

9<sup>TH</sup> JUNE 2022

# PEEL HUNT FULL YEAR RESULTS PRESENTATION

For the year ended 31 March 2022



PEELHUNT.COM



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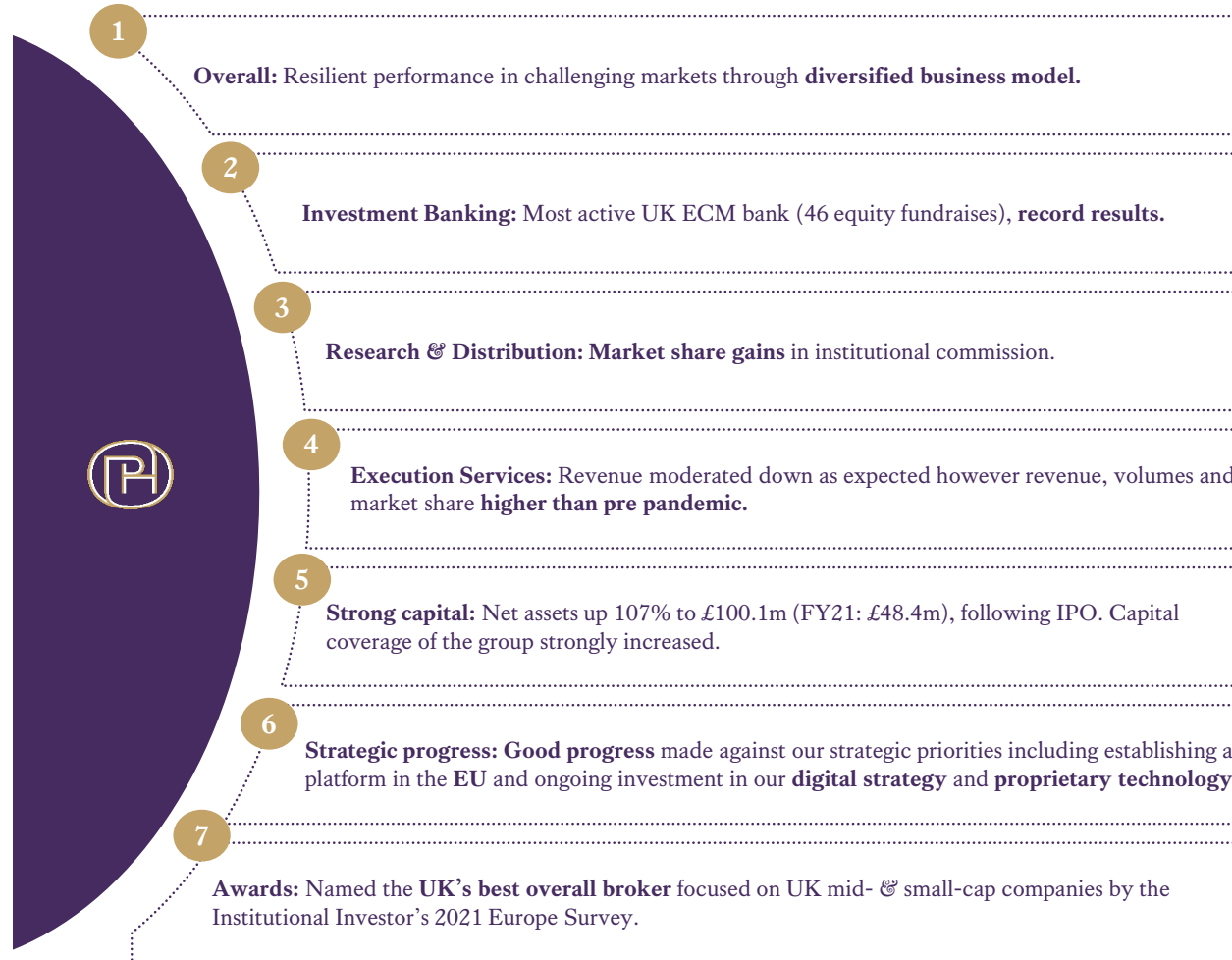
# OVERVIEW & HIGHLIGHTS



# Overview & Highlights



Full year dividend of 3.1p per share in accordance with IPO dividend policy



**£131.0m**  
Revenue

**£41.2m**  
Profit Before Tax

**47.1%**  
Compensation Ratio

**17%**  
Share of LSE volume<sup>(1)</sup>

**162**  
Corporate Clients

**1,235**  
Institutions receiving our research

**82%**  
Employee engagement

(1) Source: Bloomberg

# MARKET UPDATE



# Market Update



## A volatile start to 2022

### COMMENTARY



Capital markets are volatile as investors get to grips with economic and geopolitical risks.



High inflation continues, with central banks raising interest rates to try and tame this.

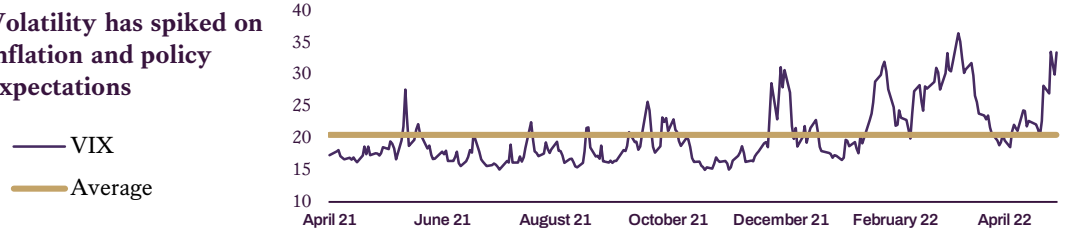


UK equity issuance remains suppressed as a result, with a significant drop in ECM and IPO volumes.

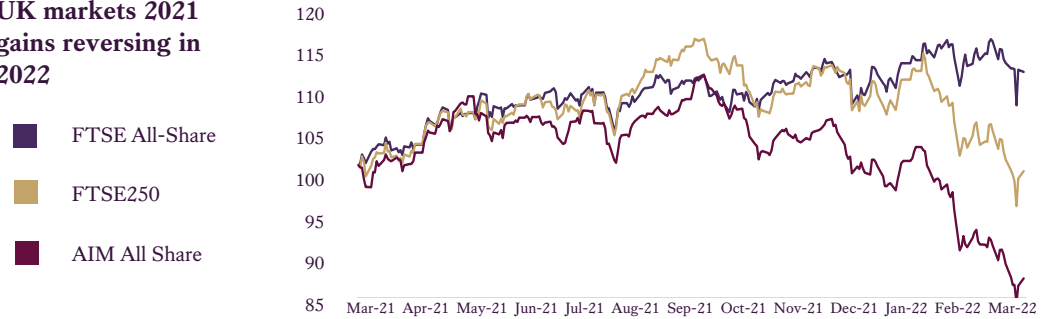


It is expected that this environment will persist in the short term until the macroeconomic climate becomes more stable.

