

5 December 2023

# Peel Hunt Limited

## Half-Year Results for the six months ended 30 September 2023

### Revenue in line with market expectations

Peel Hunt Limited ('Peel Hunt', the 'Company') together with its subsidiaries (the 'Group') today announces unaudited interim results for the period ended 30 September 2023 ('H1 FY24'). FY24 refers to the financial year ending on 31 March 2024.

#### Highlights

- Strong balance sheet maintained, supporting the Group's overall financial resilience
  - Group revenue £42.7m (H1 FY23: £41.1m), an increase of 3.9% year on year
  - Loss before tax of £0.8m (H1 FY23: profit before tax of £0.1m), reflecting the challenging macroeconomic environment and inflationary increases in costs
  - Net assets of £92.8m (FY23: £93.1m) and cash balances of £22.6m (FY23: £27.4m)
  - Capital comfortably in excess of regulatory requirements
  - Long term debt reduced to £15m (FY23: £21m), partly offsetting increases in interest costs
  
- Good strategic progress made across all business divisions and the Group as a whole
  - **Investment Banking:**
    - Added nine new corporate clients
    - Progressed our diversification strategy acting as financial adviser on several UK public M&A transactions, both buy-side and sell-side, and expanding our pipeline of private capital markets and debt advisory mandates
  - **Research & Distribution:** Institutional electronic trading revenues doubled year-on-year and key senior hires have joined the team during the period
  - **Execution Services:** Revenues remain above pre-Covid levels despite lower market volumes
  - **RetailBook:** Application for regulatory approval is currently being assessed by the Financial Conduct Authority
  - **European office:** Copenhagen office now fully staffed and expected to be operational shortly
  
- Strength of our platform and considerable operational gearing position us well for when market conditions recover

#### Financial and operating highlights

Financial highlights	H1 FY24	H1 FY23	Change
Revenue	£42.7m	£41.1m	3.9%
(Loss)/profit before tax	(£0.8m)	£0.1m	(900)%
(Loss)/profit after tax	(£0.7m)	£0.0m	(700)%
Compensation ratio	58.6%	58.5%	0.1ppts

  

Operating highlights	H1 FY24	FY23	Change
Cash	£22.6m	£27.4m	(17.5)%
Net assets	£92.8m	£93.1m	(0.3)%
Investment Banking clients	154	155	(0.6)%
Average market cap of clients	£622.6m	£690.5m	(9.8)%

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

“Despite the continued challenging market backdrop, our performance has remained resilient. Revenue for the first six months was in line with expectations, and slightly up on the same period last year. Our performance was not quite enough to offset the high inflationary environment and its impact on costs but our balance sheet remains strong, demonstrating the Group’s financial resilience.

Our integrated full-service investment banking offering is a significant differentiator for Peel Hunt. We continued to make good progress with our strategic priority to diversify our investment banking capabilities, winning new mandates in M&A advisory and developing a growing pipeline in private capital markets and debt advisory. This diversified business model, coupled with a solid financial position, means we are well positioned for when market conditions improve.”

For further information, please contact:

**Peel Hunt:** via Powerscourt  
Steven Fine, CEO  
Sunil Dhall, CFOO

**Powerscourt (Financial PR):** +44 (0)20 7250 1446  
Justin Griffiths  
Gilly Lock  
Russ Lynch  
peelhunt@powerscourt-group.com

**Grant Thornton UK LLP (Nominated Adviser):** +44 (0)20 7728 2942  
Colin Aaronson  
Enzo Aliaj

**Keefe, Bruyette & Woods (Corporate Broker):** +44 (0) 20 7710 7600  
Alistair McKay  
Alberto Moreno Blasco  
Fred Walsh  
Akshman Ori

**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.

**Market conditions**

Throughout H1 FY24, macroeconomic factors continued to have an impact across the investment banking sector and the prolonged period of subdued capital markets activity continued. As a consequence, the capital markets transaction fee pool remained diminished, particularly in respect of IPOs. Revenue from M&A transactions was ahead of the previous year, however, as low valuations and weak sterling sustained bid activity for UK companies. The FTSE 100, FTSE 250 and AIM All-share were down 0.3%, 3.4% and 10.6% respectively and market volumes remained low.

