

1 December 2022

# Peel Hunt Limited

## Half-year results for the six months ended 30 September 2022

### Continued strategic progress in difficult markets – positioned for growth

Peel Hunt Limited ('Peel Hunt', the 'Company') together with its subsidiaries (the 'Group') today announces unaudited interim results for the period ended 30 September 2022 ('H1 FY23'). FY23 refers to the financial year ended 31 March 2023.

The half-year results for the Group consolidate Peel Hunt LLP, a limited liability partnership which, up until the IPO of the Company on 29 September 2021, had a corporate member and individual members. Profits derived from the partnership during the year ended 31 March 2022 ('FY22') were allocated between the members. Profits attributable to the corporate member were retained within the Group and subject to corporation tax; profits attributable to individual members (prior to the IPO) comprised the non-controlling interests, with those members bearing tax liabilities personally. Following the IPO, individual members became employees of Peel Hunt LLP with all future earnings attributable to the Group.

For reference, an unaudited illustrative consolidated statement of comprehensive income to 28 September 2021 ('H1 FY22') and FY22 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 2021. This statement retains the actual revenue results and considers the addition of all former members of Peel Hunt LLP being remunerated as employees along with related National Insurance contributions and pension costs on an ongoing basis. 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.

### Highlights

- Strong balance sheet maintained with marginal profitability despite a multi-decade low for equity capital markets activity
  - Group revenue £41.1m (H1 FY22: £71.4m). Revenue down across all business divisions year on year but cost base covered
  - Maintained strong net assets £95.9m (FY22: £100.1m). Healthy cash balances of £41.4m (FY22: £76.7m) moderating down following settlement of payments attributable to the period before the IPO, investment in the trading book and payment of the dividend
  - Capital comfortably in excess of regulatory requirements
- Good strategic progress made across all business divisions and the Group as a whole
  - **Investment Banking:**
    - Increased the size and quality of our corporate client base with 13 new corporate clients, including four in the FTSE 350. We now act for 36 FTSE 350 clients
    - Continued to diversify, building out our private capital markets capability and investing in our M&A/advisory business
  - **Research & Distribution:** Named best broker for UK Small and Mid-cap companies in Institutional Investor's 2022 Europe Survey for the second year running; named No. 1 for research in UK Mid and Small-cap for the sixth consecutive year
  - **Execution Services:** Whilst market volumes fell versus H1 FY22, we continued to open up access to incremental, differentiated pools of liquidity

- **REX:** Our retail capital markets platform REX continues to be adopted across the market, having been used on eight completed UK ECM offers with a retail platform since August 2022, raising more funds than any other peer
- **European office:** Good progress establishing our European office; regulatory approval expected during the first half of 2023
- Operating discipline
  - Actions taken to rationalise costs since the start of H2 FY23
- Well positioned for growth as markets normalise
  - Considerable operational leverage built into the business

Financial highlights	H1 FY23	H1 FY22	Change
Revenue	£41.1m	£71.4m	(42.4)%
Profit before tax <sup>(1)</sup>	£0.1m	£29.5m <sup>(1)</sup>	(99.7)%
Profit after tax <sup>(2)</sup>	£0.0m	£26.7m <sup>(2)</sup>	(100)%
Compensation ratio <sup>(3)</sup>	58.5%	45.7% <sup>(3)</sup>	12.8ppts

Operating highlights	H1 FY23	FY22	Change
Cash	£41.4m	£76.7m	(46.0)%
Net assets	£95.9m	£100.1m	(4.2)%
Investment Banking clients	165	162	1.9%
Average market cap of clients	£555.0m	£683.7m	(18.8)%

Notes:

(1) Illustrative PBT in H1 FY22 was £21.6m

(2) Illustrative PAT in H1 FY22 was £16.3m

(3) Illustrative compensation ratio is staff costs as a percentage of revenue. Illustrative compensation ratio (using illustrative staff costs) in H1 FY22 was 45.8%.

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

“Challenging market conditions have persisted throughout our first half as the macroeconomic and geopolitical backdrop has continued to have an adverse impact on markets and investor sentiment. Equity capital markets activity has been at a multi-decade low and market volumes have reduced materially during this period. This is due to several factors including investor redemptions, institutional investors building up cash positions and retail investors being more cautious as equity markets responded to rising inflation, the cost-of-living crisis and the possibility of a lengthy UK recession.

