



## Interim Results Announcement

1 December 2021

# Peel Hunt Limited

## Half-Year Results

for the six months ended 28 September 2021

### Strong H1 performance with record investment banking result, on track to meet full-year expectations

Peel Hunt Limited (“Peel Hunt”, the “Company”) together with its subsidiaries (the “Group”) today announces unaudited interim results for the period ended 28 September 2021 (“H1 2022”).

*These interim results are for the period prior to the admission of the Group to trading on AIM. They have been drawn up to 28 September 2021, the date immediately prior to the IPO, to make a clear separation between pre- and post-IPO results.*

*The interim results for the Group consolidate Peel Hunt LLP, a limited liability partnership having a corporate member and individual members. Profits derived from the partnership are allocated between the members. Profits attributable to the corporate member are retained within the Group and subject to corporation tax; profits attributable to individual members comprise the non-controlling interests, with individual members bearing tax liabilities personally. This presentation is consistent with prior financial periods and with the requirements of the Companies Act 2006 as applied to limited liability partnerships. The interim results contain one-off costs, related to the IPO, which have been accrued or paid in H1 2022.*

*For reference, an unaudited illustrative consolidated income statement to 28 September 2021 (together with comparatives to 30 September 2020 (“H1 2021”)) is also presented. This statement illustrates 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 statement retains the actual revenue results and considers the addition of continuing items comprising all former members of Peel Hunt LLP being remunerated as employees, additional National Insurance contributions and additional 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.*

### In summary

- We are on track to meet market expectations
- All three business divisions continued to make progress:
  - **Investment Banking** achieved record results, with revenue up 43% to £32.7m; retainer income up 15% reflecting new client wins; and a 15% increase in average market cap of clients
  - Strong performance by **Research & Distribution** in a slower market, with continued momentum in new accounts, adding 18 research agreements and 20 trading accounts
  - **Execution & Trading** performance moderated in line with our expectations, with trading volumes, market share and revenue remaining higher than before the pandemic
- Successful completion of our IPO
- We maintained our strong capital position, strengthened by net proceeds from the IPO
- Continued investment in technology to develop and enhance our range of systematic trading products
- We were named the UK’s best overall broker focused on UK mid & small-cap companies in Institutional Investor’s 2021 Europe Survey



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### Steven Fine, Chief Executive Officer, commented:

"I'm really pleased with our overall performance in the first half. Our Investment Banking team delivered record six-month revenue and we continue to grow our client base and retainer income. We're seeing further progress and market share gains in our institutional business. Our Execution & Trading business maintained its leading position in LSE trading volumes and delivered on budget, well ahead of the pre-pandemic period in 2019.

We continue to grow our number of retained Investment Banking clients and have a healthy deal pipeline with a strong balance of transactions. We're well positioned to execute our growth plans, which include opening a European office to support our growing distribution franchise across the continent. We remain on track to deliver on our budget for the year.

Peel Hunt's values and culture have been instrumental to our growth, as has our purpose of guiding and nurturing people through the evolution of business. Our own evolution is no exception. All our staff have been exceptional in this transition period as we moved from an LLP to a listed company. I'd like to thank our staff for their hard work and our new shareholders for their support."

<b>Illustrative financial highlights<sup>(1)</sup></b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Change</b>
Revenue	£71.4m	£93.2m	(23.4)%
Illustrative profit before tax <sup>(1)</sup>	£21.6m	£33.1m	(34.7)%
Illustrative profit after tax <sup>(1)</sup>	£16.3m	£25.0m	(34.8)%
Illustrative compensation ratio <sup>(1)</sup>	45.8%	46.2%	(0.4)ppts

<b>Actual financial highlights</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Change</b>
Revenue	£71.4m	£93.2m	(23.4)%
Profit before tax	£29.5m	£56.6m	(47.9)%
Profit after tax	£26.7m	£55.4m	(51.8)%
Compensation ratio	45.7%	45.0%	0.7ppts

<b>Operating highlights</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Change</b>
Cash	£77.0m	£72.9m	5.6%
Net assets	£50.0m	£50.1m	-
Investment Banking clients	158	150	5.3%
Average market cap of clients	£731.2m	£632.6m	15.6%

Notes:

1) Illustrative financials are outlined in the Unaudited Illustrative Consolidated Income Statement on pages 10 and 11.