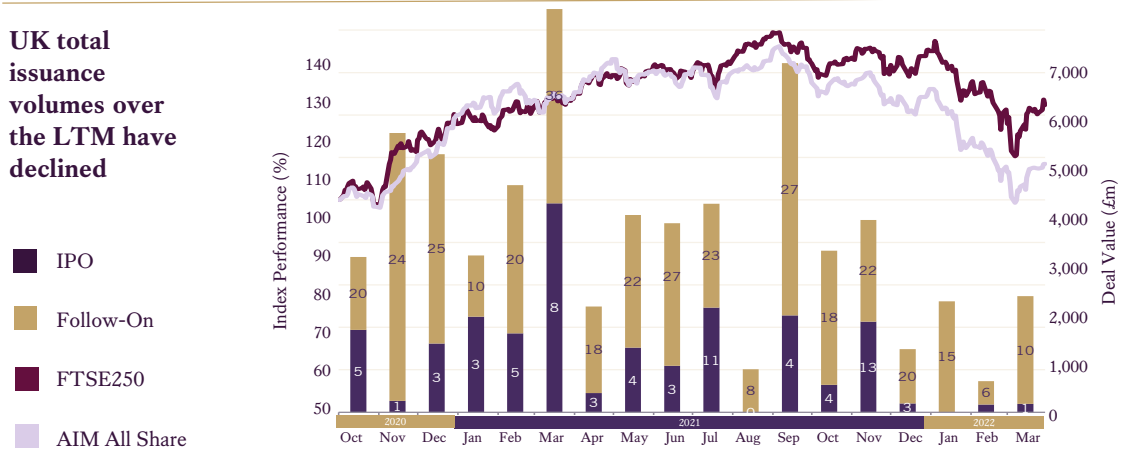
### Volatility has spiked on inflation and policy expectations



### UK markets 2021 gains reversing in 2022



### UK total issuance volumes over the LTM have declined



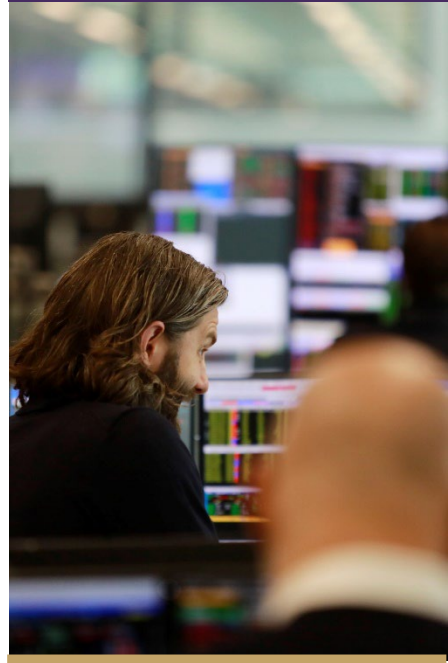
# BUSINESS & FINANCIAL UPDATE



# Diversified business model demonstrates resilience across periods of high market volatility

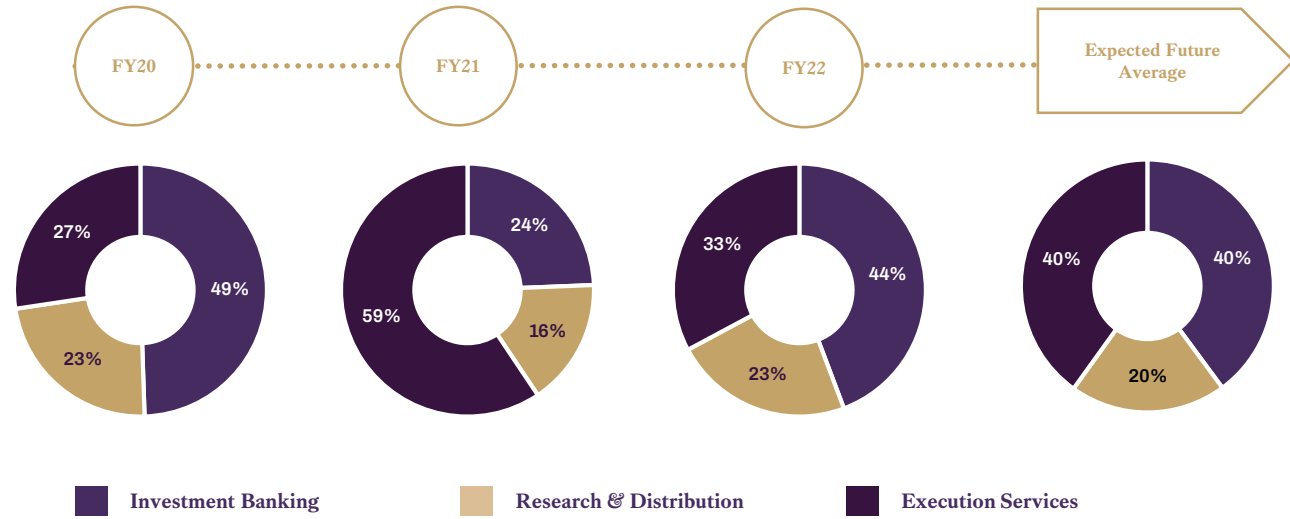


Our diversified business model demonstrated its value in periods of high market volatility with another strong performance in Execution Services.



| RECURRING REVENUE           | Retainers  | Transaction fees   | Research                                   | Sales Commissions                              | Execution Services   |
|-----------------------------|--|--|--|--|--|
| DIVERSIFIED REVENUE STREAMS | Annual recurring fees paid by corporate clients. | Diversified products which are relevant at different points in the market cycle. | Recurring institutional research payments. | Institutional commissions on trading activity. | Spread capture, return on funding from low risk high volume execution. |
| CLEAR GROWTH OPPORTUNITIES  |  |  |  |  |  |

## REVENUE DISTRIBUTION



# Illustrative Consolidated Statement of Comprehensive Income



| As at 31 March                           | FY22          | FY21           | FY20          | Change (FY22 v FY21) |
|--|---------------|----------------|---------------|----------------------|
| <i>£m</i>                                |               |                |               |                      |
| Investment Banking revenue               | 57.9          | 43.9           | 46.0          | 32.0%                |
| Research payments & execution commission | 30.2          | 36.3           | 22.5          | (16.6%)              |
| Execution Services revenue               | 42.9          | 116.7          | 27.0          | (63.3%)              |
| <b>Total revenue</b>                     | <b>131.0</b>  | <b>196.9</b>   | <b>95.5</b>   | <b>(33.4%)</b>       |
| Staff costs                              | (60.6)        | (89.9)         | (49.0)        | 32.6%                |
| Non-Staff costs                          | (37.3)        | (30.0)         | (27.0)        | (24.3%)              |
| <b>Illustrative total costs</b>          | <b>(97.9)</b> | <b>(119.9)</b> | <b>(76.0)</b> | <b>(18.3%)</b>       |
| <b>Illustrative profit before tax</b>    | <b>33.1</b>   | <b>77.0</b>    | <b>15.4</b>   | <b>(57.0%)</b>       |
| Tax charge                               | (7.6)         | (19.1)         | (4.2)         | (60.2%)              |
| <b>Illustrative profit after tax</b>     | <b>25.5</b>   | <b>57.9</b>    | <b>15.4</b>   | <b>(56.0%)</b>       |
| Illustrative dividend                    | (10.2)        | (23.2)         | (6.1)         | (56.0%)              |

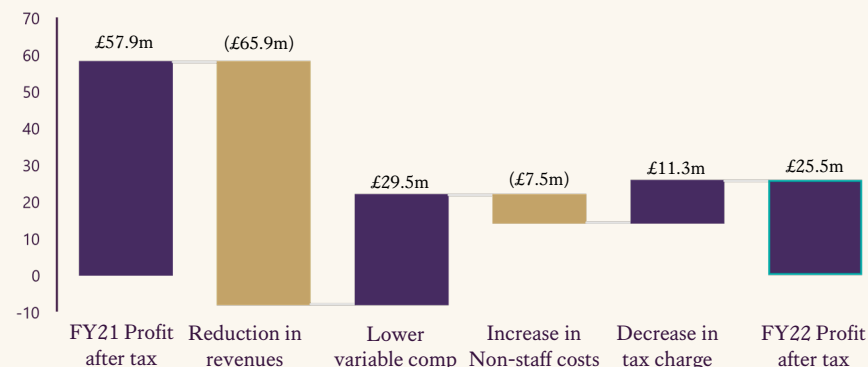
## BASIS OF PREPARATION

Illustrative financials show 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.

This table considers the addition of continuing items comprising former members of Peel Hunt LLP being remunerated as employees in FY21 and H1 of FY22, additional National Insurance contributions and pension costs; the statement has also been adjusted to remove the impact of one-off costs relating to the IPO, and tax-related prior year items arising in the period.

Partnership profits historically allocated to the former individual members, or non-controlling interests, are attributed to the Group in full and are shown as if subject to corporation tax.

## Illustrative P&L Analysis Bridge



- ➔ Strongest annual performance for Investment Banking.
- ➔ Research payments & execution commission and Execution Services revenue reduced as expected following exceptional volumes during the pandemic in FY21.
- ➔ Revenues remain well-ahead of pre-pandemic levels.
- ➔ Staff costs have reduced in line with the reduction in revenue and the associated reduction in variable remuneration expense.

