



# PEEL HUNT

ANNUAL REPORT  
2024

We are a specialist UK investment bank with more than 300 talented people across London, Copenhagen and New York, who demonstrate our purpose to guide and nurture our clients through the evolution of business.

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In another challenging year for our industry, we have continued to support our clients and make progress against our strategic priorities, while using our voice to champion the revitalisation of UK plc.

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# OUR BUSINESS AT A GLANCE

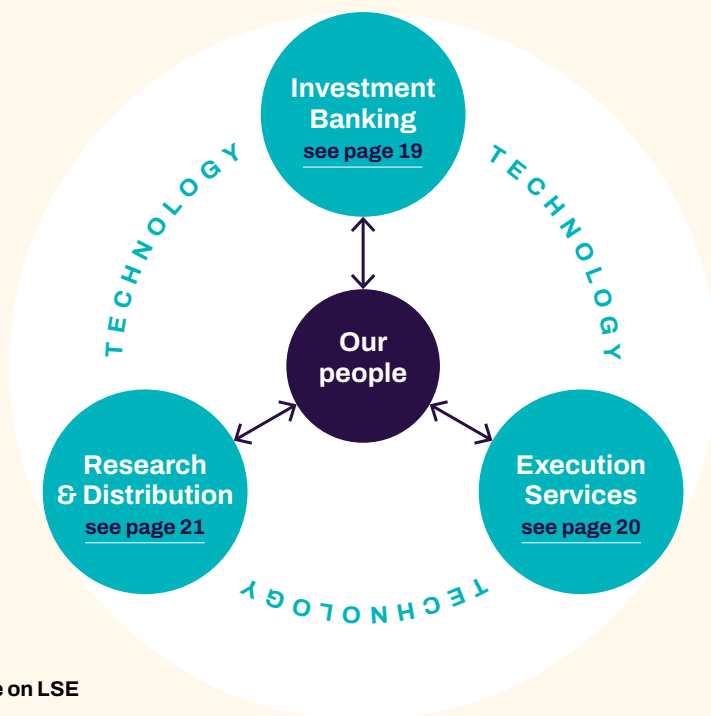
Through our strategic advice, market intelligence and depth of liquidity provision, we have become the independent partner of choice in the UK for mid-cap and growth companies. Peel Hunt has become known for excellence in UK equity markets, acting for 150 listed companies and over 1,200 institutional clients, through our offices in London, New York and Copenhagen. Our sector specialist model allows our Investment Banking business to act for public and private companies alike. Through our Research and Distribution

teams we are able to access all major global investors, as well as capital from strategic investors, private equity, sovereign wealth funds and hedge funds. Handling over 14% of all daily trading volumes on the London Stock Exchange, our Execution Services business is an important liquidity provider that is able to access not only institutional liquidity but also unique retail liquidity. We offer services as one business in a joined-up manner to achieve the best outcomes for our clients.

## 150

corporate clients  
(as at 31 March 2024)

### Our business model



## 1,281

institutional clients  
(as at 31 March 2024)

## 14.9%

of daily trading volume on LSE  
(as at 31 March 2024)

## 426

stocks covered  
(as at 31 March 2024)

# OUR YEAR IN NUMBERS

The business has remained stable relative to FY23, with ongoing subdued markets having an impact on our activities. Whilst we have continued to invest in our business this year, the efforts of that investment will not be immediately visible. However, we remain confident that we have the right strategy and that we have maintained our financial strength to take advantage of opportunities and respond to challenges in the market as they arise.



Scan to see  
our full year  
results

## Revenue

**£85.8m**

2023: £82.3m

## (Loss)/earnings per share

**(2.7)p**

2023: (1.1)p

## Net assets

**£91.8m**

2023: £93.1m

## (Loss) before tax

**£(3.3)m**

2023: £(1.49)m

## Dividend per share

**0p**

2023: 0p

## Total liquid assets\*

**£110.1m**

2023: £101.7m  
(\*cash and settled securities)

## Our people

**303**

employees  
2023: 310

**>50%**

are shareholders  
2023: >60%

## Gender breakdown



■ Male 230 (76%) 2023: 232 (75%)

■ Female 73 (24%) 2023: 78 (25%)

## Our communities

**£57,403**

donated  
2023: £50,345  
(cash donation and in kind)

**63%**

of our people spent 563 hours  
volunteering in FY24  
2023: 61% (805 hours)

## Our clients

**£1.03bn**

Total funds raised for corporate clients  
2023: £892.4m

**27,500**

Average number of trades executed  
per day for retail investors  
2023: 33,900

# SPEAKING UP FOR UK PLC

It's thanks to the expertise and integrity of our people that more clients look to us as their trusted adviser...

## Amplifying our voice

Our thematic reports were **downloaded more than 15,000 times**

Our reputation as a leading voice on key market issues is growing, thanks to our Research team's popular thematic reports. This year our senior team, including CEO Steven Fine and Head of Research Charles Hall, have written thought leadership pieces about the need for regulatory reform and greater innovation in our sector. Steven and Charles have hosted multiple webinars for internal and external audiences on reinvigorating UK equity markets. To keep informing our thinking, we launched our UK Equity Culture survey, with 555 City professionals sharing their views on ways to encourage long-term equity investment.

Additionally, our reports on the accelerating pace of exits in the UK M&A market and how to reverse the rapidly shrinking UK small and mid-cap market were among our top five downloads. Those reports are supported by a growing library of podcasts and videos, on topics such as recent news events, top stock recommendations and thematic ideas, with investors frequently commenting on the quality of the content.

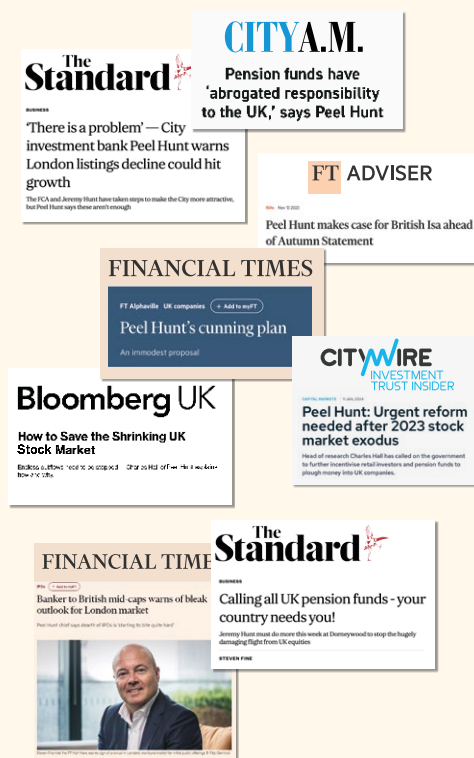
### Top downloaded thematic reports

- 1 Top Stocks: Growth – More confidence about growth attractions
- 2 UK M&A: Accelerating pace of exits
- 3 Top Stocks: Recovery – Looking for the bounce-back names
- 4 UK M&A – How to reverse the rapidly shrinking UK small & mid-cap market
- 5 Sector outlook: UK equities – this really matters



View the top reports at [peelhunt.com](https://www.peelhunt.com)

Our senior leadership team and research reports are regularly quoted in the national press, adding to the conversation about the future of UK plc.



“Reinvigoration of UK plc is vital, and we are actively supporting the UK government and regulators to promote positive change.”

**Charles Hall** Head of Research

...and why we are at the centre of some of the most important conversations about the future of the UK equity markets.

## Leading the debate

Peel Hunt is seen to be a **barometer of UK plc**

We're proud of our position as the leading independent UK investment bank, and it's because of our standing that our senior team is part of the most significant conversations about the future of UK plc. For example, in January 2024, Steven Fine joined other business leaders at a meeting with UK Chancellor Jeremy Hunt to discuss proposed reforms and how to encourage more companies to consider listing in London. Steven is Deputy Chair of the FCA Markets Practitioner Panel, while our Chief Financial & Operating Officer, Sunil Dhall, is Co-Chair of the UK Equity Markets Association. These positions give us the chance to lead the debate while working with regulators and government to enhance the overall UK market.



For the full story visit [peelhunt.com](https://peelhunt.com)



## Sharing views

During FY24, more than **600 people** attended our conferences



Our annual conference programme brings people together to share their views and experiences on the issues that matter most to our industry. For example, in April 2023, we hosted our first FinTech conference for companies ranging in size, from start-ups to those with multi-billion pound valuations. We also held our annual non-executive director (NED) awards and a range of NED events, including a discussion on the likely impact of regulatory reform on UK plc, secondary capital raising and the growing need to include retail investors in the market. In January 2024, we hosted our fourth annual ESG conference, with participants from several industries sharing their work to support a more sustainable future.



For the full story visit [peelhunt.com](https://peelhunt.com)



## LUCINDA RICHES, CHAIR MEASURED PROGRESS DESPITE MARKET HEADWINDS

Peel Hunt has navigated another year of challenging markets. Conflict in Europe and the Middle East, high inflation, rising interest rates and consistent outflows from UK equity markets have all contributed to low levels of equity capital market activity and lower value traded. This backdrop had a broad impact on the sector and inevitably on our own financial performance, with revenue of £85.8m (FY23: £82.3m) and a loss before tax of £3.3m (FY23: £1.5m).

Despite these headwinds, the team has maintained its focus on growing the footprint of the business in a measured way while supporting clients. I would like to recognise the hard work and dedication of our people who, under the strong leadership of our Chief Executive, Steven Fine, have made good progress delivering against the strategy that we set out last year.

### Measured pursuit of strategic objectives

The Board has overseen that progress throughout the year. During this prolonged period of challenging market conditions, the team has strengthened and deepened its relationships as a trusted adviser to our corporate clients. Consequently, Peel Hunt acted

“

The Board is impressed with the way the business has balanced cost discipline with making strategic progress, while continuing to guide our clients through challenging markets. ”

as financial adviser on several public M&A transactions, diversifying revenues away from the core Equity Capital Markets (ECM) business. Our focus on high-quality mid-cap and growth companies meant the quality of the corporate client base continued to evolve in the period, leading to a number of our largest client wins.

The opening of the Copenhagen office was an important milestone in strengthening Peel Hunt's distribution platform. It reinstates our pre-Brexit access to institutional investors across Europe, improving our ability to access broader pools of capital for Peel Hunt's corporate clients, which is a key pillar of our strategy. Challenging markets such as these emphasise the importance of diversification, with the relative resilience of our Research & Distribution and Execution Services businesses providing valuable revenue streams during a period of muted transactional activity.

Given the revenue environment, the Board and management have carefully balanced key strategic investments with cost discipline. Selective investment was made in talent, with key hires into the Investment Banking and Institutional Electronic Trading teams. Our newest colleagues have a key role to play in our future growth and we have already seen important client wins in both areas.

We also recognise the importance of consistency through the market cycle – consistency of platform and consistency of high-quality advice. We believe that taking this longer-term approach to client service and relationships results in better outcomes for Peel Hunt's clients, and positions the business to capitalise on market recovery when it comes.

### Staying financially resilient

Last year, I outlined that one of the Board's priorities for FY24 was ensuring the continuing strength and resilience of the business. The Board and I were pleased to support our CFOO, Sunil Dhall, and his team as they maintained Peel Hunt's robust and resilient balance sheet, yet provided the freedom to take advantage of opportunities that arise. As with many other businesses, costs have increased this year and I am grateful to the entire Peel Hunt team for continuing its disciplined approach, which has meant costs have risen largely in line with inflation.

### Enhancing our governance framework

Strong governance provides the foundation for us to pursue our strategy and we have continued to enhance the approach this year. That includes the appointment of Maria Bentley as Senior Independent Director, and the evolution of the governance framework for the Executive Board to ensure good communication with the main Board and effective oversight over the implementation of the strategy.

This year we were pleased to conduct the first external effectiveness review of the Board and its committees since the IPO, and this review is summarised in the Nomination Committee report on pages 64 to 66.

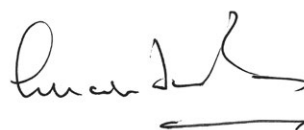
Meanwhile, our Board-level ESG Committee continued to oversee work towards our gender diversity and carbon reduction targets; notably we published our carbon reduction plan in December 2023.

### Looking ahead – the market opportunity

The competitive landscape certainly changed around us during FY24, largely due to the pressures of the persistent downturn and the consolidation and acquisitions that have affected many of our peers. While others may have been forced to look inwards or adopt changing strategies, Peel Hunt has focused on the opportunity that this presents and has grown the profile and brand of the business. This growth is testament to the expertise in the team and its commitment to offering high-quality, independent advice to our clients and to winning new clients.

The broader sector is also under scrutiny and Peel Hunt is increasingly at the centre of many of the discussions on how to revitalise UK capital markets, including conversations with HM Treasury and regulatory and industry bodies, such as the Financial Conduct Authority and Quoted Companies Alliance. Like Steven, I expect the new initiatives will serve UK plc and mid-cap and growth companies on the London market well.

As we move through FY25, the Board's main priority will be to continue supporting the team as it pursues the strategy and grows the footprint of the business in a measured and efficient manner.



**Lucinda Riches** Chair

12 June 2024



## STEVEN FINE, CEO STRATEGIC PROGRESS IN CHALLENGING TIMES

**The tough market conditions I reported on 12 months ago have continued throughout FY24, as macroeconomic and geopolitical issues have weighed on equity markets, and IPO activity has remained subdued.**

The UK market has suffered an unprecedented 36 months of consecutive equity outflows and the sustained inflationary environment, while reduced from its peak at the start of 2023, has affected our business.

These persistent challenges have changed the competitive landscape in UK investment banking, with significant M&A transactions resulting in the consolidation of the industry.

In these times of uncertainty and industry change, I am proud to say that Peel Hunt has remained stable and our consistency as a strong, trusted partner is critical to helping our clients. We believe we can do this best as an independent investment banking partner of scale for mid-cap and growth companies.

While our revenues for the year were not quite sufficient to offset the tough operating conditions, I am pleased to report strong strategic progress. Diversified revenues across different investment banking products and the resilience of Research & Distribution and Execution Services have, together, helped alleviate historically low levels of market activity. This has been underpinned by a disciplined approach to costs and a strong balance sheet.



Our strategic progress and resilient balance sheet position us strongly to capitalise when markets recover. ”

We are first and foremost a people business and I am extremely grateful to everyone at Peel Hunt for their incredible efforts during the year, where we have retained our steadfast focus on delivering for clients.

Key to our success is maintaining the high levels of service that we offer our clients. That requires a core level of competence across all of our disciplines: Investment Banking, Execution Services and Research & Distribution. Whilst our headcount has reduced slightly, I strongly believe that retention of the core team is vitally important. We remain an aspirational business, that strong talent wants to join.

#### Investment Banking

# £32.6m

Revenue

#### Our progress in delivering our strategic objectives

During the year, we made substantial progress in delivering on our five strategic priorities. Long gone are the days of Peel Hunt being considered just a stockbroker; as a leading UK specialist investment bank, the value we provide to our clients across our capabilities has never been greater. Here, I draw out some key highlights.

#### Expand our investment banking capabilities

We continued to build stronger and deeper relationships as a trusted adviser to our listed corporate clients and won new mandates, particularly in M&A advisory. Since the beginning of FY24, Peel Hunt has acted as financial adviser on 26% of all firm offers for UK plcs by offer value and 16% by number – a tremendous achievement by the team. Notable transactions include the Barratt Developments offer for Redrow, the LondonMetric and LXi REIT merger, and the acquisition of Lookers by Global Auto Holdings. Our deep sector specialist model allows us to act for public and private companies alike, and, during the year, we saw a developing pipeline of high-quality private company mandates. I am confident that this trend will allow us to further diversify our revenues over time.

The continued evolution of our corporate client base means it is increasingly relevant to our institutional clients. Our focus on ambitious mid-cap and growth companies led to a number of our largest clients wins in the period. The aggregate market capitalisation of our clients is now over £110bn (FY23: £107bn), and we act for 150 corporate clients (FY23: 155), of which 43 are in the FTSE 350 (FY23: 39).

#### Research & Distribution

# £23.6m

Revenue

#### Advance our position as a distribution powerhouse

The strength of our distribution platform and our ability to access broader pools of capital for our corporate clients is a key pillar of our strategy. During the year, we opened our Copenhagen office, which is now operational, reinstating pre-Brexit access to institutional investors across Europe. This was a key milestone in our journey to expand Peel Hunt's distribution capability beyond the UK, as our offices in both North America and Europe enhance our global access.

Our joined-up business model enables close collaboration between investment banking, our award-winning research and experienced distribution teams. This creates invaluable connectivity between institutional investors and both private and public companies on an international scale.

#### Execution Services

# £29.6m

Revenue

We continued to invest in our distribution platform this year, building our Institutional Electronic Trading capability with a new senior team. We see this as an important complement to our existing product offering, which we expect to further deepen institutional relationships and provide a structural hedge against trading activity migrating to this area of the market.