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The information contained within this announcement is deemed to constitute inside information as stipulated under retained EU law version of the Market Abuse Regulations (EU No. 596/2014) (the “UK MAR”), which is part of UK law by virtue of the European Union (withdrawal) Act 2018. The information is disclosed in accordance with the Company’s obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

### Notes to editors:

Peel Hunt is a leading specialist in UK Investment Banking, ranked number one broker for UK mid and small-cap companies in Institutional Investor’s latest Europe Survey. Our purpose is to nurture and guide people through the evolution of business. We achieve this through a proven, joined-up approach that consistently delivers value to UK corporates, global institutions and trading counterparties alike.

We have 162 corporate clients (including 32 in the FTSE 100 and FTSE 250), with an average market capitalisation of approximately £775m. Our award-winning research is distributed to over 1,200 institutions across the UK, Europe and the US and has ranked No. 1 for UK Small & Mid-cap Research for the last five years in Institutional Investor’s Europe Survey. Our trading platform makes markets in over 10,000 instruments in 38 markets and is an increasingly important provider of trade execution services to the UK retail platforms and brokers.

### BUSINESS REVIEW

#### Context: Our IPO

We were admitted to AIM on 29 September 2021. The aim of our IPO was to support the next phase of our growth for all our businesses, including establishing a European presence, continuing our investment in differentiated proprietary technology, and funding future increases in regulatory and working capital.

Although we are now listed, for the period covered by this statement we were still an LLP and the accounts have been made up to 28 September 2021. If our half-year had run to 30 September 2021, it would have had a positive effect on our reported financial performance. In order to provide a view of our results as if we had already been listed, we have included an unaudited illustrative consolidated income statement to 28 September 2021 (together with comparatives to 30 September 2020 (“H1 2021”)) on page 10. This shows the impact that individual members of Peel Hunt LLP converting to employees, and the IPO, would have had on the consolidated statement of comprehensive income had it taken place on or before 31 March 2020.



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### Overview of Results

Revenue in H1 2022 was £71.4m (H1 2021: £93.2m). This was in line with our expectations, given that the exceptional trading and heightened market activity due to the pandemic in H1 2021 returned to more normal levels in H1 2022.

Record results in Investment Banking, growth in commission income and continued momentum in Execution & Trading have set a positive tone for the rest of the financial year. Execution & Trading's lower volumes and revenues are consistent with trends across the industry, following an exceptional first six months of 2020, which included the start of the pandemic and the first UK lockdown.

Our profit before tax was £29.5m (H1 2021: £56.6m). This included the impact of costs associated with the successful completion of our IPO. Our balance sheet remains strong, with net assets of £50.0m at 28 September. Immediately following the fundraising associated with the IPO, net assets increased by the net proceeds.

In April 2021, we announced an underwriting collaboration with Santander Corporate & Investment Bank. The collaboration combines our in-depth knowledge and expertise with a powerful underwriting capability, enhancing our ability to underwrite substantial ECM transactions.

We were delighted to be named, for the first time, the UK's best overall broker focused on UK mid & small-cap companies in Institutional Investor's 2021 Europe Survey. Although we have been named No. 1 in research for the last five years, it was the first time in the last ten years an investment bank has swept the board across all categories.

Towards the end of the period, we renegotiated and extended our long-term financing facilities, with a secured financing agreement ("SFA") and a revolving credit facility ("RCF"), demonstrating our strong partnership with, and commitment from, Lloyds Banking Group plc ("Lloyds").

Over the summer of 2021, many of our employees began to return to the office as restrictions eased and we were able to take advantage of the Group's new facilities at 100 Liverpool Street, including an auditorium where we can host client results meetings and AGMs, and a state-of-the-art recording studio for client videos and podcasts. We were delighted that the vast majority of our employees returned together to our new offices during our first two weeks as a listed company.

### Market Conditions

During the first six months of the financial year, the UK economy began to recover as the roll-out of the Covid-19 vaccine helped us out of lockdown. With confidence returning to the market, volatility and trading volumes reduced substantially compared with H1 2021. Over the period employment figures improved, interest rates remained low, although inflation started to increase.