UK-focused equity funds continued to experience net outflows, although towards the end of the period there were indications that this trend might be starting to change, and we saw some encouraging signs that interest rates may be nearing their peak as UK inflation has started to come under control. We saw progress on the market reform agenda, which is critical to increasing the attractiveness of UK Plc and reversing the structural trend of de-equitisation, and the FCA provided some much-needed certainty on the timing of rule reforms.

**Overview of results**

Group revenue for the period was £42.7m (H1 FY23: £41.1m) with a loss before tax of £0.8m (H1 FY23: profit before tax of £0.1m), reflecting the challenging macroeconomic environment and inflationary increases in costs. Our balance sheet remained strong, with net assets of £92.8m as at 30 September 2023 (FY23:

£93.1m), capital comfortably in excess of regulatory requirements and cash balances of £22.6m (FY23: £27.4m).

## Divisional reviews

### Investment Banking

	H1 FY24	H1 FY23	Change
Investment Banking fees	£12.9m	£7.5m	72.0%
Investment Banking retainers	£4.4m	£4.4m	0.0%
<b>Investment Banking revenue</b>	<b>£17.3m</b>	<b>£11.9m</b>	<b>45.4%</b>

Whilst overall deal activity has remained subdued, revenues in Investment Banking were ahead of the same period last year.

Our strategic priority to diversify our investment banking capabilities is progressing well. We acted as financial adviser on several UK public M&A transactions in the period, both buy-side and sell-side, and expanded our pipeline of private capital markets and debt advisory transactions. In addition, we added nine new corporate clients and at 30 September 2023 were appointed as an adviser to 154 companies, of which 37 are in the FTSE 350. The aggregate market capitalisation of our corporate clients has increased by 4.6% year on year, to approximately £96bn.

Although levels of capital markets activity were low in the period, REX has won a number of mandates from third party banks, brokers and financial advisers.

### Research & Distribution

	H1 FY24	H1 FY23	Change
Research payments and execution commission	£10.5m	£11.8m <sup>(1)</sup>	(11.0)%

#### Notes

- (1) To better reflect how the business is managed, we have changed the way we allocate certain revenues between Research & Distribution and Execution Services. As a result, we have reclassified £1.9m of execution commission as Execution Services revenue. This was also reclassified in the FY23 financial statements.

Over the period, revenue from our Research and Distribution business decreased broadly in line with the market. Our Research team has focused on delivering differentiated and highly relevant mid-cap and growth company research to our institutional clients. Following further initiations in the period we now provide insightful analysis on over 200 FTSE 350 companies.

Institutional electronic trading revenues have more than doubled year on year and we have continued to invest in talent, with key senior hires joining the team during H1.

Our Copenhagen office, which will broaden our international distribution capability, received regulatory approval during the first half of 2023 and is now fully staffed and expected to be operational shortly.

### Execution Services

	H1 FY24	H1 FY23	Change
Execution Services revenue	£14.8m	£17.4m <sup>(1)</sup>	(14.9)%

#### Notes

- (1) To better reflect how the business is managed, we have changed the way we allocate certain revenues between Research & Distribution and Execution Services. As a result, we have reclassified £1.9m of execution commission as Execution Services revenue. This was also reclassified in the FY23 financial statements.

During the period the FTSE 250 and AIM All-Share declined 3.4% and 10.6% respectively and trading volumes remained much lower across the market as a whole. Despite this, our trading books continue to perform well versus market drawdowns and, overall, Execution Services revenue was £14.8m. Trading in fixed income, investment companies and exchange traded funds contributed to revenues, volumes and LSE market share that remain above pre-Covid levels. We continue to focus on adding incremental liquidity and driving efficiencies.

## RetailBook

During the period further progress was made by RetailBook to establish operations, and its application for regulatory approval is currently being assessed by the FCA.

### Capital and liquidity

Net assets remained strong at £92.8m (FY23: £93.1m) as at 30 September 2023.

Our cash position also remained healthy, at £22.6m as at 30 September 2023, although this decreased from £27.4m at the end of FY23, largely due to the accelerated reduction of long-term debt by £6.0m during the period. Long-term debt is now £15.0m, and we have access to a £30.0m revolving credit facility ('RCF'), which was renewed just before the end of the period. The RCF was undrawn at the end of the period (FY22: £10.0m).

We continue to operate well in excess of our regulatory capital requirements with own funds requirements coverage over net assets of 567% at the end of H1 FY24 compared to 555% at the end of FY23. The increase in coverage from FY23 was achieved by maintaining risk exposures within the agreed limits despite the minimal reduction in Group net assets.