I am pleased to report that we've opened 62 institutional accounts this year across 13 different countries. This shows me that we are trusted as a distribution leader and our market-leading products are highly valued by institutions of all types and geographies.

## From our Chief Executive

### Extend our leading liquidity position

We have established ourselves as a key liquidity provider in the market through expansion of our market share and trade offering. This is demonstrated by revenues from our Execution Services business that remain above pre-Covid levels despite the volatility in market conditions. We trade in more than 5,000 securities around the world with an average of 49,171 trades per day. We continue to increase our market share by expanding our international focus and engaging in strategic partnerships to increase our trade flows.

We continually explore new liquidity venues and technologies to enhance performance and increase the breadth of trading opportunities, through mechanisms such as our proprietary trading platform.

### Embed technology in everything we do

Technology remains a differentiator for us, and we continue to invest in our proprietary technology, which underpins and enhances our day-to-day operations and trading capabilities.

## Our five strategic priorities

### We aim to:

Extend our leading liquidity provision

Expand our investment banking capabilities

Advance our position as a distribution powerhouse

Embed technology in everything we do

Leverage our unique culture to boost performance

“

We made substantial progress on our strategic targets and have diversified our revenue streams, taking advantage of our deep client relationships and valued position as a trusted adviser. ”

We see potential in the use of artificial intelligence tools to interrogate and monetise the research database that we've built over the past few years. Our Data Technology team has developed tailored digital tools that allow our business to perform deeper analysis and provide unique insights to clients.

Piya Khanna joined the firm in October 2023 to replace Aaqib Mirza as Chief Technology Officer (subject to FCA approval). Aaqib has since joined RetailBook as CEO. RetailBook is expected to operate fully independently of Peel Hunt during the first half of FY25 following a successful fundraising and FCA authorisation. The other change to senior management this year was our Chief of Internal Audit. Suzanne Clark left the business in January 2024, and was replaced by Mary Hitchings (subject to FCA approval).

### Leverage our unique culture to boost performance

Our people are our greatest asset – they are at the heart of our business. I've been impressed by how colleagues have come together to work on creative solutions for clients and supported each other, while maintaining our high-performance culture. As discussed in further detail in the Our People section of this report (page 28), our annual employee engagement score was lower than the previous year, at 53% (FY23: 78%). This has highlighted areas for improvement, and we have developed an action plan to make positive changes.

We don't stop investing in our people when times are challenging – in fact the opposite. We've made key strategic hires during the year to our European office, our Institutional Electronic Trading team and our Investment Banking team. By doing this we are enhancing our revenue-generating infrastructure for when markets improve.



## Our growing international footprint

Opening our new European office in Denmark, in January 2024, marks our commitment to European markets and the next step in our strategic plans to extend our international capabilities.

Find out more on our website [peelhunt.com](https://www.peelhunt.com)



Our new Investment Banking graduate programme has got off to a great start in its first year and I'm pleased to see over 900 applications for our second intake. More generally, we have continued to work with our social mobility partner, The Brokerage, to help us reach a more diverse pool of candidates who might not otherwise have considered a career in our industry.

We have continued our initiative of cross-functional 'sprints' to encourage innovation across our business, enabling our people to have a direct input in developing their areas. Our employee-led forums also empower our people to speak up and ensure their voice is heard.

## At the forefront of UK equity market reform

'De-equitisation' has become an all too familiar expression this year. The pace of companies leaving the market has accelerated, with 20% fewer companies on the market than five years ago, and with limited new listings to offset this drop. This issue is being exacerbated by some UK companies of scale considering a listing in the US or Europe, rather than the UK. While I remain optimistic about the UK market's longer-term future, it's clear we have a challenge to address in the nearer term.

Peel Hunt is rightly taking a role at the forefront of the reform agenda with a focus on both the supply and demand sides, through our connectivity with key regulatory stakeholders.

For example, I was appointed as Deputy Chair of the FCA's Market Practitioners Panel in FY24, an independent statutory body, which represents the interests of financial markets participants in the UK. Meanwhile our CFO, Sunil Dhall, is Co-Chair of the UK Equity Markets Association, which focuses on improving access to capital for SMEs, and Charles Hall, our Head of Research, is respected across the market as an advocate for the revitalisation of UK plc.

Through these roles we have a powerful voice and are strongly positioned to advocate on behalf of our clients and the wider market through improved contact with our primary regulators and other key stakeholders on matters of policy.

There are many important policy initiatives underway and, crucially, a focus on incentivising investment into UK equities, which gives me confidence that we are moving in the right direction. While there is clearly no silver bullet, we will continue to push for a range of innovative solutions for UK equity market reform.

In the meantime, our strategic progress this year, coupled with our resilient balance sheet, gives me confidence that Peel Hunt is best placed to capitalise when the market turns.

**Steven Fine** CEO  
12 June 2024



Members of our European team consider how we will expand our distribution capability within the European regulatory environment at our new office in Copenhagen, Denmark. We opened the office in January 2024, reinstating pre-Brexit access to institutional investors across Europe.

In this challenging market environment we have continued to support our clients. We remain financially resilient. Our diversified business model, strong balance sheet and disciplined approach to costs help us navigate the ongoing economic challenges, while being ready to accelerate our own growth as markets recover.

- 
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  - 16 Key performance indicators
  - 19 Operating and financial review



## SUNIL DHALL, CFOO CONTINUED RESILIENCE IN TURBULENT MARKETS

**It's been another tough year for our sector, with persistently difficult market conditions and continued historically low activity in Equity Capital Markets. So I am pleased that despite this, revenue was modestly up on FY23, even though it did not fully offset the effects of ongoing high inflation, higher interest costs and careful investments in our strategic priorities during the year.**

This progress is due to both our strategy of diversifying our revenues and the ongoing commitment of our people, who continued to work hard to service our clients, give valued advice and insights, and always provide excellence in execution.

Overall, we have worked hard to maintain the stability of our business, focusing on managing costs and ensuring disciplined liquidity and cash management, while investing carefully in our strategic priorities to position ourselves for success.

### Overview of results

In FY24, full-year revenues rose to £85.8m (FY23: £82.3m). However, rising costs meant we ended the year with a post-tax loss of £3.3m (FY23: £1.5m). These cost increases were largely driven by inflation, particularly in our large technology contracts, along with targeted investments to support our strategy.

“

I am pleased that, in another very difficult year, we saw a modest rise in revenue and maintained our financial resilience. ”

While overall capital market deal activity remained subdued, revenues in Investment Banking were ahead of the previous year at £32.6m (FY23: £23.4m).

We saw a more varied mix of revenues and a significant increase in M&A fees, acting as financial adviser on several UK public M&A transactions. We also expanded our pipeline of private capital market and debt advisory transactions.

Our Research & Distribution business saw a fall in revenue to £23.6m (FY23: £25.1m), which was broadly in line with reductions we've seen in the overall value traded in the market. And our Institutional Electronic Trading revenue was significantly higher than FY23.

In Execution Services, we delivered revenue of £29.6m (FY23: £33.8m). Although markets have remained difficult, some areas, such as exchange traded funds, fixed income, investment companies and systematic trading, have continued to provide consistent returns.

### Rationalising costs

Rationalising costs can be challenging because most of our costs are fixed. For example, we agree multi-year technology contracts to secure the best price. We've also seen our cost base increase due to rising interest rates, as well as inflation in areas like professional services and audit fees. However, we have taken action where we can, including minimising Group interest costs by accelerating long-term debt repayments, and holding down costs across the business as a whole. Staff costs were higher in the year, partly due to one-off costs relating to headcount rationalisation. Due to the continued increased cost of living, and to retain our key talent and strong performers, we also awarded targeted salary increases.

### Careful investment in our strategic priorities

While keeping our strict focus on costs, we continued to invest carefully to deliver our strategy. Shortly after year end, in April 2024, we launched RetailBook, a retail offer platform, as an independent fully regulated business (see page 20 for more information). While we remain a significant shareholder, we have partnered with other key market participants to provide long-term equity backing for RetailBook because we believe that retail investors have an essential role to play in capital markets.

Other targeted strategic investments included hiring a small team of five into our new Copenhagen office to support our reinstated, pre-Brexit access to institutional investors across Europe, and hiring two experienced traders into our Institutional Electronic Trading team.

### Focus on liquidity and cash

We continued to prioritise effective liquidity and cash management to meet both regulatory demands and the Group's immediate financial needs. We have maintained and monitored our risk exposures within the limits agreed with our Board, through regular scenario and stress testing.

During the year, we also began a key project to review our funding uses within our business lines given our changing needs and taking into account our own strategic objectives. This is already yielding benefits for our business, ensuring funds are being used in the most effective way – for example, changing how we fund part of our Investment Trust business, resulting in a more efficient use of cash. At year end, our cash position stood at £37.9m (FY23: £27.4m). We conservatively utilised £15m of the revolving credit facility (RCF) over the year end to support a large client facilitation trade and the sale of a larger block of shares in one of our corporate clients, that settled just after year end.

We continue to have access to an RCF of £30m, 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. Given this context, I am confident in our financial resilience and our ability to navigate market challenges and capitalise on opportunities should difficult conditions remain.



**Sunil Dhall** CFOO

12 June 2024

# FINANCIAL PERFORMANCE: REFLECTING LOWER MARKET ACTIVITY

We measure the overall progress in delivering our strategy against a set of financial and non-financial metrics. We have made strategic progress in the year, demonstrated in particular in our increased revenue, funds raised for corporate clients, and the increase in average market cap of our corporate clients. This has been achieved in spite of the ongoing suppressed market.

## GROUP FINANCIAL

### Revenue

**£85.8m**

2023: £82.3m

Revenue from all the business divisions of the Group

Our revenue performance improved from prior year, with an increase in revenue from investment banking, particularly through M&A fees.

### (Loss) before tax

**£(3.3)m**

2023: £(1.49)m

(Loss) before tax for the Group showing revenue less administration costs and net financing costs

This has increased as a result of inflationary pressures on our cost base, as well as higher interest rates and strategic investments during the year.

### Earnings per share

**£(2.7)p**

2023: (1.1)p

Total (loss)/profit attributable to owners of the Group over the weighted average number of shares outstanding during the year

EPS reflects the increased loss made by the Group.

### Revenue per head

**£277.7k**

2023: £260.6k

Revenue per employee

Revenue per head has increased due to our increased revenue across the Group and a reduction in average headcount across FY24.

### Own Funds coverage (previously 'Pillar 1 coverage')

**532%**

2023: 555%

Size of our net assets compared with our Pillar 1 capital requirement

Although slightly reduced, the coverage demonstrates our continued robust capital position in FY24.

### Net assets

**£91.8m**

2023: £93.1m

Total Group assets less total liabilities as recorded on the balance sheet

Net assets reduced due to the loss during the year and Employee Benefit Trust (EBT) share purchases.

### Cash balances

**£37.9m**

2023: £27.4m

All cash balances of the Group

Our better cash position at the year end reflected funds drawn from the RCF just prior to year end, but also takes into account the £6m principal repayment on long-term debt.

## GROUP NON-FINANCIAL

### Employee engagement

53%

2023: 78%

Result of our combined culture and engagement surveys

The lower score this year is attributable to several factors. See page 29 for further detail. The metric has been calculated using a different basis from FY23, and is therefore not directly comparable with the prior year.

### Gender balance (all employees)

76% men

24% women

2023: 75% men, 25% women

Ratio of male to female employees

Despite the slight reduction, we continue to be focused on our long-term goal of 40% women in Peel Hunt by 2035. See page 28 for further detail.

### Carbon intensity ratio

2,614kg CO<sub>2</sub>e

2023: 2,503kg CO<sub>2</sub>e per employee

Carbon intensity ratio (total operations)

This increase is a result of a number of factors, including our increased business travel, as well as a refinement of our methodology for collecting carbon emissions data. See page 32 for more details.

## DIVISIONAL

### Investment Banking

#### Revenue

£32.6m

2023: £23.4m

Revenue from fees in ECM, M&A, DCM, PCM and client retainers

The increase in revenue is a result of our greater diversification across our investment banking model, particularly in M&A.

#### Retained corporate clients

150

2023: 155

Total number of retained clients (including 43 in the FTSE 350 (FY23: 39))

Whilst we've added 18 new clients, we've also seen a number of reductions due to M&A activity and our ongoing strategy of evolving our corporate client base.

#### Average market cap of retained corporate clients

£752.3m

2023: £690.5m

Average market cap of our retained corporate clients at the end of the year

We have grown the average market cap of our retained clients, with several significant FTSE 250 client wins in FY24.

#### Median market cap of retained corporate clients

£335.0m

2023: £305.3m

Median market cap of our retained corporate clients at the end of the year

As our retained corporate client base has evolved, the median market cap has increased.

#### Total funds raised for corporates during the year

£1.03bn

2023: £892.4m

Amount of funds raised for clients for whom we acted

We saw more activity during the year, resulting in more funds being raised.

#### Market share of UK ECM deals

4.55%

2023: 3.8%

The number of deals on which we acted during the year versus the total number of deals in UK Equity Capital Markets

We've been able to increase market share despite subdued ECM activity during the year.

## DIVISIONAL

### Execution Services

#### Revenue

**£29.6m**

2023: £33.8m

Revenue for our market making, systematic and electronic trading businesses

We have continued to maintain good trading revenues despite reduced volumes and more competition in retail liquidity provision.

#### LSE market share

**14.9%**

2023: 13.3%

Our share of the volume of trading on the LSE

We have continued to maintain a leading trading position despite the competitive trading environment.

#### Number of quote requests processed in the year

**100m**

2023: 113m

Number of quotes requested and processed by us in retail trades

The reduction reflects an overall reduction in retail activity.

#### Average trades executed per day

**49,171**

2023: 56,700

Average number of trades executed each day over the last year

Trading volumes remained resilient despite the difficult market conditions.

#### Total traded value during the year of UK stocks for our clients

**£108.2bn**

2023: £97bn

Value of trades executed by us during the year

This increase is in spite of the overall market reduction in value traded, demonstrating our strong trading capability and relevance as a liquidity provider to our clients.

### Research & Distribution

#### Revenue

**£23.6m**

2023: £25.1m

Revenue from execution commission and research payments

Revenues remained resilient in the face of challenging market conditions.

#### Institutions receiving our research

**1,281**

2023: 1,243

Number of institutional clients receiving our research

This increase is largely due to our newly operational European office, enhancing our distribution capabilities.

# CONTINUED RESILIENCE IN DIFFICULT MARKETS

## 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 Equity Capital Markets (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	<b>32,567</b>	23,411	39.1%
Execution Services revenue	<b>29,638</b>	33,810	(12.3)%
Research & Distribution revenue	<b>23,629</b>	25,116	(5.9)%
Total revenue for the year	<b>85,834</b>	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	<b>23,795</b>	14,622	62.7%
Investment Banking retainers	<b>8,772</b>	8,789	(0.2)%
Investment Banking revenue	<b>32,567</b>	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 long-standing 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, which we held 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	<b>29,638</b>	33,810	(12.3)%

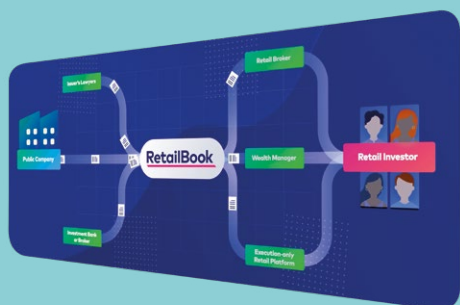
The Execution Services team generated revenue of £29.6m (FY23: £33.8m), a reduction of 12.3% on the prior year. We were able to retain a leading trading position, with a 14.9% (FY23: 13.3%) share of total LSE volume and ranked number one by notional value among our peers, with only major global investment 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 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 regularly work closely with their technology colleagues to make our systems even more efficient (see case study opposite). 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.

CASE STUDY



### Successful launch of RetailBook

In April 2024, we announced that RetailBook had raised the strategic capital necessary to support the next stage of its growth. Through its proprietary technology platform, RetailBook will help expand retail participation in capital markets.

Visit the RetailBook website [retailbook.com](https://retailbook.com)



This year, as well as depressed trading levels and reduced liquidity, we have encountered increased competition, with additional market makers joining the Retail Service Provider 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	<b>23,629</b>	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.



CASE STUDY

### Growing our electronic trading capabilities

We’re expanding our low-touch institutional electronic trading capabilities to support future growth and stay ahead of the competition.

For the full story visit [peelhunt.com](https://peelhunt.com)



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	<b>50,643</b>	48,252	5.0%
Non-staff costs	<b>37,399</b>	34,125	9.6%
<b>Total admin costs</b>	<b>88,042</b>	<b>82,377</b>	<b>6.9%</b>
Compensation ratio	<b>59.0%</b>	58.6%	0.4ppt
Period-end headcount	<b>303</b>	310	(2.3)%
Average headcount	<b>309</b>	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.

CASE STUDY

**A growing reputation for thought leadership**

Our digital library of thematic reports is growing in popularity, with more than 15,000 downloads this year.