Investment banking activity significantly increased during the first half, driven by companies looking to improve cash resources and seeking future growth opportunities through mergers and acquisitions ("M&A"). Overall activity in the equity capital markets ("ECM") increased compared with H1 2021.

In the UK retail investment market, there has been greater activity and a rapid influx of new investors, particularly since the start of the pandemic. The three largest UK direct-to-customer investment platforms saw an increase from 1.3 million customers with £207 billion of assets under administration in 2017, to 2.2 million customers with £246 billion of assets under administration in 2021. Building on the structural changes that followed the FCA's Retail Distribution Review in 2012, retail investor growth is being driven by social and economic factors, including increases in disposable income and the acceleration of digital adoption. At the same time, significant changes to the UK pensions market, including greater freedom for people to invest their own pensions, and a move from traditional defined benefit pension plans to defined contribution plans in private sector pensions,



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have shifted investment risk from employers to their employees, increasing the need for individuals to manage their own savings and investments.

### Divisional Reviews

#### *Investment Banking*

	<b>H1 2022</b> <b>£m</b>	<b>H1 2021</b> <b>£m</b>	<b>%</b> <b>Change</b>
Investment Banking fees	£28.8m	£19.4m	48.5%
Investment Banking retainers	£3.9m	£3.4m	14.7%
<b>Investment Banking revenue</b>	<b>£32.7m</b>	<b>£22.8m</b>	<b>43.4%</b>

Investment Banking had its strongest half-year on record, with revenue of £32.7m, significantly ahead of H1 2021.

We continue to differentiate ourselves through our strategy of joined up broking, combining advice, research, distribution and market share, which together with our sector specialist approach leaves us well placed to continue to attract and win high quality clients and transactions.

The UK equity market saw a strong H1 2022, as the flow of positive news on Covid-19 vaccines helped market confidence improve. The FTSE 100 and FTSE 250 indices were up 4.3% and 6.4% respectively over the six months, with diverse sector performance. This recovery has enhanced client activity.

ECM saw strong volumes, with higher transaction volumes and average deal fees compared with H1 2021. There has also been an increase in M&A activity, driven particularly by international buyers identifying attractive UK investment opportunities.

We continue to add to our number of retained Investment Banking clients, despite the loss of some retained clients as a result of takeovers. Retainer fee income increased 14.7% over H1 2021 with clients recognising the value of our high level of service.

During the period since the IPO, equity markets have softened with fewer deals coming to market, but our pipeline continues to be strong across different sectors and products. While execution risk remains, our outlook for the rest of the financial year continues to be encouraging.

#### *Research & Distribution*

	<b>H1 2022</b> <b>£m</b>	<b>H1 2021</b> <b>£m</b>	<b>%</b> <b>Change</b>
<b>Research payments and execution commission</b>	<b>£14.7m</b>	<b>£14.2m</b>	<b>3.5%</b>

Revenue from research payments and execution commissions grew by 3.5% compared with H1 2021. This growth was achieved in the face of a challenging market, which saw a significant decline in UK market volume compared with the strong H1 2021. Outperformance was driven by an increased market share from our existing client base and an increase in our number of clients. This growth continued the trend of the last five years, during which we have doubled our overall market share (based on the latest available statistics to 30 June 2021).



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During H1 2022, we added 18 research agreements, started 33 research trial agreements and opened 20 new client trading accounts.

### Execution & Trading

	H1 2022 £m	H1 2021 £m	% Change
<b>Execution &amp; Trading revenue</b>	<b>£24.0m</b>	<b>£56.2m</b>	<b>(57.3)%</b>

Execution & Trading revenue in H1 2022 was significantly lower than H1 2021, which had been buoyed by elevated volumes and volatility amid market-wide uncertainty at the onset of the pandemic. However, revenue was in line with our expectations and was materially ahead of H1 2020 (by £10.3m), a more comparable market environment (pre-pandemic). We retained our leading trading position with a 17.9% share of LSE volume (H1 2021: 15.0%).

Execution & Trading revenue is diversified across an increasing number of trading strategies. As such, we are well positioned to deliver positive returns from low-risk market making. We continue to invest in technology as we seek to expand our range of services, with a view to capturing further market share. This investment has created further efficiencies in our systematic trading products, which we have been rolling out to more product lines. We have also signed a long-term five-year agreement with the leading provider of trading and order management systems, giving us flexibility and the capacity to continue to grow.

