group. The processes in place by which it makes decisions – in the terms of reference for its committees, and the requirement for regular disclosure of outside business interests and the Company's share dealing code – all require high standards of behaviour.</p> <p>The Company's employment and compliance policies – such as its Whistleblowing Policy; Financial Crime Policy (which includes anti-money laundering, and fraud and sanctions provisions); Anti-Slavery and Human Trafficking statement and procedures; Personal Account Dealing Policy; and its Conflicts of Interest Policy – all assist in embedding a culture of ethical and appropriate behaviour.</p> <p>Our Board oversees our culture and values, while our senior management team is responsible for actively promoting them and ensuring our people live by them.</p> <p><i>Read more about how we promote and monitor a positive corporate culture on <a href="#">page 98</a>.</i></p>
<p><b>Principle 9</b></p> <p><b>Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</b></p>	<p>The Directors consider that we maintain a governance structure that is appropriate to our size, scale and complexity – as well as our capacity, appetite and tolerance for risk.</p> <p>The Board is supported by five principal committees including Audit, Risk, Nomination, Remuneration and ESG. These committees report directly to the Board. The Board is also supported by a specialist committee, the Disclosure Committee which meets when required.</p> <p><i>Read more about our governance structures and processes on <a href="#">pages 92-103</a>.</i></p>
<p><b>Build trust</b></p>	
<p><b>Principle 10</b></p> <p><b>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b></p>	<p>Our website, <a href="https://www.peelhunt.com">peelhunt.com</a>, is regularly updated with information about our activities and performance, including financial reports, information about our AGM, our financial calendar and dividend details, policies, governance structure, and terms of reference and constitutional documents – available to all stakeholders.</p> <p>We also disclose how we comply with the QCA Code, and review this information annually in accordance with Rule 26 of the AIM Rules for Company Disclosures.</p> <p>We communicate regularly and directly with our people, shareholders, clients, regulators and suppliers, as we've outlined in Principles 2 and 3, and are looking forward to welcoming shareholders to our first AGM in July 2022, the results of which we will fully disclose afterwards.</p> <p><i>Read more about how we communicate with our stakeholders on <a href="#">page 98</a>.</i></p>

# HOW WE ARE GOVERNED

**In this part of our governance report, we explain how our Board and its committees oversee the Group's activities. Since our IPO on AIM came part-way through our financial year, this governance report covers the pre-IPO period, when we were privately owned, and the post-IPO period, when the Company began operating as a publicly quoted entity.**

Before the IPO, our activities were primarily managed through the Peel Hunt LLP Board, which included six of our existing Board members – Steven Fine, Sunil Dhall, Liz Blythe, Richard Brearley, Darren Carter and Simon Hayes as Chair. The Peel Hunt Limited Board was previously composed of senior managers and external investors, alongside Steven, Sunil, Darren as Chair (until 3 September 2021) and Simon.

In preparation for our IPO, we reorganised the governance structure such that the Company's Board comprised executive (CEO and CFOO) and Non-Executive Directors – Liz, Richard, Darren, Simon as Chair (who assumed the role on 3 September 2021) and Lucinda (who joined the Board on 3 September 2021 as a Non-Executive Director, SID and Chair-Designate). Maria Bentley joined the Board after the IPO on 4 April 2022. The Board of Peel Hunt LLP was re-constituted as an Executive Board comprising senior executives from across our business functions, chaired by the CEO.

At the same time, we reorganised our committees, ensuring that we had appropriate governance at all levels of the business. This is to ensure that where there are certain management, direction and governance duties in relation to regulated entities or groups of entities, there are relevant local boards and committees in place to carry out those duties.

Given that this Report, and those of the Company's committees that follow, cover both the pre- and post-IPO periods, the Report encompasses matters that may have been reported to the Peel Hunt LLP Board or committees pre-IPO and to the Company's Board and committees post-IPO.

## Our governance framework

### Board

Sets the Group's strategy and aims to ensure Peel Hunt delivers sustainable, long-term shareholder value.

### Committees

The Nomination, Audit, Risk, Remuneration and ESG Committees are explained further on [pages 104 to 123](#).

### Subsidiary Boards

These include the Executive Board and the International Board. The Subsidiary Boards implement business strategy and manage the day-to-day activities of the trading entities of the Group.

### Executive Risk Committee

Focuses on managing and mitigating risks and implementing controls within the business.

### Management Committees

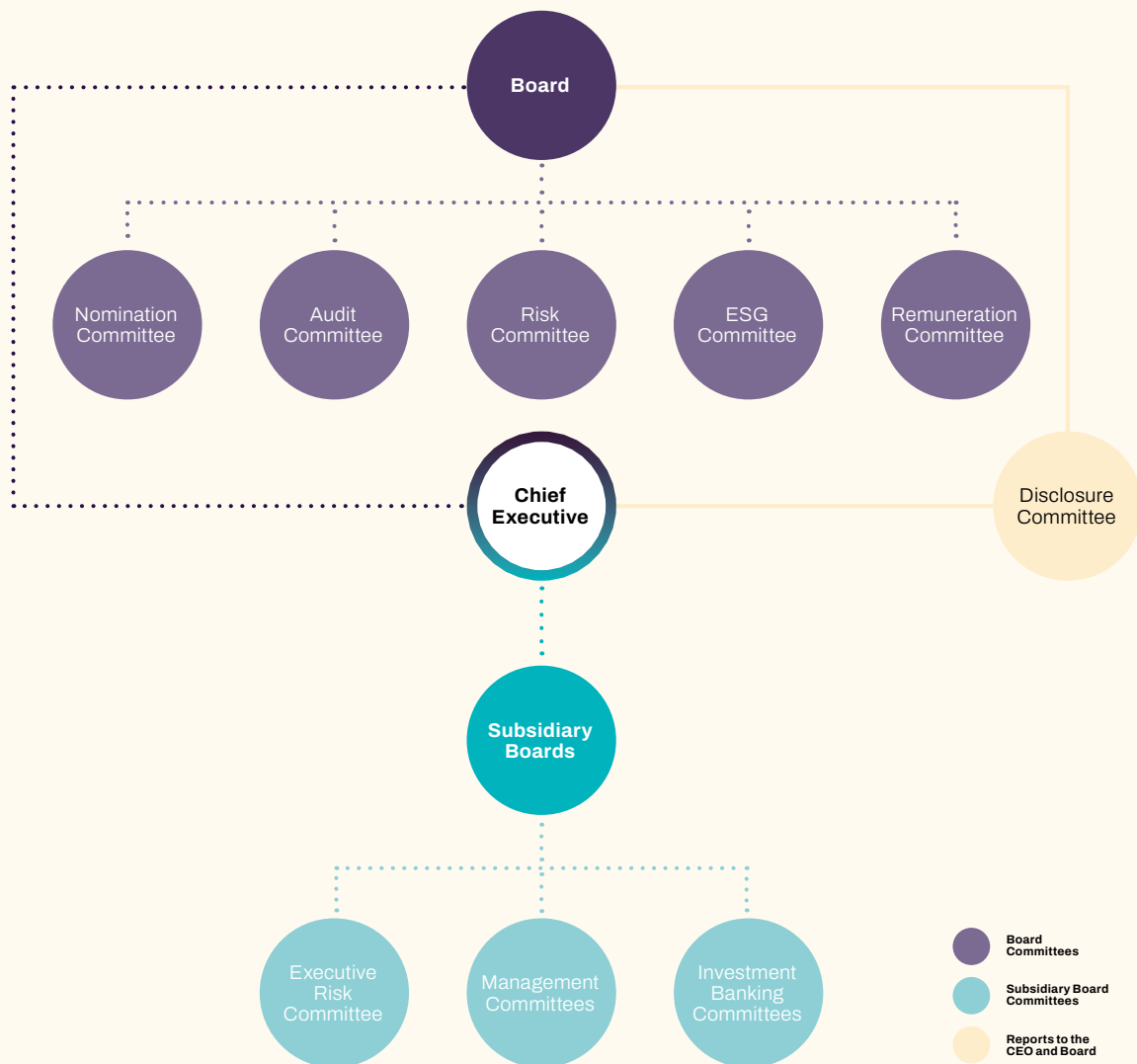
Assist the Subsidiary Boards with the day-to-day operations of the relevant Peel Hunt entity and help implement business strategy.

### Investment Banking Committees

Oversee the approval of potential new clients, new transactions or the approval of underwriting transactions.

## Our governance framework – our Board and Subsidiary Boards

This diagram provides an overview of the governance structure, highlighting the relationship between the Board and the Subsidiary Boards.



For governance and regulatory reasons, we operate committees at both the Company level and on behalf of the regulated entities within the Group. The committee reports found later in this governance report detail the key activities of each of the committees across the Group as a whole. See [pages 104-123](#) for more information on the role and responsibilities of each committee, and what each committee does.

## Governance report

### Our division of responsibilities

The role specifications below set out the clear division of responsibility between the executive and non-executive members of the Board which supports the integrity of our operations.

#### Non-Executive

##### Chair

- Leading the Board and promoting a culture of openness and constructive challenge and debate
- Setting the Board's agendas and ensuring there is adequate time available for discussion of all agenda items, particularly strategic issues
- Ensuring effective communication with the Group's stakeholders
- Ensuring the Board's effectiveness, with support from the SID as appropriate
- Ensuring the Group's corporate governance is maintained in line with good practice and internal policies

##### Senior Independent Director

- Providing a sounding board for the Chair
- Overseeing the evaluation of the Chair's performance
- Serving as an intermediary for the other Directors, when necessary

##### Non-Executive Directors

- Scrutinising, measuring and reviewing the performance of management
- Constructively challenging and assisting in the development of strategy
- Providing independent insight and support based on relevant experience
- Serving on or chairing various Board committees

#### Executive

##### Chief Executive

- To provide clear and visible leadership
- Proposing and directing the execution of strategy as agreed by the Board through leadership of the Executive Board
- Responsible for the overall operational business and leading all functions
- To keep the Chair and the Board apprised of key strategic issues facing the Company
- To ensure that the Company's business is conducted with the highest standards of integrity, in keeping with our purpose, values and culture
- Manage the Company's risk profile and ensure actions are compliant with the Board's risk appetite
- Investor relation activities, including effective and ongoing communication with shareholders and other stakeholders

##### Chief Financial and Operating Officer

- Supports the CEO in developing and implementing strategy
- Leading the Company's support and infrastructure functions including Finance, Technology, HR and Facilities, Operations, Business Management and Legal and Company Secretariat.
- Provide financial leadership to the Company and align the Company's business and financial strategy
- Responsible for financial planning and analysis, treasury and tax functions
- Responsible for presenting and reporting accurate and timely historical financial information ensuring the integrity and accuracy of disclosures
- Manage the capital structure of the Company
- Investor relation activities, including communications with investors and other stakeholders, alongside the CEO

##### Company Secretariat

Supports the Chair in relation to compliance with Board procedures, ensuring that all Board and Board committee meetings are properly conducted. Ensuring that the Directors receive appropriate information prior to meetings to enable them to make an effective contribution, and that governance requirements are considered and implemented. Facilitates the Directors' induction programmes, assisting with professional development and considering Board and committee effectiveness with the Board and committee Chairs.

### How the Board stays independent

The Nomination Committee reviews the independence of its Non-Executive Directors each year as part of their individual performance reviews.

We consider four of our Non-Executive Directors – Lucinda Riches, Liz Blythe, Richard Brearley and Maria Bentley – to be independent, both when they were appointed and as at the date of this Annual Report.

Our Chair, Simon Hayes is not considered independent, since he is a significant shareholder and former CEO of Peel Hunt LLP. Given the need for continuity and strong leadership during our initial period as a publicly quoted company, we considered the continuity of Simon chairing the Board as important for the business. Simon plans to retire from the Board at the conclusion of the next AGM, handing over to Lucinda Riches, who will be an Independent Non-Executive Chair.

Darren Carter is also a significant shareholder and has been a Non-Executive Director on Peel Hunt's boards since 2004. For these reasons, he is not considered to be independent. However, we feel that Darren makes a significant and valuable contribution to the Board given his depth of industry knowledge and business experience.

You can find a list of individual Directors, their biographies and details of their Board committee memberships on [pages 82-87](#).

### How the Board is appointed

The Nomination Committee periodically reviews the Board's composition and evaluates how the Directors have performed, their independence and how long they've served on the Board. The Nomination Committee makes recommendations to the Board with regards any changes; and is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. We describe the recruitment process we followed for the two new Board appointments we made this year on [pages 104 and 105](#).

Each Director appointed by the Board must stand for election by the shareholders at the AGM and for re-election at each subsequent AGM.

Each Non-Executive Director is appointed for three years and, subject to annual re-election by our shareholders and performance evaluation, is expected to serve at least

two terms. The Board may invite a Non-Executive to serve for longer, mindful that the need to evaluate a Director's independence becomes even more important the longer they remain on the Board.

### How the Board and committees meet

The Board operates formally, through Board and committee meetings, and informally, through regular contact among Directors. This includes bi-monthly calls with Board members where the Executive Directors provide an update about the Group's business and financial performance.

Directors are expected to attend all meetings of the Board and the committees on which they serve. The table below provides details of attendance at meetings of the Company and its committees post-IPO only. Details of those who were Directors pre-IPO and their tenure can be found in the Directors' Report on [page 124](#).

Director	Board	Nomination Committee	Audit Committee	Risk Committee	Remuneration Committee	ESG Committee
<b>Simon Hayes<sup>1</sup></b>	5/5	2/2	–	–	–	2/2
<b>Steven Fine</b>	5/5	–	–	–	–	2/2
<b>Sunil Dhall</b>	5/5	–	–	–	–	2/2
<b>Lucinda Riches<sup>2</sup></b>	5/5	2/2	5/5	4/4	4/4	–
<b>Liz Blythe<sup>3</sup></b>	5/5	2/2	5/5	4/4	4/4	–
<b>Richard Brearley<sup>4</sup></b>	5/5	2/2	5/5	4/4	4/4	2/2
<b>Maria Bentley<sup>5</sup></b>	–	–	–	–	–	–
<b>Darren Carter<sup>6</sup></b>	5/5	2/2	–	–	–	–

1 Appointed Chair of the Board on 3 September 2021.

2 Appointed to the Board and Chair of Nomination Committee on 3 September; appointed as a member on 13 September 2021 of the Audit, Risk and Remuneration Committees respectively, and as Deputy Chair and SID on 29 September following Peel Hunt's IPO.

3 Appointed Chair of the Remuneration Committee in April 2021.

4 Appointed Chair of the Risk Committee in April 2021.

5 Newly appointed Director and would have not been eligible to attend any meetings held during the period.

6 Stepped down as Chair of the Board on 3 September 2021.

### Our work in FY22

The Board and its committees each have an annual agenda of matters to discuss. We review and adapt this agenda regularly to make sure all the matters reserved for the Board, as well as other key issues, are discussed at the right time. The Chair and the Company Secretariat ensure that the Board receives timely and appropriate information in relation to those matters.

As part of the business of each Board meeting, the Board discusses reports from the CEO and CFOO, which give details of business and financial performance, and progress against the goals the Board has approved. The Board also receives reports from the Company Secretariat on governance developments, reports and management accounts from Finance, reports from Risk Management and reports on investor relations.

The Board's annual agenda deals with specific matters at appropriate intervals, including:

- Approving the business plan
- Decisions on overall strategy
- Extending activities into new business or geographic areas
- Approving changes relating to the capital structure
- Approving major investments

The full list of matters reserved for the Board can be found at [peelhunt.com](https://www.peelhunt.com).

### Key decisions we made

Here, we set out some of the key matters we considered this year:

Key decisions	What we did
<b>Implementing our IPO in September 2021</b>	We became a publicly-quoted company on AIM in September 2021. Our CEO talks about how we engaged with our stakeholders in the lead-up to the IPO, the impact of the IPO on our business and how we intend to use the funds raised, on <a href="#">page 23</a> of the strategic report.
<b>Adopting our new purpose</b>	More information about our values and new purpose is set out on <a href="#">pages 2-13</a> of the strategic report.
<b>Re-financing our senior facilities with Lloyds Banking Group plc</b>	The Board approved Peel Hunt's entry into a new senior facilities agreement and a revolving credit facility for working capital purposes.
<b>Adopting new ways of working in Covid-19</b>	More information about how we've managed the ongoing effects of Covid-19 on our business and how we work is on <a href="#">pages 58-61</a> of the strategic report.
<b>Adopting our new digital strategy</b>	<p>We adopted a digital strategy based on four pillars:</p> <ul style="list-style-type: none"> <li>• develop our people's digital skills and know-how</li> <li>• build a value-driven data and analytics capability</li> <li>• product leadership for the digital business</li> <li>• develop a scalable operating platform</li> </ul> <p>More information about our digital strategy is set out on <a href="#">page 52</a> of the strategic report.</p>
<b>Approving and entering into the Santander underwriting collaboration arrangement</b>	<p>In April 2021, we entered into an underwriting collaboration agreement with Santander.</p> <p>This combines our award-winning research, strong distribution and Equity Capital Markets (ECM) execution expertise with Santander's corporate investment banking strength in Europe, global scale and underwriting capabilities.</p> <p>We believe this collaboration will extend our capacity around substantial primary and secondary underwritten ECM offerings in the UK.</p>
<b>Establishing an EU presence</b>	<p>We decided to incorporate a new entity in Denmark to provide a platform for us to conduct our European operations.</p> <p>This is designed to allow us to access and service clients in major European financial centres and continue to develop commissions from EU clients.</p> <p>We applied to the Danish regulator for a licence to operate a MiFID Investment Firm in March 2022 and intend to start operations in Denmark once authorisation has been granted. You can find more information about our proposals to establish an EU presence on <a href="#">pages 25</a> and <a href="#">69</a> of the strategic report.</p>

Key decisions	What we did
<b>Discussing the Group's strategy</b>	<p>We held dedicated strategy sessions in January and April 2022 and have a planned strategy day taking place in October 2022.</p> <p>We talk about the strategy going forward on <a href="#">page 24</a>.</p>
<b>Acting on the outcomes of our engagement and culture surveys</b>	<p>You can find more information about the outcomes of these surveys and how we engage with our people on <a href="#">page 61</a>.</p>
<b>Approving our employee benefit trust, the Peel Hunt Share Trust (EBT) buy-back programme</b>	<p>Equity ownership by, and incentivisation of, our people have been key to the success of the Group, and the Directors believe will continue to be crucial to our future success.</p> <p>The EBT is a discretionary trust for the benefit of our people. It is funded by the Group and has the power to acquire ordinary shares from the Group or in the open market to meet the Group's future obligations under these plans.</p> <p>In March 2022, we provided a recommendation to the independent trustee of the EBT to acquire up to 1% of our issued share capital over the next 12 months to satisfy share awards to our people.</p>

### How we made our key decisions

By aligning all our decision-making to the vision, values and purpose of the Company, alongside strategic priorities and due consideration of all stakeholders, we strive to achieve outcomes that are crucial to the short-, medium- and long-term success of the business.

Under Guernsey company law, and in relation to UK-registered subsidiaries under section 172 of the UK Companies Act 2006, we also have a duty to act in a way that we believe will promote our success for the benefit of our stakeholders.

That's why, in all our decisions, we carefully consider the:

- Likely consequences of any decision in the long term
- Interests of our people
- Need to foster relationships with our clients, regulators, investors and other key stakeholders
- Impact of our operations on our communities and the environment
- Importance of maintaining our reputation for high standards of business conduct

The Board considers our principal stakeholders throughout the year when reaching decisions, and considers whether there are any additional groups whose interests may be related to the Company's operations.

## Governance report

### Our stakeholders

Our key stakeholders are listed below, and we explain why we consider them to be an important stakeholder, and how we engage with each of them.

#### Our people

##### Why our people are a key stakeholder

Our business depends on the great people who work for us.

By empowering our people to succeed, they will be able to contribute to our long-term success and act in the best interests of our clients and other stakeholders.

By fostering a diverse, inclusive and safe working environment, our people are supported, able to thrive and contribute to our success.

By committing to better mental health outcomes, we can have a long-term positive impact on our people's wellbeing.

##### How we engage with our people

- A cross-functional team from Human Resources, Facilities, Risk Management and Technology created a plan for the safe return to work in our new office, adapting it as the pandemic and the government's response developed.
- In January 2022, we held a number of 'Culture Jam' sessions – an opportunity for our people to have a structured discussion around their needs and wants – to find out how they thought we should work in the future.
- In 2021, we invited everyone to take part in culture and engagement surveys and 85% of our people participated. The results showed high scores for management support, goal setting, social wellbeing and fair treatment.
- We also met with people from each of our business areas to obtain their views on how they wanted our digital offering to be leveraged to improve our client service.

*Read about how the Board considered the interests of our people in relation to the above matters in its decision-making this year, from [page 98](#).*

#### Our shareholders

##### Why our shareholders are a key stakeholder

Our shareholders provide the equity capital for our business and play an important role in holding the Board and management to account. Engagement with them is key to our success and our aim to create long-term sustainable shareholder value.

##### How we engage with our shareholders

- We prioritise regular dialogue with our shareholders to offer objective information about our strategic priorities and performance, and to discuss how we're delivering our strategy and driving future growth.
- We have many channels through which we communicate with our shareholders, from meetings with Executive Directors, and our Chair and Senior Independent Director, to regulatory news service announcements, roadshows, our website and at our AGM.
- The Board receives an update on shareholder engagement at each formal Board meeting and during informal Board update calls – regular feedback enables the Board to consider shareholders' interests as part of their decision-making on an ongoing basis.

## Our clients

### Why our clients are a key stakeholder

Our business depends on working together with clients to create value.

By engaging regularly with our clients, we can better understand their needs and see how we can best help them. This enables us to maintain the partnership ethos which has been a key component of our culture.

### How we engage with our clients

- We gather feedback widely, including from our clients, to understand how we can structure what we do in a way that best meets clients' needs.
- We have many channels to communicate with our clients, from emails, calls and chat rooms, to meetings, social and special events, and relationship reviews.
- The Board is updated on client engagement by the CEO as part of his report to the Board and during informal Board update calls, and by the business heads during strategy days and informal interactions with the Board.