For the full story visit [peelhunt.com](https://www.peelhunt.com)

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% compared to the previous year.

Diluted EPS decreased by 146% 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 the next financial year.

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.

As required by accounting rules, the Company carried out the impairment assessment of its investments in subsidiaries held on its balance sheet after the year end. Following this assessment, the Company has impaired the investment in Peel Hunt Partnership Group by £85m. This impairment has no impact on the financial results of the Group but is included within the Company financial statements. In future years we will continue to carry out the impairment assessment including testing for any reversal.

### 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 replaced £10m of the RCF with a new, more flexible overdraft facility on similar terms to the RCF. We did not materially rely on the RCF for operations during the year.

Our Pillar 1 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.



The terrace at our London office – one of the only net zero carbon developments in London. Basing our headquarters here supports our sustainability targets across the business.

## Section 172(1) statement and stakeholder engagement

Our purpose is to guide and nurture people through the evolution of business. This purpose applies to dealings with all our key stakeholders, the way we run the Company and how we make decisions at every level, starting at the top with the Board. We have included a 'section 172 statement', which describes how our Directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 on pages 59 to 62 of the governance report. This explains who our stakeholders are, how we engage with them, and how the Directors have taken their interests into account in making key decisions during the year.

We are making steady progress in the areas of sustainability that matter most to us and our stakeholders, including progress to support a high-performance culture and publishing our carbon reduction plan.

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# OUR APPROACH TO SUSTAINABILITY

We're a responsible business, with a duty to all those who work with and around us. That's why our value – 'do the right thing' – is woven into our purpose of guiding and nurturing people through the evolution of business.

We are committed to leading by example, acting on our principles, supporting our people, controlling our environmental footprint and supporting our local communities.

In FY23, we carried out our first materiality assessment to better understand the areas that we and our stakeholders care about most. Through this exercise, we agreed four key priorities: diversity, equity and inclusion; carbon reduction; governance and integrity; and building our sustainability capabilities and products.



Find full details of our sustainability assessment and matrix on our website

Following this process, we set a gender diversity target to have women represent at least 40% of all employees by 2035. At present, our balance sits at women representing 24% of employees, which shows we have work to do, as discussed on page 28.

We also set two carbon reduction targets – become carbon neutral by December 2025 and reach net zero by 2040. In December 2023, we published our carbon reduction plan, setting out how we aim to meet those targets, with a focus on the two areas where we can do the most: business travel and commuting, and buildings. We also introduced a new UK electric vehicle salary sacrifice scheme and ran an internal communications programme to help our people understand what contribution they can make to our targets.



Our approach to sustainability is rooted in our value to 'do the right thing' and we're committed to leading by example. ”

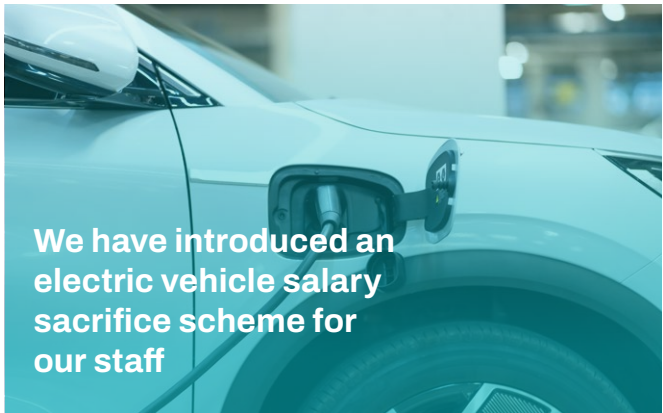
**Oliver Jackson** Investment Banking,  
Chair of Sustainability Forum

## Working with responsible clients

We want to work with clients who share our principles and we include sustainability screening criteria in our approvals process. Any concerns are reviewed by our Social, Environmental, Ethical and Reputational (SEER) Committee, which considers, among other things, whether or not taking on the business would conflict with our principles. In the last financial year, we declined several business opportunities due to SEER concerns.

As well as supporting our corporate clients to develop and manage their approach to sustainability, we bring other respected voices together to discuss the issues that matter. In January 2024, we held our fourth annual ESG conference, with speakers from six companies discussing the progress they're making in their sustainability agenda.

41 investors and  
29 institutions joined  
our ESG conference  
this year



We have introduced an electric vehicle salary sacrifice scheme for our staff

**2025**  
become carbon neutral

**2035**  
40% of employees are women

**2040**  
reach net zero

**Supporting our local communities**

Doing the right thing as a business also means having a positive impact on the wider world around us, particularly the communities near where we work. Our community programme and charitable support focus on activities that encourage greater inclusion and help break down barriers for young people facing social inequality. This year, our people voted for Become, a charity that helps children in care and young adults who have recently left care, as our new charity partner. We also encourage our people to use their annual paid charity day to volunteer for Peel Hunt-organised events.

**Strong governance, standards and policies**

Our governance structure ensures we discuss and manage sustainability issues throughout the business. It includes our ESG Committee (see page 74 for our full ESG Committee report), led by our Non-Executive Directors, and our ESG Working Group, chaired by our CFOO, Sunil Dhall. Working Group members include the chairs of our Diversity, Equity & Inclusion Forum and Sustainability Forum.

We also have key standards and policies on a range of topics, including conduct, ethics and whistleblowing; shared parental leave; flexible working; volunteering; anti-money laundering and financial crime; and procurement and supplier management. Our employees can access all of our standards and policies via our employee handbook and intranet.

**Aligning with the UN SDGs**

We align our approach to sustainability with targets relating to the four United Nations Sustainable Development Goals (UN SDGs) where we can have the most impact.

Find more information on our [website](#)



Find more on our standards and policies on our [website](#)



We also publish our Modern Slavery statement on our [website](#)

# STAYING RESILIENT IN A TOUGH MARKET

**Our people are at the heart of our business. It's thanks to their commitment that we aren't just navigating one of the deepest and longest downturns in a generation, we're also making sure that we'll come out stronger when the market turns.**

This year, our people have shown considerable resilience, continuing to work collaboratively and acting as 'one business' to guide and support our clients and each other through difficult circumstances. They have also shown real creativity in continuing to ask themselves 'What can I do to make a difference?' to help drive our strategic priorities, at a time when cost discipline is critical. Our short-term, cross-functional projects – or 'sprints' – remain an essential part of how our people are answering that question. As a business, we've continued to hire strategically to support our growth areas and help deliver our strategy.

## Working towards our gender diversity target

In FY23, we set a gender diversity target to have women represent at least 40% of all employees by 2035. We already have good gender representation at the highest level, with women representing 42% of our Board. However, we have work to do across the business as a whole, where women represent 24% (FY23: 25%).

Shifting our gender profile will take time, especially in an organisation like ours where so many people choose to build long-term careers, but we're introducing initiatives to help women at Peel Hunt build their careers and connect with one another. Our Connect Women network has hosted a number of networking events, including career development sessions. We also ran our first mentoring pilot programme, in partnership with WB Directors (formerly Women on Boards), which matched women with an external mentor. Following positive feedback, we're now looking at options to establish a mentoring programme more widely across the Group. As well as supporting those already in Peel Hunt, this year we will also be launching enhancements to our recruitment process to help facilitate positive change.



Our people have shown incredible resilience during an extremely challenging year.

**Rachelle Cornel** Director of Marketing and Communications, and Deputy Director of HR

# 6.9

Average number of years employees work at Peel Hunt

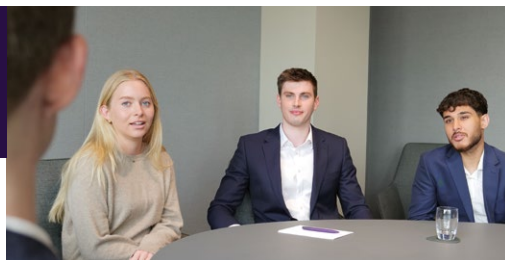
## New data, policies and initiatives to build a more diverse team

Gender is only one form of diversity where we want to make a difference. We started collecting employees' diversity data in January 2023 to develop a broader picture of our team. Around 60% of our people have shared their personal information, and we want to continue raising that number to create a richer data set that will help inform future targets.

We also continued strengthening our processes and policies this year. We introduced a new people recruitment system that broadens our pool of candidates by posting open roles to a wider audience and provides a structured process for tracking candidate diversity data. The system has given us greater insight into the composition of our candidate pools, including our second intake for our Investment Banking graduate programme. We have enhanced our maternity and paternity benefits this year, which has been well received, and introduced our first diversity, equity and inclusion policy, approved in March 2024.



Piya Khanna sharing her insights with the Connect Women network



## Second year for IB graduate programme

We opened up our Investment Banking graduate programme for the second year running, with interest from 910 applicants.

For the full story/more information, visit [peelhunt.com](https://www.peelhunt.com)



We continued to partner with The Brokerage, a social mobility charity focused on working with young people to expand their access to career opportunities, hosting several events, including their annual conference in April 2024 and our first Women's Investment Banking event in November 2023. This introduced female university students to the variety of roles at an investment bank and gave them the opportunity to network and learn from women across Peel Hunt.

### Acting on feedback from our people

When times are tough, it is more important than ever that we hear our people's views. We're pleased that so many were willing to participate in our annual employee engagement survey, with 76% taking part this year (compared with 56% in FY23). This year's survey identified some areas of success, including autonomy, meaningful work and management.

#### Staying connected as a team

Our employee-led networks have helped our people stay connected with one another through a variety of events. For example, Connect Women celebrated International Women's Day in March 2024 with our new Chief Technology Officer, Piya Khanna, hosting a 'lunch and learn' event to share her career experiences and tips. Meanwhile, our Connect Parents and Carers Network hosted a children's mental health webinar and book swap event.

Where we scored less well, we have developed a comprehensive action plan to make positive change, with a particular focus on career development, recognition and improved communication channels. As an example of actions already taken, we have introduced a new five-year service award that gives people a two-week mini-sabbatical on top of their 30 days of annual leave and enhanced our approach to career development, including through increased training and the launch of the business-wide mentoring programme. We are also introducing a pulse survey to gauge employees' feedback on how the action plan is bedding in.

### Supporting people's wellbeing in challenging times

Given the challenging environment, our wellbeing programme has remained an essential source of support for our people this year, as have our principles around hybrid working. While many in the City are now asking employees to work in the office five days a week, we have kept a more flexible approach, based on four principles: more in than out, clients first, right for the team and flexibility and fairness. More information on our wellbeing programme is available on our website.

### Boosting skills and development

To deliver on our strategic priorities, we need a strong, performance-driven workforce poised for the opportunities ahead when economic circumstances improve. This year we piloted peer reviews to boost collaboration and enhance our joined-up banking approach, and we were pleased with the productive outcome. As a result, we will launch a wider programme in 2024.

The return of our 'lunch and learn' programme has proved popular, with sessions on everything from a day in the life of a trader, to how machine learning can help teams collaborate, to an external expert discussing sustainability. In March 2024, our CEO, Steven Fine, and Head of Research, Charles Hall, hosted a session on reinvigorating the UK equity markets, showcasing how we are campaigning for change.

Looking ahead, we will continue to respond to our employee engagement scores and feedback with an increased focus on career development in 2024 and continuing our work towards our gender diversity target.

# STAYING CONNECTED TO OUR LOCAL COMMUNITY

Located in one of the world's leading financial centres, our head office is also near to an area of great social inequality. We therefore concentrate our community programme on our local community, focusing particularly on young people.

We continue to work with community projects and social enterprises, including The Brokerage, to help young people with education, work experience, internships and careers advice. Our people have also continued to volunteer for local charities.

## Supporting young people with our new charity partner

This year, we chose Become as our new company-wide charity partner. Employees shared their suggestions with our ESG Working Group and then voted on a shortlist of four.

Become supports children in care and young adults who have recently left care, and in June 2024, some of our team will take part in a cycling challenge, riding from London to Champagne to raise money for the charity.

We continued to encourage employees to use their annual paid charity day to volunteer in Peel Hunt-organised events. Our volunteering numbers are higher this year, with 63% (FY23: 60%) of our people getting involved in at least one activity. The headline number doesn't tell the full story; the programme has given people from different departments a new way to work together and collaborate while helping others.

This year, our people volunteered at a number of places including Dulwich Park, Richard House Hospice, Ella's Safehouse and the Evergreen Association, helping with landscaping, maintenance and cooking meals.

### Our FY24 community support in numbers

196

volunteers

563

hours volunteered

63%

of total team who volunteered

35

activities supported



We share more community stories on our [website](#)



In February 2024, volunteers spent the morning baking and preparing traditional winter warming meals for families staying at the Ronald McDonald Evelina House.

The House is a free 'home away from home' for the families of children being treated at Guy's and St Thomas' Hospital. Families have a warm and comfortable place to rest, eat and relax, just moments away from their child's hospital ward.

# MAKING PROGRESS TO REDUCE OUR FOOTPRINT

We all have a duty to minimise our impact on the world and, in FY24, we published our carbon reduction plan and introduced new initiatives to help our people make more sustainable choices.

## Our carbon reduction plan: focusing on travel and buildings

Developed with the help of an expert partner, our carbon reduction plan is the result of a number of years' work to map our Scope 1, 2 and 3 emissions and strengthen our understanding of our environmental footprint. At its heart are the two carbon reduction targets that we set in FY23:

Become **carbon neutral** by 2025  
Reach **net zero** by 2040

The plan sets out how we intend to achieve these targets, and how we'll measure and report on our progress. It focuses on the two areas where we can have the greatest impact – business travel and commuting, and buildings – and gives context for the areas that are harder to control, including our capital goods emissions, where we rely to some extent on manufacturers reducing their own footprint.

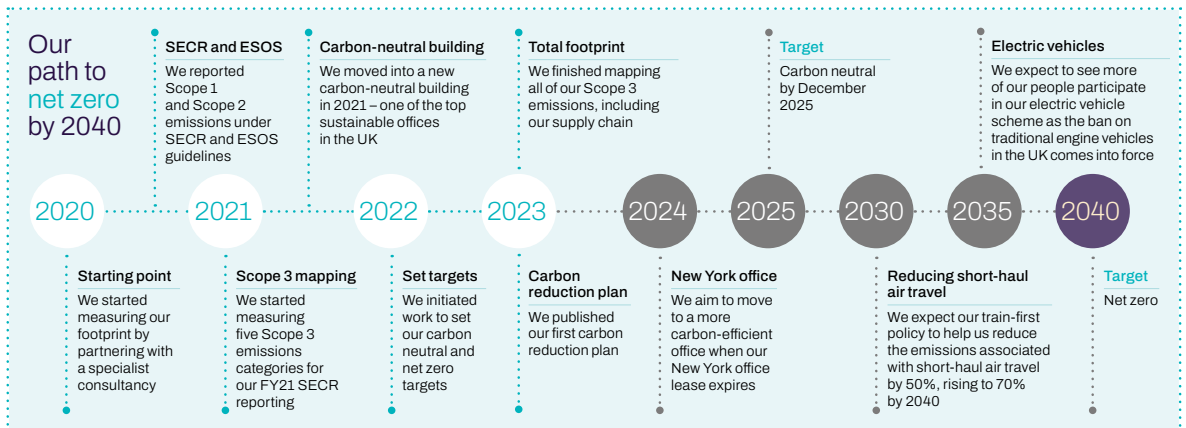
We have already made great progress in some areas. For example, our offices in London and Copenhagen are both located in highly efficient buildings. With the lease set to expire in 2024, we are now looking for new premises in New York, ideally somewhere that is more energy and waste efficient.

Lowering our business travel and commuting emissions is a much tougher challenge, since face-to-face meetings are important in the way we work with clients and we can't control our employees' commuting options. However, we are introducing new initiatives and policies to help our people make more sustainable choices, including a new UK electric vehicle salary sacrifice scheme and an ongoing cycle-to-work programme.

We will continue to review our travel policy over the next year and encourage employees to choose more sustainable options, whilst maintaining cost discipline. For example, we will present train travel as the default option for UK journeys and continue to run an internal communications campaign to highlight the benefits of lower-carbon transport options.



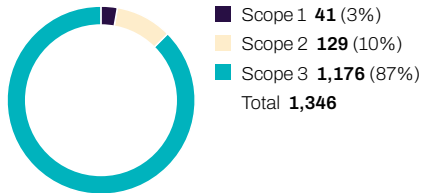
Find our carbon reduction plan on our [website](#)



“ We’re working towards having our plan accredited by the Science Based Targets initiative. ”

Richard Brearley Non-Executive Director and Chair of ESG Committee

**Our total carbon footprint – baseline year 2020 (tCO<sub>2</sub>e)**



**Scope 3 breakdown – baseline year 2020 (%)**



- Scope 1** Direct emissions from gas burned for heating in our offices.
- Scope 2** Indirect emissions from the energy we buy.
- Scope 3** Indirect emissions, excluding those in Scope 2, which occur in the business’s value chain. Percentages are quoted as a proportion of total Scope 3, rather than total carbon emissions. This excludes financed emissions.