### Financial Review

#### Operating Costs

	H1 2022 £m	H1 2021 £m	% Change
Illustrative staff costs <sup>(1)</sup>	£32.7m	£43.1m	(24.1)%
Illustrative non-staff costs <sup>(1)</sup>	£16.4m	£16.1m	1.9%
<b>Total illustrative admin costs<sup>(1)</sup></b>	<b>£49.1m</b>	<b>£59.2m</b>	<b>(17.1)%</b>
Illustrative compensation ratio <sup>(1)</sup>	45.8%	46.2%	(0.4)ppts
Illustrative non-staff costs ratio <sup>(1)</sup>	24.0%	18.3%	5.7ppts
Actual staff costs <sup>(2)</sup>	£13.4m	£11.7m	14.5%
Actual non-staff costs	£17.8m	£14.3m	24.5%
<b>Total actual admin costs</b>	<b>£31.2m</b>	<b>£26.0m</b>	<b>20.0%</b>
Period-end headcount	300	268	11.9%
Average headcount	295	266	10.9%

Notes:

- 1) Illustrative financials are outlined in the Unaudited Illustrative Consolidated Income Statement on pages 10 and 11
- 2) Actual staff costs include variable remuneration costs for employees but not for members



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Illustrative staff costs (including variable remuneration) in H1 2022 were lower than H1 2021, in line with the reduction in revenue and the associated reduction in variable remuneration expense. This has resulted in a decrease in the illustrative compensation ratio over H1 2021. Actual staff costs (not including partner profit share) in H1 2022 were marginally higher than H1 2021, as we hired more staff to support our growth. Actual non-staff costs increased in H1 2022 due to costs associated with the IPO and our continued investment in technology. Illustrative non-staff costs are largely consistent with H1 2021.

Both period-end and average headcount show double-digit percentage growth over the corresponding period in H1 2021, reflecting the strategic investment in additional people to support business expansion, improved governance and to ensure that we maintain exceptional client service. In the second half of the year, we expect recruitment activity to be at a slower pace.

### **Capital and Liquidity**

Net assets remained strong at £50.0m as at 28 September 2021, which is consistent with H1 2021 and reflects a 3.3% increase on the financial year-end position as at 31 March 2021. Pillar 1 coverage over net assets decreased in H1 2022 in comparison to H1 2021 due to an increase in the market risk requirement on securities held for trading and the increase in the operational risk requirement following the final audited result for 31 March 2021. Nonetheless, in H1 2022 we continued to operate with coverage in excess of our regulatory capital requirements. Our coverage will increase due to the net proceeds raised in the IPO.

Our cash position has grown from H1 2021 on the back of our strong underlying results, supplemented by an increase in the SFA with Lloyds. During H1 2021, we continued our partnership with Lloyds and refinanced the SFA to a total available of £50.0m, of which £30.0m has been drawn, over a new five-year term. Since H1 2021, cash utilisation increased due to IPO-related costs and completing the fit-out of our new corporate headquarters.

### **Responsible Business**

We are committed to being a responsible business, and have increased our commitment to community, diversity and sustainability by establishing an ESG Committee, which is a board-level committee chaired by an independent non-executive. The ESG Committee is responsible for ensuring that we have developed and implemented appropriate ESG strategies, policies and reporting, aligned to relevant UN Sustainable Development Goals.

We are a member of the Heart of the City network, a charity programme established by the Corporation of London to promote responsible business, and we are a corporate partner of Women on Boards. During H1 2022, we also have partnered with Arrival Education and The Brokerage to provide mentoring, masterclass and internship programmes for disadvantaged students across inner London.

Well-being of our staff has also been important for us, particularly during the current pandemic and in H1 2022, with an established well-being programme for our staff covering topics such as mental and physical health and stress management.

### **Current Trading and Outlook**

Since our IPO, trading has remained in line with our expectations and we remain on track to meet market expectations for the full year.

Turning to our divisions:

- In **Investment Banking**, since our IPO we have added five new retained clients, while deal activity has been in line with H1 2022. Looking forward, our diversified pipeline of transactions remains healthy and we are in a strong position to win additional clients. Whilst execution risk is higher due to the current environment, the diversification of our pipeline of investment banking revenues is encouraging.