### Costs and people

	H1 FY24	H1 FY23	Change
Staff costs	£25.0m	£24.0m	4.2%
Non-staff costs	£17.9m	£16.2m	10.5%
<b>Total admin costs</b>	<b>£42.9m</b>	<b>£40.2m</b>	<b>6.7%</b>
Compensation ratio	58.6%	58.5%	0.1ppts
Non-staff costs ratio	41.9%	39.3%	2.6ppts
Change in headcount <sup>(1)</sup>	(1.8)%	5.7%	(7.5)ppts

Notes:

(1) Change in average headcount when compared to respective previous financial year ends

Despite the macro-economic challenges, we continued to invest in our people to enable us to pursue our strategic priorities and be well positioned when the capital market cycle turns.

Overall, average headcount decreased by 1.9% in the first half of the financial year. We made selected hires into our Copenhagen office, which will broaden our international distribution capability, and key strategic hires into our electronic execution team that broadens our product offering and provides further diversification of revenues.

Staff costs were higher in H1 FY24 than H1 FY23, partly due to one off costs relating to headcount rationalisation and targeted salary increases for our lower-paid employees to help support those disproportionately affected by the rising cost of living.

Non-staff costs, particularly technology costs, increased in line with inflation. We also incurred costs from continued progress on our strategic priorities, including the establishment of a fully-staffed office in Copenhagen.

Given the ongoing macroeconomic challenges, we will continue to monitor costs in H2 FY24, whilst remaining focused on our strategic priorities.

### Responsible business

We are committed to ensuring our business is run responsibly. Throughout the period our board-level ESG Committee continued to focus on our sustainability priorities, particularly our targets for gender diversity and carbon reduction. We continued to work towards our target of 40% female employees by 2035. As part of our ongoing commitment to fostering an inclusive and supportive work environment, we have reviewed and updated our enhanced maternity and paternity pay provisions.

Our first Carbon Reduction Plan is due for publication shortly, and in H1 FY24 we implemented an electric car scheme to encourage employees to make their commute as low carbon as possible.

We were pleased to announce that our employees selected Become, the only national charity focused solely on supporting children in care and young care leavers, to be our new charity partner, and we have a number of fundraising events planned. All employees are encouraged to participate in a day of charity work and we offered a number of ongoing volunteering opportunities throughout the period.

### **Current trading and outlook**

Trading in the first two months of our second half has been broadly in line with the first half. Since the start of the second half, macroeconomic and geopolitical concerns have continued to weigh on equity markets and, whilst there are some signs of positivity, market activity remains relatively subdued. IPO and private fundraising activity continues to be muted. Take-private activity continues as valuations for UK quoted companies remain attractive, particularly to strategic bidders, and we have been delighted to support our corporate clients in raising equity finance to fund M&A transactions during the period.

Against the backdrop of prolonged subdued market activity and de-equitisation, we continue to support efforts to reinvigorate UK equity markets through a combination of supply and demand side reforms, and in particular those initiatives designed to encourage investment into small and mid-cap companies that are the lifeblood of the UK economy.

**Steven Fine**  
**Chief Executive Officer**  
5 December 2023

*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.*

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Consolidated Statement of Comprehensive Income

Unaudited for the six months ended 30 September 2023

		Six months ended 30 Sep 2023 Unaudited £'000	Six months ended 30 Sep 2022 Unaudited £'000	Year ended 31 Mar 2023 Audited £'000
<i>Continuing activities</i>	<b>Note</b>			
<b>Revenue</b>	2	42,677	41,067	82,337
Administrative expenses	3	(42,866)	(40,164)	(82,377)
<b>(Loss)/profit from operations</b>	3	<b>(189)</b>	<b>903</b>	<b>(40)</b>
Finance income	5	510	170	692
Finance expense	5	(1,139)	(1,110)	(2,320)
Other income		60	98	180
<b>Operating (loss)/profit for the period</b>		<b>(758)</b>	<b>61</b>	<b>(1,488)</b>
Share of loss from associate	8	(15)	-	-
<b>(Loss)/profit before tax for the period</b>		<b>(773)</b>	<b>61</b>	<b>(1,488)</b>
Tax		94	(15)	166
<b>(Loss)/profit for the period</b>		<b>(679)</b>	<b>46</b>	<b>(1,322)</b>
Other comprehensive income for the period		-	-	-
<b>Total comprehensive (expense)/ income for the period</b>		<b>(679)</b>	<b>46</b>	<b>(1,322)</b>
<b>Attributable to:</b>				
Owners of the Company		(679)	46	(1,322)
Non-controlling interests	7	-	-	-
<b>(Loss)/profit for the period</b>		<b>(679)</b>	<b>46</b>	<b>(1,322)</b>
<b>Attributable to:</b>				
Owners of the Company		(679)	46	(1,322)
Non-controlling interests	7	-	-	-
<b>Total comprehensive (expense)/income for the period</b>		<b>(679)</b>	<b>46</b>	<b>(1,322)</b>
<b>Earnings per share – attributable to owners of the Company</b>				
Basic	6	(0.6p)	0.0p	(1.1p)
Diluted	6	(0.6p)	0.0p	(1.1p)