### Our performance in FY24

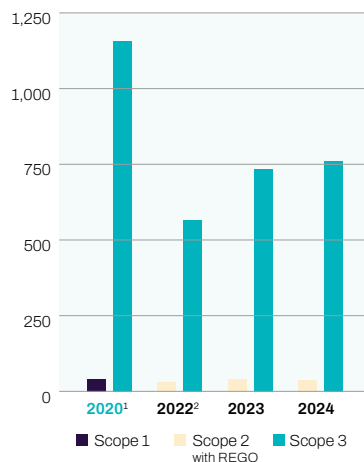
Our carbon intensity ratio is our key measure of performance, helping us manage our carbon footprint as we grow. This year, our overall carbon intensity ratio was 2,614kg CO<sub>2</sub>e per employee (versus 2,503kg CO<sub>2</sub>e in FY23). This was principally due to our business travel returning to near pre-Covid frequency. In difficult macroeconomic environments, the ability to meet clients face-to-face becomes more important which, combined with a return to a working environment closer to the pre-Covid one, has led to increased spend on business travel. Our business travel footprint has therefore increased by 148 tCO<sub>2</sub>e to 509 tCO<sub>2</sub>e (FY23: 361 tCO<sub>2</sub>e). Alongside this, the opening of our new Copenhagen office has led to a change in our operating footprint, contributing to our overall carbon emissions. Our carbon footprint rose by 16 tCO<sub>2</sub>e compared with FY23, as higher emissions from business travel offset declines elsewhere. To ensure we’re measuring our emissions as accurately as possible, we’ve adapted some of our processes, including adding a new code for electric taxi travel in our expenses system.

We’ve come a long way in the last few years, but there’s more to do if we are to achieve our targets, and we’ll need our people’s help to do it. Throughout FY24, we ran a broad communications campaign at our offices to help our people learn more about sustainability issues and how they can help. Topics included using public transport and electric taxis where possible, recycling and the results of our internal commuting survey. We also publicised the launch of our UK electric vehicle salary sacrifice scheme. We’ll continue to share important messages over the coming year, as well as focusing on our ongoing work to meet our 2025 target.

### Updating our baseline and working towards science-based targets

As a consequence of our updated operational footprint, we have decided to rebase our carbon emissions from FY20 to FY24, to better represent our operations going forward. This will ensure that our plan to reach net zero is based on the most accurate and relevant information. We will report against this baseline from FY25. Looking ahead, we are working towards having our plan accredited by the Science Based Targets initiative (SBTi). That will take some time, since we still have work to do to assess accurate Scope 3 emissions data from suppliers.

## Carbon emissions (tCO<sub>2</sub>e) From FY20 to FY24



1 Our baseline year.

2 Restated Scope 2 to include an adjustment to 100 Liverpool Street electricity use (5 tCO<sub>2</sub>e) and recognition of 100 Liverpool Street REGO (172 tCO<sub>2</sub>e).

In FY25, we'll look at ways to work more closely with our suppliers to gather better data and refine our own reporting. We have already commenced this refinement effort, which has resulted in some of our numbers, notably commuting, being materially higher than prior years.

We'll also lay the groundwork to meet our December 2025 carbon neutral target, and carefully select carbon offsetting projects. There is, quite reasonably, a lot of public scrutiny around carbon offsetting, and so we'll carry out detailed due diligence to ensure we're working with the right people on the right projects for the right reasons.

## GHG emissions disclosure, Scopes 1 to 3<sup>1,2,3</sup>

Section	GHG emissions/tCO <sub>2</sub> e				
	FY20 (baseline)	FY22 <sup>a</sup>	FY23	FY24	% change baseline/FY24
<b>Gross operational GHG emissions</b>					
<b>Scope 1 emissions</b>					
Natural gas	41	0	0	0	-100
<b>Scope 2 emissions<sup>4</sup></b>					
Electricity	129	192	173	175	36
Electricity with REGO <sup>5</sup>	n/a	20	21	28	n/a
Steam	0	12	18	10	100
<b>Total Scope 2 emissions</b>	<b>129</b>	<b>204</b>	<b>191</b>	<b>185</b>	<b>43</b>
<b>Total Scope 2 emissions with REGO</b>	<b>n/a</b>	<b>32</b>	<b>39</b>	<b>38</b>	<b>n/a</b>
<b>Scope 3 emissions<sup>6</sup></b>					
Purchased goods and services	45	1	111	19	-58
Capital goods	263	184	124	26	-90
Fuel and energy-related activities	54	74	66	57	6
Deliveries (upstream)	12	6	1	n/a <sup>7</sup>	n/a
Waste generated in operations	6	0	0	0	-100
Business travel	768	57	361	509	-34
Commuting and home working	28	246	74	143	1
<b>Total Scope 3 emissions</b>	<b>1,176</b>	<b>568</b>	<b>737</b>	<b>754</b>	<b>-36</b>
<b>Total emissions</b>	<b>1,346</b>	<b>772</b>	<b>928</b>	<b>939</b>	<b>-30</b>
<b>Total emissions with REGO</b>	<b>n/a</b>	<b>600</b>	<b>776</b>	<b>792</b>	<b>n/a</b>

1 Covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions of Peel Hunt Limited and its subsidiaries. Scope 3 emissions not included in SECR calculation.

2 The following items are excluded from the above table as they have zero emissions for our business: upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, investments.

3 Figures presented contain estimates and proxies.

4 Scope 2 is reported on a market-based approach.

5 The Renewable Energy Guarantees of Origin (REGO) scheme.

6 Excludes investment category.

7 Data unavailable for FY24.

## Energy use by type<sup>1</sup> (kWh)

	Baseline	FY22	FY23	FY24
Electricity (UK)	503,739	755,759	787,593	711,928
Electricity (US)	104,037	149,982	149,988	132,958
Steam (UK)	n/a	67,784	112,380	50,293
Gas (UK)	231,710	n/a	n/a	n/a
Transport (UK)	4,111	n/a	n/a	n/a
<b>Total</b>	<b>843,597</b>	<b>973,525</b>	<b>1,049,961</b>	<b>895,179</b>

1 Electricity is the only energy we use in our US operations. Our office in Copenhagen is serviced, so energy data is not available.

Our Investment Trusts team on the trading floor. The teams have worked to deliver a resilient revenue performance in the face of lower levels of market liquidity.



Strong risk management is fundamental to our resilience as a business. Once again, our strong governance structure and the experience of our people have helped us proactively manage our risks in the face of continued market uncertainty.

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# CHIEF RISK OFFICER'S REVIEW

David Curran, our Chief Risk Officer, discusses the role of risk management during the year.



“  
Building on a solid foundation of risk framework and processes to support our strategic priorities.”

David Curran Chief Risk Officer

**Against the backdrop of ongoing challenges in the macroeconomic environment, we have maintained our established approach to managing prudential risk, while our resilient balance sheet and careful management of capital, liquidity and trading book positions have allowed us to focus on strategic initiatives.**

We have seen a number of positive economic signs emerge this year, with inflation falling from FY23, and interest rates forecast to fall from their current cyclical high, delivering some comfort to both investors and consumers. We're also seeing significant collaboration between industry and government to enhance the attractiveness of UK capital markets. However, there remains a high degree of geopolitical uncertainty, with ongoing conflict in Europe and the Middle East, and forthcoming elections in the UK, US and other major economies.

In this context, risk management remains critical to our resilience. It gives us confidence that we understand the wider risk environment and how it applies to us in practice. This in turn enables us to prioritise activities and move forward in pursuit of our strategy, ready to take advantage of appropriate opportunities, while avoiding unnecessary or undesirable risks.

In FY24, we have applied a particular focus on developing a sound risk and control environment for our newly established Copenhagen office. As well as meeting local regulatory requirements, we have revised our risk framework, including taxonomy, to ensure it promotes our overarching Group policies and principles. Meanwhile, as we continue to diversify our Investment Banking activities, we have enhanced our Private Capital Markets processes to ensure they provide good client outcomes and have continued to support the launch of RetailBook as a standalone entity, securing funding and liaising with the FCA on our regulatory application.

We remain vigilant to the risks associated with cyber and information security in what is a rapidly changing threat landscape. So, this year we enhanced our Group-wide data loss prevention processes, and carried out a 'red team' exercise to simulate a concerted cyber attack on Peel Hunt's systems and to test our response. This was in addition to our regular penetration testing.

On the regulatory front, we continue to develop our prudential risk framework, with specific improvements in our Internal Capital and Risk Assessment (ICARA) process. From a conduct and client risk perspective,

we implemented the Financial Conduct Authority's (FCA) new Consumer Duty requirements during the year, which seeks to ensure all our retail client-facing services deliver good customer outcomes. We engaged with regulatory bodies, including the FCA in the UK, Financial Industry Regulatory Authority (FINRA) in the US and, given our new office in Copenhagen, the Danish Financial Supervisory Authority (DFSA). Finally, we have further aligned our business processes and decision-making with our existing sustainability approach by formalising the role of our Social, Ethical, Environmental and Reputational Committee (SEER) within our governance structure.

### Forward-looking risks

In the coming year, we will continue to focus on several key areas, maintaining our proactive and vigilant approach to risk management.

#### People

While we're not alone in having to navigate the ongoing difficult business environment, retaining our people remains a key priority. We will continue to promote our collaborative culture and maintain our wellbeing programme.

#### Operational resilience

The forthcoming introduction of the EU Digital Operational Resilience Act (DORA), following the focus on operational resilience in the UK in 2022, means we will further develop the overall resilience of our business in the coming years. This will help ensure that the business and stakeholders alike can be confident in our ability to respond to the unexpected.

From a financial resilience and liquidity perspective, we are aware of the environment that we are operating in, and the risks this brings to our business, from counterparties and suppliers, as well as our own operations. We will look to strengthen our processes where possible, particularly around the assessment of credit risk.

**532%**  
Own Funds coverage

#### AI and digital

Newly accessible artificial intelligence (AI) tools bring both benefits and challenges for our business. We are already looking at ways to incorporate these tools into our processes and products to become more efficient and provide our clients with faster, more detailed information. In doing so, though, we also need to be alert to the risks associated with using these tools, such as the opportunities they could present to potential 'bad actors' and making sure we use such tools in a responsible and ethical way.

#### Sustainability

While market uncertainty will remain a key focus area for the next year, sustainability risks are also a high priority, particularly those relating to climate change. As such, we will help the business embed processes to manage and identify the sustainability risks that relate to our suppliers and clients, as well as engaging, where relevant, in broader discussions on the impact that sustainability issues have on the decisions we make as a business.

**David Curran** Chief Risk Officer

# OUR APPROACH TO RISK

**Effective risk management is about establishing a robust governance framework, reinforced by clear procedures and engagement from everyone at Peel Hunt, making strong risk management practices a part of our culture.**

## How we manage risk

This year, we have focused on enhancing our prudential risk framework, investing in our risk technology and ensuring a consistent Group-wide approach as we opened our new Copenhagen office. Overall, this has helped us continue to ensure that risk is viewed as a fundamental component of strategy and business decision-making, rather than a separate consideration.

## Risk governance

The governance of risk is central to ensuring that we consider and manage the objectives of our different stakeholders. For governance and regulatory reasons, we operate committees at both the AIM-listed company level and on behalf of the regulated entities within the Group. This report details the key activities of the risk committees across the Group as a whole ('Risk Committees'). The Risk Committees are primarily responsible for implementing and overseeing the Board-approved risk appetite, reviewing and recommending the risk management framework, reviewing and challenging risk management information, and overseeing and advising on embedding and maintaining a positive risk management culture.

## Risk appetite

Our risk appetite is the level of risk we're willing to accept in our day-to-day operations, and we define it in a set of risk appetite statements for each risk type, supported by quantitative metrics. Where risks exceed or are expected to exceed pre-defined levels, we escalate and take appropriate action to reduce risk to an acceptable level. Our risk appetite statements are reviewed at least once a year by the Risk Committees, the Board and any relevant local subsidiary boards.

## Risk identification and management

We identify our risks through top-down and bottom-up processes, and assess the likelihood and impact of each risk, considering financial, regulatory, reputational and other external factors. We manage risks with controls to reduce the likelihood of a risk occurring, and its potential impact, and monitor risks to ensure our controls are operating effectively and the risks remain within acceptable levels.

## The three lines model

Our risk management processes, policies and procedures are embedded in our culture and working practices. These form a model based on three lines:

- The **'first line'** is our different business areas. Their management teams identify, assess, manage and report on any risks in their areas
- The **'second line'** is our Risk and Compliance teams, which review and challenge the risk assessments, monitor and test applicable controls, and provide assurance of the first line's management of risk
- The **'third line'** is our independent Internal Audit function, which provides assurance on our risk management framework and internal control environment



**Risk and compliance culture**

Our proactive approach to our risk and compliance culture benefits our business, our stakeholders and the markets. We foster this in different ways:

- Clear roles and responsibilities, through role descriptions, senior manager statements of responsibility and first-line risk ownership
- Clear tone from the top, leading by example, so we have an environment that ensures risks are identified and considered in the right way
- Encouraging our people to speak up and challenge the status quo, to ensure we balance risk and reward in all business decisions
- Aligning individual objectives and remuneration with sound conduct and effective risk management
- Group-wide training to ensure we're all aware of our part in managing risks

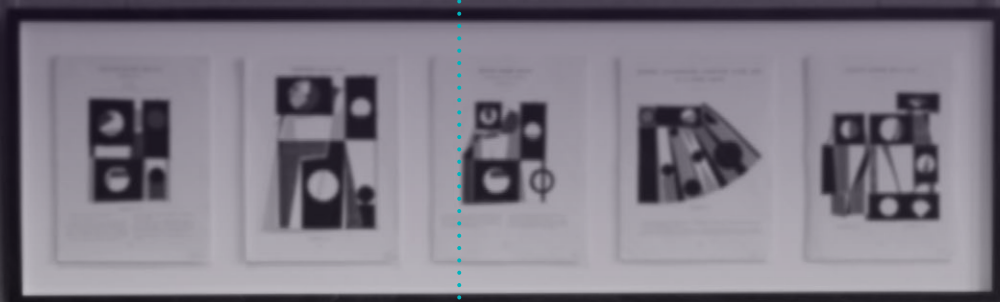
# PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are those that might prevent us from achieving our goal of long-term, sustainable growth or could negatively affect our future performance, prospects or reputation. This year, many principal risks have remained unchanged, and we have continued to build on our previous work to ensure these remain well managed. Our presentation of principal risks has been updated to align with our revised Group Risk Framework and taxonomy.

	Risk	Description	Mitigation	Update for the year
FINANCIAL RISKS	Capital	There is a risk that we don't retain sufficient capital resources to meet our ongoing business and regulatory obligations.	We are prudent and proactive in our capital management, ensuring we always hold capital in excess of local regulatory requirements. We regularly test our capital positions in stressed scenarios.	We have retained a capital surplus and continue to monitor forecasts and carry out stress testing to ensure we could withstand a prolonged downturn in market conditions or stress events.
	Liquidity	There is a risk that we are unable to meet our financial liabilities as they fall due.	We maintain a prudent level of liquidity and funding to meet our day-to-day business activity and local regulatory requirements. We also regularly test to ensure we have sufficient liquidity in stressed scenarios.	We have retained a liquidity surplus. To ensure we manage liquidity well, we have acted on a number of measures, including securing a more flexible overdraft facility (agreed in May 2024).
	Market	There is a risk of losses on financial instruments arising from movements in market prices.	We manage our trading activities in a balanced and well-disciplined way. We maintain a diversified portfolio and, where appropriate, hedge exposures. We monitor multi-level limits and regularly test our positions in stressed scenarios.	We have continued to operate a diversified portfolio across our market making books and demonstrated good discipline in an environment of reduced trading activity.
	Credit	There is a risk of financial loss from a counterparty failing to discharge its financial obligations.	We monitor our exposures against limits on trading counterparties, investment banking underwriting and delivery versus payment settlement. We regularly test our exposures against stressed scenarios.	We have continued to monitor the external credit environment, recognising the risk of increased defaults due to the current market environment. Trading has continued to be focused on reputable, high credit quality institutions with no significant exposures as a result. We have also identified ways to enhance our credit check monitoring.