## Our regulators

### Why our regulators are a key stakeholder

The Group works in a highly-regulated environment and we operate to a high ethical and professional standard, supported by our strong internal culture. We consider that it is key to have positive and constructive relationships with our regulators.

### How we engage with our regulators

- We operate an open, transparent and cooperative relationship with the Group's regulators, including the FCA, the London Stock Exchange, the Takeover Panel, AQSE and FINRA. Working with regulators ensures we are able to comply with regulatory requirements and gives insight into upcoming regulatory trends and developments.
- Throughout our business, from Board level through to executive management and our wider workforce, we take the views of our regulators into consideration in respect of the way in which we conduct our business and in the decisions we make. The Board is kept apprised of material communications with our regulators, through regular reports from the Chief Risk Officer (CRO) and the Head of Group Compliance.
- Interactions with and communications from our regulators influence the development of our risk and control framework, culture and conduct initiatives and policies, and remuneration structures.

## Our suppliers

### Why our suppliers are a key stakeholder

We work with key suppliers across our markets. They supply us with essential services, which enable us to deliver for our clients. Partnering and collaborating with our suppliers helps us to drive progress on delivering our purpose and strategy, and ensures the security of supply of all our services to meet our client needs. We set out what we expect of our suppliers in our Supplier Code of Conduct.

### How we engage with our suppliers

- Annual key supplier reviews consisting of due diligence assessments.
- Regular review meetings to discuss and assess service levels.
- Monitor and review performance and value delivery of all contracted Service Level Agreements (SLAs) and Key Performance Indicators (KPIs); meetings with suppliers.
- Daily communication.

## Governance report

Here we show how we considered the interests and needs of stakeholders in three of our key decisions this year.

Decision	Stakeholder considerations and outcomes	
Adopting new ways of working in Covid-19	People	<ul style="list-style-type: none"> <li>The Board assessed the plan for the safe return to work in our new office in terms of how it would affect our people – their wellbeing and morale, as much as their safety – and how any hybrid working policy could be fair for everyone. We also conducted an assessment of the compliance and conduct risks associated with working from home, and enhanced controls and monitoring continue to be in place.</li> <li>Using the insights and opinions from our ‘Culture Jam’ internal focus group sessions, we agreed broad principles for our future hybrid way of working that can be specifically adapted to suit each team or business area.</li> </ul>
	Clients	<ul style="list-style-type: none"> <li>Throughout the year the Board discussed what hybrid working might mean for our business and our relationships with clients, as well as how it could allow us to uphold our high ethical and professional standards.</li> <li>Using the information and opinions we gathered from our clients, we added a fourth principle to our framework for future working: Clients first: respect the needs of clients – both internal and external.</li> </ul>
Acting on the outcomes of our engagement and culture surveys	People	<p>The Board considered the key themes arising from the survey during a formal Board meeting and we took targeted action to address them, including:</p> <ul style="list-style-type: none"> <li><b>Work-life balance:</b> We have recruited more people during the year to support our growing business, and have been looking at ways of working smarter and giving people more support. We also adopted broad principles for our future hybrid way of working and continue to invest in wellness initiatives.</li> <li><b>Diversity, equity and inclusion:</b> We want to promote greater diversity and inclusion, and are developing more initiatives throughout the firm. Our Diversity, Equity and Inclusion Forum, with representation from across the business, continued its work; we appointed two more women to the Board; and we have partnered with Arrival Education and The Brokerage, running multiple work experience and internship opportunities focusing on junior talent from low socio-economic backgrounds. We also published our second gender pay gap report (available on our website), adapted our recruitment processes, and updated our family-friendly policies.</li> <li><b>Culture of feedback:</b> We have made improvements to our appraisal process, and we are developing training to ensure that appraisal meetings are more effective and rewarding. Our aim is to encourage more regular, ongoing, open and constructive dialogue between our managers and their direct reports throughout the year.</li> </ul> <p>To show our support for good mental health, in January 2022 we signed the Mental Health at Work Commitment, joining a growing movement of more than 1,000 organisations doing so.</p>
Adopting our new digital strategy	People	<ul style="list-style-type: none"> <li>The Board considered how a new digital strategy would not only improve decision-making, but also help to increase our people's workplace satisfaction, productivity and engagement. This, in turn, helps us attract and retain talent.</li> <li>Our people's feedback formed the basis of the four pillars of our new digital strategy, including to develop the digital skills and know-how of our people.</li> </ul>
	Shareholders	<p>The Board sees and considers all feedback from our regular meetings with shareholders.</p> <p>The Board considered how a new digital strategy could help us to innovate and improve our client services – and so help us continue to create shareholder value over the long term.</p>

## Managing risk

The Board is responsible for managing the Group's risks and for setting the tone of its culture and conduct. During the year, the Directors continued to review how effective our systems of control and risk management are.

Across the Group, we have adopted a formal risk appetite statement, which describes the level and types of risk we're willing to accept to achieve our business objectives. We have a low tolerance for risk, so we review this statement regularly to make sure the business model remains consistent with this ethos.

The Risk Committee oversees the identification, measurement, monitoring and management of our risks. The Group uses a robust enterprise-wide risk management framework, which includes stress tests, to do this. The Risk Committee receives regular reports from senior management across the Group about the main sources of risk and any specific concerns around risk.

We also maintain risk registers across the Group, which outline all the key risks to which the Group is exposed. This aims to identify and promote effective management of relevant risks through management taking appropriate and timely mitigating actions. The risk register is presented annually to the Risk Committee for review, which then provides the basis from which we monitor and report on key risks on an ongoing basis.

The Group's risk management processes, policies and procedures are embedded in our culture and working practices, and are operated through the 'three lines of defence' model. You can find more information about how we use this model to manage risk on [page 70](#).

In June 2021, we appointed David Curran as our Chief Risk Officer (CRO). A member of the senior management team, the CRO's role is to establish, maintain and develop our risk management framework and to report on risk matters to the CEO, the Board and the Risk Committee. The Audit Committee has appointed a top tier professional services firm to act as our co-source provider of internal audit services, which forms the third line of defence in the model. Internal audit provides independent assessment of the adequacy and satisfactory application of our risk and control framework across the Group, and reports directly to the Audit Committee. In July 2021, we appointed Suzanne Clark as our Chief of Internal Audit to lead the function, working with our co-source provider, to strengthen our third line of defence.

You can find more information about the Group's key risks and risk management framework and processes on [page 70](#).

## Reviewing key policies

Conducting our business with integrity is crucial to achieving our business objectives. That's why we expect our people and our wider workforce, such as contractors, to uphold our high standards and adhere to the Group policies that underpin our governance structure.

Our Group policies are reviewed every year or every other year as appropriate by subject-matter experts within Peel Hunt, to ensure that they remain in line with the relevant underlying laws, rules and regulations, and good practice, and are then approved by the relevant Board committee or by the Board (as applicable). These policies include our Data Protection Policy, Personal Account Dealing Policy and Share Dealing Code, Financial Crime Policy, Inside Information, Permanent Insiders and Wall-crossing Policy, Remuneration Policy and Whistleblowing Policy.

## Ensuring our Directors work effectively

Our Directors must be able to contribute meaningfully to the Board, both as individuals and collectively. We conduct annual Board and individual Director performance evaluations to ensure that they can do so, while also supporting them through development and training.

## Time commitment

We expect each Director to be able to commit enough time to do their work properly. The Non-Executive Directors provide a time commitment of between 24 and 60 days each year to perform their duties. Each year the Nomination Committee reviews the time required of the Non-Executive Directors and uses performance evaluations to assess whether they are doing so. This year, we are satisfied that all our Directors were able to meet the time requirement.

### Conflicts of interest

We have policies and procedures in place to monitor and manage any conflicts of interest our Directors might have. Directors must declare their outside business interests and potential conflicts of interest, and those of their connected persons, each year – and again when something changes. The Board must give prior approval for a Director to undertake certain outside business interests, including taking new non-executive director positions.

The Company Secretariat maintains a register of the Directors' outside business interests and potential conflicts of interests, and those of their connected persons, which is tabled at each Board meeting. The Board has authorised the current interests disclosed in the register and, at the date of this report, doesn't consider any to constitute a material conflict of interest.

### Development and support

We've appointed the Directors on our Board because of the skills and experience they offer and their personal qualities and capabilities – so, continuing to help them develop is an important aspect of the Board's work.

The Company Secretariat helps the Chair devise a Board training programme each year, which is delivered by internal experts and external professional advisers. The training programme includes:

- Briefings from each business head about the strategy, business plan and performance of that business
- Updates and refreshers around key governance, legal and regulatory matters relevant to the financial services industry
- Training on other relevant matters, such as cyber security

We identify collective and individual training needs through our annual Board evaluation process. This targeted training is arranged by the Company Secretariat.

The Company Secretariat also helps the Chair provide a tailored induction programme for all new Directors, which includes meetings with senior management and external advisers. This helps new Directors familiarise themselves with our business model and strategy, operations, governance arrangements and risks, as well as, crucially, our culture and values.

The Directors may talk to the General Counsel, the Company Secretariat, our nominated adviser or our professional advisers at any time for advice and counsel. They may also take independent advice at the Group's expense, should they need it in carrying out their duties.

The Group maintains Directors' and officers' liability insurance cover and indemnifies each of its Directors to the fullest extent permissible by law.

### Advisers

We appointed a leading consulting firm in March 2021 to provide advisory services to the Remuneration Committee. These services include support around meetings, the annual compensation round, market and regulatory insights, and broader stakeholder matters. The Remuneration Committee also appointed a firm to help design the long-term incentive plans. We worked with a specialist external consultant in 2021 to support the ESG Committee in developing our ESG agenda.

### Our performance this year

Regular evaluation can help boards and committees improve how they perform and how effective they are, as well as improve the performance of their company.

From FY23 onwards, the Nomination Committee, which was established in readiness for our IPO on AIM, will evaluate the performance of our Board, the Board committees and the individual Directors. This role is set out in its terms of reference and in Principle Seven of the QCA Code. We will also commission an external evaluation every three years, with the next one taking place next year.

This year, since the evaluation took place before the Nomination Committee had been established, the Board conducted its own evaluation of its performance and that of individual Directors. The main conclusions and recommendations that came from the Board's evaluation this year are summarised in the section 'Performing as a team' on page 103. In the Directors' individual evaluations, both their contribution to the work of the Board and their personal development needs were considered.

The Board also evaluated how the Audit Committee and Remuneration Committee performed. You can find more information about those evaluations, and their conclusions and recommendations, in the reports from each committee on [pages 104-123](#).

The Risk Committee, prior to the Company's IPO on AIM, conducted a detailed internal effectiveness review in March 2021. Several recommendations came out of the review, which we implemented during the financial year. You can find more information about this evaluation, and its conclusions and recommendations, in the Risk Committee report on [page 110](#). The Nomination Committee plans to formally evaluate the Risk Committee once these recommendations have been embedded.

We established an ESG Committee to look at environmental, social and governance matters in June 2021. The ESG Committee's performance will be evaluated in the coming year.

The Nomination Committee will also be evaluated in the coming year as it was only established on IPO on AIM and we decided that an effectiveness review in the same year wouldn't offer any meaningful insights at this stage.

You can find more information about the Board's annual evaluation cycle in the Nomination Committee report on [page 104](#).

### **Performing as a team**

In anticipation of our IPO, we implemented the recommendations of our previous external Board evaluation, as follows:

- Increasing the Board's size to seven by recruiting another Independent Non-Executive Director
- Developing a Board skills matrix to help with succession planning and with reviews of how the Board is composed
- Holding dedicated strategy sessions
- Adopting the QCA Code

With the support of the Company Secretariat, the Chair led the overall Company Board evaluation process this year. This process began with a confidential survey about the Board and the Chair, which all the Directors completed. The survey focused on several areas, including the Chair's performance, the quality of debate and contribution of Directors at meetings, the structure and focus of the agenda, and the quality of Board papers.

The overall results of the evaluation were positive. They showed that the Chair was performing to a high standard, promoting effective and efficient meetings and having an appropriate level of involvement outside formal meetings. The results also showed that Board meetings encouraged high-quality debate and robust and probing discussion, and that all Board members were actively and effectively contributing at the meetings.

The evaluation identified recommendations for further improvement around the clarity and timeliness of issue of Board papers, the focus of the agenda and the number and length of meetings. From these points, we developed an action plan, which is being led by the Company Secretariat who will monitor progress at future Board meetings.

### **Performing as individuals**

As well as looking at the performance of the Board as a whole, the Chair also evaluates the performance of Individual Non-Executive Directors and of the CEO, which is done in consultation with the other Non-Executive Directors. The CEO evaluates the CFOO, in consultation with the Chair and the other Non-Executive Directors.

In April 2022, we evaluated the performance of the individual Directors for the year ended 31 March 2022. Following these evaluations, the Board is satisfied that each Director is contributing effectively to the work of the Board, is committed to their role and is devoting enough time to properly perform their duties.

# NOMINATION COMMITTEE REPORT

**The Committee had a busy year as a consequence of the IPO, recruiting two new Non-Executive Directors, including a Senior Independent Director to take over from our current Chair, Simon Hayes, following the 2022 AGM.**

## Membership and meeting attendance

The Group Nomination Committees (the Committee or Nomination Committee) comprise entirely Non-Executive Directors. The Committee regularly invites the CEO, CFO, General Counsel and the HR Director to attend. Maria Bentley became a member on 4 April 2022. The Committee meets at least twice a year.

Details of members and their attendance at committee meetings are provided earlier in the report ([see page 95](#)).

## Roles and responsibilities

The Nomination Committee is responsible for overseeing nominations and appointments of potential Directors to the Board and other boards within our Group, and for their succession planning, composition and diversity. The Committee is responsible for conducting an annual evaluation process of the Peel Hunt boards, the Group's committees and the Directors. The Committee is also responsible for overseeing Directors' training and development. The Committee meets at least twice a year, and more if required.

The Nomination Committee operates within the parameters of its terms of reference. These terms of reference were approved by the Board in September 2021 and will be reviewed annually. You can find the terms of reference for the Nomination Committee at [peelhunt.com](https://www.peelhunt.com). An overview of our governance and where the Committee sits within that framework, can found on [page 93](#).

## Key activities in FY22 and changing demands

During the year, the key activities of the Nomination Committee included:

- Recommending the appointment of Lucinda Riches as Senior Independent Director (SID), Nomination Committee Chair and Deputy Chair with effect from 3 September 2021, to succeed Simon Hayes as Chair at the AGM in 2022
- Recommending the appointment of Maria Bentley as a Non-Executive Director with effect from 4 April 2022 and, subject to regulatory approval, as Remuneration Committee Chair
- Approving the process for the annual evaluation of the Board, the Board Committees and the Directors
- Developing and reviewing the new Board skills matrix
- Assessing the Company and Group's need for a succession planning programme for the Group, including the Executive Directors

## Appointments to the Board

During the year, the Board composition in the context of Peel Hunt's proposed IPO was reviewed by the Remuneration Committee (then a committee of Peel Hunt LLP, which also discharged the responsibilities of a nomination committee). That committee decided to recruit two Independent Non-Executive Directors to join the Board: a Senior Independent Director (SID) who would take over from Simon Hayes as Chair following the 2022 AGM, and a new Chair of the Remuneration Committee, to replace Liz Blythe, who assumed the



“I’m delighted to have joined in such an exciting year for Peel Hunt, and to be able to contribute to expanding our Board and committees in light of becoming an AIM-quoted company.”

**Lucinda Riches**  
Nomination Committee Chair

role on an interim basis in March 2021, under the previous governance structure. This would create a Board of seven Directors following Simon’s departure.

The recruitment process involved appointing an external search firm who helped the committee define the role specification, draw up a list of candidates for approval, and conduct first interviews. The candidates were then interviewed by the committee’s Chair and other Board members. As a result, I was appointed as SID and Deputy Chair, with effect from 3 September 2021 and as Chair of the Nomination Committee; regulatory approval followed in March 2022. You can find my biography on [page 85](#).

Separately, the committee appointed Maria Bentley as Non-Executive Director with effect from 4 April 2022 and, subject to regulatory approval, as Chair of the Group Remuneration Committees. You can read Maria’s biography on [page 86](#).

Assuming Maria Bentley’s appointment as Chair receives regulatory approval, Liz Blythe will step down as Chair of the Group Remuneration Committees, although she will remain a member.

## Composition of the Board

As part of its role, the Company Nomination Committee is responsible for reviewing the Board’s composition, including skills, knowledge, independence, experience, length of service and diversity, to support our ongoing strategy and to make sure we have orderly succession plans in place.

Following a recommendation in our 2020 Board evaluation, we developed a Board skills matrix, as set out in the chart, and evaluated the Board against it. The Company Nomination Committee reviewed the results in December 2021 and is satisfied that, with the appointments mentioned above, our Board has the appropriate size, knowledge, experience and composition to lead Peel Hunt effectively.

## Board skills matrix

Industry knowledge	Technical skills/experience	Governance	Personal skills
<ul style="list-style-type: none"> <li>Investment banking (including Mergers &amp; Acquisitions (M&amp;A))</li> <li>Sales</li> <li>Research</li> <li>Execution and trading</li> <li>Underwriting</li> <li>International</li> <li>Understanding of applicable laws and regulations relevant to the industry in which the Group operates</li> </ul>	<ul style="list-style-type: none"> <li>Finance</li> <li>Accounting and audit</li> <li>Legal</li> <li>C-suite experience</li> <li>Strategy development and implementation</li> <li>HR and remuneration</li> <li>IT and cyber security</li> <li>Developing and implementing risk management frameworks</li> <li>Investor relations</li> <li>Marketing/communications/media experience</li> </ul>	<ul style="list-style-type: none"> <li>Relevant external board experience</li> <li>Financial literacy</li> <li>Strategic thinking/planning (governance)</li> <li>Executive performance management</li> <li>Governance-related risk management experience</li> <li>ESG experience</li> <li>Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Communicates clearly and openly to secure understanding</li> <li>Able and willing to challenge and probe</li> <li>Listening</li> <li>Attention to detail</li> <li>Analytical skills</li> <li>Strategic thinking</li> <li>Common sense and sound judgement</li> <li>Collaborative, able to build and maintain relationships</li> <li>Independence of thought</li> <li>Commercial awareness</li> </ul>

### Nomination Committee report continued

#### Diversity

- Women 3
- Men 5



With effect from 7 July 2022

#### Composition

- Executive Directors 2
- Non-Executive Directors 2
- Independent Non-Executive Directors 4



#### Annual Board evaluation

The Nomination Committee approved the process for the annual evaluation of the Board, the Board committees and the Directors as follows:

- Annual individual Director performance evaluations will be conducted in April/May each year
- Internal Board and Board committee effectiveness reviews will be conducted in October or November each year
- An external provider will conduct an effectiveness review of the Board and all Board committees towards the end of 2023, and external reviews will be conducted every three years thereafter

#### Induction

Newly appointed Directors participate in tailored induction programmes according to their individual skills and experience. These programmes are designed to provide an understanding of the Group's business and our corporate governance framework, as well as an overview of the duties of a director of an AIM-quoted company.

The induction programme includes:

- Meetings with our Board and senior management across Peel Hunt
- Meetings with external advisers, including our nominated adviser and auditors
- Access to a reading room, which provides information about the Group, including financial information, our business plan and key policies

Lucinda Riches participated in the induction programme following her appointment in September 2021. Maria Bentley started her induction following her appointment in April 2022.

#### Board diversity

The Board believes that diversity in every sense is crucial for an effective Board and is important when reviewing its composition. We consider diversity in a wider sense and aim to maintain a balance of skills, experience and background.

We are working to address Board diversity – with the addition of Maria Bentley to the Board, and with effect from the AGM, women will comprise 43% of our Board. We plan to work with executive search firms that value all forms of diversity to ensure that this forms part of their candidate search

processes. This will help Peel Hunt recruit directors from a broad, qualified group of candidates, to help increase diversity of thinking and approach.

You can find more information about Peel Hunt's diversity, equity and inclusion approach on [page 55](#) in the strategic report.

#### Priorities for FY23

Board and senior management succession planning will be a key focus for the Nomination Committee over the coming financial year.

#### Lucinda Riches

Nomination Committee  
Chair  
9 June 2022

# AUDIT COMMITTEE REPORT

**The Committee played an important role in ensuring that Peel Hunt has the right oversight and controls in place to support our new status as a listed company.**

## Membership and meeting attendance

The Group Audit Committees (the Committee or Audit Committee) comprise entirely independent Non-Executive Directors. The Committee regularly invites the other Non-Executive Directors, the CEO, CFOO, General Counsel, Chief Risk Officer, the Chief of Internal Audit, the Head of Finance and representatives from the external auditors, and the co-source internal audit partner. The Committee meets at least four times a year, and more frequently when necessary. Details of members and their attendance at committee meetings are provided earlier in the report (see page 95).

## Role and responsibilities

The Audit Committee is responsible for providing independent oversight of the integrity of the Group's financial reporting processes and disclosures, the performance of internal and external audit, and assessing the effectiveness of the internal control environment.

The Committee provides assurance to the Board on whether the financial statements as a whole are fair, balanced and understandable, and provide the necessary information for shareholders to assess the Group's financial performance. In addition, the Committee oversees the whistleblowing process and that any concerns have been resolved within agreed policies.

The Audit Committee oversees the performance and effectiveness of the external audit process and internal audit function. This includes agreeing the remuneration and terms of engagement of the external auditors, assessing their objectivity and independence and recommending their re-appointment or removal.

The Committee ensures the Internal Audit function performs against its approved annual plan, provides timely reports with audit review findings and actions taken to remediate any identified deficiencies.

The responsibilities of the Audit Committee have been delegated by the Board, and are set out in its terms of reference. The Committee reports to the Board on how it has discharged those responsibilities. The terms of reference are available on our website, [peelhunt.com](https://www.peelhunt.com). An overview of our governance and where the Committee sits within that framework, can found on [page 93](#).