Our results have inevitably been considerably affected by these historically low levels of activity, but the strength of our diversified business model has enabled us to mitigate these headwinds and maintain a strong balance sheet with marginal profitability. This has given us a stable platform to pursue our strategic ambitions. During the period we have continued to grow the size and quality of our corporate client base, build our M&A and private capital markets businesses, invest in our international distribution platform and progress our retail capital markets platform REX.

A return to a normalised interest rate environment has inevitably created short-term challenges but it may also present a number of medium-term opportunities. Whilst we expect that private capital will continue to be a valuable source of funding for UK companies, a repricing of debt should drive a resurgence in public equity finance. At the same time, we are encouraged by the ongoing conversations we are having with HM Treasury, the Financial Conduct Authority and the London Stock Exchange, who are all working together to make UK equity markets the compelling destination for growth companies and mid-cap companies.”

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**Notes to editors**

Peel Hunt is a leading specialist in UK investment banking, ranked number one broker for UK Small and Mid-cap companies in Institutional Investor's 2022 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.

**Market conditions**

During the period the FTSE 250 and AIM All-Share, which are a barometer for our business activities, declined 18.9% and 22.60% respectively and both market volumes and transaction levels have been suppressed with IPO and ECM activity at record lows. In the first six months of 2022 there were only five UK IPOs (compared to 37 in the equivalent prior year period) and UK ECM activity was subdued with only 97 deals raising £7.9bn across the whole market (compared to 257 deals raising £28.5bn in the equivalent prior year period).

In our view several key factors are intersecting to make UK equity markets more attractive in the medium term. First, the return to a normalised interest rate environment ends a decade of cheap debt, which has fuelled private equity dominance. Secondly, the rush to match pension assets to liabilities, which has driven an exodus from equities into debt instruments, has left UK equities looking significantly under-owned. Thirdly, and crucially, HM Treasury and UK regulators are all working together effectively and in a co-ordinated manner to increase the competitiveness and attractiveness of UK financial markets in the post-Brexit era.

**Overview of results**

Against historically low levels of market-wide equity capital markets activity, Group revenue for the period was £41.1m (H1 FY22: £71.4m) and profit before tax decreased to £0.1m (H1 FY22: £29.5m), reflecting the operational gearing in the business. Our balance sheet remained strong with net assets of £95.9m as at 30 September 2022 (FY22: £100.1m), with capital comfortably in excess of regulatory requirements and cash balances of £41.4m (FY22: £76.7m).

**Divisional reviews****Investment Banking**

	H1 FY23	H1 FY22	Change
Investment Banking fees	£7.5m	£28.8m	(74.0)%
Investment Banking retainers	£4.4m	£3.9m	12.8%
<b>Investment Banking revenue</b>	<b>£11.9m</b>	<b>£32.7m</b>	<b>(63.6)%</b>

It has been a challenging period for UK equity capital markets with very low volumes of activity, particularly in terms of equity issuance. The downturn has suppressed client activity and stalled IPO activity. As a result, our revenue for the first half was down by 63.6% to £11.9m, compared with £32.7m in H1 FY22.

Nevertheless, our strategy of joined-up broking combining advice, research, distribution and market share in trading volumes, allied to our sector specialist approach, is still in demand and will put us in a good position as market conditions normalise.

We continue to receive new mandate enquiries and we have a number of pipeline deals that we expect to execute when market conditions permit. Our retained corporate clients typically transact every three to five years and challenging market conditions have resulted in delayed activity that may lead to deal flow as markets normalise.

We have continued to strengthen our private capital markets capability allowing us to act for both public and private companies alike and we have continued to invest in our advisory business so that we can support more of our retained corporate clients as financial adviser in relation to M&A transactions.

In the first half we added 13 new retained corporate clients (including four in the FTSE 350) more than offsetting client losses (including those resulting from M&A). At the end of H1 FY23 we had 165 corporate clients (FY22: 162), including 35 in the FTSE 350, with an average market capitalisation of approximately £555.0m. We now act for 36 FTSE 350 clients.