**Consolidated Balance Sheet**  
Unaudited as at 30 September 2023

	As at 30 Sep 2023	As at 30 Sep 2022	As at 31 Mar 2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7,299	8,920	8,092
Intangible assets	1,849	718	1,152
Right-of-use assets	14,869	17,156	15,889
Investments in associates	535	-	-
Deferred tax asset	322	322	273
<b>Total non-current assets</b>	<b>24,874</b>	<b>27,116</b>	<b>25,406</b>
<b>Current assets</b>			
Securities held for trading	62,772	55,180	54,144
Market and client debtors	376,408	451,633	471,504
Trade and other debtors	15,853	13,777	15,546
Cash and cash equivalents	22,554	41,352	27,410
<b>Total current assets</b>	<b>477,587</b>	<b>561,942</b>	<b>568,604</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Securities held for trading	(33,100)	(27,604)	(32,062)
Market and client creditors	(336,135)	(399,465)	(421,953)
Amounts due to members	-	(5,041)	-
Trade and other creditors	(4,856)	(4,095)	(4,214)
Borrowings	-	(10,000)	-
Lease liabilities	(2,757)	(2,907)	(2,867)
Long-term loans	(3,000)	(6,000)	(6,000)
Provisions	(642)	(518)	(576)
<b>Total current liabilities</b>	<b>(380,490)</b>	<b>(455,630)</b>	<b>(467,672)</b>
<b>Net current assets</b>	<b>97,097</b>	<b>106,312</b>	<b>100,932</b>
<b>Non-current liabilities</b>			
Long-term loans	(12,000)	(18,000)	(15,000)
Lease liabilities	(17,196)	(19,482)	(18,192)
<b>Total non-current liabilities</b>	<b>(29,196)</b>	<b>(37,482)</b>	<b>(33,192)</b>
<b>Net assets</b>	<b>92,775</b>	<b>95,946</b>	<b>93,146</b>

**Consolidated Balance Sheet**  
Unaudited as at 30 September 2023

	As at 30 Sep 2023	As at 30 Sep 2022	As at 31 Mar 2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>EQUITY</b>			
Ordinary share capital	40,099	40,099	40,099
Other reserves	52,676	55,847	53,047
<b>Total equity</b>	<b>92,775</b>	<b>95,946</b>	<b>93,146</b>

**Consolidated Statement of Changes in Equity**  
Unaudited for the six months ended 30 September 2023

	Ordinary Share Capital	Other reserves	Consolidated
	£'000	£'000	£'000
<b>Balance as at 31 March 2022</b>	<b>40,099</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	-	(807)	(807)
Dividends paid	-	(3,732)	(3,732)
<b>Balance as at 30 September 2022</b>	<b>40,099</b>	<b>55,847</b>	<b>95,946</b>
Loss for the period	-	(1,368)	(1,368)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(1,368)	(1,368)
<i>Transactions with owners</i>			
Share Based Payments	-	342	342
Purchase of Company shares	-	(1,774)	(1,774)
<b>Balance as at 31 March 2023</b>	<b>40,099</b>	<b>53,047</b>	<b>93,146</b>
Loss for the period	-	(679)	(679)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(679)	(679)
<i>Transactions with owners</i>			
Share Based Payments	-	324	324
Purchase of Company shares	-	(16)	(16)
<b>Balance as at 30 September 2023</b>	<b>40,099</b>	<b>52,676</b>	<b>92,775</b>