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- In **Research & Distribution**, commissions since our IPO remain in line with H1 2022, with the historically stronger Q4 of our financial year still to come. We expect to continue to expand geographically and grow market share by increasing our number of clients as well as doing more business with existing clients.
- **Execution & Trading** revenues since our IPO continue to be in line with H1 2022. Our trading volumes have remained higher than before the pandemic, although lower than the extraordinarily high volumes we saw from the start of the pandemic and the first national lockdown in March 2020. We are in a strong position to benefit from continuing changes in retail investors' behaviour. We are capitalising on our proprietary technology as we develop and enhance our systematic trading products, and expanding our geographical offerings.

Looking ahead, we plan to open an office in Europe to support our growing franchise across the continent and plan to submit regulatory applications during the second half of the financial year. Setting up an EU office will help us to build relationships with institutional investors based in the EU, whilst providing opportunities for EU clients to access our Investment Banking transactions. It will also help us to continue to build our international reputation.

Overall, the outlook for future growth remains positive. The capital we raised through the IPO will enable us to continue our investment in people and technology and at the same time take advantage of the multiple growth opportunities ahead of us.

Steven Fine

Chief Executive Officer

1 December 2021

*The information, statements and opinions contained in this announcement do not constitute a public offer under any applicable legislation or an offer to sell or solicit of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.*

*There are a number of key judgement areas, which are based on models and which are subject to ongoing modification and alteration. The reported numbers reflect our best estimates and judgements at the given point in time.*

### **Forward-looking statements**

*This announcement contains forward-looking statements. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'on track', 'achieve' or other words of similar meaning. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this announcement.*





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*Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*Nothing in this announcement constitutes or should be construed as constituting a profit forecast.*



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### 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. 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.

		Six months ended 28 Sep 21	Six months ended 30 Sep 2020	Year ended 31 Mar 21
<i>Continuing activities</i>	<i>Notes</i>	£'000	£'000	£'000
Revenue		71,355	93,207	196,874
Illustrative administrative expenses	1	(49,103)	(59,209)	(118,141)
<b>Illustrative profit from operations</b>		<b>22,252</b>	<b>33,998</b>	<b>78,733</b>
Finance income		5	20	30
Finance expenses		(712)	(987)	(2,106)
Other income		23	53	360
<b>Illustrative profit before tax</b>		<b>21,568</b>	<b>33,084</b>	<b>77,017</b>
Illustrative corporation tax	2	(5,252)	(8,038)	(19,108)
<b>Illustrative profit after tax</b>		<b>16,316</b>	<b>25,046</b>	<b>57,909</b>
Illustrative dividend	3	(6,526)	(10,018)	(23,164)
<b>Illustrative retained profit for the period</b>	4	<b>9,790</b>	<b>15,028</b>	<b>34,745</b>
<i>Illustrative Performance Metrics</i>				
Compensation Ratio		45.8%	46.2%	45.7%
Non-Staff Cost Ratio		24.0%	18.3%	15.2%
PBT Margin		30.2%	35.5%	39.1%

### Notes to the Unaudited Illustrative Consolidated Income Statement

- (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:



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- a. Illustrative administrative expenses in H1 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 H1 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.

### Reconciliation of Illustrative to Actual Consolidated Comprehensive Income

The impact of Notes (1) to (3) in the Unaudited Illustrative Comprehensive Income Statement on H1 2022 is summarised below:

	Actual Financials - Six months ended 28 September 2021 £'000	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 - Six months ended 28 September 2021 £'000
		Include: Revised compensation structure <sup>(2)</sup> £'000	Exclude: One-off expenses £'000				
<b>Profit before tax for the period</b>	<b>29,536</b>	<b>(12,041)</b>	<b>4,073</b>				<b>21,568</b>
Tax	(2,828)			1,559	(3,983)		(5,252)
<b>Profit after tax</b>	<b>26,708</b>	<b>(12,041)</b>	<b>4,073</b>	<b>1,559</b>	<b>(3,983)</b>		<b>16,316</b>
Illustrative dividend						(6,526)	(6,526)
<b>Illustrative retained profit for the period</b>							<b>9,790</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.