**Research & Distribution**

	H1 FY23	H1 FY22	Change
<b>Research payments and execution commission</b>	£13.7m	£14.7m	(6.8)%

Market volumes in H1 FY23 reduced in comparison to H1 FY22, due to lower institutional investor sentiment and interest rate and inflationary concerns weighing on risk assets, including equities. Nevertheless, Research & Distribution performance in the period was resilient. During the period, there continued to be momentum in new account openings in both formal research agreements and trading accounts. We also continued to expand our offering to a wider universe of hedge funds, sovereign wealth funds, overseas funds and family offices, which have opened up new commission opportunities.

Our differentiated, low-touch institutional electronic execution product continues to build momentum with the technical build-out now complete and client on-boarding ongoing.

We were pleased to retain our No. 1 Research ranking in the Institutional Investor's UK Mid and Small-cap survey for the sixth consecutive year, with 10 of our sector teams ranked No. 1, and a record five of our analysts ranked individually in the top 10 across all sectors. Our US and Continental European Sales teams were also ranked No. 1 for the second year running.

Our Copenhagen office, for which we expect to obtain regulatory approval during the first half of 2023, will facilitate greater access to EU institutions and further enhance our international distribution capability.

## Execution Services

	H1 FY23	H1 FY22	Change
<b>Execution Services revenue</b>	£15.5m	£24.0m	(35.4)%

Execution Services revenue is diversified across a growing number of trading strategies as we obtain access to incremental, differentiated pools of liquidity, which in turn increase our ability to provide liquidity to our clients and counterparties. As such, we continued to demonstrate our ability to deliver positive returns from low-risk market making across the cycle. Despite market volatility during the period, our traders have maintained good risk management discipline, operating well within their risk limits.

During the period the FTSE 250 and AIM All-Share declined 18.9% and 22.60% respectively and trading volumes remained much lower across the market as a whole. Despite this backdrop, a number of our trading books have performed well versus market drawdowns. Overall, Execution Services revenue was down 35.4% to £15.5m, although our volumes and LSE market share remained above pre-pandemic levels.

## REX

Our investment in technology continues to be a key focus and differentiator. In particular, adoption of REX, our proprietary technology platform which enables retail investors to participate in capital markets transactions, has continued to make good progress. Since August, REX has been mandated on eight completed transactions of which seven were non-Peel Hunt deals, raising more funds than any other UK retail platform.

## Capital and liquidity

Net assets remained strong at £95.9m (FY22: £100.1m) as at 30 September 2022. They were 4.2% lower than 31 March 2022, due to the £3.7m dividend payment made in July 2022.

Our cash position also remained healthy (£41.4m as at 30 September 2022), although this decreased from £76.7m at the end of FY22, largely due to settlement of payments attributable to the period before the IPO as well as investment in the trading book and payment of the dividend in July 2022. By the end of FY23 all non-recurring payments due in relation to the period before the IPO are expected to have been completed.

We continued to operate well in excess of our regulatory capital requirements with Pillar 1 coverage over net assets of 596% at the end of H1 FY23 compared to 558% at the end of FY22. The increase has been due to both good risk management discipline during H1 FY23 and the reduction in net assets since FY22.

We reduced long-term debt by £3.0m during the period to £24.0m and we have access to a £30.0m revolving credit facility ('RCF'), which was renewed just before the end of H1 FY23. £10.0m (FY22: £nil) of the RCF was drawn at the period end for working capital purposes, but was repaid shortly thereafter.

## Costs and people

	H1 FY23	H1 FY22	Change
Illustrative staff costs <sup>(1)</sup>	£24.0m	£32.7m	(26.6)%
Illustrative non-staff costs <sup>(1)</sup>	£16.2m	£16.4m	(1.2)%
<b>Total illustrative admin costs<sup>(1)</sup></b>	<b>£40.2m</b>	<b>£49.1m</b>	<b>(18.1)%</b>
Illustrative compensation ratio <sup>(1)</sup>	58.5%	45.8%	12.7ppts
Illustrative non-staff costs ratio <sup>(1)</sup>	39.3%	24.0%	15.3ppts
Actual staff costs <sup>(2)</sup>	£24.0m	£13.4m	79.1%
Actual non-staff costs	£16.2m	£17.8m	(9.0)%
<b>Total actual admin costs</b>	<b>£40.2m</b>	<b>£31.2m</b>	<b>28.8%</b>
Change in headcount <sup>(3)</sup>	3.2%	3.5%	(0.3)ppts