	Risk	Description	Mitigation	Update for the year
<b>NON-FINANCIAL RISKS</b>	<b>Regulatory and conduct</b>	There is a risk of loss due to a failure to take appropriate measures to meet regulatory requirements, including the risk of loss due to actions or behaviours resulting in detrimental client outcomes or undermining the integrity of financial markets.	We maintain high standards of regulatory compliance, and conduct and review and monitor them regularly. We have robust policies and procedures, and raise our people's awareness through ongoing training. We regularly scan the horizon to identify regulatory changes and we maintain an open dialogue with our regulators.	We have continued work to embed recent regulatory initiatives including the FCA's Consumer Duty. We have also worked to ensure that strategic developments, such as opening our Copenhagen office and work to launch RetailBook, align with our standards.
	<b>Operational</b>	There is a risk of loss due to a failure of internal processes, people or systems or external events.	We have a robust operational risk management approach, including strong governance with escalation of risks and issues. We also employ scenario analysis and stress testing on significant operational risks.	<p>We have continued to develop our understanding and culture regarding day-to-day operational risks, through staff training and engagement with the business areas. We have also worked to ensure we keep abreast of the changing cybersecurity landscape and gain assurance that we are well positioned to protect against, identify and respond to such threats.</p> <p>We have also continued to engage our people, with targeted salary increases to retain key individuals and strong performers, and our award-winning wellbeing programme.</p>
	<b>Business and strategic</b>	There is a risk of loss due to identifying and pursuing a strategy that is poorly defined or being unable to deliver the agreed strategy.	We have a clear strategy, which has been communicated across the Group, and is a critical factor in all our decision-making. We scan the external environment for changes that may have a negative financial impact on our business or ability to implement our strategy.	We have continued to monitor the external environment and its impact on our competitive landscape. We have also contributed to a number of government and industry initiatives relating to UK capital markets.

Our Board working collaboratively to effectively oversee our strong governance framework. The Board promotes a high-performance culture and ensures the tone is set from the top.



Good governance is about doing the right thing; we ensure that the framework, policies and processes that we have in place are clear and simple to follow, while always keeping our regulatory obligations in mind.

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# LETTER FROM OUR CHAIR, **LUCINDA RICHES**



“ This year the Board has overseen management’s measured pursuit of the strategic objectives. ”

**Whilst the difficult macroeconomic backdrop has persisted, our strong governance framework and internal controls have enabled the Board to support the business effectively in navigating the challenges faced by Peel Hunt and the rest of the industry.**

## Governance highlights

In line with the Quoted Companies Alliance (QCA) Code, we consider it appropriate for Peel Hunt to have a senior independent director (SID) on the Board, so this year Maria Bentley was appointed to carry out the role alongside her position as Chair of the Remuneration Committee. The Board’s composition otherwise remained unchanged during the year, allowing for steadfast oversight of management’s measured pursuit of the strategic objectives. I was pleased that the effectiveness of the Board was confirmed through our first external review, which was carried out by a leading specialist. See the conclusions and recommendations of the external effectiveness review, and the role of the SID, in the Nomination Committee report on page 64.

As with previous years, the Board has sought to set the tone from the top and to promote a collaborative, high-performance culture with a focus on governance and risk management.

## Maintaining financial resilience

A key priority for the Board has been ensuring that Peel Hunt’s financial resilience is maintained despite the ongoing adverse market conditions. To achieve this, the Board received

regular updates from Sunil and his team, maintaining focus on liquidity and cash management practices and ensuring that the balance sheet remained robust through regular scenario and stress testing.

## Focus on strategy

The Board’s role in relation to strategy this year has been to oversee and support the executive team in its delivery of the strategic priorities set last year. Throughout the period, and notably at the Strategy Day in October 2023, the Non-Executive Directors received updates from all business areas and had the opportunity to discuss any questions with business heads and employees. This gave us insight into how management is pursuing the strategic priorities, and we were impressed to see good progress despite the broader market backdrop.

The Board has also supported targeted investment to capitalise on opportunities arising from the challenging market conditions, while maintaining a disciplined approach to costs. I discuss these investments, and the progress made against the strategy, in my introduction to the strategic report on page 6.

## Establishing our European presence

A significant milestone for Peel Hunt this year was the opening of our Copenhagen office in January 2024. The Board and key governance committees received regular reports from the Peel Hunt Europe team, ensuring the office is adequately staffed with a strong focus on controls and governance appropriate to its size and operations.

## Careful oversight of technology-related risks

New technologies are being used across the business, including the use of AI tools and the expansion of our algorithmic trading product suite. The potential opportunities are exciting, but we must also be mindful of the associated risks. The Board has appropriate oversight of developments through our robust internal controls and reporting, and we seek to ensure that the Board has the knowledge required to understand cyber, information security and wider IT risks through training sessions from internal and external subject matter experts.

## Working towards our stated sustainability targets

I was pleased to see that the ESG Committee has made progress in our sustainability agenda this year, including the publication of our first carbon reduction plan in December 2023. The Board also approved a new Diversity, Equity & Inclusion Policy which sets a framework within which we can create an inclusive culture that promotes diversity of thought and equity amongst employees. See more in the ESG Committee report on page 74.

## Stakeholder engagement and feedback

As always, our ability to gather, and where appropriate act upon, feedback from all our stakeholders has been important throughout the year to ensure that stakeholder interests are considered in key decisions.

Steven and I both acknowledge the hard work of our talented people in the strategic report on pages 6 to 11, and their dedication through challenging markets is a testament to our collegiate, high-performance culture.

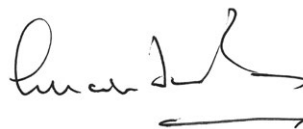
Retention of our people is a key priority, and we can gain an understanding of their views through our annual employee engagement survey. This year, the results identified a number of areas of strength as well as, crucially, a number of areas where we can improve. Autonomy, meaningful work and management were identified as particular strengths, while employees felt we could improve, amongst other things, our approach to career development and training. We have devised actions and initiatives to strengthen in these areas and the Board is dedicated to monitoring progress against, and delivery of, these actions. See more on page 29.

Whilst the Executive Directors meet with shareholders at multiple points during the year, Maria and I also met with a number of our larger shareholders in July 2023. The overall message was clear: hold the course and position the business for a market recovery.

Clients and excellent client service are of course at the heart of Peel Hunt. The Board is delighted to receive and act upon feedback from our clients, as well as from other key stakeholders such as our regulators, throughout the year. See more on how we engage with our key stakeholders on pages 59 to 60.

## Priorities for FY25

The Board's main priority for FY25 will be to ensure that our governance framework continues to facilitate effective support for the executive team as it pursues the strategy and grows the footprint of the business in a measured and efficient manner. To do this, we will need to maintain financial resilience, meaning a continued focus on costs, particularly as it may take some time for the markets to recover. We will continue to monitor external market conditions and the competitive landscape to ensure we are ready to take the decisions necessary to remain positioned for future success.



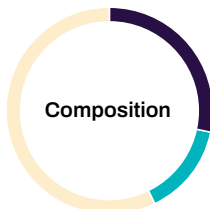
**Lucinda Riches** Chair  
12 June 2024

# OUR DIRECTORS

We have a strong Board with the breadth, depth and diversity of skills and experience needed to guide Peel Hunt as an AIM-listed company.



■ Women 3  
■ Men 4



■ Executive Directors 2  
■ Non-Executive Directors 1  
■ Independent Non-Executive Directors 4



## Lucinda Riches CBE

Chair

Lucinda Riches is the independent Non-Executive Chair of Peel Hunt. Lucinda joined the Board as Deputy Chair and SID in September 2021 and assumed the role of Chair following our AGM in 2022. Lucinda is also currently an independent non-executive director and chair of remuneration at Ashtead Group plc, independent non-executive chair of Greencoat UK Wind plc and a non-executive director of LGT Capital Partners Group Holding Ltd. Prior to becoming a non-executive director, Lucinda had a career in investment banking at UBS where she was Global Head of Equity Capital Markets and a member of the board of UBS Investment Bank. Her previous non-executive director roles include CRH plc, ICG Enterprise Trust plc, the British Standards Institution, Diverse Income Trust plc and UK Financial Investments Ltd.

### Committees

Nomination (Chair)



## Steven Fine

Chief Executive Officer (CEO)

Steven Fine is the Chief Executive Officer of Peel Hunt. He joined the business in 2006 and led the management and staff buy-out from KBC Bank in 2010. Prior to that he was a founder member of D. E. Shaw Securities International, which later became the core of KBC Financial Products. At KBC he managed the Japanese and Asian equity, convertible and derivatives operations in Tokyo. Steven is Deputy Chair of the FCA Markets Practitioner Panel whose key remit is to represent the interests of financial markets participants and to provide input to the FCA. He is also a non-executive director for the Quoted Companies Alliance, a membership organisation that champions the interests of medium- and small-sized quoted companies. He has been a judge for the Non-Executive Director Awards for over 15 years. Steven has an accountancy degree and also holds a certificate in corporate governance from INSEAD.

### Committees

ESG (Member)



## Sunil Dhall

Chief Financial & Operating Officer (CFO)

Sunil has been Chief Financial & Operating Officer of Peel Hunt since January 2010. Prior to this he was Global Head of Operational Risk at KBC Financial Products (KBCFP). He had a number of senior roles at KBCFP prior to this, including Credit Structurer for the Credit Products team and Head of Special Projects. Earlier in his career, Sunil has been an internal audit manager at Credit Suisse and an external auditor at Arthur Andersen. Sunil is also the Co-Chair of the UK Equity Markets Association, an association of investment banks with a unique focus on promoting vibrant and healthy equity markets for SMEs. Sunil is a chartered accountant with a degree in Engineering, Economics and Management from Keble College, University of Oxford.

### Committees

ESG (Member)



## Maria Bentley

Non-Executive and Senior Independent Director

Maria joined the Board of Peel Hunt as a Non-Executive Director in April 2022 and was appointed as Remuneration Committee Chair in August 2022 and SID in May 2023. Maria has over 40 years' experience in financial services covering credit analysis, fixed income sales and Human Resources. She was Global Head of HR for Equities and Fixed Income at Goldman Sachs, Global Head of HR for UBS Investment Bank and Global Head of HR for Wholesale at Nomura International. She is also currently an independent non-executive director and chair of remuneration committees at Daiwa Capital Markets Europe Limited, RBC Global Asset Management (UK) Limited and Picton Property Income Limited.

### Committees

Remuneration (Chair)  
Audit, ESG, Nomination and Risk (Member)



## Liz Blythe

Non-Executive

Liz joined the Board of Peel Hunt as an independent Non-Executive Director and Audit Committee Chair in 2020. She was Remuneration Committee Chair prior to Maria Bentley's appointment. She is also currently chair and audit committee chair of Car Care Plan Holdings Limited. From 2018 to 2020 she was also a trustee at Lhasa Limited, a global software development company. Prior to becoming a non-executive director, Liz was Chief Internal Auditor at Skipton Building Society for almost 12 years, and Finance Director of Homeloan Management Limited for 13 years. In total, Liz has over 30 years of financial services experience, and is a qualified accountant, having trained at Ernst and Whinney (now Ernst & Young).

### Committees

Audit (Chair)  
Nomination, Remuneration and Risk (Member)



## Richard Brearley

Non-Executive

Richard joined the Board of Peel Hunt as an independent Non-Executive Director in 2020. He is also Head of Compliance at Ninety One, joining from Macquarie, where he was Regional Head of Compliance in EMEA, spanning a wide range of business areas including asset management, sales and trading and investment banking. Prior to that he was Head of Compliance and Legal at Investec plc and Investec Bank, held senior positions in the Markets Division of the Financial Services Authority and was a corporate partner at law firm Nabarro Nathanson. He was previously a non-executive director of AIM-listed electronics business Datong plc and until 2012 was a member of the executive committee of GC100 (the general counsel association for the FTSE 100).

### Committees

ESG and Risk (Chair)

Audit, Nomination and Remuneration (Member)



## Darren Carter

Non-Executive

Darren has been a Non-Executive Director on Peel Hunt's boards since 2004. He was Chair of Peel Hunt LLP from its buy-out from KBC in 2010 until 2016, and Chair of Peel Hunt LLP from 12 December 2018 until 3 September 2021. Darren has over 30 years' equity markets experience working for financial services firms. He held a number of senior management positions, including Managing Director at D. E. Shaw Securities International, where he was responsible for the firm's financial products businesses in London, New York, Tokyo and Hong Kong. He was also chief executive officer of KBC Financial Products, following KBC's acquisition of D. E. Shaw Securities International in 1999. He is a non-executive director at FCA-regulated Praetura Ventures and a director of Praetura Debt.

### Committees

Nomination (Member)

# APPLYING THE QCA CODE

We recognise the value and importance of a governance framework that is appropriate for our size, scale and complexity, and is in the interests of all our stakeholders.

We have therefore adopted the Quoted Companies Alliance Corporate Governance Code 2018 (QCA Code). We will adopt the updated QCA Code 2023 with effect from 1 April 2024. In the meantime, we have continued to comply with the QCA code in the same manner as FY23. Below we disclose, in broad terms, how we have complied with the QCA code in FY24.

## Statement of compliance from the Chair

The Board of Directors (the Board) of Peel Hunt Limited (the Company) believes that good corporate governance is central to achieving the objectives of the Company and its subsidiaries (together, the Group or Peel Hunt), and to create and deliver long-term sustainable shareholder value. The Board is committed to high standards of corporate governance and the Chair holds significant responsibility for the quality of, and approach to, corporate governance at Peel Hunt. Peel Hunt has adopted the QCA Code.

Our governance framework is aligned to the expectations of the QCA Code and is the mechanism by which we direct and steer the organisation, providing direction and managing risk to deliver sustainable value for our stakeholders (see pages 61 to 62). Disclosures required by the QCA Code are included in this Annual Report and on our [website](#).

## Deliver growth

### PRINCIPLE 1

Establish a strategy and business model which promote long-term value for shareholders

Our strategy and business model emphasise collaborative working across our operating divisions – Investment Banking, Execution Services and Research & Distribution – described as ‘joined-up banking’. Our joined-up approach creates value for our clients’ businesses for the long term. Alongside this, we make strategic investment to help us grow our business and its reach and promote long-term value for shareholders. This includes investment in: client relationships (with a focus on high-potential clients); business development; expansion of our divisional capabilities; development of our proprietary technology; our people; and building relationships with key suppliers.

*Read more about our purpose, business model and strategy on pages 2, and our principal risks and uncertainties on pages 40 to 41.*

### PRINCIPLE 2

Seek to understand and meet shareholder needs and expectations

We continue to look for ways of increasing our engagement with shareholders, as we recognise that such engagement is fundamental to building lasting relationships with them. We keep our shareholders updated on Company performance and news through regulatory information services, annual and half-yearly financial results and periodic trading and market updates.

Developing our relationships with shareholders as we mature as an AIM-listed company is essential, and our CEO, CFOO, Chair and SID meet regularly with shareholders to hear their views. Feedback from these meetings is provided to the Board, which enables the Board to consider shareholders’ interests and factor their views into our decision-making. The Non-Executive Directors are also provided with any reports and feedback issued by analysts to support their understanding of how the investment community views Peel Hunt.

## Deliver growth

### PRINCIPLE 3

#### Take into account wider stakeholder and social responsibilities and their implications for long-term success

As a Board, we factor stakeholders' views into the way we make key decisions, as discussed on pages 61 to 62. While the Company is Guernsey registered, our purpose very much aligns with section 172 of the UK Companies Act 2006, which requires directors to promote the long-term success of the Company for the benefit of our members. We explain how our Board has done this on pages 61-62. Here we explain in broad terms how the Company engages with our various stakeholders and the actions generated as a result of that engagement.

Just as we meet with and update our shareholders (Principle 2), we communicate with our stakeholders through digital media, including podcasts and video updates, and social media, and keep our website regularly updated.

Through our culture and engagement surveys, our people give feedback to the Board. We use this feedback to make sure our long-term strategy is aligned with their interests, and that behaviours across our business are aligned with our purpose and values. Read about how we have acted on the outcomes of our most recent culture and engagement survey on page 29. In addition to surveys, the Board is exploring ways in which it can seek more regular feedback directly from employees.

Our client-facing business teams have regular relationship meetings with our clients to better understand what they need from Peel Hunt, and what we can do to improve the services we provide to them. The CEO includes material client feedback in his regular CEO reports to keep the Board updated, enabling the Board to factor client views into the decisions it makes.

We have open, transparent and cooperative relationships with the Financial Conduct Authority, the Danish Financial Supervisory Authority, the London Stock Exchange (including AIM Regulation), the Takeover Panel, and the Financial Industry Regulatory Authority, to stay on top of regulatory requirements and developments.

Using our Group-wide procurement process for key third parties, we vet suppliers when they are appointed and review their ongoing performance. Our responsible procurement procedures aim to ensure fair payment terms for suppliers and minimise the risk of modern slavery in our supply chains, and the Board reviews and approves the Modern Slavery Statement annually.

We continue to develop our approach to sustainability issues and environmental, social and governance (ESG) issues more broadly.

*For further details, see pages 59 to 60 (client and regulatory stakeholder engagement), and pages 26 to 33, and 74 (sustainability and ESG stakeholder engagement).*

### PRINCIPLE 4

#### Embed effective risk management, considering both opportunities and threats, throughout the organisation

We seek to deliver our strategy in accordance with the Group's risk appetite and review our risk appetite statement regularly to confirm that the business model is consistent with our low tolerance for risk.

We work to embed our risk management processes, policies and procedures in our culture and working practices. We have put in place a comprehensive internal audit programme, which reviews key risks and business areas.