# Revenue Overview



## Revenue by division

| As at 31 March                                      | FY22         | FY21         | FY20        | Change (FY22 v FY21) |
|---|--------------|--------------|-------------|----------------------|
| <i>£m</i>   |              |              |             |                      |
| Investment Banking fees                             | 49.6         | 36.7         | 39.2        | 35.3%                |
| Investment Banking retainers                        | 8.3          | 7.2          | 6.8         | 15.2%                |
| <b>Investment Banking revenue</b>                   | <b>57.9</b>  | <b>43.9</b>  | <b>46.0</b> | <b>32.0%</b>         |
| <b>Research payments &amp; execution commission</b> | <b>30.2</b>  | <b>36.3</b>  | <b>22.5</b> | <b>(16.6%)</b>       |
| <b>Execution Services revenue</b>                   | <b>42.9</b>  | <b>116.7</b> | <b>27.0</b> | <b>(63.2%)</b>       |
| <b>Total Revenue</b>                                | <b>131.0</b> | <b>196.9</b> | <b>95.5</b> | <b>(33.5%)</b>       |

## Revenue Bridge



- ➔ Record revenues for Investment Banking.
- ➔ Research payments & institutional execution commission resilient due to increase in client numbers, offset by lower overseas commission as retail trading levels have fallen back from the highs of the pandemic.
- ➔ Execution Services revenue reduced as expected following exceptional performance in FY21.

# Balance Sheet & Capital Position Overview



## COMMENTARY



Net assets remained strong as at 31 March 2022 at £100.1m reflecting the funds raised in the IPO.



Cash has reduced mainly due to IPO-related costs and final payments for the fit-out of our new corporate headquarters.

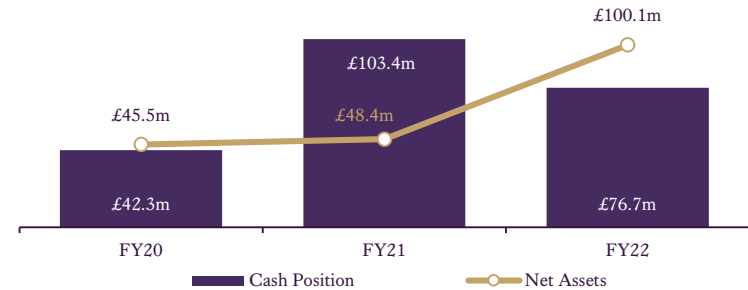


Pillar 1 coverage over net assets has increased to 558%. This provides a stable regulatory capital position for the group.

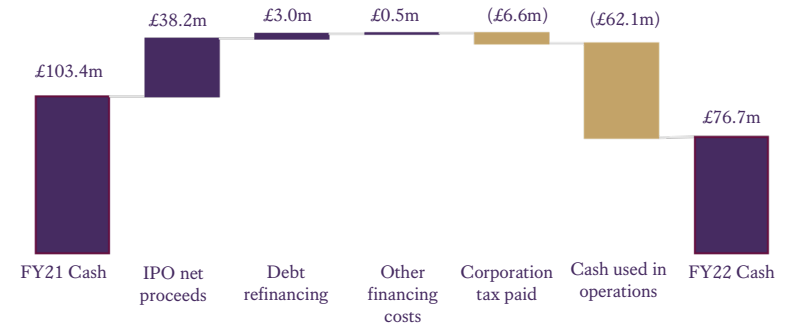


We refinanced our Senior Facilities Agreement (SFA) and upsized our RCF with Lloyds prior to our IPO. At the year end, our SFA balance was £27m (FY21: £24m) and our RCF was undrawn.

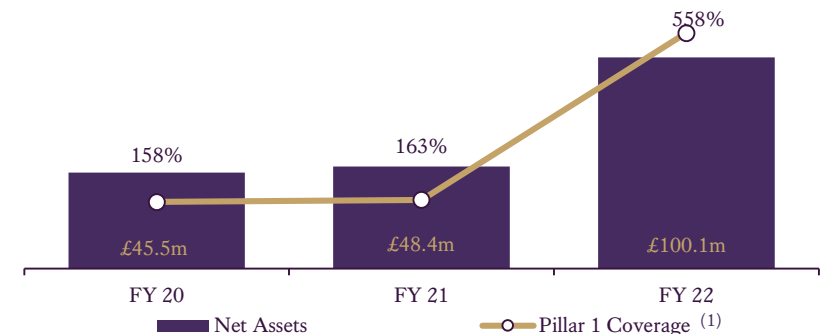
## Cash Position and Net Asset Value



## Cash Bridge



## Net Assets vs Pillar 1 Coverage



"Pillar 1" means the higher of the K-factor requirement and the fixed overhead requirement per MIFIDPRU 4.3

# Investment Banking Overview



## COMMENTARY



Investment Banking had its strongest year on record, with revenue of £57.9m, significantly ahead of FY20 & FY21.



Substantial ECM activity drove H1 revenues and volumes and we acted on 19% of all announced UK mid- and small-cap takeover situations.

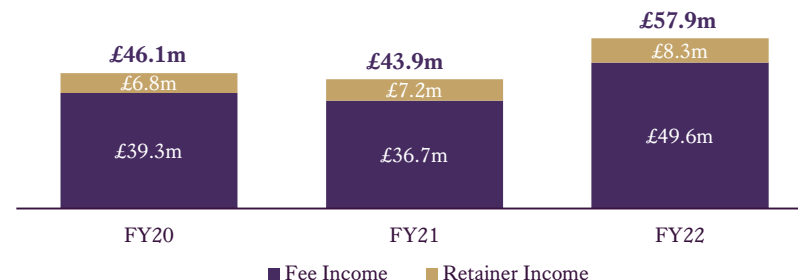


Revenue was weighted towards H1 as H2 saw major macro-economic and geopolitical events.

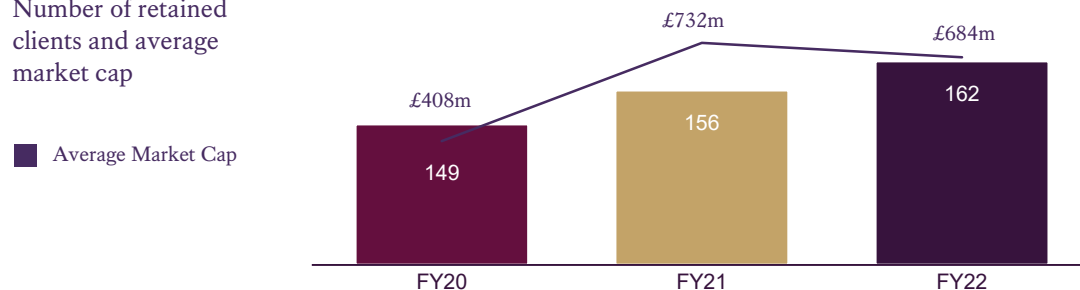


Retainer income increased 15.2% due to an increase in number of clients and average retainer amounts.