### Notes:

- (1) H1 FY23 are actual financial results while H1 FY22 are illustrative financials as outlined in the Unaudited Illustrative Statement of Comprehensive Income below.
- (2) Actual staff costs in H1 FY22 include variable remuneration costs for employees but not for members
- (3) Change in headcount when compared to respective previous financial year ends

Despite the challenging markets, we are confident in our strategy, which we outlined during our IPO, and continue to invest in those strategic priorities.

We have recruited more people to help us expand the business, improve our governance and continue to give our clients exceptional service. As a consequence actual headcount grew by 3.2% in the first half.

Actual staff costs in H1 FY23 were higher than H1 FY22, partly due to the increase in headcount, but largely due to the changes in our compensation structure between the periods. In H1 FY22, all former members of Peel Hunt LLP were remunerated as employees, with additional National Insurance contributions and pension costs. Also, at the start of H1 FY22, the firm rebalanced the compensation of staff between fixed and variable pay. This brought fixed compensation in line with peer firms in an extremely competitive market for talent and also prepared us to meet the Investment Firm Prudential Regulation ('IFPR') remuneration requirements. IFPR requires that a proportion of variable compensation for certain staff members must now be paid in shares and deferred over multiple years.

Illustrative staff costs (including variable remuneration) in H1 FY23 were lower than H1 FY22, reflecting the reduction in revenue and the associated reduction in variable remuneration expense. This has resulted in an increased illustrative compensation ratio compared with H1 FY22.

Actual non-staff costs decreased in H1 FY23 largely due to the corresponding period in H1 FY22 including the costs associated with the IPO. However, H1 FY23 additional costs related to increased audit and corporate governance requirements and our continued investment in technology. Illustrative non-staff costs are largely consistent with H1 FY22.

We continually review costs and have taken actions to rationalise costs since the start of H2 FY23. We will continue to carefully monitor costs in light of market activity levels, whilst continuing to remain focused on our strategic priorities.

## Responsible business

Our commitments to diversity and sustainability are shaped by our board-level ESG Committee. During the period, we have been developing our ESG priorities through board and staff engagement and have further developed areas of focus in the previous year. For instance, during H1 FY23 we were pleased to work with our long-term partner The Brokerage to provide mentoring, masterclass and internship programmes for disadvantaged students across inner London. Our employees also raised over £30,000 through several fundraising events over the six months for the benefit of Stem4, a charity that promotes positive mental health

in teenagers. We continue to focus on Diversity, Equity & Inclusion ('DEI') initiatives including rolling out DEI training for all managers, through our staff-led DEI forum.

The wellbeing of our staff has always been of paramount importance to Peel Hunt and in addition to our comprehensive staff wellbeing programme, all managers received mental health awareness training during the half year to better support their teams when they most need it.

With the understanding of our carbon footprint established in FY22, we have made good progress on our first carbon reduction plan, which we will submit for verification by the Science Based Targets Initiative during 2023. Having completed our materiality assessment and mapping exercise with our stakeholders, we are now starting work on our first sustainability report.

### **Current trading and outlook**

In the first few weeks of our second half we have seen an increase in market activity which has led to an improved trend in the revenue performance of our Execution Services business relative to the first half. However, in the short term the outlook for capital markets and transactional activity remains challenging.

Our unwavering commitment to grow the size and quality of our corporate client base, strengthen our distribution capability, expand our M&A advisory and private capital markets practices, attract more trading flows and invest in our proprietary technology, will continue to drive the long-term success of the business.

### **Steven Fine**

#### **Chief Executive Officer**

1 December 2022

*The information, statements and opinions contained in this announcement do not constitute a public offer under any applicable legislation or an offer to buy or sell any securities or financial instruments nor 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.*

*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.*

### Unaudited Illustrative Statement of Comprehensive Income

The unaudited illustrative statement of comprehensive income set out below has been prepared for the comparative periods 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 2021. H1 FY23 are actual results whilst H1 FY22 and FY22 are prepared on an illustrative basis.

