PEEL HUNT

Peel Hunt Limited

Full-Year Results

For the year ended 31 March 2024

Continued resilience in difficult markets

Peel Hunt Limited ("Peel Hunt" or the "Company") together with its subsidiaries (the "Group") today announces audited results for the year ended 31 March 2024 ("FY24").

Steven Fine, Chief Executive Officer, said:

"Despite the challenging market backdrop, revenues have grown year on year and, whilst this wasn't quite sufficient to offset the inflationary cost environment, the business is well positioned as capital markets activity builds.

During the year we made good strategic progress, winning some of our largest corporate clients to date and building ever stronger relationships with our existing client base. In addition, we opened our Copenhagen office and our retail access product RetailBook raised funds to start its journey as an independent fully regulated business.

We are seeing tentative signs that a recovery from the lows of the last two years is underway, and we are delighted to have supported two clients with their initial public offerings on the London market as announced this month."

Highlights

- Overall performance
  - Revenue for the full year is up approximately 4% year-on-year to £85.8m (FY23: £82.3m) despite prolonged capital markets inactivity
  - Continued cost pressures during the year meant that the business produced a loss before tax (LBT) of £(3.3)m (FY23: LBT £(1.5)m)
  - Costs rationalised where possible, including minimising Group interest costs by accelerating long-term debt repayments
- Strong balance sheet
  - Net assets of £91.8m and cash balances of £37.9m
  - Capital base remains comfortably in excess of minimum regulatory requirements
- Business division performance
  - **Investment Banking** revenues were £32.6m (FY23: £23.4m), an increase of 39.1%. 18 new client wins during the period, meaning we now act for 150 corporate clients of which 43 are in the FTSE 350
  - **Execution Services** revenues reduced to £29.6m (FY23: £33.8m) in line with the overall lower value traded in the market

  - Revenue from **Research & Distribution** was down 5.9% at £23.6m (FY23: £25.1m), consistent with market trends

- Strategic progress

  - Continued to evolve our corporate client base – during FY24, the average market capitalisation of our corporate clients increased by 9.0% to £752m, outperforming the FTSE All-share Index over the same period, with the aggregate market capitalisation of those clients having risen by 5.4% to over £110bn

  - Invested in the platform in a measured way, adding talent in key areas such as senior hires into our Investment Banking and Institutional Electronic Trading teams

  - Further strengthened our European mid-cap distribution with the opening of Peel Hunt Europe, headquartered in Copenhagen

  - RetailBook raised the funds for the next stage of its growth and received FCA approval on 2 April 2024. We continue to believe that there is a significant opportunity for RetailBook to provide increased retail investor participation, particularly as capital markets recover

- Our strategic progress and resilient balance sheet put us in a strong position to benefit from any improvement in market conditions

- The accelerated pace of companies leaving the UK market is an ongoing challenge. Peel Hunt is taking a leading role in the reform agenda, advocating for innovative solutions to revitalise UK equity markets. Many important policy initiatives are already underway, and we continue to use our connectivity to help drive further progress.

Outlook

Recent UK economic data, inflation falling towards the Bank of England's target rate and the prospect of lower interest rates in the coming months all indicate an improving macroeconomic outlook. We are seeing an increase in activity in both our Execution Services and institutional trading businesses. Public M&A is highly active across the market as bid activity in respect of undervalued UK assets continues. Against this backdrop, equity capital markets (ECM) activity is beginning to build from the low levels of the last two years and, whilst the IPO market has not yet fully re-opened, UK investors are increasingly receptive to high quality companies, with Peel Hunt having acted on two announced IPOs on the London market this month. Whilst challenges remain, we are becoming cautiously more confident of a broader recovery in ECM activity.