## Key activities in FY22 and changing demands

### Financial reporting

A key responsibility of the Committee is to support the Board in assessing the integrity of the Group's financial reporting processes, and the interim and annual financial statements and formal announcements relating to the Group's financial performance. Key areas of focus were as follows:

- Considered the accounting policies adopted by the Group, presentation and disclosure of financial information, areas of significant audit risk, and the appropriateness of the output of key estimates and judgements used in the preparation of the financial statements. Key accounting estimates and judgments considered included Investment Banking revenue recognition, the valuation of securities held for trading and the carrying value of investments in subsidiaries
- Reviewed and confirmed the adoption of the going concern assumption for the interim and annual financial statements. This involved a rigorous assessment of the impact of internal and external risks, including Brexit, Covid-19, the invasion of Ukraine, and the macro-economic environment on the projected capital, liquidity and profitability of the Group, under forecast and stressed scenarios.

## Audit Committee report continued



“Assurance over our governance framework and key controls will play a central part in supporting the business in having a risk maturity and culture commensurate with the growth of the business and its regulated and publicly quoted status.”

**Liz Blythe**  
*Audit Committee Chair*

The stressed scenarios considered the combination of events that could cause the Group to fail. The Committee concluded that the likelihood of any such scenario arising to threaten the viability of the Group was low

- Supported the Board in considering the Group's working capital requirements and going concern status in support of the IPO on AIM
- Discussed and reviewed resources within the Finance teams, in terms of numbers, skill-sets and succession planning, particularly in light of the Company's transition to becoming publicly quoted on AIM
- Received quarterly reports on significant financial accounting developments, reporting and disclosure requirements, and related updates, including the BEIS report on Restoring Trust in Audit and Corporate Governance

### External audit

PwC were appointed as our external auditors in 2017. The Audit Committee assesses the effectiveness and independence of the external auditors annually, following completion of the year-end audit. The Audit Committee concluded that it was satisfied with the performance of the external auditors, and recommended their re-appointment to the Board.

In addition, during the year, the Audit Committee:

- Considered and approved the terms of engagement of the external auditors
- Reviewed and updated policies to safeguard the independence of our external auditors and against potential conflicts of interest, reflecting the change in status following our IPO on AIM
- Reviewed, and recommended to the Board the approval of, management representation letters
- Reviewed and approved the terms of engagement provided by the external auditors, regarding their audit work on client assets related to FCA regulations. In addition, the Audit Committee considered the report produced over the control environment for client assets, and monitored the delivery of management actions for any areas requiring remediation

- Worked in collaboration with PwC to identify a replacement partner for the forthcoming financial year due to the mandatory rotation of the current partner, having served five years as external audit partner.

### Internal audit

A significant area of focus for the Audit Committee has been the further evolution and strengthening of our third line of defence. During the year we created the position of, and recruited, a Chief of Internal Audit. This was seen as an important development, required to reflect the growing size of the Group, its enhanced regulated status, and the desire of the Board to ensure that the governance and risk management systems remain aligned to the growing and changing needs of the business.

The following key internal audit activities were also undertaken by the Committee:

- Oversaw the integration of a new co-source internal audit provider with effect from April 2021, following a rigorous tendering process
- Approved the Internal Audit Charter
- Reviewed and enhanced management reporting to the Audit Committee

- Reviewed the current internal audit operating model, with the decision to further strengthen in-house capability through recruitment and the engagement of secondees
- Reviewed the results of Internal Audit's work
- Reviewed the actions taken by management to strengthen the control environment in response to matters raised by Internal Audit
- Key areas of focus within the Internal Audit Plan included cyber and information security, anti-money laundering, and our three businesses: Investment Banking, Execution Services and Research & Distribution

### Independence and committee effectiveness

As Chair of the Audit Committee, I hold regular meetings with the CEO, CFOO, Chief of Internal Audit, Chief Risk Officer, external audit partner and the internal audit co-source partner. Through these meetings, I improve my understanding of the business and evolving risks, which helps me direct the Committee's attention appropriately. Aside from these meetings, during the year the Audit Committee held separate private meetings with key controls functions. Holding these meetings privately means we can have frank, open discussions in more depth, which helps us preserve the independence of internal and external audit.

In February 2022, the Audit Committee conducted an internal evaluation of their effectiveness, with input via questionnaires from all members and regular attendees. In addition, the Company Secretariat function performed a detailed review to demonstrate that the Committee had considered all areas within its terms of reference. The assessment confirmed that the Committee is meeting all of its responsibilities within its terms of reference, operates effectively, with appropriate levels of challenge provided by members, and that members are suitably skilled and knowledgeable to meet the responsibilities delegated by the Board.

### Priorities for FY23

Looking forward, the Audit Committee will build on its existing work, as outlined in this report, as well as:

- Continue to enhance and strengthen the internal control environment
- Promote closer working across the three lines of defence
- Appoint a new external audit engagement partner as part of the rotation process and build a strong working relationship with them

- Conduct reviews of share-based payments and associated deferred tax considerations and criteria
- Consider the control environment and auditing requirements for the Group's EU entity, once established
- Continue to monitor developments within financial reporting and good practice for internal audit, and assess and implement any necessary changes
- Ensure that the Internal Audit plan addresses key and emerging risks of the Group. Anticipated areas of coverage include, but are not limited to, ESG, IT strategy and governance, IFPR, Operational Resilience and REX.

### Liz Blythe

Audit Committee Chair  
9 June 2022

# RISK COMMITTEE REPORT

**This year, the Committee focused on enhancing our oversight of risk, including ensuring that we operate in line with the various regulatory changes that came into force during the period.**

## Membership and meeting attendance

The Group Risk Committees (the Committee or Risk Committee) comprise entirely independent Non-Executive Directors. The Committee regularly invites the other Non-Executive Directors, CEO, CFO, General Counsel, Chief Risk Officer, Chief Technology Officer, Head of Group Compliance and the Chief of Internal Audit. The Head of Finance, Head of Operations, divisional heads and other people from our senior risk and compliance functions also attend when required. The Committee meets at least four times a year, and more frequently when necessary. Details of members and their attendance at committee meetings are provided earlier in the report ([see page 95](#)).

## Role and responsibilities

The Risk Committee is primarily responsible for implementing and overseeing the Board-approved risk appetite; reviewing and recommending the risk management framework; reviewing and challenging risk management information and overseeing and advising on the embedding and maintenance of a positive risk management culture.

The Committee advises the Board on risks relating to strategic decisions and transactions, and the likelihood and impact of any risk materialising. It also considers the current and future macroeconomic, political and regulatory environment, and other emerging risks that the Group may face.

The Committee also oversees the remit of the Risk Management and Compliance functions within the Group to ensure they are sufficiently empowered and adequately resourced to perform their role as second line oversight.

The responsibilities of the Committee are delegated by the Board, and are set out in its terms of reference, which are reviewed annually and are available on our website, [peelhunt.com](https://www.peelhunt.com). An overview of our governance and where the Committee sits within that framework, can found on [page 93](#).

## Key activities in FY22 and changing demands

During the year, we provided support and advice to the Board on the specific matters set out in the Committee's terms of reference, and on other matters as appropriate.

In line with recommendations from an earlier risk committee effectiveness review, our new Chief Risk Officer was appointed in June 2021 in order to enhance second line risk oversight and to enable the Head of Group Compliance to focus on regulatory compliance and financial crime matters.

Here we look at some of the Risk Committee's work, key decisions and activities over the past year.

## Regulatory change initiatives

A notable part of the Committee's work was the oversight of the implementation of regulatory change initiatives. In particular, this period included a number of material projects such as enhancing our operational resilience in line with UK regulatory expectations implementing the requirements of the new Investment Firm Prudential Regime (IFPR).



“Recent events remind us that the identification and management of risk is dynamic and fast moving. Being able to combine a long-term, robust framework with an ability to adapt and flex to events remains important.”

**Richard Brearley**  
Risk Committee Chair

Our operational resilience work was supported by appropriate external advice, which saw the Risk Committee review the identification of important business services, impact tolerances and the firm's operational resilience self-assessment.

Our IFPR work saw the Risk Committee review and approve the key outputs of the project, which aligned our prudential risk management with the new requirements which came into force on 1 January 2022. These include new rules for capital and liquidity management, as well as enhanced remuneration guidelines. This is an ongoing initiative, which will culminate in the documentation and review of the Internal Capital Adequacy and Risk Assessment (ICARA) in late 2022. The Committee has received ongoing assurance and training on IFPR from a leading regulatory consulting firm.

#### **Risk framework and resourcing enhancements**

The Risk Committee oversaw the development of our risk framework in several ways, including approving:

- The introduction of the Executive Risk Committee to strengthen risk governance in the UK-regulated part of our Group and accountability of senior managers

- The extension of our risk appetite statement to include specific statements on ESG and people risk, and ensuring Board-level risk appetites were accurately reflected
- Ongoing enhancements to our risk reporting to ensure a focus on material risks and increased consideration of external and emerging risks

The Committee also advised on enhancements to the resource and skill-set within the Risk team to ensure the Group continues to maintain capabilities in line with its continued growth.

#### **Technology and cyber**

The Committee received regular reports from our CTO on digital and cyber security matters. Throughout the year, the Committee was also kept abreast of negotiations to renew key software agreements; reviewed the results of the Group's cyber penetration test – providing assurance on the effectiveness of our cyber resilience strategy; and considered the additional resources and enhancements that we will need in the future.

#### **Regulatory capital and liquidity considerations**

The Risk Committee keeps capital and liquidity requirements under review from a regulatory and business perspective, which includes reviewing management information from our Finance, Risk and Compliance functions.

In November, we undertook a review and challenge of key prudential documents, including the Internal Capital Adequacy Assessment Process (ICAAP) and Individual Liquidity Adequacy Assessment (ILAA), which culminated in recommending final versions of these documents to the Board for approval. This included advising on the appropriateness of severe but plausible scenarios within our planning process. We also examined the Recovery Plan (whose purpose is to outline available actions to restore the viability of our UK-regulated business after a rapid deterioration of its financial situation); the Resolution Plan; and our Pillar 3 disclosures on our capital, risks and risk management processes, approving them for release. Our Pillar 3 disclosures can be found on our website, [peelhunt.com](https://www.peelhunt.com).

### Risk Committee report continued

#### Strategic developments

The Risk Committee reviewed and approved the proposed deployment of additional capital to our trading franchise, assessing the alignment with strategic objectives, implications for risk profile and the appropriateness of the existing control framework. The Committee reviewed and recommended for approval new overall trading risk limits to support the deployment of new capital. The proposed deployment was recommended for adoption in March 2022.

#### Working from home and hybrid working

The Committee continued to consider the implications of home and hybrid working on the culture of the Group and wellbeing of our people.

#### Input to the Remuneration Committee

The Committee provided input to the Group Remuneration Committees with regard to the alignment of remuneration with positive risk behaviours and good conduct.

#### Risk and compliance reporting

The Committee reviewed regular reports throughout the year from the CRO, Head of Group Compliance, CTO and other senior managers on key risk and control matters. It also reviewed the output of key risk processes, including risk and control self-assessments and second line thematic reviews.

#### Key policies

The Committee reviewed and recommended for approval a number of key risk policies, including those relating to prudential risk, fraud, compliance and financial crime.

#### Annual effectiveness review

In March 2021, the Risk Committee conducted an internal effectiveness review, based on a survey by an external specialist firm. It made a number of recommendations, and, as a result, the following were implemented during the year:

- Enhancing reporting to ensure we focus on emerging risks
- Establishing an ESG Committee
- Ensuring the Chief of Internal Audit attends all Risk Committee meetings, to give a 'third line of defence' perspective
- Introducing regular one-to-one meetings between Independent Non-Executive Directors and the CRO
- Introducing a more structured training programme for Non-Executive Directors to promote awareness and understanding of key risk topics
- Clarifying the terms of reference and responsibilities of the Risk Committee
- Formalising a secondary, independent reporting line for the CRO to the Chair of the Risk Committee

#### Priorities for FY23

Looking forward, the Risk Committee will build on existing work, as outlined in this report, as well as:

- Overseeing the continued geographic expansion of the Group, in its US and new European entity
- The continued development of IFPR and ICARA processes and documentation
- An increased focus on our strategic risk management framework to ensure appropriate oversight of strategic risks by the Board committees
- Continuing to embed the principles of operational resilience as we deliver new products and services to our clients
- Maintaining vigilance on the external economic and political environment to ensure we remain well positioned to serve our clients and manage any external risks to our strategic objectives

**Richard Brearley**

Risk Committee Chair  
9 June 2022

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

**Environmental, social and governance (ESG) issues are increasingly important to investors and wider stakeholders, so this year we established an ESG Committee at Board level to set the agenda and ensure we are properly taking account of these important issues throughout the business.**

## **Membership and meeting attendance**

The ESG Committee comprises Executive and Non-Executive Directors, and regularly invites the HR Director and the Chairs of our Community and Sustainability (CS) and Diversity, Equity and Inclusion (DEI) Forums, which are working groups of the ESG Committee.

The ESG Committee meets at least four times a year. Details of members and their attendance at committee meetings are provided earlier in the report ([see page 95](#)).

## **Roles and responsibilities**

The primary purpose of the Committee is to ensure that Peel Hunt has:

- The right overall approach to environmental, social and governance (ESG) commitments and targets
- Appropriate policies to meet its ESG priorities and legal and regulatory requirements
- Effective reporting in relation to the implementation of the policies
- Suitable ESG objectives and timelines to meet such objectives, which can, where appropriate, be reported on internally and externally

We established the ESG Committee in June 2021 to ensure appropriate oversight of and guidance on those ESG matters that are of greatest significance to our business. It is primarily focused on developing ESG priorities and leveraging off the positive work undertaken by our DEI Forum, which explores ways to improve DEI at Peel Hunt, and our CS Forum, which supports our activities within our local communities and manages our carbon footprint.

The Committee is scheduled to meet at least quarterly, and operates within the parameters of its terms of reference, which will be reviewed on an annual basis. You can find the ESG Committee's terms of reference at [peelhunt.com](https://www.peelhunt.com). An overview of our governance and where the Committee sits within that framework, can found on [page 93](#).

## **Key activities in FY22**

During the year, the key activities of the ESG Committee and senior management were as follows:

- Focused on setting the ESG agenda, priorities and engagement across the business
- Oversaw the process to establish that appropriate public ESG disclosures were made
- Continued to support the proactive and positive work undertaken by the DEI and CS Forums
- Developed initiatives for disadvantaged young people, including welcoming apprentices at Peel Hunt, and evolving relationship with The Brokerage charity, including mentoring and work experience
- Supported evolution of our D&I programme, including increased training, proactive communications, culture events and the introduction of new family-friendly policies

“A sound approach to environmental, social and governance matters sits at the heart of what we do. Improving what we do and ultimately addressing these questions is critical to Peel Hunt and all of us.”

**Richard Brearley**  
ESG Committee Chair

### How we view ESG

We take seriously our responsibility to take care of our wider impact on ESG issues, and how they play out for all those we engage with. As a responsible company, this means taking care of each other, and doing business honestly and with integrity, for the good of everyone.

We look at our responsibilities in two ways: firstly, the direct impact of our operations – looking after our peoples' wellbeing, promoting diversity, equity and inclusion in our industry, being active in our local communities, and controlling our carbon footprint; secondly, the wider influence we have through our work with our corporate and institutional clients, including supporting our corporate clients to develop and manage their own approach to sustainability.

The Board and its committees factor ESG issues into their decision-making. By formalising our impact-led approach to sustainability, we can manage, monitor and report better on ESG issues, against the backdrop of the United Nations Sustainable Development Goals (SDGs). We want to ensure we prioritise the ESG issues that matter most to our stakeholders, and that ESG risks have been properly understood and identified. Within the Group, we already have well-defined policies, practices and procedures in many ESG areas, which we keep under review and which are updated from time to time to reflect changes in law, regulation and best practice.

We also have extremely well-embedded programmes such as volunteering activities for our people, our charitable programmes and our wellbeing initiatives (read more about these programmes and initiatives in the strategic report from [page 56](#)). While continuing with these programmes, we will also look to identify other opportunities around ESG issues that are aligned with our purpose and values.

We have started work to reduce our own carbon emissions to carbon neutral by 2030 following our move to 100 Liverpool Street, a BREEAM (Building Research Establishment Environmental Assessment Method) office. We're in the process of measuring our emissions to establish our existing carbon footprint, and will then use this to cut our emissions using science-based targets, in accordance with the Science Based Targets initiative (SBTi). In 2020, we started to work with a specialist consultancy to measure and understand our emissions, using the 2020 financial year as a baseline. In 2023, we aim to measure these in full, in accordance with Greenhouse Gas (GHG) Protocol's methodology.

We also have the opportunity to work with and influence corporate clients and investors who want to enable the transition to a lower carbon world and take advantage of zero-carbon opportunities. We run ESG conferences for our clients, and our expert research analysts incorporate ESG analysis into their investment reports (see more on [pages 45 and 46](#) in the strategic report.)

We are at the beginning of this journey, having only recently established our ESG Committee, but are determined that ESG factors are embedded into our decision-making and strategy.

### Framework for setting our ESG agenda

We have worked with an external consultant to aid in shaping our approach to ESG issues. Following a number of sessions held, we continue to develop and define our ESG framework and approach to engaging with our stakeholders on these important matters. We cover details of governance issues throughout this report.

For details of our work on social and environmental issues, see [pages 54-67](#) of the strategic report.

### Priorities for FY23

The ESG Committee will continue to develop ESG priorities and an effective framework to deliver on these priorities. We will continue to focus on improving the diversity balance across the Group supporting the positive work of our existing, well-supported DEI and CS forums.

**Richard Brearley**  
ESG Committee Chair  
9 June 2022

# REMUNERATION COMMITTEE REPORT

**In light of our IPO in September, and various remuneration-related regulatory requirements, the Committee has thoroughly reviewed the framework for Executive Directors' remuneration, ensuring it is consistent with our status as an AIM-quoted company, while reflecting our overriding principle of fairness.**

## Membership and meeting attendance

The Group Remuneration Committees (the Committee or Remuneration Committee) comprise entirely Non-Executive Directors. Other Board members are regular attendees including the CEO and CFOO who will recuse themselves from the meeting when appropriate. The HR director and our advisers are also regular attendees.

Maria Bentley joined the Committee upon her appointment to the Board on 4 April 2022, and will become chair following the AGM, once we have received regulatory approval.

The Committee meets at least four times a year. Details of members and their attendance at committee meetings are provided earlier in the report (see [page 95](#)).

**“Our remuneration structures help us recruit and retain key talent while reflecting shareholders’ interests.”**

**Liz Blythe**  
*Remuneration Committee Chair*

## Roles and responsibilities

The Remuneration Committee is responsible for the remuneration strategy for the Group and the remuneration policy for Directors, ensuring alignment to our purpose and business objectives, values, risk appetite, regulatory compliance and our long-term, sustainable success, recognising the interests of all relevant stakeholders. An overview of our governance and where the Committee sits within that framework, can found on [page 93](#).

This is our first Remuneration Committee report following the Company's IPO on AIM in September 2021 and it is presented in three sections:

- This annual statement
- The Remuneration Policy ([pages 118-122](#))
- The Annual Report on Remuneration ([pages 122-123](#))

As an AIM-quoted company incorporated in Guernsey, Peel Hunt is not subject to the remuneration reporting regulations of Main Market UK companies, and therefore provides this Remuneration Committee report on a voluntary basis. The Company Remuneration Committee has taken account of the remuneration reporting regulations and guidance from the QCA in the preparation of this Report.

## Remuneration Policy

Over the last 12 months, the Remuneration Committee has comprehensively reviewed the remuneration framework for the Chief Executive (CEO) and the Chief Financial and Operating Officer (CFOO) (the Executive Directors) and wider workforce, to ensure it:

- supports an effective pay for performance culture, which enables the Group to attract, retain and motivate high-calibre individuals
- enables our people to build up a meaningful shareholding to foster stewardship and share in future value creation
- provides an appropriate balance between fixed and variable pay, which fairly reflects Group, business area and personal performance
- is competitive, compared to peers of a similar size and complexity

## Remuneration Committee report

- aligns with shareholder views and supports good governance, taking into account the Company's AIM-quoted status
- complies with the requirements of the Investment Firms Prudential Regime (IFPR), which came into force for performance periods beginning on or after 1 January 2022

Under the IFPR, Peel Hunt is required to comply with a number of remuneration-related regulatory requirements in the UK, as follows:

- Identifying Material Risk Takers (MRTs), which includes the Executive Directors, the Executive Board, senior officers within the risk, compliance and internal audit functions and other senior individuals who can affect the risk profile of the firm
- Setting a maximum fixed to variable remuneration ratio for all MRTs
- Applying minimum deferral of 40% to 60% of total variable remuneration awarded for the performance year, with payment of at least 50% of variable remuneration in shares for MRTs
- Applying malus and clawback to all variable remuneration awarded to MRTs

The Remuneration Committee considered a range of incentive frameworks for the Executive Directors as part of the review. There was consideration of the merits of a number of potential structures and the Committee concluded that an annual bonus with deferral alongside long-term performance shares was most appropriate for the Executive Directors. This framework incentivises both annual and long-term performance and is well understood by shareholders.

A summary of our incentive framework for the Executive Directors, intended to apply for the next three years, is set out on the next page.

### FY22 performance and variable pay outcome

Against the backdrop of volatile market conditions, particularly in the last quarter, the Group delivered a solid performance, and made significant progress across our three business divisions, demonstrating the benefit of our diversified business model.

The Group generated record Investment Banking revenue for the second consecutive year, continuing to grow our corporate client base while being more active than any other investment bank in UK equity capital markets transactions. Alongside this, the Group achieved good performance in both Execution Services and Research & Distribution as the Group continued to win market share in institutional commissions.

In line with the Group's performance, individual annual bonuses are substantially lower than those earned in the prior year due to an overall reduction in the profits of the Group.

The Committee also reviewed the balance of fixed and variable remuneration and considered it appropriate.

### Application of our Remuneration Policy during FY23

FY23 will be the first year that the Policy, as outlined on [page 117](#), will be applied.

There will be no salary increases for the CEO and CFO for FY23. For the wider employee population, Peel Hunt has undertaken a market-wide assessment of fixed compensation, taking into account the current market

for talent in the financial services sector, the right balance between fixed and variable pay and the IFPR regulations that will apply to Peel Hunt in FY23 for the first time.