**Consolidated Statement of Cash Flows**

Unaudited for the six months ended 30 September 2023

		Six months ended 30 Sep 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
<b>Net cash generated from/(used in) operations</b>	9	<b>5,019</b>	<b>(34,697)</b>	<b>(30,899)</b>
<b>Cash flows from investing activities</b>				
Purchase of tangible assets		(60)	(493)	(511)
Purchase of intangible assets		(815)	(623)	(1,087)
Investment in associate		(550)	-	-
<b>Net cash used in investing activities</b>		<b>(1,425)</b>	<b>(1,116)</b>	<b>(1,598)</b>
<b>Cash flows from financing activities</b>				
Interest paid		(727)	(603)	(1,382)
Short term borrowings		-	10,000	-
Lease Liability payments		(1,707)	(1,412)	(3,117)
Purchase of Company shares		(16)	(807)	(2,581)
Dividends paid		-	(3,732)	(3,732)
Repayment of Long-term loan		(6,000)	(3,000)	(6,000)
<b>Net cash (used in)/generated from financing activities</b>		<b>(8,450)</b>	<b>446</b>	<b>(16,812)</b>
Net decrease in cash and cash equivalents		(4,856)	(35,367)	(49,309)
Cash and cash equivalents at start of period		27,410	76,719	76,719
<b>Cash and cash equivalents at end of period</b>		<b>22,554</b>	<b>41,352</b>	<b>27,410</b>

**NOTES TO THE FINANCIAL STATEMENTS****1. Basis of preparation**

Peel Hunt Limited (the 'Company') is a non-cellular company limited by shares having its shares admitted to trading on AIM, a market operated by 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. 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 2023, 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 2023.

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 and liabilities 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 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 with a material impact.

**2. Revenue**

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
	Unaudited	Restated Unaudited	Audited
	£'000	£'000	£'000
Research payments & Execution commission	10,503	11,785	25,116
Execution services revenue	14,834	17,416	33,810
Investment Banking revenue	17,340	11,866	23,411
<b>Total revenues for the period</b>	<b>42,677</b>	<b>41,067</b>	<b>82,337</b>

To better reflect how the business is managed, we have changed the way we allocate certain revenues between Research & Distribution and Execution Services. As a result, we have reclassified £1.9m of execution commission as Execution Services revenue. This was also reclassified in the FY23 financial statements.

### 3. Profit from operations

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

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Depreciation and amortisation	970	892	1,805
Lease depreciation	1,172	1,309	2,446
Staff costs (see note 4)	24,996	24,010	48,252
Other non-staff costs	15,728	13,953	29,874
<b>Total administrative costs</b>	<b>42,866</b>	<b>40,164</b>	<b>82,377</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 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Wages and salaries	20,731	20,034	39,946
Social security costs	2,848	2,682	5,597
Pensions costs	1,368	1,251	2,623
Other costs	49	43	86
<b>Total staff costs charged as an expense for the period</b>	<b>24,996</b>	<b>24,010</b>	<b>48,252</b>

The average number of employees of the Group during the period has decreased to 310 (H1 FY23: 316). The number of employees of the Group at the end of the period has decreased to 308 (H1 FY23: 319).

### 5. Net finance expense

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Finance income:</b>			
Bank interest received	510	170	692
<b>Finance expense:</b>			
Bank interest paid	(28)	(14)	(52)
Interest on lease liabilities	(412)	(507)	(938)
Interest accrued on long-term loan	(699)	(589)	(1,330)
Finance expense for the period	(1,139)	(1,110)	(2,320)
<b>Net Finance expense for the period</b>	<b>(629)</b>	<b>(940)</b>	<b>(1,628)</b>

## 6. (Loss)/earnings per share

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
	Number of shares	Number of shares	Number of shares
	Unaudited	Unaudited	Audited
Weighted number of ordinary shares in issue during the period	117,239,017	119,986,084	119,197,519
Dilutive effect of share option grants	7,574,291	1,605,000	1,605,000
<b>Diluted weighted average number of ordinary shares in issue during the period</b>	<b>124,813,308</b>	<b>121,591,084</b>	<b>120,802,519</b>

Basic (loss)/earnings per share is calculated on total comprehensive (loss)/income for the six-month period, attributable to owners of the Company, of (£0.7m) (H1 FY23: £0.0m) and 117,239,017 (H1 FY23: 119,986,084) ordinary shares, being the weighted average number of shares in issue during the period. Diluted (loss)/ earnings per share is calculated after adjusting for the number of options expected to be exercised from the share option grants.