Key statistics

Financial highlights	**2024**	**2023**	**Change**
Revenue	£85.8m	£82.3m	4.3%
Loss before tax	£(3.3m)	£(1.5m)	120.0%
Basic EPS	(2.7)p	(1.1)p	(145.5)%
Dividend	-	-	-
Compensation ratio	59.0%	58.6%	0.4ppts
Operational highlights			
Cash	£37.9m	£27.4m	38.3%
Net assets	£91.8m	£93.1m	(1.4)%
Corporate clients	150	155	(3.2)%
Average market cap of clients	£752.3m	£690.5m	9.0%

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Notes to editors

Peel Hunt is a leading UK investment bank that specialises in supporting mid-cap and growth companies. It provides integrated investment banking advice and services to UK corporates, including equity capital markets, private capital markets, M&A, debt advisory, investor relations and corporate broking. The Company's joined up approach combines these services with expert research and distribution and an execution services hub that provides liquidity to the UK capital markets, delivering value to global institutions and trading counterparties alike. The Company is admitted to trading on AIM (LON: PEEL) and has offices in London, New York and Copenhagen.

Forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements sometimes use words such as 'may', 'will', 'could', 'seek', 'continue', 'aim', 'anticipate', 'target', 'project', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Past performance is no guide to future performance and any forward-looking statements and forecasts 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. These statements and forecasts are subject to various risks and uncertainties and 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.

The forward-looking statements contained in this document speak only as of the date of this announcement and (except as required by applicable regulations or by law) Peel Hunt does not undertake to publicly update or review 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.

No offer of securities

The information, statements and opinions contained in this announcement do not constitute or form part of, and should not be construed as, any public offer under any applicable legislation, or an offer, or solicitation of an offer, to buy or sell any securities or financial instruments in any jurisdiction, or any advice or recommendation with respect to any securities or financial instruments.

OPERATING AND FINANCIAL REVIEW

Group revenue performance

This year's revenue of £85.8m was consistent with market expectations, and higher than the previous year (FY23: £82.3m). This was due to stronger performance from our M&A team, despite Investment Banking revenues being otherwise constrained by subdued ECM activity. Our trading income from Execution Services and commission income from Research & Distribution fell year on year because of reduced trading activity in the markets and a fall in value traded.

Revenue comprises the following:

	FY24 £'000	FY23 £'000	% Change
Investment Banking revenue	32,567	23,411	39.1%
Execution Services revenue	29,638	33,810	(12.3)%
Research & Distribution revenue	23,629	25,116	(5.9)%
Total revenue for the year	**85,834**	**82,337**	**4.3%**

Our joined-up business model, combining specialist advice, high-quality research, broad distribution channels and strong market share in trading volumes, continues to put us in a good position for a recovery in the markets. Our sector specialist approach and ongoing, targeted investment in our business areas, including in our people and technology, remain important tools in pursuing our strategic priorities.

Investment Banking

	FY24 £'000	FY23 £'000	% Change
Investment Banking fees	23,795	14,622	62.7%
Investment Banking retainers	8,772	8,789	(0.2)%
Investment Banking revenue	**32,567**	**23,411**	**39.1%**

The difficult markets have continued to affect Investment Banking revenues in ECM, with low levels of both primary and secondary fundraisings. Nevertheless, we continued to diversify our investment banking model during the year, notably acting as financial adviser to several of our longstanding corporate clients in UK public market M&A transactions. This has resulted in revenues of £32.6m in FY24, up 39.1% (FY23: £23.4m). In addition, we won several high-quality corporate mandates, most notably in the FTSE 250, and established ourselves as a prominent financial adviser.

Our people remain our most valued asset and, despite the challenging environment, we have retained our core team as well as our sector and product expertise, providing our clients with quality and consistency in difficult times. These attributes have contributed to the evolution of our client base, adding major corporate clients throughout the financial year. Our inaugural FTSE 250 conference in June 2024 is a clear sign of our ambition; a significant number of FTSE 250 companies attended, alongside a broad audience of high-profile investors from multiple geographies and jurisdictions.

Our joined-up business model gives us a unique level of insight between institutional clients and corporate clients and is key to our reputation as a trusted adviser. This year, we appointed a new Head of Product to optimise collaboration within our business. This will ensure our clients continue to receive a consistently high-quality service, while helping to create stronger integration between our corporate services, research and distribution and trading capabilities. We believe that our model is a true differentiator for our business.

Our deep sector knowledge means we're able to act for public and private companies alike, and we're starting to see the benefit of investing in our Private Capital Markets team, with the team nurturing high-quality relationships across the sector, from early in the client lifecycle and beyond.