We strongly believe in an equity ownership culture within the firm. Our first grant of restricted share awards will be granted in June 2022 to selected senior individuals and key talent across the organisation. Further details on the structure of these awards is provided on [page 117](#). We also intend to make further grants under this plan in June 2023 in respect of performance during FY23. No awards of this type will be granted to the Executive Directors.

Fees for Non-Executive Directors for FY23 are explained on [page 123](#).

## Conclusion

The Remuneration Committee believes that the Executive Directors' remuneration framework is structured in Peel Hunt's best interests, and will deliver shareholder value and support its long-term success. We aim to provide clear and transparent reporting on executive remuneration, taking into account good governance practice for larger AIM-listed companies.

I will be stepping down as Chair of the Group Remuneration Committee in FY23, and will be handing over to my successor, Maria Bentley, subject to regulatory approval. I would like to take this opportunity to wish Maria the very best in her future role as Chair of the Committee.

**Liz Blythe**

Chair of the Remuneration Committee  
9 June 2022

## Our incentive framework for the Executive Directors

### Annual bonus

The Group operates a discretionary bonus pool, in which the Executive Directors participate.

The bonus pool is determined by the Remuneration Committee each financial year, with specific reference to the Group's profit before variable pay, interest and tax.

The Remuneration Committee reviews the overall bonus pool against underlying financial and non-financial performance (including conduct, risk management and other factors including ESG performance), and may reduce this if performance in one or more of these areas is considered unsatisfactory.

For Executive Directors, individual bonus allocation is determined by the Remuneration Committee, taking into account role, Group performance and performance against personal objectives.

Bonus awards may be delivered in the form of cash and deferred shares, taking into account the requirements of IFPR:

- A minimum of 40% of the amount earned is paid as cash following the end of the performance period
- The remainder earned is deferred into share awards, which vest in equal tranches for up to three years, subject to continued employment. A six-month holding period applies to vested awards following the end of the deferral period

Malus and clawback provisions apply.

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### Long-term incentive plan

For Executive Directors, performance shares will be granted in the form of nil-cost options, subject to performance measures and continued employment over three years. A six-month holding period applies to vested awards following the end of the three-year performance period.

Up to 300% and 175% of salary may be awarded to the CEO and CFOO respectively in respect of any financial year.

The first award of Performance Shares to the Executive Directors is due to be made in 2023 in respect of the FY23 financial year. Details of these awards, including grant levels, will be set out in next year's report.

### Pre-grant performance assessment

When determining the face value of an award at grant, the Committee will consider Group and individual performance for the financial year before grant and will grant awards accordingly.

### Performance measures

Awards are subject to performance measures that reflect the Group's strategy and KPIs, determined annually by the Committee.

For awards granted in 2023, it is intended that vesting of the awards will be subject to achieving EPS (75% of the award) and TSR performance conditions (25% of the award) over three years to the end of FY25.

The Remuneration Committee believes earnings per share (EPS) is a key external measure of financial performance over the longer term, while absolute Total Shareholder Return (TSR) aligns with shareholder interests. We will provide retrospective disclosure of targets at the time of vesting of the awards.

Awards will also be subject to underpins, requiring satisfactory performance in terms of conduct, risk management and other factors including ESG performance.

Malus and clawback provisions apply.

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### Shareholding requirement

To further align the Executive Directors' long-term interests with shareholders, we require the Executive Directors to build up and maintain a shareholding in Peel Hunt that is equivalent to 200% of annual salary, normally within five years of appointment.

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## Remuneration Committee report

### Remuneration Policy

The table below summarises our remuneration policy for Executive Directors.

Component	Operation	Considerations relating to pay levels	Performance measures
<b>Base salary</b> <b>To recruit, retain and motivate high calibre executives</b>	<p>Salaries are usually reviewed annually and take into account factors including:</p> <ul style="list-style-type: none"> <li>• individual's role, experience and capabilities</li> <li>• competitive salary levels and market forces</li> <li>• pay and conditions elsewhere in the Group</li> </ul>	<p>Increases are normally in line with the range of salary increases awarded (in percentage of salary terms) to colleagues throughout the Group.</p> <p>We may award salary increases above this level to take account of individual circumstances, such as:</p> <ul style="list-style-type: none"> <li>• where an Executive Director has had a change in scope or responsibility</li> <li>• a change in market practice or regulatory requirements</li> <li>• a change in the size and/or complexity of the business</li> </ul> <p>We may implement these increases as appropriate.</p>	Not applicable.
<b>Benefits</b> <b>To provide market competitive benefits as part of the total remuneration package</b>	<p>Benefits include private medical cover, group income protection, critical illness, death in service, walk-in GP service.</p> <p>In certain circumstances, the Committee may approve one-off or ongoing allowances/benefits, relating to the relocation of an Executive Director to perform their role.</p>	<p>The Committee sets the value of our benefits at an appropriate level, taking into account relevant market levels and based on the nature and location of each role and each colleague's individual circumstances.</p>	Not applicable.
<b>Pension</b> <b>To provide an appropriate level of retirement benefit</b>	<p>Executive Directors participate in Peel Hunt's defined contribution pension scheme or receive cash payments in lieu of contributions (e.g. where contributions exceed either the lifetime or annual contribution limits).</p>	<p>Executive Directors are entitled to a pension allowance equal to 10% of salary, up to a maximum of £10,000 in pension contributions or £8,750 in cash per annum.</p> <p>This is aligned with the level available to employees throughout Peel Hunt.</p>	Not applicable.

Component	Operation	Considerations relating to pay levels	Performance measures
<b>Annual bonus</b> <b>Incentive linked to the achievement of financial performance and strategic goals for the current year</b>	<p>Executive Directors are eligible for a discretionary bonus. Annual bonus awards may be delivered in cash and deferred shares, taking into account IFPR requirements.</p> <ul style="list-style-type: none"> <li>A minimum of 40% of the amount earned is paid as cash following the end of the performance year</li> <li>The remainder of the amount earned is deferred into share awards, which vest in equal tranches for up to three years (subject to continued employment). A six-month holding period applies to vested awards following the end of the deferral period</li> </ul> <p>Dividend equivalents will normally accrue on deferred share awards.</p> <p>Malus and clawback provisions apply (see <a href="#">page 120</a>).</p>	<p>When determining the bonus pool, the Remuneration Committee considers the Group's overall compensation ratio, to ensure it meets agreed parameters, historic ratios and market practice.</p> <p>In line with the IFPR requirements, the Committee has determined a maximum fixed to variable remuneration ratio for MRTs, including the Executive Directors. When determining individual bonus allocation, the Committee will consider the balance of fixed and variable remuneration and ensure it complies with this ratio.</p>	<p>The bonus pool is determined by the Remuneration Committee each financial year, with specific reference to the Group's profit before variable pay, interest and tax and prudential soundness.</p> <p>The Committee reviews the bonus pool against underlying financial and non-financial (including, performance, conduct, risk management and other factors including ESG performance). It may reduce the bonus pool due to unsatisfactory performance in one or more of these areas.</p> <p>For Executive Directors, the Committee also determines individual bonus allocation and takes into account role, Group and individual performance against personal objectives.</p>
<b>Long-term incentive plan</b> <b>To incentivise Executive Directors to deliver long-term sustainable performance and provide direct alignment with shareholder interests</b>	<p>Executive Directors are eligible to receive long-term incentive awards at the discretion of the Remuneration Committee. Performance share awards are normally granted annually, subject to performance measures and continued employment over a three-year period.</p> <p>A six-month holding period applies to vested awards following the end of the performance period.</p> <p>Dividend equivalents will normally accrue on performance shares. Malus and clawback provisions apply (see <a href="#">page 120</a>).</p> <p>The Committee has discretion to amend the vesting outcome if it does not reflect the underlying financial or non-financial performance of the business, an individual's performance, and/or the wider shareholder/ stakeholder experience over the performance period.</p>	<p>Maximum opportunity of up to 300% of salary for the CEO and 175% for the CFOO may be awarded in respect of any financial year.</p>	<p><b>Pre-grant performance assessment</b></p> <p>The Committee will consider Group and individual performance (where relevant) for the financial year before the grant when we determine the face value of an award at grant.</p> <p><b>Performance measures</b></p> <p>Awards are fully subject to performance measures, determined annually by the Committee and reflecting the Group's strategy and KPIs.</p> <p>Awards are also subject to underpins, which require satisfactory conduct, risk management and other factors including ESG performance.</p> <p>Where threshold performance has been achieved, 25% of the awards will vest, increasing on a straight-line basis to 100% vesting where maximum performance is achieved. No award will vest where threshold levels of performance have not been met.</p>

### Malus and clawback

Malus (the reduction or cancellation of unvested awards) and clawback (the recovery or repayment of awards following vesting/payment) will apply to all variable pay for Executive Directors as follows:

	Malus	Clawback
<b>Annual bonus</b>	Until payment is made	Up to three years following payment
<b>Deferred bonus</b>	Until each tranche vests	To the end of the holding period for the final tranche
<b>Performance shares</b>	Until the award vests	To the end of the holding period

Malus and clawback may be applied in the following circumstances:

- The participant fails to meet appropriate standards of fitness and propriety
- Evidence of participant misbehaviour, material error, fraudulent action, misconduct or severe negligence
- A material misstatement of the Group's financial results
- An error in the information or assumptions on which the award was granted or vests, including an error in assessing any applicable performance conditions
- A material failure of risk management
- Serious reputational damage
- A material downturn in financial performance
- Material corporate failure

### Shareholding requirement

To further align the Executive Directors' long-term interests with shareholders, our share ownership guidelines require our Executive Directors to build up and maintain a shareholding in the Company equivalent to 200% of annual salary, normally within five years of appointment.

### Policy table for Non-Executive Directors

Component	Operation
<b>Annual fees</b>	<ul style="list-style-type: none"> <li>• Fees are normally reviewed annually</li> </ul>
<b>Sole element of Non-Executive Director remuneration, to reflect market conditions and sufficient to attract individuals with the appropriate knowledge and experience</b>	<ul style="list-style-type: none"> <li>• Fees paid to the Chair or other Non-Executive Directors are set by the Board on the recommendation of the Executive Directors</li> <li>• These fees include a basic fee and additional fees for further responsibilities, including chairmanship of Board committees or holding the office of Senior Independent Director</li> <li>• Non-Executive Directors do not participate in any of the Company's share schemes or annual bonus, and are ineligible to join the Company's pension scheme</li> <li>• Non-Executive Directors may receive appropriate benefits, such as reimbursement of travel costs</li> </ul>

## Remuneration principles used in recruitment of Directors

The policy aims to facilitate the appointment of Directors of sufficient calibre to lead our business and execute our strategy to create value for our stakeholders. When appointing a new Executive Director, the Remuneration Committee ensures that arrangements are in line with market practice (benchmarked against our peers) and, overall, are in the best interests of the Group.

The Committee takes into consideration relevant factors including a candidate's experience, existing remuneration package, and other specific circumstances.

The Committee will typically seek to align the remuneration package with the above policy, and may include other appropriate elements of pay, where it believes there is a need to do so, while always acting in the best interests of the Group, including our shareholders.

The Remuneration Committee may make payments or awards for hiring an Executive Director to 'buy out' arrangements forfeited on leaving their previous employer. It takes account of relevant factors, including performance measures and the time over which they would have vested, and regulatory requirements. The Committee will generally seek to structure buyout awards or payments on a like-for-like basis to the remuneration arrangements forfeited.

Fees payable to a newly-appointed Chair or Non-Executive Director will be in line with the fee policy at the time of appointment.

### Service contracts

Executive Directors' service contracts are on a rolling basis and may be terminated on 12 months' notice by Peel Hunt or the Executive Director. Service contracts for new Executive Directors will not exceed 12 months' notice by Peel Hunt.

All Non-Executive Directors have fixed-term agreements with the Company of no more than three years. Details of the directors' service contracts/appointment letters and notice periods are set out below:

	Date of contract/letter of appointment	Expiry of current term	Notice period
<b>Steven Fine</b>	23 September 2021	N/A <sup>1</sup>	Twelve months
<b>Sunil Dhall</b>	23 September 2021	N/A <sup>1</sup>	Twelve months
<b>Simon Hayes<sup>2</sup></b>	3 September 2021	7 July 2022 (at the conclusion of the AGM)	Three months
<b>Maria Bentley</b>	4 April 2022	Conclusion of AGM occurring three years after appointment date	Three months
<b>Liz Blythe<sup>3</sup></b>	3 September 2021	Conclusion of AGM occurring three years after appointment date	Three months
<b>Richard Brearley<sup>3</sup></b>	3 September 2021	Conclusion of AGM occurring three years after appointment date	Three months
<b>Darren Carter<sup>2</sup></b>	3 September 2021	Conclusion of AGM occurring three years after appointment date	Three months
<b>Lucinda Riches</b>	3 September 2021	Conclusion of AGM occurring three years after appointment date	Three months

1 Executive Directors' service contracts are on a rolling basis and have no defined expiry date.

2 Simon Hayes and Darren Carter were appointed as Directors of the Company on 12 December 2018 (and were both, prior to our IPO, long-standing members of Peel Hunt LLP's Board). They entered into new letters of appointment for their non-executive roles with the Company with effect from 3 September 2021, in advance of the IPO.

3 Liz Blythe and Richard Brearley were appointed to Peel Hunt LLP's Board on 5 February 2020 and 12 October 2020 respectively. Liz Blythe and Richard Brearley entered into new letters of appointment with the Company with effect from 3 September 2021, in advance of the IPO.

### Policy for the remuneration of employees more generally

We apply the key principles of our remuneration philosophy consistently across the Group, taking into account role, regulatory requirements and market practice.

We review base salaries annually, and increases for Executive Directors are typically in line with those for all our colleagues. The Committee reviews salary increases for the wider workforce and takes these into account when reviewing and setting Executive Director remuneration. In addition, the Committee approves all salary increases for the Group's Material Risk Takers, based on a recommendation from management.

All eligible employees participate in the discretionary bonus pool. How we determine the bonus pool is set out on [page 119](#). The Remuneration Committee determines individual bonus allocation for Material Risk Takers by taking into account role, Group/business area performance and performance against personal objectives, based on a recommendation from management.

Peel Hunt strongly believes in an equity philosophy for all of our people. We therefore grant discretionary restricted share awards to selected senior individuals and key talent across the organisation, award levels take into account role level and individual performance. Awards are structured in the form of nil-cost options and normally vest at the end of a three-year period, subject to achievement of performance underpins.

### Consideration of shareholder views

The Committee considers shareholders' views when determining remuneration matters for our Executive Directors and all our colleagues. The Committee may engage with major shareholders if there are material changes to our executive remuneration framework.

## Annual report on remuneration

### Executive Director remuneration for the year

The following table sets out total remuneration for each Director in respect of FY22.

#### Executive Directors<sup>1</sup>

	Salary £'000	Benefits £'000	Pension <sup>2</sup> £'000	Annual bonus £'000	Total remuneration £'000
<b>Steven Fine<sup>3</sup></b>	327	4	4	1,000	1,335
<b>Sunil Dhall<sup>3</sup></b>	239	4	4	450	697

1 Remuneration above includes guaranteed drawings earned as members prior to the IPO and salary earned after the IPO, and excludes distributions earned from member units in the period.

2 Includes pension allowance.

3 Remuneration is disclosed for the full financial year.

#### Additional information

- **FY22 base salary** – The base salaries for Executive Directors were reviewed at the time of IPO and set at an appropriate level, taking into account the size of the Group, their experience and the Company's listed status. Annual base salaries for Executive Directors since IPO have been £450,000 and £300,000 for the CEO and CFOO respectively.
- **FY22 annual bonus awards** – The Remuneration Committee determined the aggregate bonus pool as an agreed percentage of the Group's profit before variable pay, interest and tax. The Committee considered the bonus pool appropriate given the underlying financial and non-financial performance, conduct and risk management factors, as well as the Group's overall compensation ratio, and considered it appropriate.

Taking into account Group performance, as outlined on [page 116](#), and performance against personal objectives, the Committee awarded the CEO and CFOO a bonus of £1m and £450,000 respectively.

As well as performance against strategic objectives, the Committee also considered the following:

- Achievement of personal objectives of both Executive Directors
- Continued strong leadership displayed in navigating the business through a successful IPO
- Continued management of the business through the pandemic, which continued into 2022

It is important to note, the Group did not access any of the various government-funded Covid-19 support schemes and no staff were furloughed nor were tax payments deferred.

In summary, the bonus awards for the Executive Directors are considered appropriate in light of the good financial performance, the strategic progress of the business and the wider market backdrop.

## Non-Executive Director remuneration in respect of FY22

### Non-Executive Directors

	Fees £'000	Benefits £'000	Total remuneration £'000
Simon Hayes <sup>1,3</sup>	100	2	102
Liz Blythe <sup>2,3</sup>	96	–	96
Richard Brearley <sup>2,3</sup>	94	–	94
Darren Carter <sup>3,4</sup>	30	–	30
Lucinda Riches <sup>2</sup>	78	–	78

1 This was the cost of private medical insurance relating to when Simon Hayes was a member of Peel Hunt LLP prior to our IPO.

2 Liz Blythe, Richard Brearley and Lucinda Riches each received a one-off cash payment during the year following our IPO on AIM equal to £20,000, representing an additional fee in recognition of their additional time commitment as a result of the IPO. This is included within the disclosed fee in the above table.

3 Remuneration is disclosed for the full financial year for Directors appointed to a Group company board prior to 1 April 2021.

4 Darren Carter did not receive a fee prior to the admission date, and has received a fee for his services since that date. The figure shown in the table above reflects fees since this date.

5 Lucinda Riches was appointed to the Board on 3 September 2021 and the figure shown in the table above reflects fees since appointment.

Fee levels for Non-Executive Directors were reviewed at the time of the IPO and are reviewed annually, taking into account Directors' experience and responsibilities, the size of the Group and market comparisons. No increases are planned for FY23. Details of annual fees for Non-Executive Directors following the AGM on 7 July 2022 are as follows:

	£'000
Chair fee	175
Non-Executive Director basic fee <sup>1</sup>	60
Committee Chair fee <sup>1,2</sup>	10

1 The Non-Executive Chair does not receive this fee.

2 This is an additional fee for chairing a Committee.

## Directors' share interests

Our Executive Directors are required to build up and maintain a shareholding in the Company equivalent to at least 200% of their annual salary. As at 31 March 2022, both Executive Directors have exceeded the shareholding requirement.

The interests of our Executive and Non-Executive Directors, and their connected persons in the Company's ordinary shares as at 31 March 2022, were:

	Shares held
<b>Executive Directors</b>	
Steven Fine	5,477,351
Sunil Dhall	2,143,362
<b>Non-Executive Directors</b>	
Simon Hayes	2,266,490
Liz Blythe	4,385
Richard Brearley <sup>1</sup>	20,000
Darren Carter	10,189,585
Lucinda Riches	21,929

1 Held by Richard Brearley's spouse.

As at 9 June 2022, the Company has not been advised of any changes to the interests of the Directors and their connected persons in the table above.

Each Director has agreed that, without prior written consent and subject to certain customary exceptions, they will not sell any of their shares during the first year following our IPO on AIM. In addition, the Executive Directors have also agreed that they will not sell more than 25% (or if greater, 22,000) of their shares held on our IPO on AIM in each of the second, third and fourth years following our IPO.

Also, as set out in the admission document, if Simon Hayes, Steven Fine or Sunil Dhall become interested in or connected with, or carries on with any business which competes with the Group for four years following Admission, then the Group may require them to transfer to the employee benefit trust (EBT) a proportion of their shareholding. The proportion of shares would reduce over the four-year period.

## Payments made to former directors and payments for loss of office during FY22

There were no payments made to former directors and no payments made for loss of office during FY22.

## Approval

This Report was approved by the Board on 9 June 2022 and signed on its behalf by:

**Liz Blythe**  
Chair of the Remuneration Committee  
9 June 2022

# DIRECTORS' REPORT

**The Directors present their report on the affairs of the Group. They also present the Company's financial statements and the audited consolidated financial statements of the Group, and the associated independent auditor's report, for the year ended 31 March 2022.**

The Company's securities are admitted to trading on AIM. The Company is incorporated and registered in Guernsey, but domiciled in the UK.

The Board decided to adopt the QCA Code as its recognised code of corporate governance. Further information on how we are governed can be found from [page 92](#).

The principal activities of the Company and the other members of the Group can be found on [page 12](#) of the strategic report. Where disclosures that would ordinarily form part of the Directors' Report have been made elsewhere in this Annual Report, we have included signposts to where that information can be found.

## Our Directors

Name	Role	Appointment date
Simon Hayes	Chair	12 December 2018
Steven Fine	CEO	12 December 2018
Sunil Dhall	CFOO	12 December 2018
Lucinda Riches	SID and Deputy Chair	3 September 2021
Liz Blythe	Independent Non-Executive Director	3 September 2021
Richard Brearley	Independent Non-Executive Director	3 September 2021
Maria Bentley	Independent Non-Executive Director	4 April 2022
Darren Carter	Non-Executive Director	12 December 2018

During the year, the Board structure as outlined previously in the Governance Report had changed. The below provides details of those who served as Director prior to the Company's IPO on AIM.

Name	Role	Appointment date	Resignation date
James Britton	Executive	5 October 2018	3 September 2021
Alexander Carter	Executive	12 December 2018	3 September 2021
Andrew Chapman	Executive	12 December 2018	3 September 2021
Charles Hall	Executive	12 December 2018	3 September 2021
Edward Horton	Executive	12 December 2018	3 September 2021
Iain Morgan	Executive	12 December 2018	3 September 2021
Neil Utley	Non-Executive	12 December 2018	3 September 2021
Richard Brewster	Non-Executive	12 December 2018	3 September 2021

## Parent company

The Company acts as a holding company. Details of its subsidiaries are shown in note 27 to the consolidated financial statements. The financial statements for the Group and the Company have been prepared according to International Accounting Standards complying with the Company (Guernsey) Laws 2008.

## Dividends

The Board has proposed a final dividend for the year of 3.1p per share. The dividend is in line with our stated dividend policy. The dividend, subject to approval at the AGM, will be paid on 15 July 2022 to shareholders on the register on 17 June 2022.