		Six months ended 30 Sep 22	Six months ended 28 Sep 21	Year ended 31 Mar 22
	Note	£'000	£'000	£'000
<i>Continuing activities</i>				
Revenue		41,067	71,355	131,046
Administrative expenses	1	(40,164)	(49,103)	(96,345)
<b>Profit from operations</b>		<b>903</b>	<b>22,252</b>	<b>34,701</b>
Finance income		170	5	15
Finance expenses		(1,110)	(712)	(1,664)
Other income		98	23	56
<b>Profit before tax</b>		<b>61</b>	<b>21,568</b>	<b>33,108</b>
Tax	2	(15)	(5,252)	(7,566)
<b>Profit after tax</b>		<b>46</b>	<b>16,316</b>	<b>25,542</b>
Dividend	3	-	(6,526)	(10,217)
<b>Retained profit for the period</b>		<b>46</b>	<b>9,790</b>	<b>15,325</b>
<i>Performance metrics</i>				
Compensation ratio		58.5%	45.8%	46.3%
Non-staff costs ratio		39.3%	24.0%	28.4%
Profit before tax margin		0.1%	30.2%	25.3%

### Notes to the Unaudited Illustrative Consolidated Statement of Comprehensive Income

- Administrative expenses** – the administrative expenses in H1 FY22 and FY22 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, H1 FY22 excludes 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).
- Tax** – the corporation tax in H1 FY22 and FY22 includes the effect of the Group being subject to corporation tax at the standard rate (19%) on additional profits.
- Dividend** – the dividend in H1 FY22 and FY22 includes the targeted basic dividend pay-out ratio of the Group (40%), applied to the profits after tax for the period.



## Reconciliation of Illustrative to Actual Consolidated Statement of Comprehensive Income for H1 FY22<sup>(1)</sup>

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

	Actual Financials - Six months ended 28 September 2021 £'000	Administrative expenses <sup>(2)</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 model <sup>(3)</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>
Dividend						(6,526)	(6,526)
<b>Retained profit for the period</b>							<b>9,790</b>

(1) There is no reconciliation for H1 FY23 as the results remain the same as the actual financial results.

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

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

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Consolidated Statement of Comprehensive Income Unaudited for the six months ended 30 September 2022

		Six months ended 30 Sep 2022 Unaudited £'000	Six months ended 28 Sep 2021 Unaudited £'000	Year ended 31 Mar 2022 Audited £'000
<i>Continuing activities</i>	Note			
<b>Revenue</b>	2	<b>41,067</b>	<b>71,355</b>	<b>131,046</b>
Administrative expenses	3	(40,164)	(31,228)	(78,317)
<b>Profit from operations</b>	3	<b>903</b>	<b>40,127</b>	<b>52,729</b>
Finance income	5	170	5	15
Finance expense	5	(1,110)	(712)	(1,664)
Other income		98	23	56
<b>Profit before members' remuneration and tax</b>		<b>61</b>	<b>39,443</b>	<b>51,136</b>
Members' remuneration charged as an expense	4	-	(9,907)	(9,908)
<b>Profit before tax for the period</b>		<b>61</b>	<b>29,536</b>	<b>41,228</b>
Tax	6	(15)	(2,828)	(5,280)
<b>Profit for the period</b>		<b>46</b>	<b>26,708</b>	<b>35,948</b>
Other comprehensive income for the period		-	-	27
<b>Total comprehensive income for the period</b>		<b>46</b>	<b>26,708</b>	<b>35,975</b>
<i>Attributable to:</i>				
Owners of the Company		46	1,595	10,954
Non-controlling interests	8	-	25,113	24,994
<b>Profit for the period</b>		<b>46</b>	<b>26,708</b>	<b>35,948</b>
<i>Attributable to:</i>				
Owners of the Company		46	1,595	10,981
Non-controlling interests	8	-	25,113	24,994
<b>Total comprehensive income for the period</b>		<b>46</b>	<b>26,708</b>	<b>35,975</b>
<b>Earnings per share – attributable to owners of the Company</b>				
Basic	7	0.0p	7.7p	15.4p
Diluted	7	0.0p	7.5p	15.4p