Technology remains a key part of our day-to-day operations, and we continue to invest in our products to make life easier, simpler and more efficient for our clients and ourselves. In particular, we have developed our data analytics capabilities to help identify key themes and trends and support decisions and recommendations.

Greater diversification in our Investment Banking services, in particular M&A, has helped counter lower ECM transaction volumes. Our main focus in the coming months will be to continue building our market share in M&A transactions, consolidating our position in Private Capital Markets while also continuing to further build our corporate franchise.

Execution Services

	FY24 £'000	FY23 £'000	% Change
Execution Services revenue	29,638	33,810	(12.3)%

The Execution Services team generated revenue of £29.6m (FY23: £33.8m), a reduction of 12.3% on the prior year. We were able to retain a leading trading position, with a 14.9% (FY23: 13.3%) share of total LSE volume and ranked number one by notional value among our peers, with only major global investment banks ahead of us in the rankings.

Despite some challenges in a subdued trading environment for UK small cap, increased competition on the Retail Service Provider network (RSP) and lower levels of market liquidity in general, our performance has been resilient, with diversified revenue streams supporting our wider business. In particular Systematic Trading, ETFs, Fixed Income and Investment Companies have continued to provide consistent returns.

We continue to focus on our strategic goal of being a key liquidity provider, and maintaining a strong market share. We are already connected to an array of execution platforms, and the improvements we're making will support existing strategies and clients. They will enable us to target new platforms and counterparties, so that we can continue to expand our liquidity provision.

Technology is a differentiator for our business and fundamental to our competitive edge. Our traders work closely with their technology colleagues to make our systems even more efficient. For example, we are continuously improving our proprietary trading tool, Peel Hunt Automated Trading (PHAT), to ensure we continue to provide fast access to liquidity for our counterparties and clients.

This year, as well as depressed trading levels and reduced liquidity, we have encountered increased competition, with additional market makers joining the RSP network. We continue to adapt to tighter spreads and lower margins by diversifying into alternative liquidity sources, which give us access to incremental, differentiated liquidity for both clients and counterparties.

Our performance in less favourable market conditions is testament to our team's experience and discipline, operating within strict risk management parameters to support our overall financial resilience.

Looking ahead, our focus will be to ensure we remain a key liquidity provider and retain our leading market share in trading. We'll keep enhancing our execution capabilities through ongoing strategic investment in technology to ensure efficient trading and liquidity access across the market cycle.

Research & Distribution

	FY24 £'000	FY23 £'000	% Change
Research payments and execution commission	23,629	25,116	(5.9)%

Research & Distribution have performed well in the face of challenging market conditions and macroeconomic headwinds. Revenue from research payments, execution commission and core trading was down 5.9% at £23.6m (FY23: £25.1m), consistent with market trends. During the year, we have once again strengthened our market position by deepening our relationships with existing clients and broadening our footprint across jurisdictions.

Through our stable platform, consistent engagement and differentiated integrated business model, we have continued to support our clients in a difficult market. The experience and quality of our research, distribution and core trading teams are an essential part of our long-term strategic focus, and we continue to invest in the business for the future to remain the partner of choice for our clients.

Our strategic plans to expand our international distribution took a significant step forward in January 2024 with the opening of our new office in Copenhagen. This reinstates pre-Brexit access to institutional investors across Europe and will allow us to accelerate our Continental European business development, opening new trading relationships and research agreements.

In North America, we have continued to build our corporate access offering, leveraging our best-in-class research and highly-rated sales team. Together with our Continental European team and our growing Rest of World presence we are able to showcase UK listed and private companies to an increasingly global audience. This provides our corporate clients with seamless, differentiated and highly efficient international access to relevant, deep pools of capital.

We have also continued to invest in our rapidly growing and differentiated low-touch electronic trading platform, hiring two experienced electronic traders to oversee its development. This is another example of how we offer enhanced liquidity to our institutional clients on an international scale. We see low-touch execution services as a natural complement to our high-touch execution services and an important tool in deepening our institutional relationships.