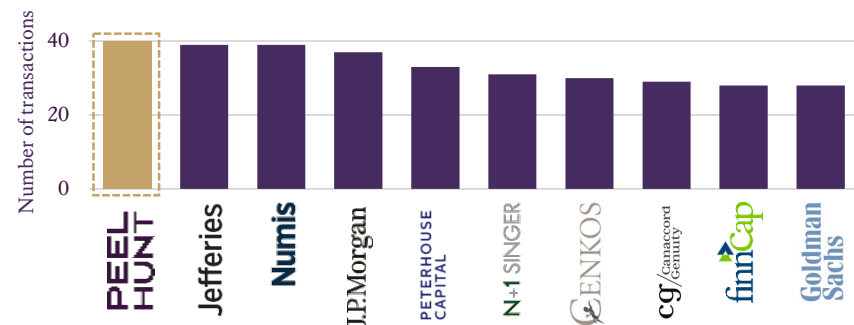
Investment Banking revenue



Number of retained clients and average market cap



Active ECM desk<sup>(1)</sup>



1) Dealogic

# Execution Services Overview



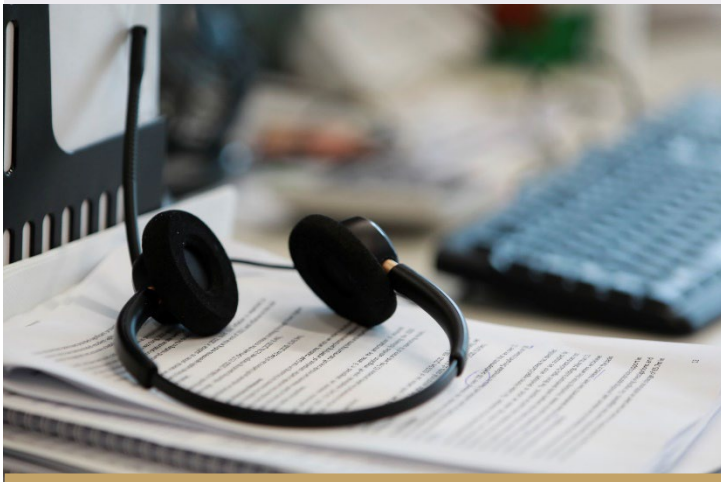
## COMMENTARY



FY22 revenue was lower than the prior year, which had been buoyed by elevated volumes and volatility due to the pandemic.

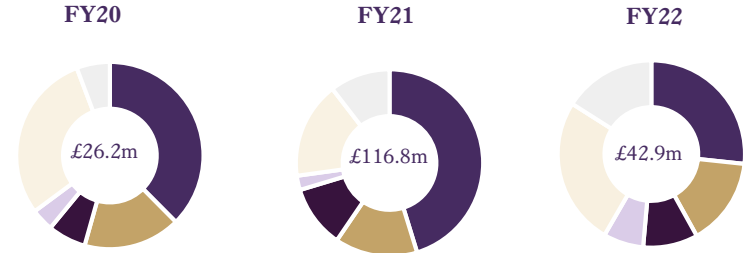
However, revenue was in line with our expectations and materially ahead of FY20, a more comparable market environment than FY21.

Peel Hunt retained a leading position with a 17% share of LSE volume, well ahead of pre-pandemic.

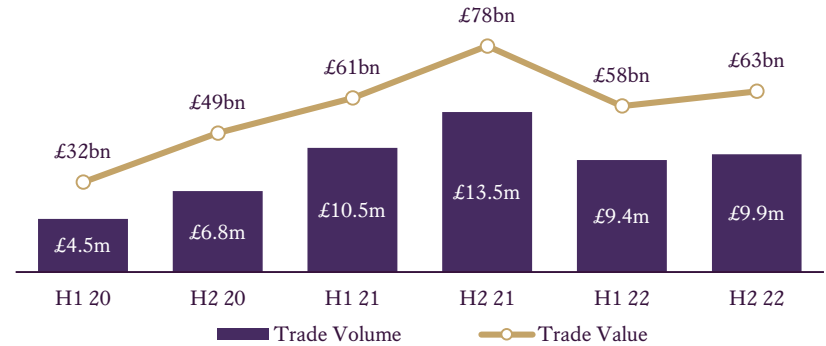


## Execution Services

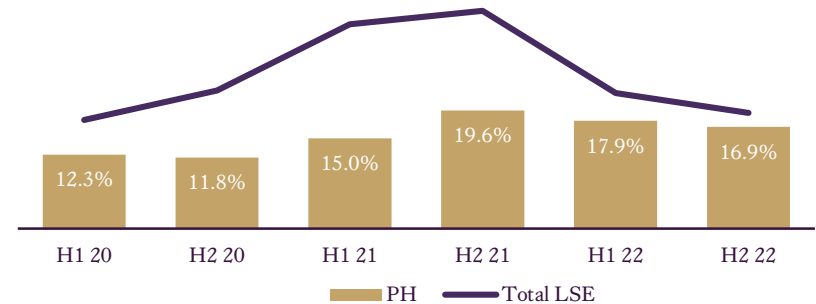
- Small-cap / AIM
- FTSE 350
- Corp. broking clients
- Fixed Income
- Investment Trusts
- International / Other



## Trading value and volume



## Market share of LSE trading volume<sup>(1)</sup>



(1) Calendar year as per Bloomberg

# Research and Distribution Overview



## COMMENTARY



Revenue of £30.2m, reflecting lower commission revenue from retail driven overseas equity execution compared to the exceptional volumes seen in the prior year.

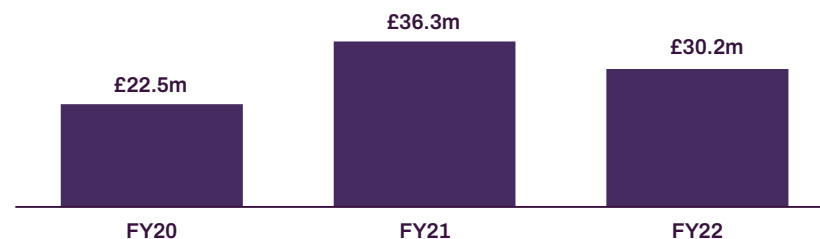


The number of companies under our research coverage has reduced in H2 mainly due to M&A activity.

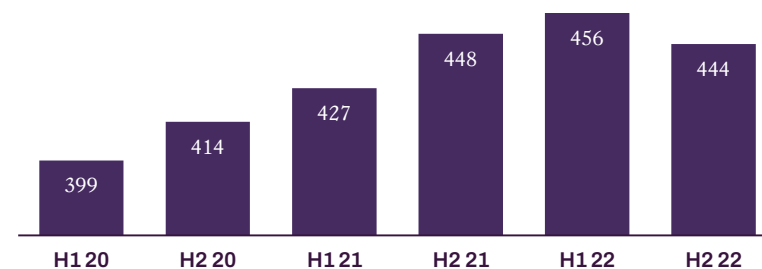


We now have 1,235 relationships with clients who value our top-rated research, 3.4% growth on FY21, continuing the trend of the last five years, during which we have doubled our overall market share.

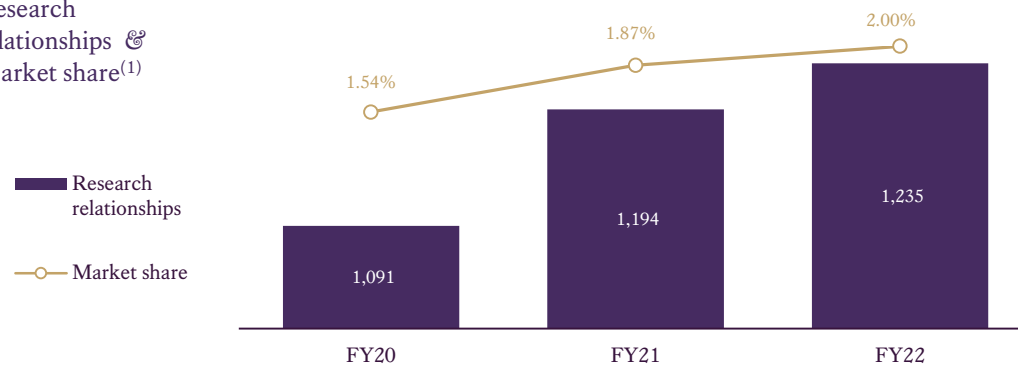
### Research and Distribution revenue



### Number of companies under coverage



### Research relationships & Market share<sup>(1)</sup>



*Global market share of commission and Research payments in UK shares*

# Operating Costs Overview



## COMMENTARY



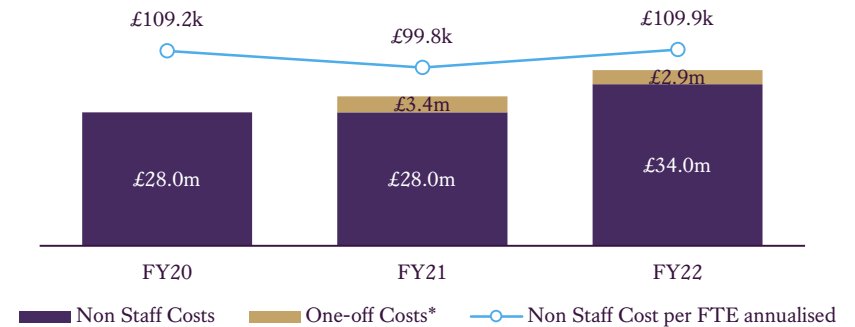
Staff costs reduced YoY due to lower revenues driving lower bonuses; the FY22 compensation ratio is in line with our expected level.