## Going concern

The Directors have a reasonable expectation that the Company and the Group will have adequate resources to continue to operate for the foreseeable future. They have therefore adopted the going concern basis to prepare the financial statements presented in this Report.

## Post-balance sheet events

You can find details of any post-balance sheet events in note 30 to the consolidated financial statements.

## Engaging with shareholders

After announcing the Group's preliminary and half-year results, the CEO and CFOO have meetings with shareholders and analysts to talk about our strategy and results.

Shareholders can also attend the AGM, at which all the Directors are available to answer questions.

Our website provides electronic versions of the latest Annual Report and Accounts and our half-year reports, along with share price and other relevant information. You can find this information at [peelhunt.com](https://www.peelhunt.com).

## Employment policy

Our employment policies are based on a commitment to provide equal opportunity, from the selection and recruitment process through to training, development, appraisal and promotion.

We provide our people with information about things that matter to them. This includes:

- Regular videos from our CEO on what is happening around the business
- Quarterly Company updates that include a refresher on key Risk and Compliance policies
- 'Lunch & Learn' sessions – voluntary training sessions delivered by internal and external speakers that are designed to educate our people on the work of some of our business areas or to provide an overview of issues that are topical to our business

We also have well-established intranet pages that are full of information and resources, including an overview of each of our business areas, our employment and Risk and Compliance policies, and information on Company events.

We encourage involvement by our people so that we can consider their views when making decisions likely to affect their interests. We have recently launched a suggestion box for our people to continually improve our culture and working environment.

In July 2021, Peel Hunt became accredited as a Disability Confident Employer by the Department for Work and Pensions. We are committed to changing behaviour and cultures around disability for the better, providing reasonable adjustments and interviewing disabled candidates who fit the minimum role criteria. We make appropriate arrangements for any disabled candidates at assessment stage, and for the continued employment, training and career development of disabled persons employed by the Group, including making reasonable adjustments where required. If any of our people became disabled, every effort would be made to ensure their continued employment with the business.

The Company has implemented share plans for our people. Our employee benefit trust (EBT) is in the process of buying Peel Hunt shares that will be used to satisfy awards under the Group's share plans. More details of the Group's share plans can be found in the Directors' remuneration report on [page 117](#).

You can find more information about how the Directors engage with our people in the Strategic report from [page 58](#) and in the Governance report from [page 98](#).

### Change of control

When there is a change in control, Directors' and employees' employment contracts do not normally provide compensation for loss of office or employment. The Company's share plans, however, may allow for options and awards granted to our people to vest when there is a change of control.

### Political and charitable donations

During the year, the Group made no political donations (2021: nil). In March 2022, the Group made a donation of £50,000 to the Disasters Emergency Committee to support the humanitarian relief effort in Ukraine.

### Engaging with suppliers and customers

You can find information about how our Directors have fostered relationships with our stakeholders throughout this Annual Report.

### Energy and carbon emissions

You can find information about disclosures from [page 64](#) in the strategic report.

### Indemnities and insurance

We maintain Directors' and officers' liability insurance for all Directors and officers of the Group, which gives appropriate cover for legal proceedings brought against them.

As far as the law allows, and according to the Company's Articles of Association, we indemnify our Directors for any loss, liability or expense they incur in relation

to the Company or its associated companies. The indemnity was in force during the year and up to the date we approved the financial statements.

### Share capital and share premium

The Company has one class of shares in issue: ordinary shares of no-par value. The total number of shares in issue is 122,807,085, with each ordinary share carrying the right to one vote.

The total number of voting rights in the Company is 122,807,085 ordinary shares of no-par value each. You can find more information about the Company's share capital in note 22 to the consolidated financial statements.

### Financial instruments

You can find details of our financial risk management objectives and policies, and risk exposures, from [page 162](#) in the financial statements.

### Directors' conflicts of interest

We have procedures in place for managing conflicts of interest. Should a Director become aware that they, or a party connected to them, has an interest in an existing or proposed transaction with the Company or may find themselves in a situation which may conflict with the interests of the Company, they are required to notify the Board.

Internal controls are in place to make sure that any related-party transactions involving Directors, or a party connected to them, is conducted at arm's length. Directors have a continuing duty to keep the Company

up-to-date as regards conflicts of interest relating to them and those connected to them.

### Directors and their interests

In the table on [page 123](#), you can find a list of the Directors' interests as at 31 March 2022 in the Company's ordinary shares of no-par value.

There have been no changes in the serving Directors' interests in ordinary shares, or options over ordinary shares, from 31 March 2022 to 9 June 2022.

### Substantial shareholders

In line with the FCA's Disclosure and Transparency Report DTR5, any information major shareholders give us is published through a regulatory information service provider and made available at [peelhunt.com](#).

We have received the information shown in the table on [page 127](#) from holders of notifiable interests in the Company's issued share capital. This is in line with DTR5 and is up to date as at 31 March 2022. The lowest threshold is 3% of the Company's voting rights. Holders are not required to let us know of any change until this, or the next applicable threshold, is reached or crossed.

The Company has not been notified of any changes in its substantial shareholders from 31 March 2022 to 9 June 2022.

### Purchase of shares

The Company has an established employee benefit trust, the Peel Hunt Share Trust, (the EBT) in respect of the Group's share plans, which is funded by

the Group and has the power to acquire ordinary shares from the Group or in the open market to meet the Group's future obligations under these plans.

The EBT is a discretionary trust for the benefit of employees. On 4 March 2022, the Company announced an initial recommendation (the Recommendation) to the independent trustee of the EBT, to acquire up to 1% of the issued share capital of the Company over a 12-month period to satisfy share awards to employees. During the year ended 31 March 2022, the EBT purchased an aggregate of 204,678 ordinary shares of the Company having a nominal value of £264,937. The number of shares purchased, representing 0.167% of the Company's issued share capital as at 31 March 2022, was for an aggregate consideration of £264,937.

In respect of the forthcoming 12-month period, the Company has revised the Recommendation to allow for purchases of up to 3% of the issued share capital of the Company. This amount may be revised upwards or downwards at the Board's discretion, however, any material revision will be announced by the Company or otherwise disclosed in the Company's Annual Report. The Company may give the Recommendation in a manner which will allow the EBT to make purchases through closed periods.



**Sunil Dhall**  
Chief Financial and  
Operating Officer  
9 June 2022

## Directors and their interests

Name	31 March 2022 ordinary shares	31 March 2021 A <sup>1</sup> ordinary shares	31 March 2021 B <sup>1</sup> ordinary shares
<b>Simon Hayes</b>	2,266,490	–	6,951,000
<b>Steven Fine</b>	5,477,351	–	6,951,000
<b>Sunil Dhall</b>	2,143,362	–	2,607,000
<b>Darren Carter</b>	10,189,585	12,500,000	–
<b>Lucinda Riches</b>	21,929	–	–
<b>Liz Blythe</b>	4,385	–	–
<b>Richard Brearley</b>	20,000	–	–
<b>Maria Bentley</b>	–	–	–

1 Prior to the IPO, the Company had two classes of shares in issue – A ordinary shares held by external investors, including Darren Carter, and B ordinary shares held by employees and the EBT.

2 Held by Richard Brearley's spouse.

## Substantial shareholders as of 31 March 2022

Name	Registered holding of ordinary shares	% of total issued share capital
<b>Darren Carter</b>	10,189,585	8.3
<b>Steven Fine</b>	5,477,351	4.5
<b>Canaccord Genuity Wealth (International) Limited</b>	4,035,088	3.3
<b>Schroder Investment Management Limited</b>	3,947,368	3.2
<b>Iain Morgan</b>	3,896,689	3.1
<b>Allianz Global Investors GmbH</b>	3,728,070	3.0
<b>Unicorn Asset Management Limited</b>	3,728,070	3.0

Peel Hunt Limited  
Ground Floor, Dorey Court,  
Admiral Park, St Peter Port,  
Guernsey GY1 2HT

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the financial statements

**The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey Jersey law and United Kingdom Accounting Standards.**

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are responsible for:

- Selecting suitable accounting policies and then applying them consistently
- Stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Making judgements and accounting estimates that are reasonable and prudent
- Preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the financial statements comply with The Companies (Guernsey) Law, 2008 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company.

For and on behalf of the Board



**Sunil Dhall**  
Chief Financial and  
Operating Officer  
9 June 2022





“ In our first year as an AIM-quoted company, we have demonstrated our resilience in turbulent markets as we position ourselves for long-term growth. ”

**Sunil Dhall** *CFOO*

# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEEL HUNT LIMITED

## Report on the audit of the financial statements

### Opinion

In our opinion, Peel Hunt Limited's group financial statements and Company financial statements (the 'financial statements'):

- Give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2022 and of the Group's profit, the Company's loss and the Group's and Company's cash flows for the year then ended
- Have been properly prepared in accordance with UK-adopted international accounting standards
- Have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008

We have audited the financial statements, included within the Annual Report 2022 (the "Annual Report"), which comprise: the consolidated statements of financial position as at 31 March 2022; the consolidated statement of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flow for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the Group in the period under audit.

### Our audit approach

#### Overview

#### Audit scope

- The Group is composed of nine entities, of which there are two operating entities, being Peel Hunt LLP and Peel Hunt Inc.
- We performed a full scope audit of Peel Hunt LLP, the Group's principal and financially significant operating entity. We also performed specific audit procedures in respect of material items within the Company, relating to external borrowings. Our Group scoping was driven by legal entity contributions to consolidated profit before tax. This approach also ensures that we align our audit work with the location of the key financial reporting functions and material operations of the Group. We also considered overall coverage in assessing the appropriateness of our scoping.

### Key audit matters

- Timing of revenue recognition in relation to corporate fees (Group)
- Carrying value of investment in subsidiaries (Company)

### Materiality

- Overall Group materiality: £2,043,600 (2021: £12,011,500) based on 5% of consolidated profit before tax
- Overall Company materiality: £3,049,280 (2021: £1,475,000) based on 1% of total assets
- Performance materiality: £1,532,700 (2021: £9,008,625) (Group) and £2,286,960 (2021: £1,107,000) (Company)

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

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

As a result of the Company becoming an AIM listed entity in September 2021, key audit matters have been included for the first time this year.

This is not a complete list of all risks identified by our audit.

#### Key audit matter

#### How our audit addressed the key audit matter

##### Timing of revenue recognition in relation to corporate fees (Group)

*Refer to page 146 for Accounting Policies and page 152 for notes.*

We focus our testing on areas where management judgement is required, specifically the risk of corporate fees being recognised in an inappropriate period either fraudulently to distort reported results, or in error.

Corporate fees will only be recognisable once all the relevant elements of the performance obligation contained within the contractual agreement have been fulfilled (there may be abort fees or other compensation payable to the Group in the event of a transaction not occurring), and these can vary from deal to deal.

We therefore concluded that it was appropriate to focus our work on the cut-off of revenue recognition on these fees.

- We understood and evaluated the design and implementation of key controls in place over revenue recognition for corporate fees;
- We inspected a sample of contracts to determine the performance obligation, and tested whether fees arising or recorded either side of the balance sheet date were properly recognised in the appropriate period with reference to publicly available information, or other supporting evidence;
- We evaluated and tested management's assessment of recoverability of overdue corporate fee receivables, for evidence regarding potential disagreements on recognition timing, where material; and
- We identified and tested journal entries meeting specific fraud criteria of accounting combinations and back dated items.

Based on the tests performed, we found no exceptions, or evidence of management bias, related to the cut-off of revenue recognition in relation to corporate fees.

### Key audit matter

#### Carrying value of investment in subsidiaries (Company)

*Refer to page 145 for Accounting Policies and page 173 for notes.*

The Company has an investment in Peel Hunt Partnership Group Limited with a carrying value of £267m. Since the market value of Peel Hunt Limited at March 2022 was lower than the carrying value, management prepared an impairment assessment and estimated the recoverable amount using a value in use model.

This assessment involves judgement, in respect of significant assumptions, being the determination of expected cash flows over the forecast period, the long-term growth rate assumed thereafter, and the risk-adjusted rate used for discounting purposes.

We therefore concluded that it was appropriate to focus our work on the key assumptions made, and whether they were reasonable and supportable based on the evidence provided.

### How our audit addressed the key audit matter

- We understood and evaluated the design and implementation of key controls over the impairment assessment;
- We evaluated the methodology used by management against the requirements of the financial reporting framework, and tested the mathematical accuracy of the model;
- We agreed the forecast financial information to business plans and forecasts approved by the Board;
- We understood the key drivers behind management's revenue and cost projections and assessed them in light of our understanding of the Peel Hunt business;
- We assessed the reasonableness of the forecasts by performing a look-back analysis of prior period cash flow projections and comparing historic trends actually achieved to the projected amounts for key assumptions. Where the projections differed significantly from historic experience we challenged management on whether the assumptions were reasonable and supportable and obtained corroborating evidence to assess the assumptions;
- We engaged internal valuation experts to support the audit team's challenge of the approach and discount rate assumptions adopted; and
- We assessed the reasonableness of the long-term growth rate against long-term industry growth expectations.

Based on the procedures performed, and the evidence obtained, we considered the directors' conclusion that the carrying value of the investment in subsidiaries is not impaired to be reasonable.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The scope of the audit and the nature, timing and extent of audit procedures we determined by our risk assessment, the financial significance of financial statement line items and qualitative factors (including history of misstatement through fraud or error).

The Group operates in the UK and the US, with the UK being the most significant territory. The Group is composed of two operating entities, Peel Hunt LLP and Peel Hunt Inc, which are subsidiaries of the Company. We consider Peel Hunt LLP as the only significant component due to the contribution for the consolidated profit before tax and included it within the scope of our audit work. We also performed specific audit procedures in respect of material items within the Company, relating to external borrowings. This approach gave us a coverage of over 97% of total assets and profit before tax in the Group financial statements.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
<b>Overall materiality</b>	£2,043,600 (2021: £12,011,500).	£3,049,280 (2021: £1,475,000).
<b>How we determined it</b>	5% of consolidated profit before tax	1% of total assets
<b>Rationale for benchmark applied</b>	The consolidated profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. In the prior year, consistent with the Group's status prior to the Company listing on AIM, a different threshold was used.	Total assets is an appropriate benchmark as the primary purpose of the entity is to act as a holding company. In the prior year, consistent with the Group's status prior to the Company listing on AIM, a different threshold was used.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The materiality used in auditing Peel Hunt LLP for Group reporting purposes was £1,941,420, and we used £1,532,700 when auditing the material items within the Company financial information. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £1,532,700 (2021: £9,008,625) for the Group financial statements and £2,286,960 (2021: £1,107,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £102,180 (Group audit) (2021: £600,575) and £152,464 (Company audit) (2021: £74,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting
- Evaluation of funding sources available to the Group and Company
- Inspection of the Group's external borrowing agreements, and evaluating repayment terms and covenant requirements
- Evaluation of the Group and Company's capital resources and external capital requirements
- Reading the approved business plans and evaluation of the consistency with the going concern assessment performed by management

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

## Independent auditors' report

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

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

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

#### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified the principal risks of non-compliance with laws and regulations related to breaches of the rules of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies (Guernsey) Law, 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management and review of internal audit reports in so far as they related to the financial statements
- Review of correspondence with and reports to the regulators
- Challenge of the significant assumptions and judgements made by management in key accounting estimates
- Identifying and testing journal entries meeting specific fraud criteria, including those posted with certain descriptions, backdated journals or journals with unusual movements
- Incorporating unpredictability into the nature, timing and/or extent of our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 262 of the Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is Darren Meek.

### Other required reporting

#### Companies (Guernsey) Law, 2008 exception reporting

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit; or
- Proper accounting records have not been kept by the Company; or
- The Company financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

### PricewaterhouseCoopers LLP

Chartered Accountants  
London

9 June 2022

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Note	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
<i>Continuing activities</i>			
<b>Revenue</b>	3	<b>131,046</b>	196,874
Administrative expenses		<b>(78,317)</b>	(54,926)
<b>Profit from operations</b>	4	<b>52,729</b>	141,948
Finance income	7	<b>15</b>	30
Finance expense	7	<b>(1,664)</b>	(2,106)
Other income	8	<b>56</b>	360
<b>Profit before members' remuneration and tax</b>		<b>51,136</b>	140,232
Members' remuneration charged as an expense	6	<b>(9,908)</b>	(20,117)
<b>Profit before tax for the year</b>		<b>41,228</b>	120,115
Tax	9	<b>(5,280)</b>	(1,546)
<b>Profit for the year</b>		<b>35,948</b>	118,569
Other comprehensive income for the year	12	<b>27</b>	–
<b>Total comprehensive income for the year</b>		<b>35,975</b>	118,569
<i>Attributable to:</i>			
Owners of the Company		<b>10,954</b>	3,725
Non-controlling interests		<b>24,994</b>	114,844
<b>Profit for the year</b>		<b>35,948</b>	118,569
<i>Attributable to:</i>			
Owners of the Company		<b>10,981</b>	3,725
Non-controlling interests		<b>24,994</b>	114,844
<b>Total comprehensive income for the year</b>		<b>35,975</b>	118,569
<b>Earnings per share – attributable to owners of the Company</b>			
Basic	23	<b>15.4p</b>	17.7p
Diluted	23	<b>15.4p</b>	17.2p

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

<i>Company Number – 65579</i>	Note	Company As at 31 March 2022 £'000	Company As at 31 March 2021 £'000	Consolidated As at 31 March 2022 £'000	Consolidated As at 31 March 2021 £'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	–	–	9,341	9,754
Intangible assets	11	–	–	110	138
Investments not held for trading	12	–	–	–	20
Investments in subsidiaries	27	267,902	73,658	–	–
Right-of-use assets	26	–	–	18,219	20,517
Subordinated loan	20	15,000	–	–	–
Deferred tax asset	17	–	–	259	426
<b>Total non-current assets</b>		<b>282,902</b>	73,658	<b>27,929</b>	30,855
<b>Current assets</b>					
Securities held for trading	13	–	–	50,341	47,296
Market and client debtors	19.4.5	–	–	559,485	531,178
Trade and other debtors	15, 20	17,134	120	13,200	9,139
Amounts due from members		–	–	–	62
Cash and cash equivalents	16, 19.4.5	4,892	–	76,719	103,363
<b>Total current assets</b>		<b>22,026</b>	120	<b>699,745</b>	691,038
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Securities held for trading	13	–	–	(32,705)	(33,727)
Market and client creditors	19.5	–	–	(505,475)	(464,796)
Amounts due to members		–	–	(21,837)	(113,448)
Trade and other creditors	18	(13,437)	(2,973)	(16,790)	(14,557)
Lease liabilities	26	–	–	(2,544)	(313)
Long-term loans	21	(6,000)	(3,000)	(6,000)	(3,000)
Provisions	29	–	–	(540)	(431)
<b>Total current liabilities</b>		<b>(19,437)</b>	(5,973)	<b>(585,891)</b>	(630,272)
<b>Net current assets/(liabilities)</b>		<b>2,589</b>	(5,853)	<b>113,854</b>	60,766
<b>Non-current liabilities</b>					
Long-term loans	21	(21,000)	(21,000)	(21,000)	(21,000)
Lease liabilities	26	–	–	(20,649)	(22,251)
<b>Total non-current liabilities</b>		<b>(21,000)</b>	(21,000)	<b>(41,649)</b>	(43,251)
<b>Net assets</b>		<b>264,491</b>	46,805	<b>100,134</b>	48,370

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

As at 31 March

	Note	Company As at 31 March 2022 £'000	Company As at 31 March 2021 £'000	Consolidated As at 31 March 2022 £'000	Consolidated As at 31 March 2021 £'000
<b>EQUITY</b>					
Ordinary share capital	22	<b>223,881</b>	99	<b>40,099</b>	99
Own shares held by the Company		–	–	–	(14)
Other reserves		<b>40,610</b>	46,706	<b>60,035</b>	48,285
<b>Shareholders' equity</b>		<b>264,491</b>	46,805	<b>100,134</b>	48,370

The notes on [pages 143-175](#) form part of these financial statements.

The financial statements on [pages 138-142](#) were approved and authorised for issue on 9 June 2022.