Technology helps our Research team work more efficiently. Our research database, launched in FY23, is helping our analysts develop more detailed and informative research for clients and we are incorporating artificial intelligence tools into our research platform. We have continued to expand our multimedia products, using our dedicated recording studio to produce high-quality podcasts and videos for investors.

Meanwhile, our reputation for speaking up on behalf of our clients and UK plc is growing, thanks in part to our expanding library of thematic reports on topics such as the de-equitisation of UK equity markets and how to reinvigorate them. Senior members of the Peel Hunt team, including our Head of Research, are considered authoritative voices, and our business is working closely with regulators and the UK government to enhance the overall market. This is fundamentally important for the health of the UK economy as well as the UK equity market.

Other financial information

Operating costs

	FY24 £'000	FY23 £'000	% Change
Staff costs	50,643	48,252	5.0%
Non-staff costs	37,399	34,125	9.6%
Total administration costs	**88,042**	**82,377**	**6.9%**
Compensation ratio	59.0%	58.6%	0.4ppts
Period-end headcount	303	310	(2.3)%
Average headcount	309	316	(2.2)%

Despite the ongoing macroeconomic challenges, we have continued investing in people and our strategic priorities, whilst maintaining a resilient financial position.

This year, that included salary increases, targeted to retain our key talent and strong performers, recruiting staff in our Copenhagen office and strategic hires into our electronic trading team. While we balanced these strategic hires with ongoing work to rationalise overall staff costs and numbers, staff costs in FY24 were higher than FY23. Overall, average headcount decreased by 2.2%.

Our non-staff costs are dominated by large technology contracts that are essential for the smooth running of our business, and these costs rose in line with inflation in FY24. The Group also experienced higher costs for professional fees and audit services, something that is affecting all listed businesses. In establishing our Copenhagen office and RetailBook, the Group also incurred professional and start-up costs. Both of these represent important investments in line with our strategic priorities.

Following the end of the financial year, we have continued to monitor group-wide expenditure and rationalise staff numbers, associated staff costs and technology costs, as well as other key areas of discretionary spend.

The measures we have taken on staff costs have seen the Group experience some one-off costs in the first half of FY25, with the expected associated savings in the second half of the new financial year.

Profit and loss

The combination of subdued revenue, targeted strategic investments and inflationary pressures meant that the Group made a loss in FY24, although we saw an improvement in revenue versus FY23. Despite our efforts to rationalise costs where possible, the majority of our cost base is fixed. We minimised Group interest costs during the year by accelerating long-term debt repayments, carefully managing working capital to limit the use of any unnecessary short-term borrowing, and maximising returns on surplus funds. Loss before tax for the year was £(3.3)m, representing an increase of 120.0% compared to the previous year.

Basic EPS decreased by 145.5% to (2.7)p per share (2023: (1.1)p).

Strategic investments

During the year, we have invested permanent capital to support the regulatory capital requirements of Peel Hunt Europe, based at our new office in Copenhagen, which is now fully operational. Peel Hunt Europe reinstates the Group's pre-Brexit access to institutional investors across Europe.

Similarly, we continued to carefully invest capital and staff resources to help establish RetailBook as a standalone FCA-regulated entity, with approval granted effective 2 April 2024. Just before the year end, RetailBook successfully closed an external funding round of £2.5m, allowing it to bring in new external investors. Together with support from our collaboration partners, Hargreaves Lansdown, Jefferies, Rothschild & Co, and Deutsche Numis, it provides RetailBook with the ability to focus on the next stage of its growth. Going forward, RetailBook will operate separately from the Group with its own independent governance structure. While the fundraising prior to year end reduced the Group's overall holding in RetailBook, we continued to have a greater than 50% holding as at year end. We expect to reduce our holding to below 50% in the first half of FY25.

We have incorporated the financial impact of both investments into the Group financial results for FY24.

Balance sheet

The Group's net asset position as at 31 March 2024 was £91.8m (31 March 2023: £93.1m), representing a decrease of 1.4% from 31 March 2023, due to the EBT share purchases during the year and the loss in FY24.