Excluding bonus, staff costs have increased due to increased headcount – 24 extra staff compared to FY21 (+8.4%) – to support business expansion, improved governance and to ensure that we maintain exceptional client service.

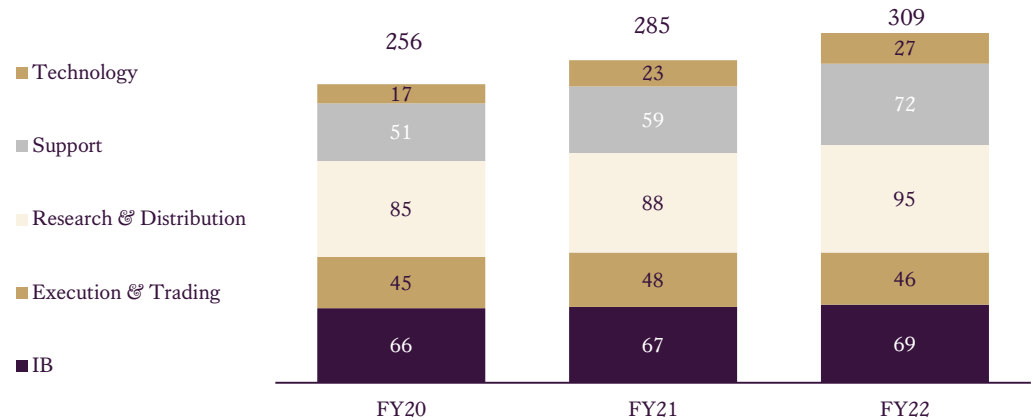
Non-staff costs have increased due to costs associated with the IPO, increased audit governance requirements and premises move to 100 Liverpool Street.



Non-Staff costs (Actual)



Period-end headcount



\*One off costs: FY22 costs relate to the IPO, FY21 costs relate to non-capitalisable costs arising from the move to 100 Liverpool Street

# Use of IPO Funds to deliver strategic priorities



## IPO funds deployed to enhance the business



### Expanding our offering

#### EUROPEAN PLATFORM

Good progress has been made towards opening platform in Copenhagen by the end of the financial year (subject to regulatory approval).

This will reinstate unfettered, pre-Brexit access to EU institutions and markets.

#### IB DIVERSIFICATION

We want to better meet the needs of our clients, whose financing needs are increasingly diverse and sophisticated.

To this end we added Debt Advisory to our franchise and new hires to our M&A team and Private Capital Markets team.

We also continue to build out our Retail Capital Markets capabilities to support out REX platform.

#### NORTH AMERICA BUSINESS

We have made good progress in investing in our US distribution capability, through key hires.

This will enable us to better service the North American market and to compete with other leading mid-cap banks to retain and win corporate clients and mandates.



### Digital Strategy

#### INVESTING IN OUR TECHNOLOGY PLATFORM

**Execution Services** - We are focused on our revenue generating and risk management infrastructure in particular in PHAT, improving our pre/post-trade analytics, risk and quote management system for dynamic market making and spread capture.

**Research & Distribution** - we are leveraging machine learning (ML) and big data analytics to drive efficiencies and generate deeper insights for clients. With these capabilities we are building a new research origination & distribution engine.

**Investment Banking** – Structural shifts in the equity issuance market has moved retail from the side line into the spotlight. We operate REX, a proprietary technology platform opening up primary capital markets to retail investors, allowing equal access to IPOs, Accelerated Book Builds and retail bonds.

#### Deepening our partnerships with market leading suppliers



# Technology key to our competitive advantage and future growth



1

## OUR PEOPLE

### Develop the digital savviness of our people

- ✓ Work environment driven towards innovation, experimentation and agility
- ✓ Increased ability to attract and retain talent
- ✓ Increased workplace satisfaction, productivity and engagement

2

## OUR INFORMATION

### Build a value driven Data & Analytics capability

- ✓ **Cloud Data Lake:** Enabling Analytics, Machine Learning (ML) and real time data movement
- ✓ **AML Tools:** Leveraging Machine Learning (ML) techniques

3

## OUR CUSTOMERS

### Product leadership for the Digital business

- ✓ **Client Chat Bot:** Real time automated interaction with clients
- ✓ **Natural Language Processing (NLP) -** Sentiment and insight automation

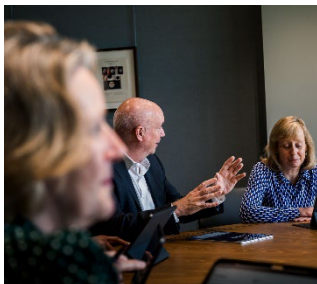
4

## OUR TECHNOLOGY & PARTNERS

### Scalable operating platform

- ✓ **Enhanced Workflow Automation:** Driving efficiency and scalability
- ✓ **Electronic Liquidity Provision:** Streaming prices to broader client base
- ✓ **Rex 2.0:** Scalable multi-bank retail fund raising platform

# ESG at Peel Hunt: Community, Diversity & Sustainability



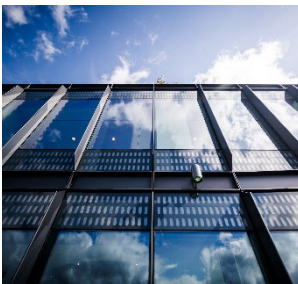
Over **40%**<sup>(1)</sup> of our Board are women, compared to an average of 15% for AIM listed companies<sup>(2)</sup>

As of March 2022, **24%** of Peel Hunt's staff are women



**24** volunteering events have been carried out in FY22

**430** volunteering hours carried out by 107 employees in FY22



New London office and reduced business travel have helped reduce the total amount of carbon emissions from 1,359 tCO<sub>2</sub>e to 772 tCO<sub>2</sub>e (FY21 to FY22)

## SUSTAINABILITY

- We established a Social, Environmental, Ethical & Reputational (SEER) Committee, which looks in detail at potential clients through an ESG lens.
- By the end of 2023, we will have finished mapping all our scope 3 emissions, and have published our total carbon footprint.
- We will also publish our first carbon reduction plan in 2023.

## DIVERSITY & INCLUSION

- All staff took part in DEI training sessions. This will now be required annually for all our managers.
- We became an accredited Disability Confident employer by the Department for Work & Pensions.
- We signed the Mental Health at Work commitment, a framework helping businesses achieve better mental health outcomes in the workplace.

## SOCIAL

- All staff have a 30 days holiday allowance.
- We invited staff to 'Culture Jams' focus groups to consider the future of how we work (More in than out, Clients first, Right for the team, Flexibility and fairness).
- All our people have one paid charity day each year to volunteer in a Peel Hunt-organised activity.