Our risk management operates within a 'three lines' model: from our business areas in the first line; to oversight by our risk and compliance functions, which provide challenge in the second line; and our internal audit function which provides independent assurance in the third line. The Audit Committee annually reviews the effectiveness of our systems of risk management and internal controls.

*Read more about our risk management processes, policies and procedures on page 36. Please also refer to the Audit Committee report on page 67 and the Risk Committee report on page 71.*

**Maintain a dynamic management framework**

<p><b>PRINCIPLE 5</b></p>	<p>At the date of this Report, the Board comprises two Executive Directors, four Independent Non-Executive Directors and one non-independent Non-Executive Director (see more on page 46), reflecting a range of experiences and backgrounds. Of these, one is from an ethnic minority and three are women (therefore 43% of the Directors are women).</p> <p>The Chair is responsible for the leadership of the Board, setting its agenda and ensuring that the Board discharges its role effectively and in line with good corporate governance. The Board operates formally through Board and committee meetings, as well as informally through regular communication between Directors.</p> <p>Directors are expected to attend all meetings of the Board and the committees on which they serve. The table on page 57 provides details of attendance of the Company's Board, and committee attendance is set out in each committee report on pages 64 to 81. Each year the Nomination Committee reviews the Board's structure, size and composition (including the skills, knowledge, independence, experience, length of service and diversity) and the performance of the Board, and every third year appoints an external adviser to carry out an effectiveness review. The Nomination Committee also puts succession plans in place and keeps them under review.</p> <p><i>Read more about the performance evaluation of our Board and individual Directors, and the time commitment of our Non-Executive Directors, on page 63. We describe how the Board remains independent on page 57. Read more about our Board on page 46.</i></p>
<p><b>PRINCIPLE 6</b></p>	<p>The Board has a good balance of relevant skills and experience. The Chair, CEO and CFOO offer significant combined investment banking experience, while our Non-Executive Directors bring extensive audit, legal, finance, risk, regulatory and remuneration expertise and public company experience. Read more about the experience, skills and capabilities of our Board in the Board biographies on page 46 and on the website at peelhunt.com.</p> <p>As mentioned in Principle 5, the Nomination Committee regularly reviews the Board's structure, size and composition to ensure it has the necessary skillset to support our ongoing strategy and recommends any changes to the Board.</p> <p>New Directors undergo a tailored induction training programme. The Board receives regular training from our divisional heads, external professional advisers and training providers on market trends and business opportunities, and regulatory, governance and legal matters.</p> <p>The Directors also have access to the General Counsel, the Company Secretariat, our nominated adviser and our professional advisers for advice and counsel. They may also take independent advice at the Group's expense in carrying out their duties. Read more about the development and support provided to our Board on page 63.</p> <p>Each Director is responsible for maintaining their skills and managing any other external roles and training.</p> <p><i>Read more about our Board skills on pages 46-49.</i></p>
<p><b>PRINCIPLE 7</b></p>	<p>The Nomination Committee is responsible for overseeing the evaluation of Board performance. Each year it evaluates the performance of the Board, its committees, individual Directors and the Chair. This financial year, the evaluation included a Board skills review and an externally conducted Board effectiveness review.</p> <p><i>Read more about how we evaluate our Board and the results of this year's external evaluation on pages 63 and 65 to 66.</i></p>

## Maintain a dynamic management framework

### PRINCIPLE 8

#### Promote a corporate culture that is based on ethical values and behaviours

We continue to strive for the highest ethical and professional standards. This is supported by our internal culture which is driven by our purpose – ‘guiding and nurturing people through the evolution of business’ – and our four values: encourage greatness, empower each other, only accept excellence and do the right thing.

The Board aims to lead by example in ensuring conduct that is in the best interests of the Group. In this regard there are a number of policies, procedures and controls in place such as the terms of reference for Board committees, the requirement for regular disclosure of outside business interests and the Company’s share dealing code, all of which require high standards of behaviour.

The Company’s employment and compliance policies – such as its Whistleblowing Policy; Financial Crime Policy (which includes anti-money laundering, fraud and sanctions provisions); Modern Slavery and Human Trafficking statement and procedures; Personal Account Dealing Policy; Remuneration and Risk Adjustment Policies; and Conflicts of Interest and Outside Business Interest Policy – all assist in embedding a culture of ethical and appropriate behaviour.

Our Board oversees our culture and values, while our senior management team is responsible for actively promoting them and ensuring our people live by them.

*Read more about how we promote and monitor a positive corporate culture on page 28 to 29.*

### PRINCIPLE 9

#### Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Directors consider that we maintain a governance structure that is appropriate to our size, scale and complexity, as well as our capacity, appetite and tolerance for risk.

The Board is supported by five principal committees: Audit, ESG, Nomination, Remuneration and Risk. These committees report directly to the Board. The Board is also supported by a specialist committee, the Disclosure Committee, which meets when required in order to determine whether specified information is ‘inside information’ (as defined in the Market Abuse Regulation (No. 596/2014) as it forms part of domestic UK law) or ‘price sensitive information’ (within the meaning of Rule 11 of the AIM Rules for Companies).

*Read more about our governance structures and processes and how they have evolved on pages 54-58.*

## Build trust

### PRINCIPLE 10

#### Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Our website, [peelhunt.com](https://www.peelhunt.com), is regularly updated with information about our activities and performance, including financial reports, information about our AGM, our financial calendar and dividend details, policies, governance structure and terms of reference.

This information is available to all stakeholders. Our Annual Report discloses how we comply with the QCA Code, and we review this information annually in accordance with Rule 26 of the AIM Rules for Companies. We communicate regularly and directly with our people, shareholders, clients, regulators and suppliers, as we’ve outlined in Principles 2 and 3, and are looking forward to welcoming shareholders to our AGM in July 2024, the results of which we will disclose afterwards.

*Read more about how we communicate with our stakeholders on pages 59-60.*

# HOW WE ARE GOVERNED

**In this part of the report, we explain how our Board and its committees oversee the Group's activities.**

The AIM-listed company Board is the ultimate decision-making body of the Group. To fulfil its role in setting strategy, providing oversight and ensuring delivery of long-term sustainable value, its relationship with the Executive Board is critical. Each board meets frequently, both formally and informally, and the AIM-listed company Board provides robust oversight and challenge to the Executive Board to enable it to fulfil its role of implementing business strategy, managing the day-to-day activities of Peel Hunt LLP and providing effective reporting to the Board.

In line with the current size and scope of the Group, we also carefully monitor any additional requirements which may become relevant, as a result of Peel Hunt's expanding footprint or to meet local requirements for any subsidiary outside the UK.

For regulatory reasons, we operate committees at both the Company level and on behalf of the FCA-regulated entities within the Group. The committee reports found later in this governance report detail the key activities of each of the committees across the Group as a whole.

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## Our governance framework

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### Board

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Sets the Group's strategy and aims to ensure Peel Hunt delivers sustainable, long-term shareholder value, and value to other stakeholders.

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### Committees

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The Audit, ESG, Nomination, Remuneration and Risk Committees operate at both the Company and UK-regulated entity level and their roles are explained further on pages 64-81. The Disclosure Committee meets on an ad hoc basis as required.

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### Subsidiary boards

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These include the Executive Board and the International Boards. The subsidiary boards implement business strategy and manage the day-to-day activities of the trading entities of the Group, and monitor and ensure compliance with local regulatory requirements.

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### Executive Risk Committee

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Focuses on managing and mitigating risks and implementing controls within Peel Hunt LLP.

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### Management Committee

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Assists the subsidiary boards with the day-to-day operations of the relevant Peel Hunt entity and helps implement business strategy.

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### Investment Banking Committees

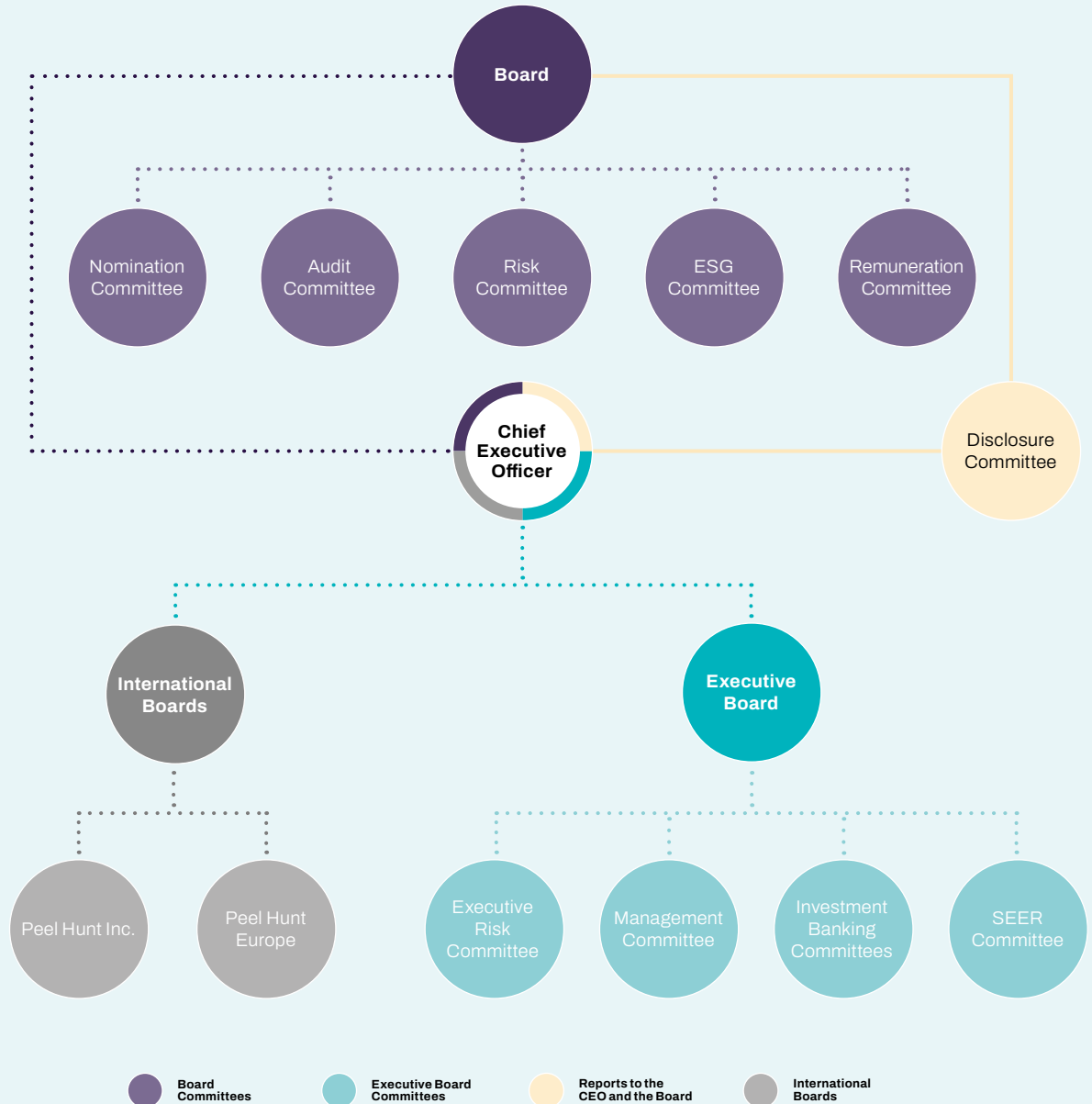
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Oversee the approval of potential new clients, new transactions and the approval of underwriting transactions.

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## Our governance framework – our Board and core subsidiary boards

This diagram provides an overview of the governance structure, highlighting the relationship between the Board and its committees, the core subsidiary boards and their committees.



## Governance report

### How we are governed continued

#### Our division of responsibilities

The role specifications below set out the clear division of responsibility between the Executive and Non-Executive members of the Board, as well as the role of the Company Secretariat, which supports the integrity of our operations.

##### Non-Executive

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###### Chair

- Leading the Board and promoting a culture of openness and constructive challenge and debate
  - Setting the Board agenda and ensuring there is adequate time available for discussion of all agenda items, particularly strategic issues
  - Ensuring effective communication with the Group's stakeholders
  - Ensuring the Board's effectiveness
  - Ensuring the Group's corporate governance is maintained in line with good practice and internal policies
- 

###### Senior Independent Director

- Providing a sounding board for the Chair
  - Overseeing the evaluation of the Chair's performance
  - Serving as an intermediary for the other Directors, when necessary
- 

###### Non-Executive Directors

- Constructively challenging and assisting in the development of strategy
  - Scrutinising, measuring and reviewing the performance of Executive Directors and management
  - Providing independent insight and support based on relevant experience
  - Serving on or chairing various Board committees
- 

##### Executive

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###### Chief Executive Officer

- Providing clear and visible leadership
  - Proposing and directing the execution of strategy as agreed by the Board through leadership of the Executive Board
  - Responsible for the overall operational business and functions
  - Keeping the Chair and the Board apprised of key issues facing the Group
  - Ensuring that the Group's business is conducted with the highest standards of integrity, in keeping with Peel Hunt's purpose, values and culture
  - Managing the Group's risk profile and ensuring actions are compliant with the Board's risk appetite
  - Managing investor relations activities, including effective and ongoing communication with shareholders and other stakeholders
- 

###### Chief Financial & Operating Officer

- Supporting the CEO in developing and implementing strategy
  - Leading the Group's support and infrastructure functions including Finance, Technology, Operations, Business Management and Legal & Company Secretariat
  - Providing financial leadership to the Group and aligning the Group's business and financial strategy
  - Responsible for financial planning and analysis, treasury and tax functions
  - Managing the capital structure of the Group
  - Managing investor relations activities, including communications with investors and other stakeholders, alongside the CEO
  - Production of the Annual Report and Accounts
  - Management of capital and liquidity
- 

###### Company Secretariat

- Supporting the Chair in relation to compliance with Board procedures, ensuring that all Board and Board committee meetings are properly conducted
  - Ensuring that the Directors receive appropriate information prior to meetings to enable them to make an effective contribution, and that governance requirements are considered and implemented
  - Facilitating the Directors' induction programmes, assisting with professional development and considering Board and committee effectiveness with the Board and committee chairs
-

## Putting our framework into practice

### How the Board stays independent

The Nomination Committee reviews the independence of the Non-Executive Directors each year as part of their individual performance reviews.

We consider four of our Non-Executive Directors – Lucinda Riches, Maria Bentley, Liz Blythe and Richard Brearley – to be independent, both when they were appointed and as at the date of this Annual Report. Darren Carter is not considered independent as he is a significant shareholder and has been a Non-Executive Director on Peel Hunt's boards since 2004. However, we feel that Darren makes a significant and valuable contribution to the Board given his depth of industry knowledge and business experience.

You can find a list of our Directors, their biographies, and details of their committee memberships on pages 46-49 and on our website, [peelhunt.com](http://peelhunt.com).

### How the Board is appointed

The Nomination Committee annually reviews the Board's composition, including independence and tenure, and performance. The Nomination Committee makes recommendations to the Board regarding any changes and is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Each Director appointed by the Board must stand for election by the shareholders at the next AGM and for re-election at each subsequent AGM.

Each Non-Executive Director is appointed for an initial term of three years and, subject to their performance evaluation, is expected to serve at least two terms. The Board may invite a Non-Executive Director to serve for longer, mindful that the need to evaluate a Director's independence becomes even more important the longer they remain on the Board.

### How the Board and committees meet

The Board operates formally, through Board and committee meetings, and informally, through regular contact among Directors.

Directors are expected to attend all meetings of the Board and the committees on which they serve. The table below provides details of attendance at meetings of the Board during the year.

Director	Attendance
Lucinda Riches	11/11
Steven Fine	10/11
Sunil Dhall	11/11
Maria Bentley	11/11
Liz Blythe	11/11
Richard Brearley	11/11
Darren Carter	10/11

\*Absence due to conflict of interest.

### The Board agenda

The Board and its committees each have an annual agenda of matters to discuss. We review and adapt this agenda regularly to make sure all the matters reserved for the Board, as well as other key issues, are discussed at the right time. The Chair and the Company Secretariat ensure that the Board receives timely and appropriate information in relation to these matters.

As part of the business of each Board meeting, the Board discusses reports from the CEO and CFO, which give details of strategic, business and financial performance, and progress against the objectives the Board has set. The Board regularly has updates on operations, IT and HR matters, provided by senior management. The Board also receives management accounts and reports from management on financial matters, governance developments, regulatory issues, the control environment and investor relations.

The Board's annual agenda deals with specific matters at appropriate intervals, including:

- Approving the business plan
- Decisions on overall strategy
- Extending activities into new business or geographic areas
- Approving major investments
- Proposing dividends

The full list of matters reserved for the Board can be found at [peelhunt.com](http://peelhunt.com).

### How we are governed continued

#### Managing risk

The Board is responsible for setting Group risk appetite, setting the tone of its culture and conduct, and overseeing the Group Risk Framework. During the year, the Directors continued to review how effective our risk and control environment is.