Capital and liquidity

Our cash position has increased, to £37.9m as at 31 March 2024; this includes a £15m drawn balance from our RCF. This is higher than the £27.4m at the end of FY23, with £15m of the RCF drawn at year end being partly offset by higher inventory positions in our Execution Services business and the accelerated £6m repayment in long-term debt in the first half of the year.

Long-term debt now stands at £15m and we have access to a £30m RCF which we renewed during the year. Shortly after year end in May 2024, we obtained a new, more flexible £10m overdraft facility on similar terms to the RCF. We are in the process of reducing the RCF by an equivalent amount. We did not materially rely on the RCF for operating during the year.

Our Own Funds coverage over net assets was 532% at the end of FY24, compared to 555% at the end of FY23, which demonstrates that we continued to operate well in excess of our minimum regulatory capital requirements. We achieved this by maintaining risk exposures within the agreed limits despite the reduction in Group net assets.

Dividend

The Board is not proposing a dividend for the year.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

Audited for the year ended 31 March 2024

Continuing activities	*Note*	**Year ended 31 March 2024 £'000**	**Year ended 31 March 2023 £'000**
Revenue	*2*	85,834	82,337
Administrative expenses	*3*	(88,042)	(82,377)
Loss from operations		**(2,208)**	**(40)**
Finance income	*4*	1,117	692
Finance expense	*4*	(2,244)	(2,320)
Other income		115	180
Operating loss for the year		**(3,220)**	**(1,488)**
Share of loss from associate		**(42)**	**-**
Loss before tax for the year		**(3,262)**	**(1,488)**
Tax	*5*	61	166
Loss for the year		**(3,201)**	**(1,322)**
Other comprehensive income/(expense) for the year		-	-
Total comprehensive expense for the year		**(3,201)**	**(1,322)**
Attributable to:			
Owners of the Company		(3,201)	(1,322)
Non-controlling interests		-	-
Loss for the year		**(3,201)**	**(1,322)**
Attributable to:			
Owners of the Company		(3,201)	(1,322)
Non-controlling interests		-	-
Total comprehensive expense for the year		**(3,201)**	**(1,322)**

Loss per share – attributable to owners of the Company:			
Basic	**8**	**(2.7)p**	**(1.1)p**
Diluted	**8**	**(2.7)p**	**(1.1)p**

Consolidated Statement of Financial Position

Audited as at 31 March 2024

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,555	8,092
Intangible assets	1,901	1,152
Investments in associates	538	-
Right-of-use assets	13,741	15,889
Deferred tax asset	409	273
Total non-current assets	**23,144**	**25,406**
Current assets		
Securities held for trading	60,104	54,144
Market and client debtors	551,943	471,504
Trade and other debtors	19,613	15,546
Cash and cash equivalents	37,929	27,410
Total current assets	**669,589**	**568,604**
LIABILITIES		
Current liabilities		
Securities held for trading	(35,305)	(32,062)
Market and client creditors	(508,980)	(421,953)
Trade and other creditors	(7,280)	(4,214)
Revolving credit facility	(15,000)	-
Lease liabilities	(2,956)	(2,867)
Long-term loan	(6,000)	(6,000)
Provisions	(708)	(576)
Total current liabilities	**(576,229)**	**(467,672)**
Net current assets	**93,360**	**100,932**
Non-current liabilities		
Long-term loan	(9,000)	(15,000)
Lease liabilities	(15,754)	(18,192)
Total non-current liabilities	**(24,754)**	**(33,192)**
Net assets	**91,750**	**93,146**

Consolidated Statement of Financial Position

Audited as at 31 March 2024

	As at 31 March 2024	As at 31 March 2023
	£'000	£'000
EQUITY		
Ordinary share capital	40,099	40,099
Other reserves	50,076	53,047
Total shareholders' equity	**90,175**	**93,146**
Non-controlling interests	1,575	-
Total equity	**91,750**	**93,146**