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### CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### Consolidated Income Statement

Unaudited for the six months ended 28 September 2021

<i>Continuing activities</i>	<i>Notes</i>	Six months ended 28 Sep 2021 £'000	Six months ended 30 Sep 2020 £'000	Year ended 31 Mar 2021 £'000
<b>Revenue</b>	2	<b>71,355</b>	<b>93,207</b>	<b>196,874</b>
Administrative expenses	3	(31,228)	(25,983)	(54,926)
<b>Profit from operations</b>		<b>40,127</b>	<b>67,224</b>	<b>141,948</b>
Finance income	4	5	20	30
Finance expense	4	(712)	(987)	(2,106)
Other income		23	52	360
<b>Profit before remuneration to the members' of Peel Hunt LLP and tax</b>		<b>39,443</b>	<b>66,309</b>	<b>140,232</b>
Members' remuneration charged as an expense	3	(9,907)	(9,735)	(20,117)
<b>Profit before tax for the period</b>		<b>29,536</b>	<b>56,574</b>	<b>120,115</b>
Tax	5	(2,828)	(1,192)	(1,546)
<b>Profit for the period</b>		<b>26,708</b>	<b>55,382</b>	<b>118,569</b>
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period</b>		<b>26,708</b>	<b>55,382</b>	<b>118,569</b>
<b>Attributable to:</b>				
Owners of the Company		1,595	4,528	3,725
Non-controlling interests	6	25,113	50,854	114,844
<b>Total Comprehensive income for the period</b>		<b>26,708</b>	<b>55,382</b>	<b>118,569</b>



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### Consolidated Balance Sheet Unaudited as at 28 September 2021

	As at 28 Sep 2021 £'000	As at 30 Sep 2020 £'000	As at 31 Mar 2021 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9,930	2,011	9,754
Intangible assets	129	142	138
Investments not held for trading	20	20	20
Right-of-use assets	19,358	22,130	20,517
Deferred tax asset	426	412	426
<b>Total non-current assets</b>	<b>29,863</b>	<b>24,715</b>	<b>30,855</b>
<b>Current assets</b>			
Securities held for trading	67,067	48,664	47,296
Market and client debtors	484,578	352,701	531,178
Trade and other debtors	8,187	13,636	9,139
Amounts due from members	26	-	62
Cash and cash equivalents	76,972	72,928	103,363
<b>Total current assets</b>	<b>636,830</b>	<b>487,929</b>	<b>691,038</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Securities held for trading	(35,925)	(27,463)	(33,727)
Market and client creditors	(427,911)	(304,981)	(464,796)
Amounts due to members	(87,293)	(68,021)	(113,448)
Trade and other creditors	(12,266)	(13,699)	(14,557)
Long-term loan	(6,000)	(3,000)	(3,000)
Lease Liabilities	(331)	(700)	(311)
Provisions	(486)	(228)	(431)
<b>Total current liabilities</b>	<b>(570,212)</b>	<b>(418,092)</b>	<b>(630,270)</b>
<b>Net current assets</b>	<b>66,618</b>	<b>69,837</b>	<b>60,768</b>
<b>Non-current liabilities</b>			
Long-term loan	(24,000)	(22,500)	(21,000)
Lease liabilities	(22,516)	(21,992)	(22,253)
<b>Total non-current liabilities</b>	<b>(46,516)</b>	<b>(44,492)</b>	<b>(43,253)</b>
<b>Net assets</b>	<b>49,965</b>	<b>50,060</b>	<b>48,370</b>



## Interim Results Announcement

### Consolidated Balance Sheet

Unaudited as at 28 September 2021

	As at 28 Sep 2021	As at 30 Sep 2020	As at 31 Mar 2021
	£'000	£'000	£'000
<b>EQUITY</b>			
Ordinary share capital	99	99	99
Own Shares held by the company	(14)	(12)	(14)
Other reserves	49,880	49,973	48,285
<b>Total equity</b>	<b>49,965</b>	<b>50,060</b>	<b>48,370</b>