Across the Group, we have adopted a formal risk appetite statement, which describes the level and types of risk we're willing to accept to achieve our business objectives. We have a low tolerance for risk, so we review this statement regularly to make sure the business model remains consistent with this tolerance.

The Risk Committee oversees the identification, measurement, monitoring and management of our risks. The Group uses a robust enterprise risk management framework, which includes stress tests, to do this.

The Risk Committee receives regular reports from senior management across the Group about the main sources of risk and any specific concerns around risk. This includes risk assessments and thematic reviews on specific areas of risk undertaken by our second line Risk and Compliance functions.

The Group uses a common approach for consistently assessing inherent and residual risk levels and their associated impacts, including harms to the Group, our clients and the market. This risk framework is supported by various risk processes, which help us manage risk consistently across the Group. A key process is the Risk and Control Self-Assessment (RCSA), which we carry out as required, but at least annually, to identify the material risks inherent to our business, assess the mitigating controls in place to manage

these risks and understand the level of residual risks we are operating. Similarly, our risk management approach is integrated into the ICARA of Peel Hunt LLP. Reporting of our risk profile, including RCSA and ICARA, is presented to the Risk Committee.

The Group's risk management processes, policies and procedures are embedded in our culture and working practices, and are operated through the 'three lines' model. You can find more information about how we use this model to manage risk on pages 38-39.

Our Chief Risk Officer (CRO), David Curran, is a member of the senior management team, and is responsible for establishing, maintaining and developing our risk management framework, and reporting on risk matters to the CEO, the Board and the Risk Committee.

We have a whistleblowing policy in place to allow employees to report concerns around breaches of FCA regulations, failures to comply with policies and procedures, and behaviour that has or is likely to have an adverse effect on Peel Hunt's reputation or financial wellbeing. Liz Blythe, Audit Committee Chair, is the Board whistleblowing champion.

The Audit Committee has appointed a top tier professional services firm to act as our co-source provider of internal audit services, which supports the third line in the model. Mary Hitchings replaced Suzanne Clark as our Chief of Internal Audit in January 2024, and will lead and oversee our co-source provider. See more on whistleblowing and internal audit in the Audit Committee report on page 67-70.

#### Reviewing key policies

Conducting our business with integrity is crucial to achieving our business objectives. That's why the business ensures that relevant policies are in place. In turn, we expect our people and our wider workforce, such as contractors, to uphold our high standards and adhere to the Group policies that underpin our governance structure.

The Group maintains a number of policies and procedures, and routinely updates material policies at least biennially, through appropriate governance. In FY24, policies (including those related to regulatory risks) were updated in accordance with a revised standardised process. In addition, a review of all policies was undertaken for better alignment to our risk management framework, with more clearly defined accountability.

Our Group policies are reviewed every year or every other year, as appropriate, by subject-matter experts within Peel Hunt, and where necessary by external advisers, to ensure that they remain in line with the relevant underlying laws, rules and regulations, and good practice, and are then approved by the relevant Board committee or by the Board, as applicable.

## Stakeholder engagement

This section covers the disclosures that would be required under section 172(1) of the Companies Act 2006. Each year we conduct a mapping exercise to identify our key stakeholders, and this mapping exercise was last conducted in November 2023. Our key stakeholders are listed below, along with an explanation of why we consider them to be an important stakeholder, how we engage with each of them and how we take them into account when making decisions.

### Our employees

#### Why our employees are a key stakeholder

Our business depends on the talented people who work at Peel Hunt. By empowering our employees to succeed, they will be able to contribute to our long-term success and act in the best interests of our clients and other stakeholders. By fostering a diverse, inclusive and safe working environment, our people are supported, able to thrive and contribute to our success.

#### How we engage with our employees

- We conducted our culture and engagement surveys again this year to gather feedback from our people. In addition to surveys, the Board is exploring ways in which it can seek more regular feedback directly from employees.
- We have enhanced internal communication of our strategy and sustainability targets, including through CEO town hall updates, CEO videos, newsletters, communications on the intranet and on the screens around the office, to encourage all employees to engage with our stated business objectives.
- We also invited people from across the business to hold 'lunch and learn' sessions each month, often with contributions from senior management, to facilitate understanding of how each team forms part of the Peel Hunt business and contributes to our collective goals.

*Read about how the Board considered the interests of our employees in its decision-making this year on pages 61-62.*

### Our shareholders

#### Why our shareholders are a key stakeholder

Our shareholders provide the equity capital for our business and play an important role in holding the Board and management to account. Engagement with shareholders is key to our success and our aim to create long-term sustainable shareholder value.

#### How we engage with our shareholders

- We prioritise regular dialogue with our shareholders to offer objective information about our strategic priorities and performance, and to discuss how we're delivering our strategy and driving future growth.
- We have many channels through which we communicate with our shareholders, from meetings with the Executive Directors, and our Chair and SID, to regulatory news service announcements, roadshows, our website and at our AGM.
- The Board receives an update on shareholder engagement on a regular basis – this feedback assists the Board in considering shareholders' interests as part of its decision-making on an ongoing basis.

### Our clients

#### Why our clients are a key stakeholder

Our business depends on working together with clients to create value.

By engaging regularly with our clients, we can better understand their needs and see how we can best serve them. This enables us to maintain the partnership ethos which has been a key component of our culture.

#### How we engage with our clients

- We gather feedback from our clients, to understand how we can structure what we do in a way that best meets their needs.
- We have many channels to communicate with our clients, from emails, calls and digital channels, to conferences and meetings, social and special events, and relationship reviews.
- We expanded the remit of the Social, Environmental, Ethical and Reputational (SEER) Committee to cover our institutional clients as well as our corporate clients.
- We developed our processes to support the continued delivery of good customer outcomes in line with the FCA's Consumer Duty.

## Governance report

### How we are governed continued

#### Our regulators

##### Why our regulators are a key stakeholder

The Group works in a highly regulated environment and we operate to a high ethical and professional standard, supported by our strong internal culture. We consider that it is key to have positive and constructive relationships with our regulators.

##### How we engage with our regulators

- We operate an open, transparent and cooperative relationship with the Group's regulators, including the FCA, the Danish FSA, the LSE (including AIM Regulation), the Takeover Panel, and FINRA. Working with regulators provides us with insight into upcoming regulatory trends and developments and supports our compliance with regulatory requirements.
- Throughout our business, from the Board to senior management and our people, we ensure compliance with applicable regulations in the way we conduct business and in the decisions we make. The Board is kept apprised of material communications with our regulators, through regular reports from the Chief Risk Officer and the Head of Group Compliance.
- Interactions with and communications from our regulators influence the development of our risk and control framework, culture and conduct initiatives and policies, and remuneration structures.
- This year, we engaged with the FCA on thematic reviews, through responses to consultation papers on proposed changes to the regulatory framework for UK equity markets and through our CEO's position on the FCA Market Practitioners Panel.

#### Our suppliers

##### Why our suppliers are a key stakeholder

We work with key suppliers across our business. They supply us with essential products and services, which enable us to deliver for our clients.

Through effective partnership and collaboration with our suppliers, we can drive progress on delivering our purpose and strategy, and ensure the security of supply of all our services to meet our clients' needs.

##### How we engage with our suppliers

- Our new Group Procurement Policy, which seeks to ensure consistency of procurement practices across the Group, will enable us to collaborate with key suppliers that help us deliver our strategy.
- Key supplier reviews consisting of due diligence assessments.
- Regular review meetings to discuss and assess service levels.
- Monitoring and reviewing performance and value delivery of all contracted service level agreements and KPIs.
- Face-to-face meetings.
- Day-to-day communication.
- The expansion of the SEER Committee supports us in building relationships with suppliers whose values align with ours.

In addition to the key stakeholders listed above and in line with section 172(1) of the Companies Act 2006, we consider the impact of our operations on the community and the environment on an ongoing basis. See more on how we engage with our local community and consider the environment in the sustainability section of the strategic report on pages 26-33.

## Our work in FY24 and how we considered our stakeholders

By aligning our decision-making to the vision, values and purpose of the Company, alongside strategic priorities and due consideration of all stakeholders, we strive to achieve outcomes that are crucial to the short-, medium- and long-term success of the business.

Under Guernsey company law, and in relation to UK-registered subsidiaries under section 172 of the UK Companies Act 2006, we also have a duty to act in a way that we believe will promote our success for the benefit of our stakeholders.

That's why, in our decisions, we carefully consider the:

- Likely consequences of any decision in the long term
- Interests of our people
- Need to foster relationships with our clients, regulators, investors and other key stakeholders
- Impact of our operations on our communities and the environment
- Importance of maintaining our reputation for high standards of business conduct
- The need to act fairly as between members of the Company

The Board considers our principal stakeholders throughout the year when reaching decisions, and considers whether there are any additional groups whose interests may be related to the Company's operations.

Here, we set out some of the key decisions we made this year, including how we considered the interests and needs of stakeholders.

Key decisions	What we did	Consideration of stakeholders in our key decisions
<b>Appointing a Senior Independent Director to the Board</b>	In May 2023, Maria Bentley assumed the role of Senior Independent Director (SID) of the Board which was vacant after Lucinda's appointment as Chair. The appointment of a SID demonstrates the Board's adherence to high governance standards with respect to its own composition.	<i>Shareholders:</i> Strong governance provides the foundation upon which to pursue Peel Hunt's strategy and create long-term value for shareholders. <i>Employees:</i> In making the decision to appoint Maria, the Board was mindful of the example this sets for governance throughout Peel Hunt.
<b>Approving targeted investments to support delivery of our stated strategy</b>	During the period, the Board oversaw and approved targeted investment into our platform and talent to support senior management's delivery of the five-year strategic plan that was set by the Board in October 2022. For more details on how we have pursued our strategy this year, see pages 8-11.	<i>Shareholders:</i> A well-defined purpose and strategy are key to the success of the business and therefore for maximising long-term shareholder value. <i>Employees:</i> A clear purpose and strategy also gives our people direction as they fulfil their roles on a day-to-day basis.
<b>Renegotiating the Group's senior credit facility with Lloyds Bank and implementing a new revolving credit facility</b>	The Group's banking facilities with Lloyds were renegotiated in September 2023. As part of this renegotiation, the Board approved a reduction in the Group's long-term debt by £6m and a new revolving credit facility to provide access to liquidity if necessary.	<i>Shareholders, employees and suppliers:</i> Reducing long-term debt partially offsets the cost to the Group of increased interest rates, which helps the financial resilience of the business. A robust financial position and access to liquidity give flexibility to pursue strategic opportunities that could maximise long-term value for these key stakeholders.

## Governance report

### How we are governed continued

Key decisions	What we did	Consideration of stakeholders in our key decisions
<a href="#">Reviewing costs throughout the business</a>	During the period, the Board has been particularly focused on the cost base and requested that the business carefully review costs.	<p><i>Shareholders:</i> Prudent cost management helps preserve shareholder value, allow for financial stability and create operational leverage within the business.</p> <p><i>Employees:</i> The Board recognises that prudent cost management has a short-term impact on employees, but it is an important part of supporting our ability to retain and appropriately award employees in the longer term. As outlined on page 45 we are closely monitoring progress against the actions taken as a result of our staff survey this year.</p>
<a href="#">Overseeing the establishment of Peel Hunt Europe as a fully operational subsidiary</a>	The Board approved steps to finalise the establishment of the Copenhagen office, which was officially opened on 4 January 2024. This included ensuring the office was adequately staffed with a strong focus on controls and governance.	<p><i>Shareholders:</i> Peel Hunt can once again offer its corporate clients pre-Brexit access to European institutions, which underpins a key strategic initiative to maintain our market-leading mid-cap distribution. This in turn allows us to generate more business, thereby increasing long-term shareholder value.</p> <p><i>Regulators:</i> The Board was mindful of local regulatory requirements and the relationship with the Danish FSA.</p> <p><i>Clients:</i> We are once again able to provide services to all institutional clients in the EU.</p>
<a href="#">Supporting RetailBook as it becomes operational and independent</a>	In line with its decision to support the establishment of RetailBook as an independent entity, this year the Board made a number of decisions to continue to support RetailBook. Notable milestones include the receipt of regulatory approval from the FCA, and a fundraise of £2.5m to support further growth.	<p><i>Shareholders:</i> The Board is of the view that RetailBook's potential to grow and win mandates, for example from competitor investment banks, is best served by RetailBook operating independently of Peel Hunt. This in turn should increase the value of Peel Hunt's holding in RetailBook for the benefit of our shareholders.</p> <p><i>Clients:</i> RetailBook can provide retail demand to our corporate clients for fundraisings and IPOs, which is incremental to traditional institutional demand.</p>

## Board effectiveness

Our Directors must be able to contribute meaningfully to the Board, both as individuals and collectively, and to do so they must be able to work effectively. We conduct annual Board and individual Director performance evaluations to assess effectiveness, while also supporting them through development and training.

## Time commitment

We expect each Director to be able to commit sufficient time to do their work properly. The Non-Executive Directors provide a minimum time commitment of between 24 and 60 days each year to perform their duties. Each year the Nomination Committee reviews the time required of the Non-Executive Directors and uses performance evaluations to assess whether they are meeting this requirement. This year, we are satisfied that all our Directors were able to meet the time requirement. The Executive Directors, our CEO and CFO, are full-time employees.

## Conflicts of interest

We have policies and procedures in place to monitor and manage any conflicts of interest our Directors might have. Directors must declare their outside business interests and potential conflicts of interest, and those of their connected persons, each year – and again when something changes.

The Board must give prior approval for a Director to undertake certain outside business interests, including taking new non-executive director positions. The Nomination Committee may also review and make recommendations to the Board on such matters.

The Company Secretariat maintains a record of the Directors' outside business interests and potential conflicts of interests, which is tabled at each Board meeting. The Board has authorised the current interests disclosed in the register and, at the date of this report, doesn't consider any to constitute a material conflict of interest.

## Development and support

We've appointed the Directors on our Board because of the skills and experience they offer and their individual qualities and capabilities, and continuing to help them develop is an important aspect of the Board's work.

The Company Secretariat helps the Chair organise relevant training each year, which is delivered by internal experts and external professional advisers. The training programme includes:

- Briefings from each business head about the strategy, business plan and performance of their respective business area
- Updates and refreshers around key governance, legal and regulatory matters relevant to Peel Hunt and the financial services industry
- Training on other relevant matters, such as cyber resilience and AI.

We identify collective and individual training needs through our annual Board evaluation process. This targeted training is arranged by the Company Secretariat.

The Company Secretariat also helps the Chair provide a tailored induction programme for all new Directors, which includes meetings with senior management and external advisers.

This helps new Directors familiarise themselves with our business model and strategy, operations, governance arrangements and risks, as well as, crucially, our purpose, culture and values.

The Group maintains directors' and officers' liability insurance cover and indemnifies each of its Directors to the fullest extent permissible by law.

## Advisers

We continued to engage a leading consultancy firm to provide advisory services to the Remuneration Committee. Their services include advice in relation to meetings, the annual compensation round, market and regulatory insights, and broader stakeholder matters.

## Our performance this year

Regular evaluation can help boards and committees improve how they perform and how effective they are, as well as improve company performance.

It is within the remit of the Nomination Committee to evaluate the performance of the Board, its committees and the individual Directors on an annual basis, as set out in its terms of reference and in Principle 7 of the QCA Code. This year, the Nomination Committee appointed a specialist to conduct an external review of the effectiveness and performance of the Board and its committees and, in conjunction with the Company Secretariat, an internal skills assessment was carried out for each individual Director.

The results of the external evaluation and the internal skills assessment are discussed in the Nomination Committee report on pages 64-66.

# NOMINATION COMMITTEE REPORT



“  
Maintaining a consistent Board composition throughout FY24 has deepened the Board’s understanding of Peel Hunt’s business. ”

**The Committee oversaw the first external effectiveness review of the Board and its committees and was delighted that it confirmed the Board is functioning well and can effectively support and challenge senior management as they pursue Peel Hunt’s strategy.**

## Board composition and appointment of SID

Maintaining a consistent composition as we enter our third year as an AIM-listed company has given the Board as a whole time to deepen its understanding of Peel Hunt’s business. Individually, the Directors have a range of skills, experiences and backgrounds, which encourages diversity of thought, and the Committee is satisfied that the composition of the Board enables it to support and challenge senior management in leading the business.

During the year, the Committee appointed Maria Bentley as SID alongside her role as Chair of the Remuneration Committee. Maria has extensive listed company board and financial services experience and will serve both as a valuable sounding board for me and, if necessary, as an intermediary for the other Non-Executive Directors. By appointing a SID who participates in shareholder meetings, we also create another channel through which the Board can better understand shareholder views and ensure these are reflected in our decision-making.

## Succession planning

One of the Committee’s stated priorities for FY24 was to embed succession planning into our mindset across the Board, its committees and senior management. The Committee therefore worked with senior management throughout the year to ensure that succession planning was considered across the business, and oversaw some key changes to senior management.