Signed on behalf of the Board by:

**Steven Fine** Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

Company	Ordinary share capital £'000	Own shares held by the Company £'000	Other reserves £'000	Company Total £'000
Balance as at 31 March 2020	99	–	43,579	43,678
Profit for the year	–	–	3,127	3,127
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	3,127	3,127
<b>Balance as at 31 March 2021</b>	<b>99</b>	<b>–</b>	<b>46,706</b>	<b>46,805</b>
Profit for the year	–	–	(3,642)	(3,642)
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	(3,642)	(3,642)
<i>Transactions with owners</i>				
Increase in investment in subsidiaries	183,782	–	–	183,782
New shares issued during the year (including cost of issuance)	40,000	–	(2,513)	37,487
Gain on option exercise	–	–	59	59
<b>Balance as at 31 March 2022</b>	<b>223,881</b>	<b>–</b>	<b>40,610</b>	<b>264,491</b>

Group	Ordinary share capital £'000	Own shares held by the Company £'000	Other reserves £'000	Consolidated Total £'000
Balance as at 31 March 2020	99	(12)	45,445	45,532
Profit for the year	–	–	3,725	3,725
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	3,725	3,725
Purchase of treasury shares	–	(2)	(885)	(887)
<b>Balance as at 31 March 2021</b>	<b>99</b>	<b>(14)</b>	<b>48,285</b>	<b>48,370</b>
Profit for the year	–	–	10,954	10,954
Other comprehensive income	–	–	27	27
Total comprehensive income	–	–	10,981	10,981
<i>Transactions with owners</i>				
New shares issued during the year (including cost of issuance)	40,000	–	(2,513)	37,487
Gain on option exercise	–	–	730	730
Sale of treasury shares	–	14	2,552	2,566
<b>Balance as at 31 March 2022</b>	<b>40,099</b>	<b>–</b>	<b>60,035</b>	<b>100,134</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March

	Notes	Company Year ended 31 March 2022 £'000	Company Year ended 31 March 2021 £'000	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
<b>Net cash generated from/(used in) operations</b>	25	<b>5,464</b>	4,207	<b>(68,022)</b>	84,580
<b>Cash flows from investing activities</b>					
Investment in subsidiaries	27	<b>(11,127)</b>	–	–	–
Purchase of property, plant and equipment	10	–	–	<b>(1,346)</b>	(9,444)
Purchase of intangible assets	11	–	–	<b>(6)</b>	(16)
Disposal of investments not held for trading	12	–	–	<b>47</b>	–
<b>Net cash (used in) investing activities</b>		<b>(11,127)</b>	–	<b>(1,305)</b>	(9,460)
<b>Cash flows from financing activities</b>					
Interest paid	7	<b>(662)</b>	(1,207)	<b>(732)</b>	(1,459)
Repayment of borrowings		–	–	–	(7,500)
Issue of loans to subsidiaries	21	<b>(30,000)</b>	–	–	–
Lease liability payments	26	–	–	<b>(316)</b>	(1,247)
Revaluation of right-of-use asset and lease liability	26	–	–	<b>(52)</b>	46
Proceeds from issue of shares		<b>40,000</b>	–	<b>40,000</b>	–
Sale/(purchase) of treasury shares		–	–	<b>2,566</b>	(887)
Investment in subsidiary		<b>671</b>	–	–	–
Gain on option exercise		<b>59</b>	–	<b>730</b>	–
Share issuance expenses		<b>(2,513)</b>	–	<b>(2,513)</b>	–
Proceeds from issuance of new loans	21	<b>3,000</b>	(3,000)	<b>3,000</b>	(3,000)
<b>Net cash (used in)/generated from financing activities</b>		<b>10,555</b>	(4,207)	<b>42,683</b>	(14,047)
Net increase/(decrease) in cash and cash equivalents		<b>4,892</b>	–	<b>(26,644)</b>	61,073
Cash and cash equivalents at beginning of period		–	–	<b>103,363</b>	42,290
<b>Cash and cash equivalents at financial year</b>	16	<b>4,892</b>	–	<b>76,719</b>	103,363

The consolidated financial statements on [pages 138-142](#) were authorised for issue by the Board of Directors on 9 June 2022 and were signed on its behalf by:

**Steven Fine**      **Sunil Dhall**  
Chief Executive      Chief Financial and Operating Officer

# NOTES TO THE FINANCIAL STATEMENTS

## 1 General Information

Peel Hunt Limited (the Company) (until 21 September 2021, PH Capital Limited) is a non-cellular company limited by shares having listed its shares on the Alternative Investment Market (AIM), a market operated by The London Stock Exchange, on 29 September 2021. The Company is registered in Guernsey. Its registered office is Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT. The consolidated financial statements of the Company comprises the Company and its subsidiaries, together referred to as the Group.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where indicated otherwise.

Significant accounting policies applied in the preparation of the financial statements are described below. These policies have been applied consistently throughout the financial year and the prior year.

## 2 Significant accounting policies

### 2.1. Basis of preparation

The Group's financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies (Guernsey) Law, 2008. The financial statements have been prepared on the historical cost basis, except for derivatives, financial assets at FVTPL and FVTOCI. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

### 2.2. New and amended standards

#### 2.2.1 New standards, interpretations and amendments effective from 1 April 2021:

There are no new standards, interpretations and amendments that became mandatorily effective for the current reporting period and had any material effect on the financial statements of the Group. The impact of interest rate benchmark reform is outlined in note 19.4.2.

#### 2.2.2 New standards, interpretations and amendments not yet effective:

The following accounting standards have been issued by the IASB but are not yet effective:

- i) IFRS 17 Insurance contracts, effective from 01 January 2023
- ii) Amendments to IAS 1 and IFRS Practice statement 2, effective from 01 January 2023
- iii) Amendments to IAS 8, effective from 01 January 2023

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

### 2.3. Basis of consolidation

The consolidated financial information incorporates the financial information of the Group and entities controlled by the Company (including the Company's Employee Benefit Trust (EBT)) made up to 31 March each year. Peel Hunt Limited has control over another entity when Peel Hunt Limited has all of the following:

- 1) power over the relevant activities of the investee, for example through voting rights or other rights
- 2) exposure to, or rights to, variable returns from its involvement with the investee and
- 3) the ability to affect those returns through its power over the investee

The assessment of control is based on the consideration of all facts and circumstances. Peel Hunt Limited reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The results of subsidiaries established during the year are included in the consolidated income statement from the date they were incorporated. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### 2.3. Basis of consolidation continued

The profits allocated to external membership interests held in Peel Hunt LLP are presented as attributable to non-controlling interests. Amounts allocated to external membership interests are entirely at the discretion of the Group, and retentions may be made to fund capital or other requirements. Consequently the treatment adopted is considered appropriate. Any amounts allocated are due for payment and are included in Amounts due to members. Amounts due to members at year end is made up of opening balance adjusted for payments to members and any profit allocations made during the year. There are no residual entitlements to the net assets of the Group.

The Companies (Guernsey) Law 2008 s244 (5) does not require the Company to prepare individual accounts during a financial year when consolidated financial statements are prepared. The Company has disclosed the statement of financial position, statement of changes in equity and statement of cash flow as permitted by the Companies (Guernsey) Law 2008.

### 2.4. Business combinations

Business combinations are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date. Acquisitions of subsidiaries and businesses under common control are accounted for by applying the predecessor accounting method, where all combining entities are controlled by the same entity before and after the business acquisition.

Assets and liabilities are recognised at their predecessor carrying amounts (i.e. the carrying amounts of the assets and liabilities in the books and records of the transferor prior to the transfer) with no fair value adjustments. Any difference between the cost of the acquisition and the aggregate book value of the assets and liabilities on the date of transfer is recognised as an adjustment to equity. As a result, no goodwill is recognised from the combination.

### 2.5. Going concern

The Group's principal activities are Investment Banking, Research & Distribution and Execution Services in UK mid and small cap companies to institutional clients, wealth managers and private client brokers.

The Group prepares detailed forecasts and projections for both the current year and medium term. In view of the Group's available financial resources, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors are satisfied that the Group has adequate resources to operate within the level of its current and forecast liabilities. The Group has a strong focus on working capital management and ensures the payment of the Company's current liabilities. There is also a focus on monitoring the regulatory capital of Peel Hunt LLP and the UK regulatory consolidation group to ensure all regulatory liquidity requirements and Group covenant requirements are met.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

### 2.6. Segment reporting

In accordance with IFRS 8 Operating Segments, an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision-maker and for which discrete information is available.

The Group is operated under a singular business segment as an integrated investment banking business. The chief operating decision-maker responsible for allocating resources and assessing performance of the operating segment is identified as the Board of Directors (the Board). All revenue streams are reported and resources, managed and allocated together by the Board. The operating segment is reported in a manner consistent with the internal management reporting provided to the chief operating decision-maker.

## 2.7. Critical accounting judgements and key sources of estimation

The treatment in respect of external membership interests in Peel Hunt LLP is described in note 2.3.

There are no other critical accounting policy judgements in respect of the application of accounting policies.

In the application of the Group's accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. The Directors have considered whether an indication of impairment of the investment in subsidiaries exists, and performed a value in use assessment. In the process of applying the Group's accounting policies, management has made the following judgements and estimates which are most significant in respect of the amounts recognised in the Company financial statements:

- The Directors have considered the assumptions inherent in the medium-term business plan approved by the Board of the Group and the long-term sustainable growth of the Group
- Cash flows contain assumptions on growth in corporate clients, return on funding for market-making activities taking into account regulatory capital requirements and risk limits, and macroeconomic factors such as levels of market and client activity
- Future cash flows have been discounted at an appropriate weighted average cost of capital (WACC) for the Group. The WACC has been estimated with reference to industry benchmarks thus is subject to fluctuations beyond the Directors' control
- A suitable terminal growth rate has been applied in line with long-term forecasts for UK GDP growth
- Considering the results of the impairment assessment the Directors conclude that they are satisfied that no impairment exists

### ***Sensitivity analysis***

Considering the sensitivity analysis that has been performed using reasonable possible changes in the terminal growth rate, WACC, and projected cash flows, the Directors have concluded that there is no change to their impairment assessment. Assuming all other variables remain constant:

- A 1ppt change in the terminal growth rate would result in a 9% variance in value in use
- A 1ppt change in WACC would result in a 12% variance in value in use
- A 10% change in future cash flows would result in a 9% variance in value in use

## 2.8. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date.

### 2.9. Revenue from contracts with customers

The Group applies IFRS 15 Revenue from contracts with customers. IFRS 15 establishes a five-step model governing revenue recognition. The five-step model requires the Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied. All revenue is recognised at a point in time basis, with the exception of Investment banking retainers and research payments as outlined below.

All revenue is reported under one operating segment consistent with internal reporting provided to the Board, which is responsible for allocating resources and assessing performance of the operating segment, and has been identified as the chief operating decision-maker. The Board views the business as a single integrated business.

Revenue is recorded net of VAT and comprises of:

- Research payments are accrued over the financial year to which they relate in respect of payments for agreed research services. Where contracts between the Group and each of its research clients are discretionary, the commission is recorded based on variable consideration derived from the most recent level of research provided, updated for recent events or communications with the client. Execution commission from institutional execution business, less commissions paid away under commission sharing agreements is recognised on the trade date
- Investment Banking revenue from advisory and investment banking services, less amounts paid to third parties, is recognised when the performance obligations have been met and the Group is contractually entitled to receive the fees
- Investment Banking retainers are accrued over the financial year for which the service is provided, which reflects the period the performance obligations relate to, and are based on a contract between the Group and the client
- Execution Services revenue – trading gains and losses from market-making activities for long and short positions on a trade date basis i.e. the date the trades are executed, and comprises all gains and losses from changes in the fair value of financial assets and liabilities through profit and loss, together with any related dividends on positions held
- Interest income, which is recognised on an accrued basis using the effective interest method

### 2.10. Foreign currency translation

Foreign currency assets and liabilities have been translated into sterling at the exchange rates ruling at the reporting date. Transactions in foreign currencies during the financial year have been converted into sterling at the rates ruling at the time the transactions were executed. All exchange differences are reflected in the statement of comprehensive income.

### 2.11. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful economic lives of each item, considered to be as follows:

- Leasehold and building improvements: remaining length of lease
- Office equipment: 3 to 5 years
- Fixtures and fittings: 5 years

The carrying value of artwork is based on the most recent independent valuation.

The residual values and useful lives are reviewed by the Directors and adjusted if appropriate at the end of each reporting period.

## 2.12. Intangible assets

Intangible assets are recognised only if all of the following conditions are met:

- An asset is created that can be identified
- It is probable that the asset created will generate future economic benefits
- The cost of the asset can be measured reliably

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Intangible assets represent computer software and sports debentures. Amortisation is charged to the income statement within the administrative expenses line on a straight-line basis over the estimated useful economic lives of each item. Computer software is amortised over five years and sports debentures are amortised over the life of the ticket rights. At each reporting date useful economic lives are reviewed by the Directors and adjusted if appropriate.

## 2.13. Impairment of non-financial assets

### *Tangible and Intangible assets*

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

### *Investments in subsidiaries*

At the end of each reporting date an impairment review is undertaken in respect of investment in the ordinary shares of subsidiaries. Where impairment may be indicated a test of the carrying value against the recoverable value is performed. Impairment being indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. Refer to note 2.7 for judgements and estimates made in relation to the impairment assessment performed.

## 2.14. Market and client debtors and creditors

Market and client debtor balances represent unsettled sold securities transactions and are recognised on a trade date basis.

Market and client creditor balances represent unsettled purchased securities transactions and are recognised on a trade date basis. Market and client debtor and creditor balances in these financial statements include agreed counterparty netting of £17.4m (31 March 2021: £9.7m). Otherwise, all debtor and creditor balances are shown gross and are stated at their contractual values.

## 2.15. Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

### *2.15.1. Financial assets*

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets held at amortised cost (AC)

### 2.15.1. Financial assets continued

Financial assets are classified on the basis of two criteria:

- i. The business model within which the financial asset is managed
- ii. Their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest (SPPI))

The Group assesses the business model criteria at portfolio level. Information that is considered in determining the applicable business model includes: (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily of the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change contractual cash flows so that it would not meet the condition of SPPI are considered including (i) contingent features, (ii) non-recourse arrangements, (iii) features that could modify the time value of money.

#### Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL by management.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term trading
- it is a derivative that is not recognised and effective as a hedging instrument

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency, sometimes known as an 'accounting mismatch', that otherwise would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on reassessment recognised in the income statement. The net gain or loss in the income statement incorporates any dividend or interest earned on the financial asset.

#### Financial assets at FVTOCI

The Group has investments in unlisted shares that are not traded in an active market which are not held for trading and are classified as financial assets at fair value through other comprehensive income (FVTOCI).

The Group has an irrevocable election to treat these equities at fair value through other comprehensive income and accumulate these gains and losses in other reserves as they relate to investments in unlisted shares that are not traded in an active market. Interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss.

Dividends on Investments not held for trading instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

### **2.15.1. Financial assets continued**

#### **Financial assets held at AC**

Financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Such financial assets include trade receivables, loans and other non-derivative financial assets that have a fixed or determinable payments.

Financial assets that are held at amortised cost are subsequently measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and their contractual cash flows represent SPPI. Financial assets held at amortised cost are measured at amortised cost using the effective interest method, less any impairment.

#### **Impairment of financial assets**

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets, other than those classified at FVTPL. Impairment is recognised at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Indication of impairment for a portfolio of receivables could include the Group's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of Equity Investments not held for trading, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### **2.15.2. Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost. Financial liabilities at amortised cost (also includes borrowings) are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### 2.15.2. Financial liabilities and equity continued

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL by management. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking
- it is a derivative that is not designated and effective as a hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise. This is also true for contracts containing one or more embedded derivatives
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in the income statement.

### 2.15.3. Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

## 2.16. Leases

Leases under IFRS 16 are defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

## **2.16. Leases continued**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the statement of financial position.

## **2.17. Pensions**

The Group makes pension contributions to employees' personal pension schemes. The Group's contributions are charged to the income statement as they fall due.

## **2.18. Members' remuneration**

During the period, external membership interests were held in Peel Hunt LLP, a subsidiary of the Company. Contractual remuneration to members is charged to the income statement in the financial year, allocated on a discretionary basis as agreed by the Remuneration Committee.

## **2.19. Taxation**

While there is no requirement to accrue for individual income tax due by the external members, amounts are retained by the Group on behalf of the members to ensure that future income tax liabilities in respect of income from the Group can be met.

### ***Current tax***

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

### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the financial year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## **2.20. Cash and cash equivalents**

Cash is represented by cash in hand and deposits held with financial institutions repayable without penalty. Cash equivalents are highly liquid investments that mature no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 2.21. Share-based payments

Peel Hunt Partnership Group Limited (formerly Macsco 22 Limited), had an Employee Share Option Plan (ESOP) and a Partner Share Option Plan (PSOP) established in 2015, that has now been fully exercised. An Employee Benefit Trust was established by the Group to acquire ordinary shares in the Company to be held on trust for the benefit of, and ultimately distributed to, employees and/or partners upon the exercise of the share options. The obligation of settling the awards would lie with the Company. The cost of share awards made under the ESOP, as measured by the fair value of awards at the date of granting, were taken to the income statement over the vesting period, and disclosed under staff costs with a corresponding increase in equity in the Company.

On consolidation, the cost of shares acquired by the Employee Benefit Trust was deducted as an adjustment to equity. Gains and losses arising on Employee Benefit Trust related transactions are taken directly to equity.

## 3 Revenue

Revenue comprises the following:

	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
Research payments and Execution commission	30,241	36,258
Execution Services revenue	42,857	116,706
Investment Banking revenue	57,948	43,910
<b>Total revenue for the year</b>	<b>131,046</b>	196,874

Although there are different revenue types, the Group's activities are considered to be subject to similar economic characteristics and therefore managed as a single business unit. All material revenue was generated from the Group's activities within the UK.

## 4 Profit from operations

The following items have been included in arriving at profit from operations:

	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
Depreciation and amortisation	1,793	1,105
Lease depreciation (see note 26)	2,361	2,528
Lease interest (see note 26)	934	646
Staff costs (see note 5)	41,465	23,090
Other non-staff costs	31,323	27,242
Auditors' remuneration in respect of Company	95	15
Auditors' remuneration in respect of subsidiaries	201	163
Audit-related assurance services	145	137
<b>Total administrative expenses</b>	<b>78,317</b>	54,926

Audit-related assurance services includes £95,000 (31 March 2021: £85,000) in relation to the Peel Hunt LLP CASS audit, £50,000 (31 March 2021: £nil) for the review of the Group interim report and £nil (31 March 2021: £25,000) in relation to the interim profit verification for Peel Hunt Partnership Group Limited. Other non-staff costs comprise expenses incurred in the normal course of business, including technology costs, professional and regulatory fees, brokerage, clearing and exchange fees.

## 5 Staff costs

	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
Wages and salaries	33,179	18,770
Social security costs	6,051	2,273
Pensions costs	1,473	759
Other costs	762	1,288
<b>Total staff costs for the year</b>	<b>41,465</b>	<b>23,090</b>
Members' remuneration charged as an expense	9,908	20,117
<b>Total staff costs and members' remuneration charged as an expense for the year</b>	<b>51,373</b>	<b>43,207</b>

Wages and salaries includes variable compensation for employees.

During prior years, Peel Hunt LLP awarded certain members and employees units in the Partnership to enable these members or employees to participate in the profits generated by the Partnership and receive post-termination payments equal to the market value of the award at that time upon retirement.

The provision for the repurchase of unit awards on retirement, as at 31 March 2022 was £nil (31 March 2021: £1.21m). The provision was recognised by Peel Hunt Partnership Limited (formerly Peel Hunt Holdings Limited).

Other than the Directors no staff are employed by the Company. The average number of members and employees of the Group during the year were:

	As at 31 March 2022	2021/22 Average	As at 31 March 2021	2020/21 Average
Dealing, sales, research and corporate advisory	210	211	205	198
Support and administration	99	88	80	73
<b>Total number of members and employees</b>	<b>309</b>	<b>299</b>	<b>285</b>	<b>271</b>
Members	–	72	144	143
Employees	309	227	141	128
<b>Total number of members and employees</b>	<b>309</b>	<b>299</b>	<b>285</b>	<b>271</b>

## 6 Members' remuneration charged as an expense

Members' remuneration charged as an expense relates to guaranteed drawings that are contractual obligations.

As at 31 March 2022, there are two members of Peel Hunt LLP: Peel Hunt Partnership Group Limited and Peel Hunt Partnership Limited. The highest paid member's remuneration for the current year was £12.7m (31 March 2021: £9.1m).

**7 Net finance expense**

	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
<b>Finance income</b>		
Bank interest received	15	30
<b>Finance expense</b>		
Bank interest paid	(72)	(253)
Interest on lease liabilities	(934)	(646)
Interest accrued on long-term debt	(658)	(1,207)
Finance expense for the year	(1,664)	(2,106)
<b>Net finance expense for the year</b>	<b>(1,649)</b>	<b>(2,076)</b>

**8 Other income**

	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
Sundry income and rebates	56	360
<b>Total other income for the year</b>	<b>56</b>	<b>360</b>

## 9 Tax on profit on ordinary activities

### 9.1. Tax on profits

Since the UK is the primary tax jurisdiction for the Group the corporation tax is calculated at 19% (2021: 19%) of the estimated taxable profit for the year. Note, corporation tax will increase to 25% from 1 April 2023. Taxation for other jurisdictions is relevant to the Group and is calculated at the rates prevailing in the respective jurisdictions. The tax charge per the consolidated statement of comprehensive income comprises the following:

	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
<b>Current tax:</b>		
UK Corporation tax for the year	3,458	1,240
Foreign tax for the year	43	110
Adjustments in respect of prior years	1,605	205
<b>Deferred tax:</b>		
Origination and reversal of timing differences (see note 18)	174	(9)
<b>Total tax charge reported in the consolidated statement of comprehensive income</b>	<b>5,280</b>	<b>1,546</b>

### 9.2. Reconciliation of tax charge

The reconciliation between the tax charge and the accounting profit multiplied by the rate of corporation tax in the UK is as follows:

	Consolidated Year ended 31 March 2022 £'000	Consolidated Year ended 31 March 2021 £'000
<b>Profit before tax on continuing operations</b>	<b>41,228</b>	<b>120,115</b>
Tax at the UK corporation tax rate of 19% (2020: 19%)	7,833	22,822
Tax effect of profit attributable to non-controlling interest	(4,749)	(21,819)
Tax effect of expenses not deductible for tax	319	320
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	163	59
Adjustments in respect of prior years	1,605	205
Temporary differences	109	(41)
<b>Total tax charge reported in the consolidated statement of comprehensive income</b>	<b>5,280</b>	<b>1,546</b>

## 10 Property, plant and equipment

As at 31 March 2022	Leasehold buildings and improvements £'000	Artwork £'000	Office equipment £'000	Fixtures and fittings £'000	Consolidated Total £'000
<b>Cost</b>					
Balance at 1 April 2021	10,973	35	3,703	1,462	16,173
Additions during the year	475	–	722	149	1,346
Disposals during the year	–	–	–	–	–
<b>Balance at 31 March 2022</b>	<b>11,448</b>	<b>35</b>	<b>4,425</b>	<b>1,611</b>	<b>17,519</b>
<b>Accumulated depreciation</b>					
Balance at 1 April 2021	(3,320)	–	(2,478)	(621)	(6,419)
Charge for the year	(851)	–	(747)	(161)	(1,759)
Disposals during the year	–	–	–	–	–
<b>Balance at 31 March 2022</b>	<b>(4,171)</b>	<b>–</b>	<b>(3,225)</b>	<b>(782)</b>	<b>(8,178)</b>
<b>Carrying value at 31 March 2022</b>	<b>7,277</b>	<b>35</b>	<b>1,200</b>	<b>829</b>	<b>9,341</b>
As at 31 March 2021	Leasehold buildings and improvements £'000	Artwork £'000	Office equipment £'000	Fixtures and fittings £'000	Consolidated Total £'000
<b>Cost</b>					
Balance at 1 April 2020	3,396	35	2,572	726	6,729
Additions during the year	7,577	–	1,131	736	9,444
Disposals during the year	–	–	–	–	–
<b>Balance at 31 March 2021</b>	<b>10,973</b>	<b>35</b>	<b>3,703</b>	<b>1,462</b>	<b>16,173</b>
<b>Accumulated depreciation</b>					
Balance at 1 April 2020	(2,839)	–	(1,951)	(560)	(5,350)
Charge for the year	(481)	–	(527)	(61)	(1,069)
Disposals during the year	–	–	–	–	–
<b>Balance at 31 March 2021</b>	<b>(3,320)</b>	<b>–</b>	<b>(2,478)</b>	<b>(621)</b>	<b>(6,419)</b>
<b>Carrying value at 31 March 2021</b>	<b>7,653</b>	<b>35</b>	<b>1,225</b>	<b>841</b>	<b>9,754</b>