### Consolidated Statement of Changes in Equity

Unaudited for the six months ended 28 September 2021

	Ordinary share capital	Own Shares Held by the company	Other reserves	Total
Group	£'000	£'000	£'000	£'000
Balance at 31 March 2020	99	(12)	45,445	45,532
Profit for the period	-	-	4,528	4,528
Purchase of Treasury Shares	-	-	-	-
Balance at 30 September 2020	<b>99</b>	<b>(12)</b>	<b>49,973</b>	<b>50,060</b>
Profit for the period	-	-	(803)	(803)
Purchase of Treasury Shares	-	(2)	(885)	(887)
Balance at 31 March 2021	<b>99</b>	<b>(14)</b>	<b>48,285</b>	<b>48,370</b>
Profit for the period	-	-	1,595	1,595
Purchase of Treasury Shares	-	-	-	-
Balance at 28 September 2021	<b>99</b>	<b>(14)</b>	<b>49,880</b>	<b>49,965</b>



## Interim Results Announcement

### Consolidated Statement of Cash Flows

Unaudited for the six months ended 28 September 2021

	<i>Notes</i>	Six months ended 28 Sep 2021 £'000	Six months ended 30 Sep 2020 £'000	Year ended 31 Mar 2021 £'000
<b>Net cash (used in)/generated from operations</b>	<i>8</i>	<b>(30,930)</b>	<b>42,169</b>	<b>84,580</b>
<b>Cash flows from investing activities</b>				
Purchase of tangible assets		(1,026)	(1,013)	(9,444)
Purchase of intangible assets		(6)	(1)	(16)
<b>Net cash used in investing activities</b>		<b>(1,033)</b>	<b>(1,014)</b>	<b>(9,460)</b>
<b>Cash flows from financing activities</b>				
Interest paid		(276)	(804)	(1,459)
Repayment of borrowings		-	(7,500)	(7,500)
Lease Liability payments		(151)	(734)	(1,247)
Revaluation of Right-of-use asset and Lease liability		(1)	21	46
Purchase of Treasury Shares		-	-	(887)
Long-term loan		6,000	(1,500)	(3,000)
<b>Net cash generated/(used in) from financing activities</b>		<b>5,572</b>	<b>(10,517)</b>	<b>(14,047)</b>
Net (decrease)/increase in cash and cash equivalents		(26,391)	30,638	61,073
Cash and cash equivalents at start of period		103,363	42,290	42,290
<b>Cash and cash equivalents at end of period</b>		<b>76,972</b>	<b>72,928</b>	<b>103,363</b>



## Interim Results Announcement

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### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Basis of preparation

Peel Hunt Limited (until 21 September 2021, PH Capital Limited) is a private limited company, registered in Guernsey. Its registered office is Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT. The consolidated financial information of the Company comprises the Company and its subsidiaries, together referred to as the “Group”.

The financial information contained within these financial statements is unaudited and has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). The Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and comply with the Companies (Guernsey) Law, 2008.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting judgements and significant estimates. It also requires the Board of Directors to exercise its judgement in the application of the Group’s accounting policies. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2021.

The financial information is presented in pounds sterling and all values are rounded to the nearest thousand (£’000), except where indicated otherwise.

The financial information has been prepared on the historical cost basis, except for financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These interim financial statements have been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving these interim financial statements, the Company and the Group have adequate resources to continue in operational existence for at least the next twelve months.

During the period, there were no new standards or amendments to IFRS that became effective and were adopted by the Company and the Group.





## Interim Results Announcement

### 2. Revenue

	Six months ended 28 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
	£'000	£'000	£'000
Research payments & Execution commission	14,665	14,171	33,780
Execution & Trading revenue	24,017	56,222	116,154
Investment Banking fees and retainers	32,673	22,814	46,940
<b>Total revenues for the period</b>	<b>71,355</b>	<b>93,207</b>	<b>196,874</b>

### 3. Staff costs

	Six months ended 28 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
	£'000	£'000	£'000
Wages and salaries	10,257	8,627	18,770
Social security costs	1,457	1,197	2,273
Pensions costs	444	359	759
Other costs	1,244	1,482	2,101
<b>Total staff costs for the period</b>	<b>13,402</b>	<b>11,665</b>	<b>23,903</b>
Members' remuneration charged as an expense	9,907	9,735	20,117
<b>Total staff costs and Members' remuneration charged as an expense for the period</b>	<b>23,309</b>	<b>21,400</b>	<b>44,020</b>

The average number of employees and members of Peel Hunt LLP during the period has increased to 295 (30 September 2020: 266).