(1) After AGM

(2) Fieldfisher: The case for diversity on AIM-listed boards: The role of stakeholders – Part 3, 10/11/2020

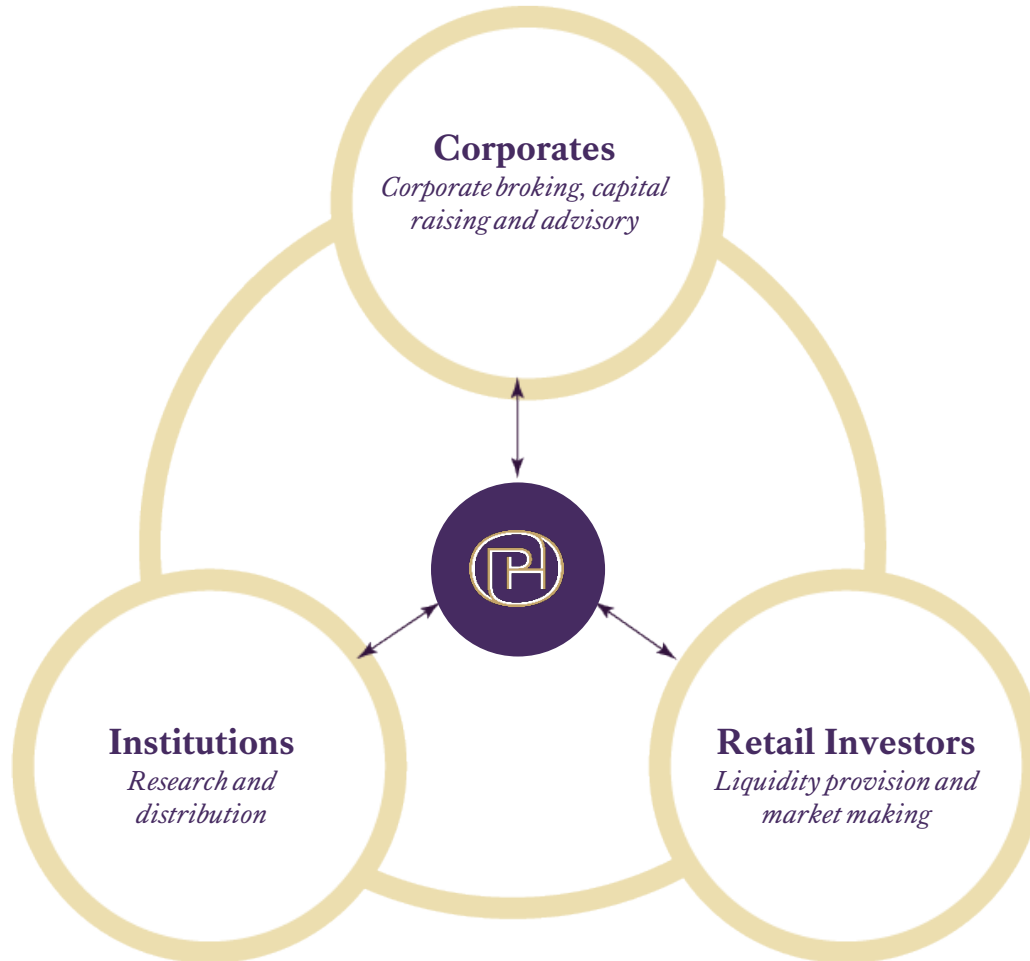
# STRATEGY & OUTLOOK



# Strategy



Connecting all key participants through 4 key focus areas



**Relationships**

**Technology**

**Relevance**

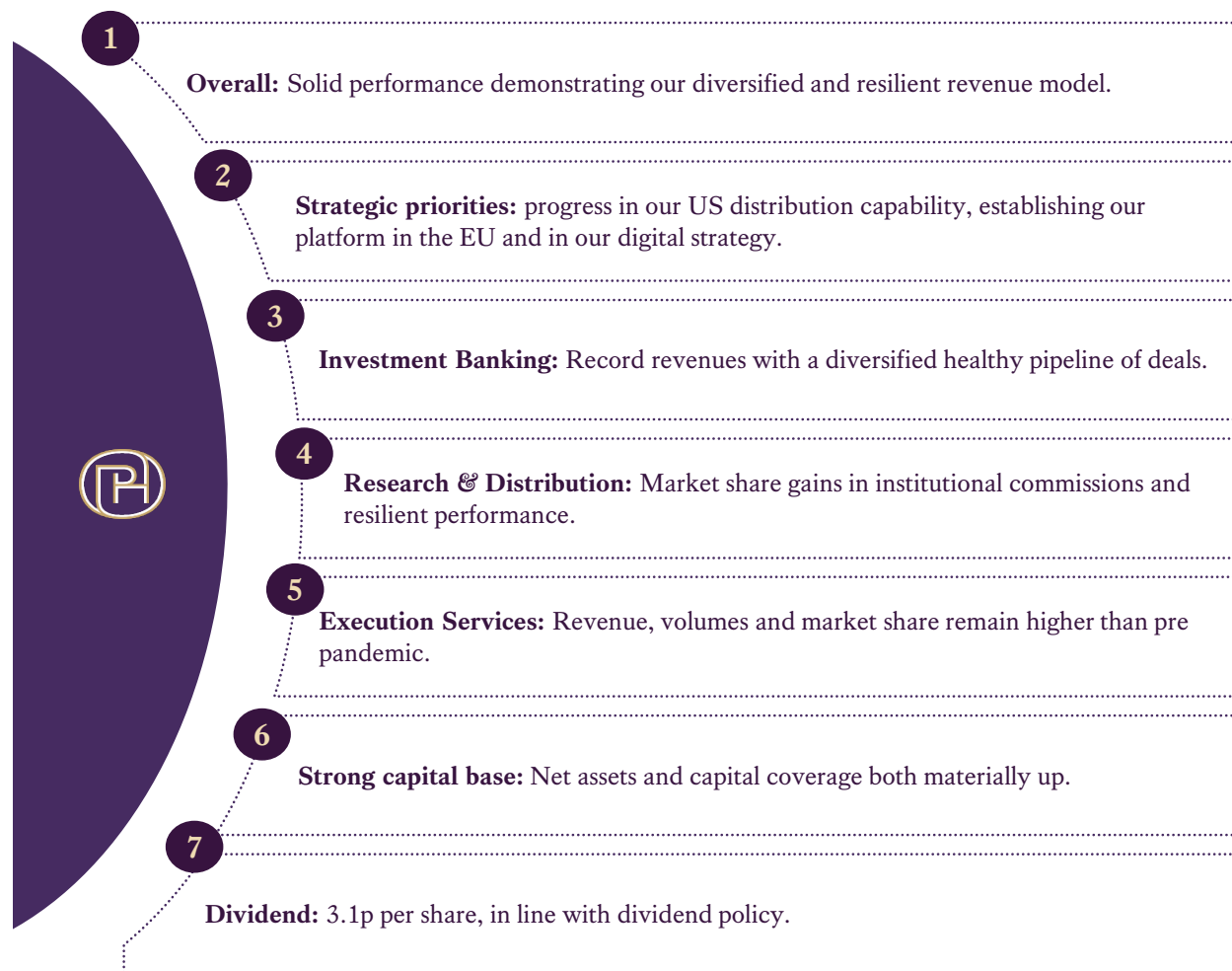
**Long Term**

# Current trading and outlook



|                         | CURRENT TRADING   | OUTLOOK  |
|-------------------------|---|--|
| EXECUTION SERVICES      | <ul style="list-style-type: none"> <li>Remains ahead of pre pandemic levels.</li> <li>Focus is on spread capture and return on funding.</li> </ul>  | <ul style="list-style-type: none"> <li>Strong position to benefit from ongoing changes in retail investors' behaviour.</li> <li>Exploring access to other markets.</li> </ul>  |
| RESEARCH & DISTRIBUTION | <ul style="list-style-type: none"> <li>Commissions remain in line with H1 22.</li> <li>Strong focus on Risk Arb given heightened M&amp;A activity.</li> </ul>   | <ul style="list-style-type: none"> <li>Opening of our European office.</li> <li>Growth in number of accounts, low touch execution and international distribution.</li> </ul>   |
| INVESTMENT BANKING      | <ul style="list-style-type: none"> <li>Low levels of capital market activity resulting in deals being cancelled or delayed.</li> <li>Despite this we have acted on some of the more significant UK mid-cap ECM transactions that have been executed since the start of FY23.</li> </ul> | <ul style="list-style-type: none"> <li>Challenging market conditions expected to continue through the first half of FY23.</li> <li>Strong pipeline of multiple transactions likely to be H2 weighted due to investor sentiment and macro environment.</li> </ul> |
| COST BASE               | <ul style="list-style-type: none"> <li>IFPR regulations impose more focus on share based awards.</li> <li>Market pressure for key talent is extremely high.</li> </ul>  | <ul style="list-style-type: none"> <li>Continued investment in technology and efficiencies.</li> <li>Targeted support for revenue generating activities.</li> </ul>  |