## 11 Intangible assets

As at 31 March 2022	Sports Debentures £'000	Computer Software £'000	Consolidated Total £'000
<b>Cost</b>			
Balance at 1 April 2021	62	1,054	1,116
Additions during the year	–	6	6
<b>Balance at 31 March 2022</b>	<b>62</b>	<b>1060</b>	<b>1,122</b>
<b>Accumulated amortisation</b>			
Balance at 1 April 2021	(10)	(968)	(978)
Charge for the year	(4)	(30)	(34)
<b>Balance at 31 March 2022</b>	<b>(14)</b>	<b>(998)</b>	<b>(1012)</b>
<b>Carrying value at 31 March 2022</b>	<b>48</b>	<b>62</b>	<b>110</b>

As at 31 March 2021	Sports Debentures £'000	Computer Software £'000	Consolidated Total £'000
<b>Cost</b>			
Balance at 1 April 2020	62	1,038	1,100
Additions during the year	–	16	16
<b>Balance at 31 March 2021</b>	<b>62</b>	<b>1,054</b>	<b>1,116</b>
<b>Accumulated amortisation</b>			
Balance at 1 April 2020	(10)	(932)	(942)
Charge for the year	–	(36)	(36)
<b>Balance at 31 March 2021</b>	<b>(10)</b>	<b>(968)</b>	<b>(978)</b>
<b>Carrying value at 31 March 2021</b>	<b>52</b>	<b>86</b>	<b>138</b>

## 12 Financial assets at fair value through other comprehensive income

	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
Investments not held for trading at 1 April	20	20
Sale of investments not held for trading	(47)	–
Fair value gains recognised through equity	27	–
<b>Investments not held for trading at 31 March</b>	<b>–</b>	<b>20</b>

**13 Financial assets at fair value through profit and loss**

	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
Long positions in market making and dealing operations:		
– Listed securities	<b>49,973</b>	46,608
– Unlisted securities	<b>368</b>	688
<b>Long securities held for trading</b>	<b>50,341</b>	47,296
Short positions in market making and dealing operations:		
– Listed securities	<b>(32,441)</b>	(33,400)
– Unlisted securities	<b>(264)</b>	(327)
<b>Short securities held for trading</b>	<b>(32,705)</b>	(33,727)

**14 Cash collateral**

	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
Cash collateral	<b>2,811</b>	1,631
<b>Total cash collateral</b>	<b>2,811</b>	1,631

The Group enters into stock borrowing agreements with a number of institutions on a collateralised basis. Under such agreements securities are purchased with a commitment to return them at a future date and price. The securities purchased are not recognised on the statement of financial position. The cash advanced is recorded on the statement of financial position as cash collateral within trade and other debtors, the value of which is insignificantly different from the value of the securities purchased.

## 15 Trade and other debtors

	Company 31 March 2022 £'000	Company 31 March 2021 £'000	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
Trade receivables	–	–	3,479	1,814
Less: provision for impairment of aged debtors	–	–	(244)	(223)
Net trade receivables	–	–	3,235	1,591
Accrued income	53	–	1,933	2,441
Deposits paid for property license	–	–	139	135
Amounts due from related companies (see note 28)	2,048	–	–	–
Evergreen loan (see note 20)	15,000	–	–	–
Prepayments	–	120	3,107	2,269
Other debtors	33	–	4,786	2,703
<b>Total trade and other debtors</b>	<b>17,134</b>	<b>120</b>	<b>13,200</b>	<b>9,139</b>

The majority of the trade receivables balance relates to Investment Banking fees and Research payments raised towards the end of the financial year, which have subsequently been paid.

Trade and other receivables are stated net of expected credit losses. The movement in expected credit losses during the year shown below relates solely to corporate finance receivables and is recorded in the income statement within administrative expenses.

	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
At 1 April	(223)	(224)
Movement to level of expected credit losses	(11)	1
At 31 March	(244)	(223)

Any changes to the amount of the expected credit losses are recognised in the statement of comprehensive income within administrative expenses. Due to the immaterial nature of the Group's provision for expected credit losses, trade and other receivables are shown net of this provision on the statement of financial position.

## 16 Cash and cash equivalents

	Company 31 March 2022 £'000	Company 31 March 2021 £'000	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
Cash in hand and held at bank	4,892	–	76,719	103,363
<b>Total cash and cash equivalents</b>	<b>4,892</b>	<b>–</b>	<b>76,719</b>	<b>103,363</b>

Cash held in segregated bank accounts relating to monies held on behalf of clients amounted to £8.2m at 31 March 2022 (31 March 2021: £1.0m) and is excluded from the amounts above and the statement of financial position. Client money relates to amounts received in the ordinary course of settlement of clients' trades and received in advance for the purchase of securities.

## 17 Deferred tax

	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
<i>Deferred tax asset comprises:</i>		
<b>Capital allowances:</b>		
Brought forward	293	279
Amounts credited to the profit and loss	(121)	14
<b>Carried forward</b>	<b>172</b>	<b>293</b>
<b>Other:</b>		
Brought forward	133	138
Amounts (debited)/credited to the profit and loss	(46)	(5)
<b>Carried forward</b>	<b>87</b>	<b>133</b>
<b>Total deferred tax asset carrying value</b>	<b>259</b>	<b>426</b>

The deferred tax asset reflects the net tax charge at the UK enacted rate of 19% which is items of plant and equipment and start-up costs incurred in relation to Peel Hunt Inc.

## 18 Trade and other creditors

	Company 31 March 2022 £'000	Company 31 March 2021 £'000	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
Accrued expenses	–	540	14,995	12,729
Amounts due to related companies (see note 28)	13,437	2,433	–	–
Social security and PAYE	–	–	1,153	200
Corporation tax payable	–	–	–	768
Other creditors	–	–	642	860
<b>Total trade and other creditors</b>	<b>13,437</b>	<b>2,973</b>	<b>16,790</b>	<b>14,557</b>

## 19 Financial instruments

### 19.1. Capital structure

The capital of the Group is structured in the form of issued share capital and reserves.

#### 19.1.1. Financial assets and liabilities

The carrying amounts of financial assets and liabilities are as follows (excluding non-financial items otherwise contained within the primary statements):

	Company 31 March 2022 £'000	Company 31 March 2021 £'000	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
<b>Financial assets measured at fair value through profit and loss</b>				
Securities held for trading	–	–	50,341	47,296
<b>Financial assets held at amortised cost</b>				
Market and client debtors	–	–	559,485	531,178
Trade and other debtors	17,134	120	7,871	6,791
Amounts due from members	–	–	–	62
<b>Not held for trading</b>				
Equity investments not held for trading	–	–	–	20
<b>Cash</b>				
Cash and cash equivalents	4,892	–	76,719	103,363
<b>Total financial assets</b>	<b>22,026</b>	120	<b>694,416</b>	688,710
<b>Financial liabilities measured at fair value through profit and loss</b>				
Securities held for trading	–	–	(32,705)	(33,727)
<b>Financial liabilities at amortised cost</b>				
Market and client creditors	–	–	(505,475)	(464,796)
Trade and other creditors	(13,437)	(2,973)	(11,010)	(9,583)
Amounts due to members	–	–	(22,837)	(113,448)
Lease liability	–	–	(23,193)	(22,564)
Loan	(27,000)	(24,000)	(27,000)	(24,000)
<b>Total financial liabilities</b>	<b>(40,437)</b>	(26,973)	<b>(622,220)</b>	(658,535)

### 19.2. Risk management overview

The Board and Group Risk Committee are responsible for the oversight of risk management throughout the Group. This is achieved through a combination of group-level policies and processes and a range of local risk management frameworks and governance committees within the different operating entities.

The Group has an enterprise wide risk management framework (EWRMF) which caters for all main risk types. The design, operation and maintenance of the EWRMF is the responsibility of the Risk and Compliance department, which includes:

- Monitoring of risk profile against approved risk appetite
- Providing oversight and challenge of functional business units in their management of risk
- Reporting and escalation of key risk matters to the Executive Board and to the Group Risk Committee or Group Audit Committee
- Monitoring the external environment for risks to strategic objectives

The main governance forums for risk and control issues are the Group Risk Committee, the Group Audit Committee and the Executive Risk Committee (ERC).

The ERC meets a minimum of four times per year and reports into the Executive Board and the Group Risk Committee. The main purpose of the ERC is to oversee the first line management of risks, confirm that the business is operating within the agreed risk limits, risk appetite and risk tolerance, provide executive review and discussion of documents to be reviewed by the Group Risk Committee and to discuss any operational or risk issues before these are reported to the Group Risk Committee. The ERC has delegated authority from the Executive Board.

The ERC operates a New Business Request (NBR) process, the main purpose of which is to oversee the controlled implementation of all new business activity, with appropriate escalation to the Group Risk Committee and the Executive Board.

### 19.3. Risk management framework

The EWRMF includes a formal Risk Appetite Statement (RAS) approved by the Board which is reviewed on an annual basis.

The RAS formalises the risk appetite through qualitative and quantitative measures. Risk Management communicates the RAS throughout the firm through appropriate limits, metrics and key risk indicators. The firm operates a typical three lines of defence model, with managers of functional business units acting as the first line of defence, responsible for managing risks within their departments. Risk and Compliance act as the second line of defence, providing oversight and challenge of the first line. Internal Audit represents the third line of defence.

The Group maintains a risk register which lists all the key risks to which the firm is exposed and records both the inherent and residual risk assessments, taking into account the effectiveness of the design and operation of mitigating controls. The risk register is presented annually to, and is reviewed by, the Executive Board and Group Risk Committee, to ensure that risks are being identified and managed appropriately and that any management actions arising therefrom are being completed on a timely basis.

The risk management framework under which the business operates is documented in the EWRMF, which is promulgated and applied through risk management policies. Both the policies and the risk limits are reviewed on an ongoing basis by the Executive Board and the Group Risk Committee. Risk Management applies this framework and related policies and enforces these limits as part of the day-to-day activities of the business.

#### 19.4. Market risk

Market risk is the risk of loss caused by changes in the level or volatility of market rates or prices such as interest rates, equity prices and foreign exchange rates.

The Group controls market risk using aggregate trading and individual position limits for the Execution Services business. The Execution Services business' embedded Trading Risk and Controls unit is responsible for monitoring intra-day trading risk and for monitoring and reporting end of day limit usage to senior management. Risk Management is responsible for ensuring risk limits and reporting of trading risk are appropriate, as well as undertaking independent daily reporting which references externally provided end-of-day market prices (and challenging/escalating where required).

##### 19.4.1. Equity price risk

Equity price risk is the risk of loss through changes in market prices. The Group is exposed to equity price risk through changes in equity prices and the volatility of equity prices on its equity holdings which comprises securities held for trading, predominantly arising from market making.

The Company is not exposed to equity price risk as it is not holding any securities or equity investments not held for trading.

The Group conducted a sensitivity analysis on a 5% increase/decrease in equity prices on securities held for trading and equity investments not held for trading. Assuming all other variables remain constant, the sensitivity analysis results in a change in net income for the year of +/- £0.9m (2021: +/- £0.7m).

##### 19.4.2. Interest rate risk

Interest rate risk is the risk of loss due to changes in market interest rates. Interest rate risk arises on exposures relating to excess funds in cash, loan facilities with credit institutions and fixed income securities.

The Group conducted a sensitivity analysis on a 100bps increase in interest rates. Assuming all other variables remain constant, the sensitivity analysis results in a decrease in profits of £0.3m (2021: £0.2m).

##### Interest rate benchmark reform

The Group has transitioned from the London Interbank Offered Rate (LIBOR) to the Sterling Overnight Index Average (SONIA) in line with FCA guidelines. The Group has not derecognised or modified the carrying amount of financial instruments for changes required by the reform, but instead updated the effective interest rate to reflect the change to the alternative benchmark rate. The Group does not apply hedge accounting and no significant new risks arose from the reform.

##### 19.4.3. Foreign currency risk

Foreign currency risk is the risk of loss due to changes in foreign exchange rates. Foreign currency risk arises on financial instruments or obligations that are denominated in a currency other than sterling.

Foreign currency exposure comprises the following unmatched assets and liabilities denominated in currencies other than the Group's functional currency, expressed in sterling equivalent:

	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
<b>Net assets</b>		
Euro	68	265
US dollar	412	296
Other	519	471
<b>Total currency exposure</b>	<b>999</b>	1,032

## Notes to the financial statements

### 19.4.4. Fair value measurement

The table below shows the financial instruments carried at fair value by the following fair valuation hierarchy in accordance with IFRS 13:

- Level 1: quoted prices (unadjusted) in active markets (i.e. where a live market price can be obtained) 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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Consolidated Total £'000
<b>Financial assets at fair value through profit and loss</b>				
Securities held for trading	48,894	1,079	368	50,341
<b>Total financial assets at 31 March 2022</b>	<b>48,894</b>	<b>1,079</b>	<b>368</b>	<b>50,341</b>
<b>Financial liabilities at fair value through profit and loss</b>				
Securities held for trading	(31,967)	(474)	(264)	(32,705)
<b>Total financial liabilities at 31 March 2022</b>	<b>(31,967)</b>	<b>(474)</b>	<b>(264)</b>	<b>(32,705)</b>

As at 31 March 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Consolidated Total £'000
<b>Financial assets at fair value through profit and loss</b>				
Securities held for trading	46,231	377	688	47,296
<b>Financial Assets at fair value through other comprehensive income</b>				
Investments not held for trading	–	–	20	20
<b>Total financial assets at 31 March 2021</b>	<b>46,231</b>	<b>377</b>	<b>708</b>	<b>47,316</b>

<b>Financial liabilities at fair value through profit and loss</b>				
Securities held for trading	(33,299)	(101)	(327)	(33,727)
<b>Total financial liabilities at 31 March 2021</b>	<b>(33,299)</b>	<b>(101)</b>	<b>(327)</b>	<b>(33,727)</b>

The carrying amount of financial instruments other than those designated at fair value, are not significantly different from fair value.

The Company does not have any financial instruments held at FVTPL or FVTOCI.

#### 19.4.5. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group quantifies and monitors credit risk by managing counterparty credit exposure on pre-settlement risk and post-settlement risk. All counterparty credit exposures arising from the Group's business activities are captured within one of these measures.

Pre-settlement risk is equal to the loss the Group would suffer if the counterparty fails to deliver securities, or pay for securities as agreed delivery versus payment (DVP). The exposure is measured from trade date on settlements and is calculated based upon an estimate of the replacement cost of the trade if the counterparty were to default, based on the difference between the original transaction value and the market value of the unsettled trade.

Free deliveries represent settlements where the parties agree that the seller first delivers the security being sold to the buyer free of payment (FOP). The settlement risk exposure on free deliveries for securities sold is the full market value of the security underlying the trade.

Risk Management performs regular reviews on counterparty credit risk exposures and monitors these against counterparty trading limits.

The Group is exposed to underwriting risks where it underwrites investment transactions on behalf of its corporate clients. The Underwriting Committee reviews all proposed underwriting activities and its authority is subject to strict underwriting limits, which includes appropriate escalation and approval from senior executives and the Board. Market positions which arise from underwriting are managed in accordance with the market risk policy.

The Group is also exposed to credit risk relating to non-trade receivables and other non-trade debtors. Exposures to this risk are monitored on a monthly basis by reviewing outstanding balances. The table below reflects the age analysis of financial assets:

	Neither past due nor impaired £'000	Past due but not impaired				Impaired £'000	Company Carrying value before impairment £'000
		0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		
As at 31 March 2022							
Trade and other debtors	17,134	–	–	–	–	–	17,134
<b>Total financial assets at 31 March 2022</b>	<b>17,134</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17,134</b>

	Neither past due nor impaired £'000	Past due but not impaired				Impaired £'000	Company Carrying value before impairment £'000
		0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		
As at 31 March 2021							
Trade and other debtors	120	–	–	–	–	–	120
<b>Total financial assets at 31 March 2021</b>	<b>120</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>120</b>

## Notes to the financial statements

### 19.4.5. Credit risk continued

As at 31 March 2022	Overdue					Impaired/ Revalued £'000	Consolidated Carrying value before impairment £'000
	Not overdue £'000	0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		
<b>Financial assets measured at fair value through profit and loss</b>							
Securities held for trading	50,341	–	–	–	–	–	50,341
<b>Financial assets held at amortised cost</b>							
Market and client debtors	475,482	82,116	1,352	107	428	–	559,485
Trade and other debtors	6,789	817	52	114	184	298	8,254
<b>Financial assets measured at fair value through other comprehensive income</b>							
Equity investments not held for trading	–	–	–	–	–	249	249
<b>Cash</b>							
Cash and cash equivalents	76,719	–	–	–	–	–	76,719
<b>Total financial assets at 31 March 2022</b>	<b>609,331</b>	<b>82,933</b>	<b>1,404</b>	<b>221</b>	<b>612</b>	<b>547</b>	<b>695,048</b>

As at 31 March 2021	Overdue					Impaired/ Revalued £'000	Consolidated Carrying value before impairment £'000
	Not overdue £'000	0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		
<b>Financial assets measured at fair value through profit and loss</b>							
Securities held for trading	47,296	–	–	–	–	–	47,296
<b>Financial assets held at amortised cost</b>							
Market and client debtors	435,461	94,484	486	431	316	–	531,178
Trade and other debtors	5,834	550	165	75	167	223	7,014
Amounts due from members	62	–	–	–	–	–	62
<b>Financial assets measured at fair value through other comprehensive income</b>							
Equity investments not held for trading	20	–	–	–	–	249	269
<b>Cash</b>							
Cash and cash equivalents	103,363	–	–	–	–	–	103,363
<b>Total financial assets at 31 March 2021</b>	<b>592,036</b>	<b>95,034</b>	<b>651</b>	<b>506</b>	<b>483</b>	<b>472</b>	<b>689,182</b>

#### 19.4.5. Credit risk continued

The Group's counterparty and credit risk exposures are categorised by the following credit ratings (where credit ratings could be obtained):

	Company 31 March 2022 %	Company 31 March 2021 %	Consolidated 31 March 2022 %	Consolidated 31 March 2021 %
<b>Rating</b>				
AAA-A rated	0.0	0.0	19.4	25.5
BBB-B rated	22.0	0.0	12.7	10.0
Unrated institutions and brokers	78.0	100.0	52.9	37.8
Other unrated	0.0	0.0	15.0	26.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The counterparty risk exposures of the Group in the unrated institutions and brokers category are predominantly market and client debtors arising from normal trading activity in the Group. These counterparty risk exposures are with large retail brokers or brokerage subsidiaries of multi-national banking and credit institutions. The Group's Risk Management department regularly monitors and assesses the counterparty risk of these institutions.

#### 19.5. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial liabilities as they fall due, which are settled by delivering cash or another financial asset.

Liquidity risk is managed by regular reporting of sources and uses of funds to senior management, and strict trading systems controls that limit the amount of funding for trading activities. Further consideration of liquidity is undertaken with the ERC. The Group also manages liquidity in the trading book by conducting an ageing process on inventory and setting aside a reserve based on the age of each position. Operationally, this highlights at weekly intervals the areas of the trading portfolio that carry liquidity risk.

The Group's exposure to liquidity risk mainly arises from the market making and fixed income trading activities.

The maturity analysis below analyses the Group's cash outflows relating to contractual liabilities:

As at 31 March 2022	Less than 1 year £'000	1 – 2 years £'000	2 – 5 years £'000	Greater than 5 years £'000	Company Total £'000
Trade and other creditors	13,437	–	–	–	13,437
Loan <sup>1</sup>	6,882	6,696	15,839	–	29,417
<b>Total financial liabilities at 31 March 2022</b>	<b>20,319</b>	<b>6,696</b>	<b>15,839</b>	<b>–</b>	<b>42,854</b>

As at 31 March 2021	Less than 1 year £'000	1 – 2 years £'000	2 – 5 years £'000	Greater than 5 years £'000	Company Total £'000
Trade and other creditors	2,973	–	–	–	2,973
Loan <sup>1</sup>	3,247	3,134	18,032	–	24,413
<b>Total financial liabilities at 31 March 2021</b>	<b>6,220</b>	<b>3,134</b>	<b>18,032</b>	<b>–</b>	<b>27,386</b>

1. Includes the principal per the statement of financial position, plus estimated interest.

19.5. Liquidity risk continued

As at 31 March 2022	Less than 1 year £'000	1 – 2 years £'000	2 – 5 years £'000	Greater than 5 years £'000	Consolidated Total £'000
Market and client creditors	505,475	–	–	–	505,475
Amounts due to members	22,139	–	–	–	22,139
Trade and other creditors	11,010	–	–	–	11,010
Lease liability	2,544	3,650	10,048	6,951	23,193
Loan <sup>1</sup>	6,882	6,696	15,839	–	29,417
<b>Total financial liabilities at 31 March 2022</b>	<b>548,050</b>	<b>10,346</b>	<b>25,887</b>	<b>6,951</b>	<b>591,234</b>

As at 31 March 2021	Less than 1 year £'000	1 – 2 years £'000	2 – 5 years £'000	Greater than 5 years £'000	Consolidated Total £'000
Market and client creditors	464,796	–	–	–	464,796
Amounts due to members	113,448	–	–	–	113,448
Trade and other creditors	9,583	–	–	–	9,583
Lease liabilities	313	2,528	10,344	9,379	22,564
Loan <sup>1</sup>	3,247	3,134	18,032	–	24,413
<b>Total financial liabilities at 31 March 2021</b>	<b>591,387</b>	<b>5,662</b>	<b>28,376</b>	<b>9,379</b>	<b>634,804</b>

1. Includes the principal per the statement of financial position, plus estimated interest.

19.6. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Group monitors and mitigates the effects of operational risks within the business through:

- Implementation of the EWRMF and Operational Risk Management Policy, which together set out how operational risk is: defined; identified and classified; assessed; managed; monitored and reported
- First line risk management, which ensures that all potential and existing operational risks within the Group are properly reviewed and monitored and that control processes are in place to minimise operational risks throughout the organisation
- Analysis and reporting of operational risk events, and reporting of any material failings or management actions, to the ERC

Coordination of Risk and Control Self-Assessments (RCSAs) and corresponding periodic control testing by Risk Management, which are conducted by the business to acknowledge ownership and accountability for the operational risks in their areas and consider the effectiveness of controls to mitigate those risks.