**Consolidated Balance Sheet**  
Unaudited as at 30 September 2022

	As at 30 Sep 2022 Unaudited £'000	As at 28 Sep 2021 Unaudited £'000	As at 31 Mar 2022 Audited £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8,920	9,930	9,341
Intangible assets	718	129	110
Investments not held for trading	-	20	-
Right-of-use assets	17,156	19,358	18,219
Deferred tax asset	322	426	259
<b>Total non-current assets</b>	<b>27,116</b>	<b>29,863</b>	<b>27,929</b>
<b>Current assets</b>			
Securities held for trading	55,180	67,067	50,341
Market and client debtors	451,633	484,578	559,485
Trade and other debtors	13,777	8,187	13,200
Amounts due from members	-	26	-
Cash and cash equivalents	41,352	76,972	76,719
<b>Total current assets</b>	<b>561,942</b>	<b>636,830</b>	<b>699,745</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Securities held for trading	(27,604)	(35,925)	(32,705)
Market and client creditors	(399,465)	(427,911)	(505,475)
Amounts due to members	(5,041)	(87,293)	(21,837)
Trade and other creditors	(4,095)	(12,266)	(16,790)
Borrowings	(10,000)	-	-
Long-term loan	(6,000)	(6,000)	(6,000)
Lease liabilities	(2,907)	(331)	(2,544)
Provisions	(518)	(486)	(540)
<b>Total current liabilities</b>	<b>(455,630)</b>	<b>(570,212)</b>	<b>(585,891)</b>
<b>Net current assets</b>	<b>106,312</b>	<b>66,618</b>	<b>113,854</b>
<b>Non-current liabilities</b>			
Long-term loan	(18,000)	(24,000)	(21,000)
Lease liabilities	(19,482)	(22,516)	(20,649)
<b>Total non-current liabilities</b>	<b>(37,482)</b>	<b>(46,516)</b>	<b>(41,649)</b>
<b>Net assets</b>	<b>95,946</b>	<b>49,965</b>	<b>100,134</b>

**Consolidated Balance Sheet**  
Unaudited as at 30 September 2022

	As at 30 Sep 2022 Unaudited £'000	As at 28 Sep 2021 Unaudited £'000	As at 31 Mar 2022 Audited £'000
<b>EQUITY</b>			
Ordinary share capital	40,099	99	40,099
Own Shares held by the Company	-	(14)	-
Other reserves	55,847	49,880	60,035
<b>Total equity</b>	<b>95,946</b>	<b>49,965</b>	<b>100,134</b>

**Consolidated Statement of Changes in Equity**  
Unaudited for the six months ended 30 September 2022

	Ordinary Share Capital £'000	Own shares held by the Company £'000	Other reserves £'000	Consolidated £'000
<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 period	-	-	1,595	1,595
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,595	1,595
<b>Balance as at 28 September 2021</b>	<b>99</b>	<b>(14)</b>	<b>49,880</b>	<b>49,965</b>
Profit for the period	-	-	9,358	9,358
Other comprehensive income	-	-	27	27
Total comprehensive income	-	-	9,386	9,386
<i>Transactions with owners</i>				
New shares issued during the year (including costs of issuance)	40,000	-	(2,513)	37,487
Gain on Option exercise	-	-	730	730
Sale of Company 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>
Profit for the period	-	-	46	46
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	46	46
<i>Transactions with owners</i>				
Share-based payments	-	-	305	305
Purchase of Company shares	-	-	(808)	(808)
Dividends paid	-	-	(3,731)	(3,731)
<b>Balance as at 30 September 2022</b>	<b>40,099</b>	<b>-</b>	<b>55,847</b>	<b>95,946</b>