Consolidated Statement of Changes in Equity

Audited for the year ended 31 March

Group	Ordinary share capital £'000	Other reserves £'000	Total shareholders' equity £'000	Non-controlling interest £'000	Total equity £'000
Balance as at 1 April 2022	**40,099**	**60,035**	**100,134**	**-**	**100,134**
Loss for the year	-	(1,322)	(1,322)	-	(1,322)
Other comprehensive income	-	-	-	-	-
Total comprehensive expense	-	(1,322)	(1,322)	-	(1,322)
Transactions with owners					
Equity-settled share-based payments reserve	-	647	647	-	647
Purchase of Company shares	-	(2,581)	(2,581)	-	(2,581)
Dividends paid	-	(3,732)	(3,732)	-	(3,732)
Balance as at 31 March 2023	**40,099**	**53,047**	**93,146**	**-**	**93,146**
Loss for the year	-	(3,201)	(3,201)	-	(3,201)
Other comprehensive income	-	-	-	-	-
Total comprehensive expense	-	(3,201)	(3,201)	-	(3,201)
Transactions with owners				-	-
Equity-settled share-based payments reserve	-	688	688	-	688
Purchase of Company shares	-	(458)	(458)	-	(458)
Transaction with non-controlling interests	-	-	-	1,575	1,575
Balance as at 31 March 2024	**40,099**	**50,076**	**90,175**	**1,575**	**91,750**

Consolidated Statement of Cash Flows

Audited for the year ended 31 March 2024

	Note	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Net cash generated from/(used in) operations	*10*	**7,027**	**(30,899)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(76)	(511)
Purchase of intangible assets		(1,078)	(1,087)
Investments in associates		(580)	-
Net cash used in investing activities		**(1,734)**	**(1,598)**
Cash flows from financing activities			
Interest paid		(1,435)	(1,382)
Dividends paid		-	(3,732)
Lease liability payments		(3,456)	(3,117)
Purchase of Company shares		(458)	(2,581)
Non-controlling interests		1,575	-
Drawdown from the revolving credit facility		15,000	-
Repayment of long-term loan		(6,000)	(6,000)
Net cash generated from/(used in) financing activities		**5,226**	**(16,812)**
Net increase/(decrease) in cash and cash equivalents		10,519	(49,309)
Cash and cash equivalents at start of period		27,410	76,719
Cash and cash equivalents at the end of year		**37,929**	**27,410**

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

Peel Hunt Limited (the Company) is a non-cellular company limited by shares having admitted its shares for trading on AIM, a market operated by the London Stock Exchange plc, on 29 September 2021. The Company is registered in Guernsey. Its registered office is Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey GY2 4LH (previously Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT). The consolidated financial statements of the Company comprise the Company and its subsidiaries, together referred to as the Group.

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 and financial assets and liabilities which are valued at fair value through profit and loss (FVTPL). Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Going concern

The Group's principal activities are Investment Banking, Research & Distribution and Execution Services in UK mid-cap and growth companies to institutional clients, wealth managers and private client brokers.

The Directors have assessed the Group's projected business activities and available financial resources together with a detailed cash flow forecast for the next 18 months from the date these financial statements were approved. The Directors have used base case and severe but plausible scenarios to perform the going concern assessment.

The base scenario assumes:

- Long-term sustainable growth of the Group as approved by the Board in the Group's five-year business plan
- Prolonged increased interest rates, as well as inflationary increases on all cost categories
- Continued strategic investment in the Group, particularly in relation to technology and further diversification in our revenue

The severe but plausible downside scenario assumes:

- Worsening of the economic climate from the current historic low levels, continuing to keep capital market activity low and trading volumes reduced
- An operational event occurs reducing profitability and cash
- Management continues to rationalise costs where possible

The results of the scenario analyses consider the impact on profitability, cash, liquid assets, regulatory capital and covenant requirements. The severe but plausible downside scenario also includes active management of the Group's liquid assets in order to ensure the Group's ability to repay its long-term loans as required, which would mitigate any potential covenant constraints. In view of the Group's available financial resources, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date these financial statements are approved and for the foreseeable future. The Group has a strong focus on working capital management to ensure the payment of the Group's liabilities as they fall due. There is also a focus on monitoring the regulatory capital resources and requirements of Peel Hunt LLP and the UK regulatory group to ensure that all regulatory capital and liquidity requirements and covenant requirements are met.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2024.