19.7. Business risk

Business risk relates to the ability of the Group to generate profit from the Group's assets or business activities over the long term. External factors that may have a negative financial impact on the Group may include, but not necessarily be limited to a reduction in:

- Trading activity, financial asset prices or commission rates
- Institutional relationships or the coverage and recognised quality of research
- Market capitalisation or number of retained corporate clients, capital markets activity or fee rates

## 19.8. Regulatory risk

Regulatory risk is the risk of loss resulting from failure to adhere to applicable regulatory standards. This includes those related to financial crime and conduct risk.

The Group monitors and mitigates regulatory risk within the business through:

- The operation of a comprehensive compliance monitoring framework
- Maintenance of regulatory compliance policies to ensure obligations of the firm are understood, supported by specific procedures
- Provision of ongoing training to all staff to promote further relate regulatory obligations and compliance policies to day to activities
- Maintenance of open, constructive relationships with all internal and external stakeholders, including relevant regulatory bodies

## 20 Intercompany borrowings

	31 March 2022 £'000	31 March 2021 £'000
Subordinated loan – due more than 1 year	15,000	–
Evergreen loan – due within 1 year	15,000	–
<b>Total intercompany borrowings</b>	<b>30,000</b>	<b>–</b>

On 16 December 2021, the Company entered into an intercompany subordinated loan agreement with Peel Hunt Partnership Group Limited with a facility limit of £30m to support the regulatory capital requirements of the Group. This Intra-Group Subordinated loan is unsecured and qualifies for tier 2 regulatory capital. The termination date for the loan is 30 September 2030 with a principal repayment notice period of three months by either party whilst an interest rate of 7% p.a. is payable quarterly. On 1 January 2022, £15m of the facility was drawn which represents the outstanding at year end.

On 16 December 2021, the Company further entered into an Evergreen intercompany loan agreement with the LLP with a facility limit of £50m to support the working capital requirements. This Intra-Group Evergreen loan is unsecured and does not qualify for regulatory capital. The loan has a term of rolling one month with a principal repayment notice period of one month by either party whilst an interest rate of 5.5% p.a. is payable quarterly. On 1 January 2022, £15m of the facility was drawn which represents the amount outstanding at year end.

## 21 Loans and borrowings

	Company 31 March 2022 £'000	Company 31 March 2021 £'000	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
Loans due within one year	6,000	3,000	6,000	3,000
Loans due within two to five years	21,000	21,000	21,000	21,000
<b>Total loans</b>	<b>27,000</b>	<b>24,000</b>	<b>27,000</b>	<b>24,000</b>

Prior to the IPO in September 2021, the Senior Facilities Agreement (SFA) was refinanced with a facility of £50m comprising three tranches with a new five-year term. Tranche A £30m (amortising over five years) and two tranches, Tranche B and C of £10m each. Tranche A was drawn immediately upon arrangement. Tranche B expired in January 2022 without being drawn. Tranche C, due to expire in June 2022 has been cancelled without being drawn. Interest accrues at 3.2% plus SONIA on Tranche A, payable quarterly in arrears. Tranche A is repayable bi-annually in equal amounts of £3m in March and September.

The Group has a committed Revolving Credit Facility (RCF) of up to £30m in order to further support its general corporate and working capital requirements. Interest accrues at 2.95% plus SONIA on drawn balances, and a flat 1% on the undrawn balance, quarterly in arrears. As at 31 March 2022, the RCF was undrawn.

## 22 Ordinary share capital and reserves

The ordinary share capital of the Company comprises the following:

	31 March 2022 £'000	31 March 2021 £'000
<b>Issued</b>		
A ordinary shares: 25,000,000 shares at 0.1p each	–	25
B ordinary shares: 73,618,125 shares at 0.1p each	–	74
Ordinary shares: 122,807,085 shares at no par value	<b>223,881</b>	–
<b>Total ordinary share capital</b>	<b>223,881</b>	99

As at 28 September 2021, immediately prior to the IPO, the Company's issued share capital comprised 25,000,000 A ordinary shares of 0.1 pence each and 73,618,125 B ordinary shares of 0.1 pence each (all of which were fully paid).

On 29 September 2021:

- The A ordinary shares and B ordinary shares were consolidated into 24,654,526 ordinary shares of no par value for £99,000 in cash, previously paid
- The Company, Peel Hunt Partnership Group Limited (formerly Macsco 22 Limited) and all individual members of Peel Hunt LLP executed a sale and purchase agreement pursuant to which those members transferred and assigned to Peel Hunt Partnership Group Limited their member share units and all rights and powers, and subject to all the obligations, restrictions and liabilities in respect of their member share units (other than the right to participate in the profits of Peel Hunt LLP generated prior to such transfer), in exchange for 80,608,699 ordinary shares of no par value for £183m investment in subsidiary
- All individual members of Peel Hunt LLP retired as members and became employees of Peel Hunt LLP
- 17,543,860 ordinary shares were issued by the Company pursuant to an offer for the issue of ordinary shares of no par value in exchange for £40m in cash
- 122,807,085 ordinary shares of no par value were admitted to trading on AIM

### Reserves

Reserves comprise retained earnings and share premium.

## 23 Earnings per share

	31 March 2022 Number of shares	31 March 2021 Number of shares
Weighted average number of ordinary shares in issue during the year	<b>71,231,123</b>	21,078,123
Dilutive effect of 2015 option grant	<b>259,971</b>	534,688
<b>Diluted weighted average number of ordinary shares in issue during the year</b>	<b>71,491,094</b>	21,612,811

Basic earnings per share is calculated on a total comprehensive income for the year, attributable to the owners of the Company, of £11.0m (31 March 2021: £3.7m) and 71,231,123 (31 March 2021: 21,078,123) ordinary shares, being the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated after adjusting for the number of options expected to be exercised from the 2015 option grant. The weighted average number of ordinary share in issue in the prior year has been adjusted for the share consolidation that took place in September 2021.

The calculations exclude treasury shares held by the Employee Benefit Trust on behalf of the Group.

The Company does not have any further dilutive equity instruments outstanding as at 31 March 2022.

## 24 Investment in joint venture

The Partnership holds a 50% share in a private company, which was acquired on 27 November 2013. The investment in joint venture was previously fully impaired given low to nil prospects of future revenues. The joint-venture company is currently in liquidation.

## 25 Cash generated from operations

Cash (used in)/generated from operations as per the consolidated cash flow statement comprise of the following:

	Company 31 March 2022 £'000	Company 31 March 2021 £'000	Consolidated 31 March 2022 £'000	Consolidated 31 March 2021 £'000
<b>Profit/(loss) for the financial year</b>	<b>(3,642)</b>	3,127	<b>41,228</b>	120,115
<i>Adjustments for:</i>				
Depreciation and amortisation	–	–	<b>4,154</b>	3,632
Impairment loss on financial assets held at amortised cost	–	–	<b>244</b>	30
Fair value gain on sale of securities	–	–	<b>27</b>	–
Increase/(decrease) in provisions	–	–	<b>109</b>	203
Foreign exchange movement on deferred tax asset	–	–	<b>(8)</b>	5
Net finance costs	<b>260</b>	1,207	<b>1,649</b>	2,076
<i>Change in working capital:</i>				
Decrease/(increase) in net securities held for trading	–	–	<b>(4,068)</b>	4,057
Decrease/(increase) in net market and client debtors	–	–	<b>12,373</b>	(16,045)
(Increase)/decrease in trade and other debtors	<b>(1,928)</b>	60	<b>(4,017)</b>	(2,126)
(Decrease)/increase in net amounts due to members	–	–	<b>(116,565)</b>	(31,982)
(Decrease)/increase in trade and other creditors	<b>10,377</b>	(187)	<b>3,001</b>	6,074
<b>Cash generated from/(used in) operations</b>	<b>5,067</b>	4,207	<b>(61,873)</b>	86,039
Interest received	<b>397</b>	–	<b>15</b>	30
Corporation tax paid	–	–	<b>(6,164)</b>	(1,489)
<b>Net cash generated from/(used in) operations</b>	<b>5,464</b>	4,207	<b>(68,022)</b>	84,580

## 26 Lease liabilities

During the prior year, the Partnership moved offices from Moor House to larger premises in a new building at 100 Liverpool Street. The Moor House lease expired on 23 January 2021 and the 100 Liverpool Street lease was active from 13 August 2020. Staff occupied the new premises from January 2021. Peel Hunt Inc. has an office under lease which expires on 30 September 2024.

	31 March 2022 £'000	31 March 2021 £'000
Depreciation expense in relation to premises leases	(2,361)	(2,528)
Interest expense in relation to premises leases	(909)	(646)
<b>Net operating cost in relation to premises leases</b>	<b>(3,270)</b>	<b>(3,174)</b>

The lease liabilities were discounted at the incremental borrowing rate from January 2020. The discount rate was 3.97%, which was derived from the available rate of borrowing at the time of the lease for the leases held by the Group and 6% for the leases held in relation to Peel Hunt Inc.

As at 31 March the Group held a balance for right-of-use assets and lease liabilities of:

<b>Right-of-use assets for the year ended:</b>	31 March 2022 £'000	31 March 2021 £'000
Opening balance sheet date	20,517	2,309
Addition	–	20,902
Disposal	–	–
Revaluation of right-of-use-asset	63	(166)
Depreciation charge	(2,361)	(2,528)
Closing balance sheet date	18,219	20,517

<b>Lease liabilities for the year ended:</b>	31 March 2022 £'000	31 March 2021 £'000
Opening balance sheet date	(22,564)	(2,383)
Addition	–	(20,902)
Disposal	–	–
Interest expense	(934)	(646)
Revaluation of lease liability	(11)	120
Lease payments	316	1,247
Closing balance sheet date	(23,193)	(22,564)

## 26 Lease liabilities continued

At 31 March 2022 the Group was committed to making the following payments in respect of leases:

Land and buildings	31 March 2022 £'000	31 March 2021 £'000
<b>Outstanding commitments</b>		
Within one year	2,515	311
Within two to five years	12,446	13,009
Over five years	12,526	14,280
	<b>27,487</b>	27,600

The Group does not have short-term leases, low-value assets accounted for by applying IFRS 16 paragraph 6, no variable lease payments, extension options and termination options.

## 27 Investments in subsidiaries

The Company directly holds 100% of the ordinary share capital of Peel Hunt Partnership Group Limited which is registered in England and Wales and 100% of the ordinary share capital of Peel Hunt International Limited which is registered in Guernsey.

Name of subsidiary	Country of incorporation	Percentage ownership by Group
Peel Hunt International Limited	Guernsey	100%
Peel Hunt Partnership Group Limited	England and Wales	100%
Peel Hunt Partnership Limited	England and Wales	100%
Peel Hunt LLP	England and Wales	100%
Peel Hunt Inc.	Delaware, United States	100%
P.H. Nominees Limited*	England and Wales	100%
Peel Hunt Nominees Limited**	England and Wales	100%
M22 Nominees Limited**	England and Wales	100%

\*Company is dormant

\*\*Company is in liquidation

Investments in subsidiaries are accounted for at cost. The Company's investment in the share capital of Peel Hunt International Limited was as follows:

	31 March 2022 £'000	31 March 2021 £'000
Balance at 1 April	–	–
Investment in subsidiary	1,127	–
Balance at 31 March	1,127	–

## 27 Investments in subsidiaries continued

The Company's investment in the share capital of Peel Hunt Partnership Group Limited was as follows:

	31 March 2022 £'000	31 March 2021 £'000
Balance at 1 April	73,658	73,658
Increase in investment in subsidiary	193,117	–
Balance at 31 March	266,775	73,658

The SFA loan disclosed in note 22 is secured against the assets of Peel Hunt Limited, as the obligor of the loans.

## 28 Related party transactions

During the year, the following transactions occurred with related parties:

### 28.1. Transactions with Group companies

Peel Hunt Limited is the ultimate controlling party of Peel Hunt Partnership Group Limited, Peel Hunt Partnership Limited, Peel Hunt LLP, Peel Hunt International Limited and Peel Hunt Inc. Intra-group transactions between Peel Hunt Partnership Group Limited, Peel Hunt LLP, Peel Hunt Partnership Limited, Peel Hunt International Limited, Peel Hunt Inc. and the Company are eliminated on consolidation and are not disclosed in this note. Amounts owed between the Company and its subsidiaries are disclosed in note 15, 18 and 20.

The intra-group balance disclosed in note 15 and note 18 includes transactions with Peel Hunt Partnership Group Limited and Peel Hunt International Limited. As at 31 March 2022, the Company was owed £0.2m (31 March 2021: nil) by Peel Hunt International Limited and £1.8m (31 March 2021: nil) by the Employee Benefit Trust. These receivables are disclosed within note 15.

Within note 20, we disclosed the amounts of intercompany receivables in relation to the loans to Peel Hunt Partnership Group Limited and Peel Hunt LLP.

Interest on the subordinated loan to Peel Hunt Partnership Group Limited amounted to £0.2m for the year. In relation to the Evergreen loan to Peel Hunt LLP interest amounting to £0.2m was charged for the year.

The intra-group balance disclosed in note 18 relates to transactions with Peel Hunt Partnership Limited and Peel Hunt Limited. As at 31 March 2022, Peel Hunt Limited owed £9.5m (31 March 2021: £2.4m) to Peel Hunt Partnership Group Limited and £4m to Peel Hunt LLP (31 March 2021: nil).

### 28.2. Key management remuneration

Following the IPO, key management includes the Board and the Executive Board. Prior to the IPO key management also included the Management Committee and Risk Committee. The total short-term employee benefits are made up of fixed and variable remuneration paid to key management, which amounted to £6.4m for the year ended 31 March 2022 (31 March 2021: £20.7m).

### 28.3. Transactions with Directors

During the year, in accordance with Section 850E of the Income Tax (Trading and Other Income) Act 2005 (ITTOIA 2005), £588,713 was paid to a former Director of the Company, James Britton, in order to settle liabilities owed to him by the Group resulting from compliance with Section 850C of ITTOIA 2005, with no personal benefit arising.

## 29 Provisions

	31 March 2022 £'000	31 March 2021 £'000
<b>Non-current</b>		
At beginning of year	<b>431</b>	227
Amounts recognised in profit or loss during the year	<b>109</b>	204
<b>Total provisions</b>	<b>540</b>	431

The amount provided above is primarily in respect of dilapidations related to the Group's offices at 100 Liverpool Street and previous offices at Moor House, representing the estimated amount of the liability. In addition, £0.01m (2021: £0.01m) relates to aged unsettled deals with brokers in administration.

## 30 Post balance sheet event

The Board has proposed a final dividend for the year of 3.1p per share (31 March 2021: nil). These financial statements do not reflect this dividend payable, since it is not due to be approved by the shareholders until our AGM.

# ABBREVIATIONS AND GLOSSARY

<b>AGM</b>	Annual General Meeting
<b>AI</b>	Artificial Intelligence
<b>AIM</b>	Alternative Investment Market
<b>AQSE</b>	Aquis Stock Exchange
<b>ARM</b>	Automated RSP Management – the Company's fully automated systematic market-making model for liquid instruments and automated position management
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>BREEAM</b>	The Building Research Establishment Environmental Assessment Method for assessing, rating, and certifying the sustainability of buildings
<b>C-Suite</b>	The executive-level managerial positions within an entity
<b>CAGR</b>	Compound Annual Growth Rate, expressed in a percentage
<b>CEO</b>	Chief Executive
<b>CFA</b>	Chartered Financial Analyst
<b>CFOO</b>	Chief Financial and Operating Officer
<b>Chair-Designate</b>	The current Deputy Chair, assuming the role of Chair, with effect following the date of the Company's AGM
<b>Company</b>	Peel Hunt Limited
<b>CRO</b>	Chief Risk Officer
<b>CRR</b>	Capital Requirements Regulations of EU Regulation No 575/2013
<b>CS Forum</b>	Community and Sustainability Forum
<b>CTO</b>	Chief Technology Officer
<b>DCM</b>	Debt Capital Markets
<b>DEI Forum</b>	Diversity, Equity and Inclusion Forum
<b>DTR</b>	Disclosure Guidance and Transparency Rules Sourcebook
<b>DVP</b>	Delivery Versus Payment
<b>EBT</b>	Peel Hunt Share Trust, the Group's Jersey based employment benefit trust

<b>ECM</b>	Equity Capital Markets
<b>ESG</b>	Environmental, Social and Governance
<b>ESG Committee</b>	Environmental, Social and Governance Committee
<b>ESOP</b>	The Peel Hunt Employee Share Option Plan
<b>EU</b>	European Union
<b>EWRMF</b>	Enterprise-Wide Risk Management Framework
<b>ExCo</b>	Executive Committee of Peel Hunt LLP
<b>FCA</b>	Financial Conduct Authority
<b>FINRA</b>	Financial Industry Regulatory Authority
<b>FOP</b>	Free of Payment
<b>FRC</b>	Financial Reporting Council
<b>FVTOCI</b>	Fair Value Through Other Comprehensive Income
<b>FVTPL</b>	Fair Value Through Profit or Loss
<b>FY21/22</b>	Financial Year 1 April 2021 – 31 March 2022
<b>Group</b>	The Company and its subsidiaries
<b>HR</b>	Human Resources
<b>IAS</b>	International Accounting Standards
<b>IB</b>	Investment Banking division
<b>ICAAP</b>	Internal Capital Adequacy Assessment Process
<b>ICARA</b>	Internal Capital And Risk Assessment
<b>IFPR</b>	Investment Firms Prudential Regime
<b>IFPRU</b>	Prudential Sourcebook for Investment Firms
<b>IFRS</b>	International Financial Reporting Standards
<b>ILAA</b>	Individual Liquidity Adequacy Assessment
<b>IPO</b>	Initial Public Offering
<b>KBC</b>	KBC Bank or KBC Group NV, a Belgian bank-insurer

<b>KBW</b>	Keefe, Bruyette & Woods – an investment firm and the Company's broker; part of the Stifel Group
<b>kgCO<sub>2</sub>e</b>	A measurement of greenhouse gas emissions, in kilogrammes of carbon dioxide equivalent
<b>KPI</b>	Key Performance Indicators
<b>kWh</b>	KiloWatt Hours
<b>LIBOR</b>	London Interbank Offered Rate
<b>LLP</b>	Limited Liability Partnership
<b>LSE</b>	London Stock Exchange
<b>LTIP</b>	Long-term Incentive Plan
<b>M&amp;A</b>	Mergers & Acquisitions
<b>MiFID II</b>	The EU's Markets in Financial Instruments Directive No. 2 (2014/65/EU)
<b>NBR</b>	New Business Request
<b>PBT</b>	Profit Before Tax
<b>PCM</b>	Private Capital Markets
<b>Peel Hunt</b>	The Company and its subsidiaries (also termed the Group)
<b>PHALGO</b>	The Company's proprietary algorithmic trading platform to manage and route low-touch electronic order flow
<b>PHAPPS</b>	A framework for delivering internal web applications for managing static data and sharing information across the Company
<b>PHAT</b>	The Company's internal pre/post-trade analytics, risk and quote management system for market making
<b>PPT</b>	Percentage point
<b>PSOP</b>	The Peel Hunt Partner Share Option Plan
<b>QCA</b>	Quoted Companies Alliance Corporate Governance Code 2018
<b>RAS</b>	Risk Appetite Statement
<b>RCM</b>	Retail Capital Markets
<b>RCSA</b>	Risk and Control Self-Assessment

<b>RetailX®</b>	Retail Crossing Algo – the Company's proprietary algorithmic trading strategy giving institutions direct access to retail liquidity
<b>REX</b>	Retail Exchange – the Company's electronic platform to enable retail participation in investment banking deals
<b>RMF</b>	Risk Management Forum
<b>RSP</b>	Retail Service Provider network, providing electronic quotes to execution only retail intermediary platforms and brokers
<b>SBTi</b>	Science-Based Targets initiative
<b>SEER Committee</b>	Social, Environmental, Ethical and Reputational Committee
<b>SID</b>	Senior Independent Director
<b>SLA</b>	Service Level Agreement
<b>Mid- and small-cap</b>	The segment of the market where the total value of each individual equity transaction falls in the range between £100m and £1,500m
<b>SPAC</b>	Special Purpose Acquisition Company
<b>tCO<sub>2</sub>e</b>	A measurement of greenhouse gas emissions, in tonnes of carbon dioxide equivalent
<b>UN SDGs</b>	United Nations Sustainable Development Goals

# INFORMATION FOR SHAREHOLDERS

## Financial calendar 2022 to 2023

9 June	Full-year results announced
22 June	Annual Report issued
7 July	Annual General Meeting
15 July	Final dividend paid
1 December	Half-year results announced

## Company information

Incorporated and registered in Guernsey  
Company Number 65579

### Registered office

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### Registrar

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## ALTERNATIVE PERFORMANCE MEASURE

We use the following non-GAAP alternative performance measure to illustrate the impact that the reorganisation of the Group's corporate structure, and the IPO, would have had on the consolidated statement of comprehensive income had it taken place on or before 31 March 2020.

### Illustrative consolidated statement of comprehensive income

**Measure:** illustrative administrative expenses; illustrative profit from operations; illustrative profit before tax; illustrative corporation tax; illustrative profit after tax; illustrative dividend; illustrative retained profit for the year; illustrative compensation ratio; illustrative non staff cost ratio; illustrative PBT margin.

**Reconciliation:** See [page 39](#).



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