**Consolidated Statement of Cash Flows**  
Unaudited for the six months ended 30 September 2022

		Six months ended 30 Sep 2022	Six months ended 28 Sep 2021	Year ended 31 Mar 2022
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
<b>Net cash used in operations</b>	10	<b>(34,697)</b>	<b>(30,932)</b>	<b>(68,074)</b>
<b>Cash flows from investing activities</b>				
Purchase of tangible assets		(493)	(1,026)	(1,346)
Purchase of intangible assets		(623)	(6)	(6)
Disposal of investments not held for trading		-	-	47
<b>Net cash used in investing activities</b>		<b>(1,116)</b>	<b>(1,033)</b>	<b>(1,305)</b>
<b>Cash flows from financing activities</b>				
Interest paid		(603)	(276)	(732)
Short-term borrowings		10,000	-	-
Lease Liability payments		(1,412)	(151)	(316)
(Purchase)/sale of Company shares		(808)	-	2,566
Proceeds from exercise of share options		-	-	730
Share issuance expenses		-	-	(2,513)
Proceeds from issuance of shares		-	-	40,000
Dividends paid		(3,731)	-	-
(Repayment of)/proceeds from long-term loan		(3,000)	6,000	3,000
<b>Net cash generated from financing activities</b>		<b>446</b>	<b>5,573</b>	<b>42,735</b>
Net decrease in cash and cash equivalents		(35,367)	(26,391)	(26,644)
Cash and cash equivalents at start of period		76,719	103,363	103,363
<b>Cash and cash equivalents at end of period</b>		<b>41,352</b>	<b>76,972</b>	<b>76,719</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

Peel Hunt Limited (the 'Company') (until 21 September 2021, PH Capital Limited) is a non-cellular company limited by shares having its shares admitted to trading on 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 interim financial information of the Company comprises the Company and its subsidiaries, together referred to as the 'Group'.

The financial information contained within these condensed consolidated interim 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 2022, which have been prepared in accordance with UK-adopted international accounting standards (International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC')) and with the requirements of the Companies (Guernsey) Law, 2008.

The preparation of the condensed consolidated interim 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 2022.

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 derivatives, financial assets measured at Fair value through profit and loss ('FVTPL') and at Fair value through other comprehensive income ('FVTOCI'). Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These condensed consolidated interim financial statements have been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving these condensed consolidated interim financial statements, the Company and the Group have adequate resources to continue in operational existence for at least the next 12 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 with a material impact.

### 2. Revenue

	Six months ended 30 Sep 2022	Six months ended 28 Sep 2021	Year ended 31 Mar 2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Research payments and Execution commission	13,748	14,665	30,241
Execution Services revenue	15,453	24,017	42,857
Investment Banking fees and retainers	11,866	32,673	57,948
<b>Total revenue for the period</b>	<b>41,067</b>	<b>71,355</b>	<b>131,046</b>

### 3. Profit from operations

The following items have been included in arriving at profit from operations:

	Six months ended 30 Sep 2022	Six months ended 28 Sep 2021	Year ended 31 Mar 2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Depreciation and amortisation	892	993	1,793
Depreciation (right of use asset)	1,309	1,142	2,361
Interest (right of use asset)	506	453	934
Staff costs (see note 4)	24,010	13,402	41,465
Other non-staff costs	13,447	15,238	31,764
<b>Total administrative costs</b>	<b>40,164</b>	<b>31,228</b>	<b>78,317</b>

Other non-staff costs comprise expenses incurred in the normal course of business, including technology costs, professional and regulatory fees, auditors' fees, brokerage, clearing and exchange fees.

### 4. Staff costs

	Six months ended 30 Sep 2022	Six months ended 28 Sep 2021	Year ended 31 Mar 2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Wages and salaries	20,034	10,257	33,179
Social security costs	2,882	1,457	6,051
Pensions costs	1,051	444	1,473
Other costs	43	1,244	762
Total staff costs for the period	24,010	13,402	41,465
Members' remuneration charged as an expense	-	9,907	9,908
<b>Total staff costs and Members' remuneration charged as an expense for the period</b>	<b>24,010</b>	<b>23,309</b>	<b>51,373</b>

The average number of employees of the Group during the period has increased to 316 (H1 FY22 employees and members: 295). The number of employees of the Group at the end of the period has increased to 319 (H1 FY22 employees and members: 300).

## 5. Net finance expense

	Six months ended 30 Sep 2022	Six months ended 28 Sep 2021	Year ended 31 Mar 2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Finance income:</b>			
Bank interest received	170	5	15
<b>Finance expense:</b>			
Bank interest paid	(14)	(108)	(72)
Interest on lease liabilities	(507)	(436)	(934)
Interest accrued on long-term loan	(589)	(168)	(658)
Finance expense for the period	(1,110)	(712)	(1,664)
<b>Net Finance expense for the period</b>	<b>(940)</b>	<b>(707)</b>	<b>(1,649)</b>

## 6. Tax charge

The Group tax charge in H1 FY22 and year ended 31 March 2022 includes £1.6m relating to tax charges in respect of prior years.