# Summary



|   |
|---|
| <p><b>£131.0m</b><br/>Revenue</p>                           |
| <p><b>£41.2m</b><br/>Profit Before Tax</p>                  |
| <p><b>47.1%</b><br/>Compensation Ratio</p>                  |
| <p><b>17%</b><br/>Share of LSE volume<sup>(1)</sup></p>     |
| <p><b>162</b><br/>Corporate Clients</p>                     |
| <p><b>1,235</b><br/>Institutions receiving our research</p> |
| <p><b>82%</b><br/>Employee engagement</p>                   |

(1) Information from Bloomberg

Q&A



# APPENDICES



UNAUDITED ILLUSTRATIVE  
FINANCIALS



# Unaudited Illustrative Consolidated Income Statement



The unaudited illustrative consolidated income statement 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.

| <i>£'000</i>   | <b>31-Mar-22</b><br><i>Year ended</i><br><i>£'000</i> | <b>31-Mar-21</b><br><i>Year ended</i><br><i>£'000</i> |
|--|---|---|
| <b>Revenue</b>   | <b>131,046</b>  | <b>196,874</b>  |
| Illustrative administrative expenses <sup>1</sup>        | (96,345)  | (118,141)   |
| <b>Adjusted profit from operations</b>                   | <b>34,701</b>   | <b>78,733</b>   |
| Finance income   | 15  | 30  |
| Finance expenses   | (1,664)   | (2,106)   |
| Other income   | 56  | 360   |
| <b>Adjusted Profit before tax</b>                        | <b>33,108</b>   | <b>77,017</b>   |
| Illustrative corporation tax <sup>2</sup>                | (7,566)   | (19,108)  |
| <b>Adjusted Profit after tax</b>                         | <b>25,542</b>   | <b>57,908</b>   |
| Illustrative dividend <sup>3</sup>                       | (10,217)  | (23,164)  |
| <b>Adjusted retained profit for the year<sup>4</sup></b> | <b>15,325</b>   | <b>34,745</b>   |
| <b>Illustrative performance metrics</b>                  |   |   |
| Compensation Ratio                                       | 46.3%   | 45.7%   |
| Non-Staff Cost Ratio                                     | 28.4%   | 15.2%   |
| PBT Margin   | 25.3%   | 39.1%   |

## Notes

- (1) 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:
  - a) Illustrative administrative expenses in 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).
  - b) Illustrative administrative expenses in the year ended 31 March 2021 exclude one-off costs of £3.4m (relocation to 100 Liverpool Street).
- (2) 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 charge in respect of prior years.
- (3) 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.
- (4) Adjustments in relation to other matters such as equity incentive structures that may be implemented have not been reflected in the Illustrative Consolidated Income Statement because they would not currently be factually supportable since their quantum is not yet known.

# FY22 Illustrative Financials



Moving from a partnership to public shareholder structure

## Pre-IPO Group

| As at 31 March           | FY22                | FY21                |
|--------------------------|---------------------|---------------------|
| £'000                    | Year ended<br>£'000 | Year ended<br>£'000 |
| Research & distribution  | 30,241              | 36,258              |
| Trading platform         | 42,857              | 116,706             |
| Investment banking       | 57,948              | 43,910              |
| <b>Revenue</b>           | <b>131,046</b>      | <b>196,874</b>      |
| Administrative Costs     | (89,818)            | (76,759)            |
| <b>Total costs</b>       | <b>(89,818)</b>     | <b>(76,759)</b>     |
| <b>Profit before tax</b> | <b>41,228</b>       | <b>120,115</b>      |

## Adjustments

- Administrative costs:**
  - All LLP partners convert to employees
  - Additional National Insurance costs for Partners converting to employees
  - Additional Pension costs for Partners converting to employees
  - Re-organisation of the group's corporate structure
- Tax charge:**
  - Corporation tax on Group profits
  - Bank surcharge levy on Group profits >£25m
  - Prior year adjustment
- Dividend:** Targeting a basic 40% payout ratio on profits.

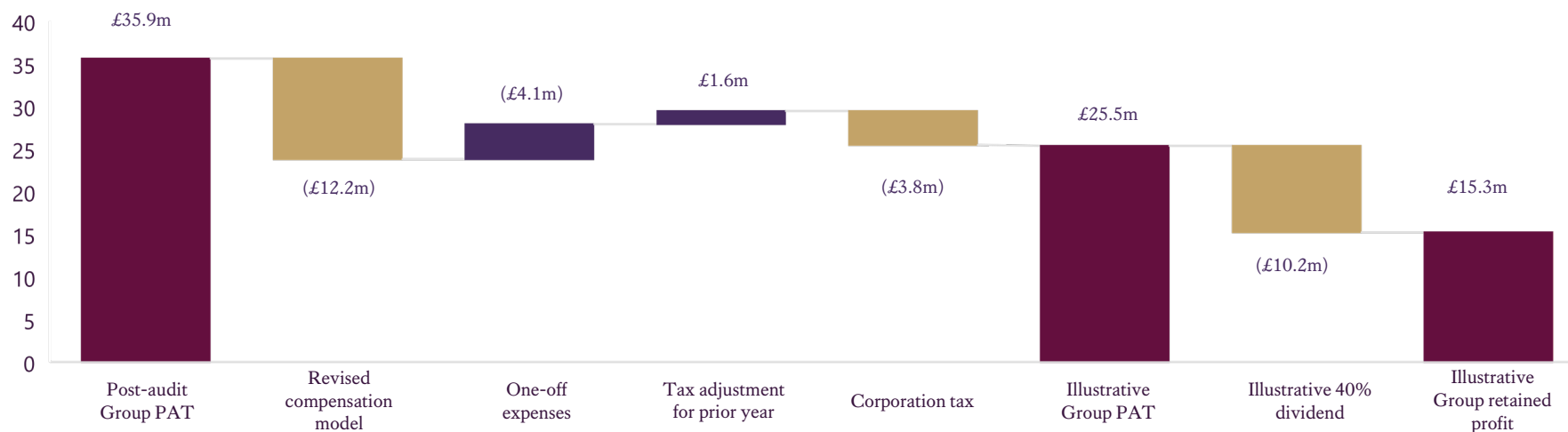
## Illustrative Post-IPO Group

| As at 31 March              | FY22                | FY21                |
|-----------------------------|---------------------|---------------------|
| £'000                       | Year ended<br>£'000 | Year ended<br>£'000 |
| Research & distribution     | 30,241              | 36,258              |
| Trading platform            | 42,857              | 116,706             |
| Investment banking          | 57,948              | 43,910              |
| <b>Revenue</b>              | <b>131,046</b>      | <b>196,874</b>      |
| Administrative Costs        | (97,938)            | (119,857)           |
| <b>Total costs</b>          | <b>(97,938)</b>     | <b>(119,857)</b>    |
| <b>Profit before tax</b>    | <b>33,108</b>       | <b>77,017</b>       |
| Effective tax rate          | 23%                 | 25%                 |
| Illustrative Tax charge     | (7,566)             | (19,108)            |
| <b>Profit after tax</b>     | <b>25,542</b>       | <b>57,909</b>       |
| Illustrative dividend @ 40% | (10,217)            | (23,164)            |
| <b>Retained profit</b>      | <b>15,325</b>       | <b>34,745</b>       |

# FY22 Illustrative Group Profit Reconciliation



|                              | Actual Financials-<br>Group (Consol) | Administrative Expenses <sup>1</sup>                |   |  |   |                                       |                                  |
|------------------------------|--------------------------------------|---|---|--|---|---------------------------------------|----------------------------------|
|                              |                                      | Include: Revised<br>compensation model <sup>2</sup> | Exclude: One-off<br>expenses <sup>2</sup> | Exclude: Tax charges<br>in respect of prior year | Include: Additional<br>Corporation tax incl.<br>Bank Levy | Include: Illustrative<br>40% dividend | Illustrative - Group<br>(Consol) |
| <b>Profit before tax</b>     | <b>41,228</b>                        | <b>(12,193)</b>                                     | <b>4,073</b>                              |  |   |                                       | <b>33,108</b>                    |
| Actual tax charge            | (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>Group retained profit</b> |                                      |   |   |  |   |                                       | <b>15,325</b>                    |



(1) Illustrative Administration expenses includes Members' remuneration charged as an expense; this is presented separately from actual Administration expenses shown in the Consolidated Income Statement below.