### 4. Net finance expense

	Six months ended 28 Sep 2021	Six months ended 30 Sep 2020	Year ended 31 Mar 2021
	£'000	£'000	£'000
<b>Finance income:</b>			
Bank interest received	5	20	30
<b>Finance expense:</b>			
Bank interest paid	(108)	(92)	(253)
Interest on lease liabilities	(436)	(184)	(646)
Interest accrued on long-term loan	(168)	(711)	(1,207)
<b>Finance expense for the period</b>	<b>(712)</b>	<b>(987)</b>	<b>(2,106)</b>
<b>Net Finance expense for the period</b>	<b>(707)</b>	<b>(967)</b>	<b>(2,076)</b>



## Interim Results Announcement

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### 5. Tax charge

The Group tax charge in H1 2022 includes £1.6m relating to tax charges in respect of prior years.

### 6. Non-controlling interest

The non-controlling interest relates to the individual members of Peel Hunt LLP; these amounts are included in Amounts due to members on the Statement of Financial Position.

### 7. Balance Sheet items

#### **(a) Property, Plant and Equipment**

Property, Plant and Equipment is 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.

#### **(b) Intangible assets**

Intangible assets represent computer software and sports debentures. Amortisation is charged to the income statement 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.

#### **(c) Right-of-use asset and lease liabilities**

The right-of-use asset and lease liabilities (current and non-current) represent the two property leases that the Group currently uses for its offices in London and New York.

#### **(d) Market and client debtors and creditors**

The market and client debtor and creditor balances represent unsettled sold securities transactions and unsettled purchased securities transactions, which are recognised on a trade date basis. The majority of open bargains were settled in the ordinary course of business (trade date plus two days). Market and client debtor and creditor balances in these financial statements include agreed counterparty netting of £10.9m (H1 2021: £17.4m).

#### **(e) 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. The type of financial instruments held by the Group at the end of H1 2022 and H1 2021 are consistent with those held at prior year end. The majority of financial instruments are classified as 'Level 1', with quoted prices in active markets.

#### **(f) Stock borrowing collateral**

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 not significantly different from the value of the securities purchased. The total value of cash collateral held on the statement of financial position is £2.7m (30 September 2020: £2.8m).

#### **(g) Long-term loan**

The SFA was refinanced in the period, with a total facility of £50m, of which £30m has been drawn, over a new five-year term.



## Interim Results Announcement

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### **(h) Post balance sheet events**

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:

- i. The A Ordinary Shares and B Ordinary Shares were consolidated into 24,654,526 Ordinary Shares of no par value;
- ii. 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 the issue by the Company to those members of 80,608,699 Ordinary Shares of no par value;
- iii. All individual members of Peel Hunt LLP retired as members and became employees of Peel Hunt LLP;
- iv. 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 cash; and
- v. 122,807,085 Ordinary Shares of no par value were admitted to trading on AIM.



## Interim Results Announcement

### 8. Reconciliation of profit before tax to cash from operating activities

	Six months ended 28 Sep 2021 £'000	Six months ended 30 Sep 2020 £'000	Year ended 31 Mar 2021 £'000
<b>Profit before tax for the period</b>	<b>29,536</b>	<b>56,574</b>	<b>120,115</b>
<i>Adjustments for:</i>			
Depreciation and amortisation	2,027	1,408	3,632
Impairment loss on loans and receivables	480	119	30
Increase in provisions	56	0	203
FX movement on deferred tax asset	(6)	12	5
Net finance costs	707	967	2,076
<i>Change in working capital:</i>			
(Increase)/decrease in net securities held for trading	(17,573)	(3,576)	4,057
Decrease/(increase) in net market and client debtors	9,715	2,619	(16,045)
Decrease/(increase) in trade and other debtors	471	(6,710)	(2,126)
(Decrease) in net amounts due to members	(51,229)	(13,366)	(31,982)
(Decrease)/increase in trade and other creditors	(2,350)	4,826	6,074
<b>Cash (used in)/generated from operations</b>	<b>(28,166)</b>	<b>42,873</b>	<b>86,039</b>
Interest received	5	20	30
Corporation tax paid	(2,769)	(724)	(1,489)
<b>Net cash (used in)/generated from operations</b>	<b>(30,930)</b>	<b>42,169</b>	<b>84,580</b>

END