## 7. Earnings per share

	Six months ended 30 Sep 2022	Six months ended 28 Sep 2021	Year ended 31 Mar 2022
	Number of shares	Number of shares	Number of shares
	Unaudited	Unaudited	Audited
Weighted number of ordinary shares in issue during the period	119,986,084	20,829,742	71,231,123
Dilutive effect of share option grants	1,605,000	524,250	259,971
<b>Diluted weighted average number of ordinary shares in issue during the period</b>	<b>121,591,084</b>	<b>21,353,992</b>	<b>71,491,094</b>

Basic earnings per share is calculated on total comprehensive income for the six-month period, attributable to owners of the Company, of £0.0m (H1 FY22: £1.6m) and 119,986,084 (H1 FY22: 20,829,742) ordinary shares, being the weighted average number of 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 share option grants.

The calculations exclude treasury shares held by the Employee Benefit Trust on behalf of the Group.

## 8. 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.



## 9. 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 internally generated intangible assets, 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. Internally generated intangible assets are amortised over three years, computer software is amortised over five years and sports debentures are amortised over the life of the ticket rights.

Internally generated intangible assets comprises of capitalised development costs for certain technology developments for key projects in the Group. The expenditure incurred in the research phase of these internal projects is expensed. Intangible assets are recognised from the development phase if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its costs can be reliably measured. Amortisation begins when the asset is available for use.

### (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 £14.3m (FY22: £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 fair valuation hierarchy applied is consistent with that outlined in the FY22 audited Financial Statements. The value of 'Level 1' financial assets held by the Group at the end of H1 FY23 were £54.0m (FY22: £48.9m), 'Level 2' £0.8m (FY22: £1.1m) and 'Level 3' £0.4m (FY22: £0.3m). The value of 'Level 1' financial liabilities held by the Group at the end of H1 FY23 were £27.2m (FY22: £32.0m), 'Level 2' £0.1m (FY22: £0.5m) and 'Level 3' £0.3m (FY22: £0.2m).

### (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. 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 £3.3m (FY22: £2.8m).

### (g) Borrowings

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. As at 30 September 2022, £10m (FY22: £nil) was drawn.

### (h) Long-term loan

During the period we have repaid £3.0m of the outstanding Senior Facilities Agreement ('SFA'). As at 30 September 2022, £24m (FY22: £27.0m) was outstanding.

### (i) Post balance sheet events

There are no material post balance sheet events.

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

	Six months ended 30 Sep 2022	Six months ended 28 Sep 2021	Year ended 31 Mar 2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Profit for the period</b>	<b>61</b>	<b>29,536</b>	<b>41,228</b>
<b>Adjustments for:</b>			
Depreciation and amortisation	2,201	2,027	4,154
(Decrease)/increase of expected credit losses on financial assets held at amortised cost	(40)	480	244
(Decrease)/increase in provisions	(22)	56	109
FX movement on deferred tax asset	16	(6)	(8)
Share-based payments - IFRS 2 Charge	305	-	
Revaluation of Right-of-use asset and Lease liability	(147)	(1)	(52)
Fair Value gain on sale of securities	-	-	27
Net finance costs	940	707	1,649
<b>Changes in working capital:</b>			
(Increase) in net securities held for trading	(9,940)	(17,573)	(4,068)
Decrease in net market and client debtors	1,841	9,715	12,373
(Increase)/decrease in trade and other debtors	(537)	471	(4,017)
(Decrease) in net amounts due to members	(16,790)	(51,229)	(116,565)
(Decrease)/increase in trade and other creditors	(12,623)	(2,350)	3,001
<b>Cash used in operations</b>	<b>(34,735)</b>	<b>(28,168)</b>	<b>(61,925)</b>
Interest received	170	5	15
Corporation tax paid	(132)	(2,769)	(6,164)
<b>Net cash used in operations</b>	<b>(34,697)</b>	<b>(30,932)</b>	<b>(68,074)</b>

END