(2) Includes National Insurance, pension costs and variable remuneration related to former members of Peel Hunt LLP.

AUDITED FINANCIAL STATEMENTS



# Consolidated Income Statement



Audited for the year ended 31 March 2022

## Income statement

| <i>£'000</i>   | FY22<br><i>31 Mar 22</i> | FY21<br><i>31 Mar 21</i> | Change         |
|--|--------------------------|--------------------------|----------------|
| Research payments & Execution commission                             | 30,241                   | 36,258                   | (16.6%)        |
| Execution Services Revenue   | 42,857                   | 116,706                  | (63.3%)        |
| Investment Banking fees and retainers                                | 57,948                   | 43,910                   | 32.0%          |
| <b>Revenue</b>   | <b>131,046</b>           | <b>196,874</b>           | <b>(33.4%)</b> |
| Administrative expenses  | (78,673)                 | (54,926)                 | 43.2%          |
| <b>Profit from operations</b>  | <b>52,373</b>            | <b>141,948</b>           | <b>(63.1%)</b> |
| Finance income   | 15                       | 30                       | (50%)          |
| Finance expense  | (1,664)                  | (2,106)                  | 21.0%          |
| Other income   | 56                       | 360                      | (99.3%)        |
| <b>Profit before remuneration to the members' of the LLP and tax</b> | <b>51,136</b>            | <b>140,232</b>           | <b>(63.5%)</b> |
| Members' remuneration charged as an expense                          | (9,908)                  | (20,117)                 | 50.7%          |
| <b>Profit before tax for the year</b>                                | <b>41,228</b>            | <b>120,115</b>           | <b>(65.7%)</b> |
| Tax  | (5,269)                  | (1,546)                  | 240.8%         |
| <b>Profit for the year</b>   | <b>35,948</b>            | <b>118,569</b>           | <b>(69.7%)</b> |
| Other comprehensive income for the year                              | 27                       | -                        | 100%           |
| <b>Total comprehensive income for the year</b>                       | <b>35,975</b>            | <b>118,569</b>           | <b>(69.7%)</b> |

# Consolidated Balance Sheet



Audited for the year ended 31 March 2022

## Balance Sheet

| <i>£'000</i>                          | FY22<br><i>31 Mar 22</i> | FY21<br><i>31 Mar 21</i> | Change        |
|---------------------------------------|--------------------------|--------------------------|---------------|
| <b>Non-current assets</b>             | <b>27,929</b>            | <b>30,855</b>            | <b>(9.4%)</b> |
| Long positions of dealing operations  | 50,341                   | 47,296                   | 6.4%          |
| Market and client debtors             | 559,485                  | 531,178                  | 5.3%          |
| Other debtors                         | 13,200                   | 9,139                    | 44.4%         |
| Cash                                  | 76,719                   | 103,363                  | (25.8%)       |
| <b>Current assets</b>                 | <b>699,745</b>           | <b>691,038</b>           | <b>1.3%</b>   |
| <b>Total assets</b>                   | <b>727,674</b>           | <b>721,893</b>           | <b>0.8%</b>   |
| Bank debt                             | (21,000)                 | (21,000)                 | 0.0%          |
| Lease liability                       | (20,649)                 | (22,251)                 | 7.2%          |
| <b>Non-current liabilities</b>        | <b>(41,649)</b>          | <b>(43,251)</b>          | <b>3.7%</b>   |
| Market and client creditors           | (505,475)                | (464,796)                | 8.8%          |
| Short positions of dealing operations | (32,705)                 | (33,727)                 | (3.0%)        |
| Amounts due to members                | (22,139)                 | (113,448)                | (80.5%)       |
| Lease liability                       | (2,544)                  | (313)                    | 712.8%        |
| Other creditors                       | (23,028)                 | (17,988)                 | 28.0%         |
| <b>Current liabilities</b>            | <b>(583,891)</b>         | <b>(630,272)</b>         | <b>(7.4%)</b> |
| <b>Total liabilities</b>              | <b>(627,540)</b>         | <b>(673,523)</b>         | <b>(6.8%)</b> |
| <b>Net assets</b>                     | <b>100,134</b>           | <b>48,370</b>            | <b>107.0%</b> |

# Consolidated Statement of Cash Flows



Audited for the year ended 31 March 2022

## Cash Flow

| <i>£'000</i>  | FY22<br><i>31 Mar 22</i> | FY21<br><i>31 Mar 21</i> | Change          |
|---|--------------------------|--------------------------|-----------------|
| <b>Net cash generated from operations</b>             | <b>(68,022)</b>          | <b>84,580</b>            | <b>(180.4%)</b> |
| <b>Cash flows from investment activities</b>          |                          |                          |                 |
| Purchase of tangible assets                           | (1,345)                  | (9,444)                  | (85.8%)         |
| Purchase of intangible assets                         | (6)                      | (16)                     | (62.5%)         |
| Disposal of Equity Investments not held for trading   | 47                       | -                        | 100%            |
| <b>Net cash used in investing activities</b>          | <b>(1,304)</b>           | <b>(9,460)</b>           | <b>86.2%</b>    |
| <b>Cash flows from financing activities</b>           |                          |                          |                 |
| Interest paid   | (733)                    | (1,459)                  | (49.8%)         |
| Net borrowings  | -                        | (7,500)                  | (100.0%)        |
| Lease Liability payments                              | (316)                    | (1,247)                  | (74.7%)         |
| Revaluation of Right-of-use asset and Lease liability | (52)                     | 46                       | (213.0%)        |
| Net Proceeds from Issue of shares                     | 38,217                   | -                        | 100.0%          |
| Purchase of Treasury Shares                           | 2,566                    | (887)                    | 389.3%          |
| Loan  | 3,000                    | (3,000)                  | (0.0%)          |
| <b>Net cash generated from financing activities</b>   | <b>42,937</b>            | <b>(14,047)</b>          | <b>205.7%</b>   |
| Net increase in cash and cash equivalents             | (26,644)                 | 61,073                   | (143.6)         |
| Cash and cash equivalents at start of period          | 103,363                  | 42,290                   | 144.4%          |
| <b>Cash and cash equivalents at end of period</b>     | <b>76,619</b>            | <b>103,363</b>           | <b>(25.9%)</b>  |

# Peel Hunt Limited Capital Position



Audited for the year ended 31 March 2022

## Pillar 1 Capital Position<sup>(1)(2)</sup>

| £'000  | FY 2022<br>31 Mar 22      | FY 2021<br>31 Mar 21 | Change         |
|--|---------------------------|----------------------|----------------|
| <b>Total own funds</b>                             | 100,146                   | 48,370               | 107.04%        |
| <u>MIFIDPRU [from 1<sup>st</sup> January 2022]</u> |                           |                      |                |
| Risk-to-Market                                     | 16,304                    |                      |                |
| Risk-to-Firm                                       | 1,293                     |                      |                |
| Risk-to-Client                                     | 360                       |                      |                |
| <u>CRD IV</u>                                      |                           |                      |                |
| Market risk  |                           | 11,183               |                |
| Settlement risk                                    |                           | 1,614                |                |
| Credit risk  |                           | 5,182                |                |
| Operational risk                                   |                           | 11,734               |                |
| <b>Total own funds requirement</b>                 | <b>17,957<sup>1</sup></b> | <b>29,714</b>        | <b>(39.6%)</b> |
| <b>Surplus own funds</b>                           | <b>82,189</b>             | <b>18,657</b>        | <b>340.5%</b>  |
| <i>Own funds requirement coverage</i>              | 558%                      | 163%                 | 243%           |

1) Total own funds requirement MIFIDPRU reported to FCA as at 31<sup>st</sup> March 2022

2) "Pillar 1" means the higher of the K-factor requirement and the fixed overhead requirement per MIFIDPRU 4.3

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