The new standards or amendments to IFRS that became effective and were adopted by the Group during the year had no material effect on the financial statements.

2. Revenue

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Research payments and execution commission	23,629	25,116
Execution Services revenue	29,638	33,810
Investment Banking fees and retainers	32,567	23,411
Total revenue for the year	**85,834**	**82,337**

3. Staff costs

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Wages and salaries	41,874	39,946
Social security costs	5,914	5,597
Pensions costs	2,741	2,623
Other costs	114	86
Total staff costs charged as an expense for the year	**50,643**	**48,252**

The average number of employees of the Group during the year decreased to 309 (31 March 2023: 316).

4. Net finance expense

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Finance income		
Interest received	1,117	692
Finance expense		
Interest paid	(85)	(52)
Interest on lease liabilities	(809)	(938)
Interest accrued on long-term loan	(1,350)	(1,330)
Finance expense for the year	(2,244)	(2,320)
Net finance expense for the year	**(1,127)**	**(1,628)**

5. Tax charge

The Group tax charge in the year ended 31 March 2024 includes a credit of £0.3m (31 March 2023: £0.2m).

6. Non-controlling interest

The amount of non-controlling interest is measured at the non-controlling interest‘s proportionate share of the subsidiary’s identifiable net assets.

7. Statement of Financial Position 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 comprise 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 and car leases.

(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 £10.2m (31 March 2023: £11.9m).

(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 31 March 2024 are consistent with those held at the 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 borrowed with a commitment to return them at a future date. The securities borrowed are not recognised on the statement of financial position. The cash pledged 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 borrowed. The total value of cash collateral held on the statement of financial position is £5.4m (31 March 2023: £2.4m).

(g) Long-term loans

During the first quarter of the financial year the Company accelerated £6m of the Senior Facilities Agreement (SFA) scheduled principal repayments due in each of September 2023 and March 2024, reducing the outstanding balance to £15m (31 March 2023: £21m).

Alongside the accelerated repayments, the Company negotiated a temporary reduction in its interest cover covenant up to and including 31 December 2023 with no changes to the interest rate applicable to the SFA.

(h) Revolving credit facility

As at 31 March 2024 £15.0m of the £30m Revolving Credit Facility was drawn (31 March 2023: £nil).

8. Loss per share

	Year ended 31 March 2024	**Year ended 31 March 2023**
Basic weighted average number of ordinary shares in issue during the year	117,069,636	119,197,519
Dilutive effect of share option grants	8,755,598	1,605,000
Diluted weighted average number of ordinary shares in issue during the year	**125,825,234**	**120,802,519**

Basic loss per share of (2.7)p (31 March 2023: (1.1)p) is calculated on total comprehensive expense for the year, attributable to the owners of the Company, of £(3.2)m (31 March 2023: £(1.3)m) and 117,069,636 (31 March 2023: 119,197,519) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The Company has 8,755,598 (31 March 2023: 1,605,000) of dilutive equity instruments outstanding as at 31 March 2024.

9. Post balance sheet event

Shortly after year end in May 2024, we obtained a new, more flexible £10m overdraft facility on similar terms to the RCF.

10. Reconciliation of loss before tax to cash from operating activities

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loss before tax for the financial year	(3,262)	(1,488)
Adjustments for:		
Depreciation and amortisation	4,353	4,251
Expected credit loss on financial assets held at amortised cost	186	277
Increase in provisions	131	37
Equity settled share-based payments – IFRS 2 charge	688	647
Revaluation of right-of-use asset and lease liabilities	33	(71)
Net finance expense	1,127	1,628
Change in working capital:		
(Increase) in net securities held for trading	(2,717)	(4,446)
Decrease in net market and client debtors	6,588	4,458
(Increase) in trade and other debtors	(4,595)	(2,339)
(Decrease) in net amounts due to members	-	(21,837)
Increase/(decrease) in trade and other creditors	3,049	(12,572)
Cash generated from/(used in) operations	**5,581**	**(31,455)**
Interest received	1,117	692
Corporation tax credit/(paid)	329	(136)
Net cash generated from/(used in) operations	**7,027**	**(30,899)**

END