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

The Company has 7,574,291 (H1 FY23: 1,605,000) of dilutive equity instruments outstanding as at 30 September 2023.

## 7. Non-controlling interest

The non-controlling interest in H1 FY23 relates to the individual members of Peel Hunt LLP prior to admission of the Company to trading on AIM; these amounts are included in Amounts due to members on the Statement of Financial Position. The Group no longer has non-controlling interests from FY23.

## 8. 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 internal software intellectual property, 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. Internal software intellectual property is amortised over 3 years, computer software is amortised over five years and sports debentures are amortised over the life of the ticket rights.

Internal software intellectual property represents internally-generated intangible assets and it comprises of capitalised development costs for certain technology developments for key projects in the Group. The costs incurred in the research phase of these internal projects are expensed. Intangible assets are recognised from the development phase 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 and car rental leases.

**(d) Investments in associates**

The Group applies IAS 28 Investments in Associates and joint ventures. Associates are entities in which the Group has significant influence over the financial and operating policy decisions of the investee but does not have control or joint control of those policies. The Group holds directly or indirectly through subsidiaries, 20 per cent or more of the voting power of the investee.

The Group applies the equity method to account for its investments in associates. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. The Group's share of the investee's profit or loss is recognised in the investor's profit or loss. The investment in associates relate to the Group's investment in Peel Hunt Fintech Ventures LLP £0.6m (H1 FY23: £nil) which was made during the period.

Peel Hunt Fintech Ventures LLP is incorporated in England and Wales and its registered office is 100 Liverpool Street, London, United Kingdom, EC2M 2AT. The Group indirectly (through a subsidiary) has a 25% shareholding in the entity.

**(e) 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 £25.6m (FY23: £11.9m).

**(f) 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 FY23 audited Financial Statements. The value of 'Level 1' financial assets held by the Group at the end of H1 FY24 was £61.3m (FY23: £53.0m), 'Level 2' £0.1m (FY23: £0.1m) and 'Level 3' £1.4m (FY23: £1.0m). The value of 'Level 1' financial liabilities held by the Group at the end of H1 FY24 was £32.9m (FY23: £31.6m), 'Level 2' £0.0m (FY23: £0.0m) and 'Level 3' £0.2m (FY23: £0.5m).

**(g) 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 £3.6m (FY23: £2.4m).

**(h) 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 2023 the RCF was undrawn (FY23: £nil).

**(i) Long-term loans**

During the period we accelerated £6.0m of the principal repayments of the Senior Facilities Agreement ('SFA'). As at 30 September 2023 £15.0m (FY23: £21.0m) was outstanding.

**(j) Post balance sheet events**

There are no material post balance sheet events.

## 9. Reconciliation of (loss)/profit before tax to cash from operating activities

	Six months ended 30 Sep 2023	Six months ended 30 Sep 2022	Year ended 31 Mar 2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>(Loss)/profit for the period</b>	<b>(773)</b>	<b>61</b>	<b>(1,488)</b>
<b>Adjustments for:</b>			
Depreciation and amortisation	2,142	2,201	4,251
Expected credit loss on financial assets held at amortised cost	71	(40)	277
Increase/(decrease) in provisions	66	(22)	37
Movement on deferred tax asset	49	16	-
Share based payments - IFRS 2 Charge	324	305	647
Revaluation of Right-of-use asset and Lease liabilities	38	(147)	(71)
Net finance costs	629	940	1,628
<b>Changes in working capital:</b>			
Increase in net securities held for trading	(7,590)	(9,940)	(4,446)
Decrease in net market and client debtors	9,278	1,841	4,458
Increase in trade and other debtors	(378)	(537)	(2,339)
Decrease in net amounts due to members	(0)	(16,790)	(21,837)
Increase/(decrease) in trade and other creditors	642	(12,623)	(12,572)
<b>Cash generated from/( used in) operations</b>	<b>4,498</b>	<b>(34,735)</b>	<b>(31,455)</b>
Interest received	510	170	692
Corporation tax paid	11	(132)	(136)
<b>Net cash generated from/(used in) operations</b>	<b>5,019</b>	<b>(34,697)</b>	<b>(30,899)</b>

END