### Membership and meeting attendance

Director	Attendance
Lucinda Riches	5/5
Maria Bentley	5/5
Liz Blythe	5/5
Richard Brearley	5/5
Darren Carter	5/5

### Roles and responsibilities

- Overseeing nominations and appointments of potential Directors to the Board and other boards within our Group
- Succession planning, reviewing overall composition and diversity of the Board
- Conducting an annual evaluation process of the Board, its committees and the Directors
- Overseeing Directors' training and development

The Nomination Committee's terms of reference can be found at [peelhunt.com](https://www.peelhunt.com).

### Key activities in FY24

- Overseeing the first external effectiveness review of the Board and the Board committees
- Annual skills assessment of the Directors and implementing training based on the results of the skills assessment
- Developing the succession planning programme for the Group
- Overseeing changes to senior management

### Changes to senior management

The Committee oversaw key senior management appointments during the year. Piya Khanna was appointed as Chief Technology Officer in October 2023 to replace Aaqib Mirza, who has joined RetailBook as CEO, and Mary Hitchings replaced Suzanne Clark as our Chief of Internal Audit in January 2024.

In addition to welcoming new senior managers, the Committee also oversaw important changes to existing senior management roles. Following Fatima Badini's decision to step down as HR Director in June 2024, management has created a new People, Communications & Marketing function that will be led by Rachelle Cornel supported by senior human resources personnel.

### Appointments to subsidiary boards

Throughout the year, the Committee was pleased to oversee appointments to the board of Peel Hunt LLP (as detailed above), as well as to the boards of Peel Hunt Inc., Peel Hunt Europe and RetailBook.

### Board and committee effectiveness

We addressed the areas for improvement that were identified in last year's committee effectiveness evaluation through the development of forward planners to coordinate the delivery of Board papers and track agenda items, and through changing the timing of committee meetings to better align with key events in the business calendar.

The Committee appointed a leading specialist to conduct the first external effectiveness review of the Board and its committees. This included a review of the interaction between the Board and the Executive Board.

The views of the Directors were captured through questionnaires and one-on-one interviews, and the reviewer attended Board and committee meetings. The external evaluation confirmed that the Board is functioning effectively, and that the Directors' collective skills and experience are appropriate to oversee Peel Hunt's pursuit of its strategy. Similarly, the evaluation concluded that the committees generally function well, and each committee chair is highly regarded.

### Nomination Committee report continued

The review suggested a greater focus on succession planning and more engagement between the Non-Executive Directors and employees as key areas for development. The Committee will work with the Board, senior management and the Company Secretariat to make these improvements. In addition, the review highlighted a number of improvements to the function of the Executive Board and its communication with the Board and these have been put in place.

#### Board skills assessment and training

Last year's skills assessment identified cyber risk and resilience and sustainability as areas in which the Board's skills could be further developed; therefore the Committee arranged training sessions with external specialists on these topics in FY24. The need for enhanced reporting to the Board by front office business heads was also identified and addressed through presentations to the Board throughout the year.

We ensured that the Board was kept apprised of relevant regulatory changes, including Consumer Duty, the proposed UK equity market reforms and the new QCA Code 2023. Work is ongoing to establish any actions needed to ensure Peel Hunt complies with the new QCA Code and the Board has discussed the changes with external advisers.

The skills assessment was undertaken again this year and, based on the results, the Committee is comfortable that the Board continues to have an appropriate balance of skills and the committees comprise Directors with relevant knowledge. The skills assessment results point to cyber and technology as themes for continued learning and development, particularly given their dynamic nature.

#### Terms of reference

The terms of reference for each committee were adopted on IPO and work was undertaken this year to ensure they remain fit for purpose. Minor amendments were required to reflect the improvements made to our processes during our two years as an AIM-listed company and to align terms across the committees. The updated terms of reference are available on our website at [peelhunt.com](https://www.peelhunt.com).

#### Renewal of terms and re-election of Directors

Each year all Directors must submit themselves for re-election at the Company's AGM in accordance with the Company's Articles of Association. This year the Committee also considered the continuing appointment of Liz Blythe, Richard Brearley, Darren Carter and myself for a second three-year term, as we each near the end of our initial three-year term. The Committee considered the results of the individual Director evaluations and of the external effectiveness review. The Committee is pleased to support the renewed appointment of Liz, Richard, Darren and myself for a second term and to support all Directors who are standing for re-election in FY24.

#### Priorities for FY25

The key focus areas for the Committee over the coming financial year include:

- Maintaining the focus on succession planning at Board, committee and senior management levels
- Continuing the Directors' learning and development, particularly in respect of cyber and technology
- Overseeing implementation of the recommendations of the external effectiveness review

**Lucinda Riches** Nomination Committee Chair

12 June 2024

# AUDIT COMMITTEE REPORT

**The Committee has maintained a collaborative relationship with other Board Committees, focusing on issues pertinent to the business, particularly operational risk management, systems and control enhancements and evaluating the impact of external factors on our operations.**



“  
I am pleased with the work undertaken to support the organisation as it continues to mature.”

## LETTER FROM THE CHAIR

The Committee has continued to closely monitor the reporting of the Group's financial performance in the continued challenging macroeconomic environment. In particular, the Committee monitored the integrity of the Group's reporting process, specifically by reviewing, challenging and recommending the interim and Annual Report and Accounts to the Board for approval.

A key focus of the Committee was to evaluate management's application of key accounting judgements and estimates to provide assurance regarding the accuracy of financial reporting. The Committee received regular updates from the Finance team on financial accounting, reporting and disclosure matters. These included accounting for investments in subsidiaries and associates, impairment conditions and assessments in relation to those investments and the accounting treatment of capitalised intangible assets held throughout the Group.

Internal Audit continues to play a vital role in supporting our business and independently providing assurance in key risk areas, such as the application of the FCA's Consumer Duty and cybersecurity. We have successfully delivered our internal audit programme for the year, substantially led by the outgoing Chief of Internal Audit, whom I would like to thank for her contribution over the last two and a half years.

We have appointed a new Chief of Internal Audit as of January 2024, who brings with her a large amount of assurance experience from her previous roles. She will continue to work closely with our co-source internal audit partner, Executive Directors, the Chief Risk Officer and the business heads to deliver the Internal Audit Plan for the coming year.

During the year we reviewed the Group's whistleblowing arrangements to ensure that they continue to meet regulatory requirements and any cases reported are handled effectively. The Committee oversaw any whistleblowing reports raised to ensure that all such concerns were investigated in accordance with our Whistleblowing Policy.

Our governance and risk management processes are vital for the business to deliver its growth plans and strategic objectives. Overall, I am pleased with the work undertaken during the year to ensure our systems of governance and control remain appropriate as the organisation continues to mature.

**Liz Blythe** Audit Committee Chair  
12 June 2024

Audit Committee report continued

COMMITTEE REPORT

**Membership and meeting attendance**

The Group Audit Committee (the Committee or Audit Committee) comprises entirely independent Non-Executive Directors.

The Committee meetings are regularly attended by the other Non-Executive Directors and senior managers, including the Board Chair, the CEO, CFOO, Chief Risk Officer, Chief of Internal Audit, Finance Director, Chief Corporate Officer & General Counsel and representatives from our external auditors and our co-source internal audit partner. The Committee meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Director	Attendance
Liz Blythe	8/9
Richard Brearley	9/9
Maria Bentley	9/9

**Roles and responsibilities**

- Providing independent oversight of, and challenge to, the integrity of the Group's annual and interim financial reporting processes and disclosures
- Providing assurance to the Board that the financial statements as a whole are fair, balanced and understandable, and provide the necessary information for stakeholders to assess the Group's financial performance
- Considering the impact of new and revised financial reporting standards and disclosure requirements
- Overseeing the performance and effectiveness of the external audit process, including agreeing the remuneration and terms of engagement of the external auditors, assessing their objectivity and independence and recommending their reappointment or removal
- Ensuring that the Internal Audit function performs against its approved annual plan, provides high quality reports, and audit review findings are actioned in a timely manner to remediate any identified deficiencies
- Assessing the effectiveness of the internal control environment
- Overseeing the whistleblowing process and ensuring that any concerns are independently investigated and resolved

The Audit Committee's terms of reference can be found at [peelhunt.com](http://peelhunt.com).

**Key activities in FY24**

- Review and challenge of the key accounting judgements and estimates, including the accounting for the Group's investments in subsidiaries and associates
- Continued development of the Group's financial reporting processes, particularly in relation to ESG reporting
- Appointment of a new Chief of Internal Audit to further enhance our internal audit programme

**Financial reporting**

A key responsibility of the Committee is to support the Board in assessing the integrity of Peel Hunt's financial reporting processes, including the interim reporting, the annual financial statements and any other formal announcements relating to the Group's financial performance.

As part of our ongoing responsibilities, this year we reviewed the Group's accounting policies, the presentation and disclosure of financial information, areas of significant audit risk and the appropriateness of key estimates and judgements used in the preparation of the financial statements.

The Committee received regular updates from the Finance team on significant financial accounting reporting and disclosure matters, including any potential new disclosures. Key accounting judgements reviewed by the Committee and recommended to the Board during the year included:

- Accounting for the Group's investment in subsidiaries and associate companies
- The value-in-use assessments carried out by our Finance team relating to the investments in subsidiaries and capitalised technology development costs held by the Group

- The approach taken to accounting for share-based payments and disclosures
- The robustness of trading book valuations

The Committee has given a heightened level of focus to the Client Asset Sourcebook (CASS), including overseeing the CASS audit of Peel Hunt LLP by our external auditors, due to its importance to the Group. Based on our review, we are satisfied that the business has appropriate controls and understanding relating to its CASS obligations.

The Committee has also overseen the review of the going concern assumption for both the interim reporting and annual financial statements and recommended its adoption to the Board. This involved the review of both internal and external factors, with a particular focus on the challenging macroeconomic environment. The Committee considered the potential impact on the projected profitability, liquidity, covenant and capital position of Peel Hunt, using forecast and stressed scenarios. The Committee concluded that the likelihood of any threat to the viability of Peel Hunt was low.

The Committee has continued to keep abreast of legislative changes during the year. While we have not been impacted by any significant changes this year, the Committee remains vigilant in monitoring developments to support appropriate, accurate and clear financial reporting. We have been kept informed of developments in the reforms proposed by the Department for Business and Trade (previously known as the 'BEIS reforms') and changes to the QCA Code. The Committee has also received updates on developments in ESG disclosures based on several prominent consultations. In particular, the Committee asked management to provide further details on the pipeline of ESG and climate-related disclosures over the next 12 to 24 months, including a plan for compliance with these upcoming disclosures where applicable to the Group. This will enable the Committee, along with the Group's ESG Committee, to consider management's preparedness and development of methodologies, tools and data solutions to satisfy external disclosure requirements and commitments. ESG reporting is rapidly evolving, with few globally consistent reporting standards and a high reliance on internal data. With guidance provided by our external auditors, the Committee is focused on developing its approach to this area in line with wider market developments.

The Committee has also reviewed the resourcing of our Finance team with respect to headcount, skillset and succession planning, and is comfortable with the current level of resources, which we believe remain appropriate for the organisation's needs.

### External audit

The Committee has continued to provide independent oversight of the external audit process to ensure the independence and effectiveness of our external auditors, PwC. The Committee reviewed the external audit approach, risk assessment, materiality thresholds and scope of the audit. Our auditors also highlighted any changes being made to their approach to enhance the quality and effectiveness of the audit.

The Audit Committee is satisfied that PwC has conducted an effective audit for FY24. The Committee has recommended to the Board that PwC be reappointed as auditors at the 2024 AGM and PwC has agreed to offer itself for reappointment as auditors of the Group. A resolution requesting approval of this reappointment and to authorise the Directors to determine the remuneration for the external auditors will be proposed at the AGM, scheduled for 4 July 2024.

During the year, the Audit Committee received updates from PwC regarding the audit, and reviewed and recommended approval of:

- The continued engagement of the external auditor to perform non-audit services including the CASS audit and in relation to the Group's bank loan covenant reporting, as well as services provided by PwC Denmark
- The terms of engagement and fees for the external auditors for the next year

## Reports from our Board committees

### Audit Committee report continued

#### Internal Audit

Internal Audit continues to be instrumental in reinforcing the importance of key controls across the business, building on the strong foundation established by our outgoing Chief of Internal Audit. We have appointed a new Chief of Internal Audit as of January 2024, who brings a wealth of experience to the team and will continue to work alongside our co-source internal audit team.

During the year the Committee has reviewed the internal audit charter and annual plan, as well as received the results from the audit reports. The internal audit function has conducted several key audits, including:

- Assessment of the control framework to manage liquidity risks
- Review of our adherence to the FCA's Consumer Duty
- Review of the integration of cybersecurity measures within our cloud infrastructure
- Assessment of the adequacy and the effectiveness of data governance controls

An area of focus during the year has been liquidity risk management, including bank loan covenant compliance, which is of critical importance. Our Finance, Operations and Risk teams have continued to work closely to ensure that we are confident in our liquidity risk management controls.

The Group is committed to upholding good standards of governance and control, supporting Peel Hunt's strategic objectives and safeguarding the interests of our stakeholders. Internal Audit will continue to focus on the delivery of high-quality internal audits that add value to business operations and support the organisation's ambitions.

#### Oversight of whistleblowing arrangements

In line with our regulatory obligations, the Committee has overseen the adequacy of whistleblowing arrangements, reviewing our policies and processes to ensure they support a culture where concerns can be raised and addressed appropriately.

#### Evaluating Committee effectiveness

This year, the external effectiveness review included a review of the Committee's performance, which concluded that the Committee was effective and well run. The reviewer made suggestions for minor changes to further enhance performance, which we will work on during FY25.

#### Priorities for FY25

Looking ahead to FY25, aside from the areas we have highlighted in this report, we will also focus on:

- Monitoring compliance and the introduction of new processes, and disclosures as appropriate, to comply with the updates to the QCA Code
- Overseeing the Group's preparedness to comply with IFRS Sustainability Disclosure Standards S1 and S2
- Overseeing the delivery of the Internal Audit FY25 Plan, which includes focused reviews on electronic trading, funding changes, Group-wide operational resilience and anti-money laundering
- Reviewing and monitoring implementation any changes required to comply with new standards released by the Institute of Internal Auditors in January 2024, effective January 2025

# RISK COMMITTEE REPORT

**The Risk Committee has continued to support the business in its approach to risk, enhancing sound risk management practices throughout the year in the face of external uncertainty. A particular focus has been providing oversight for the opening of our new office in Copenhagen, which became operational in January 2024.**



“  
I’m proud of how risk has been further embedded in the business, supporting progress towards strategic objectives.”

## LETTER FROM THE CHAIR

This year has been about continuing to build on our solid financial footing and well-established risk processes to support our strategic priorities.

The opening of our Copenhagen office and expansion of our low-touch trading offering have all involved significant input from the Risk Committee. This has included receiving updates on the operational preparedness and regulatory compliance in Copenhagen, and review of trading controls and limits in our trading franchise.

As a Committee, part of our role is to provide oversight to these initiatives, ensuring we remain true to our values, maintain appropriate conduct, and embed sound risk management practices as the business moves forward. In addition, ensuring we continue to be aware of and respond to key regulatory initiatives remains strategically and operationally important.

We have also continued work to incorporate key aspects of ESG-related factors, particularly relating to environmental sustainability, into our approach to business, seeking to ensure that our clients, suppliers, third parties and external stakeholders with whom we work meet appropriate ESG-related standards. As I am also the ESG Committee Chair, this is something which is particularly important to me and is part of our ongoing effort to ensure we take a holistic and aligned view on business.

We remain fully aware of the external business, economic and political environment and the ongoing challenge this places upon our industry. But we continue to demonstrate our prudence, vigilance, experience and resilience in our response. I believe that this is what has allowed us to make progress on strategic objectives and will continue to allow us to do so in the future.

**Richard Brearley** Risk Committee Chair  
12 June 2024

Risk Committee report continued

COMMITTEE REPORT

**Membership and meeting attendance**

The Group Risk Committee (the Committee or Risk Committee) comprises entirely Non-Executive Directors. The Committee regularly invites the other Non-Executive Directors, the CEO, CFOO, Chief Corporate Officer & General Counsel, Chief Risk Officer, the Head of Group Compliance and the Chief of Internal Audit to attend. Other senior managers from across the business also attend when required. The Committee meets at least four times a year at appropriate times and otherwise as required.

Director	Attendance
Richard Brearley	5/5
Maria Bentley	5/5
Liz Blythe	5/5

**Roles and responsibilities**

- Implementing and overseeing the Board-approved risk appetite
- Reviewing and recommending the risk management framework
- Reviewing and challenging risk management information
- Overseeing and advising on the embedding and maintenance of a positive risk management culture
- Advising the Board on risks relating to strategic decisions and transactions
- Considering the current and future macroeconomic, political and regulatory environment, and other potential emerging risks
- Overseeing the remit of the Risk and Compliance functions to ensure they are sufficiently empowered and adequately resourced to perform their role as second-line oversight

The Risk Committee's terms of reference can be found at [peelhunt.com](https://www.peelhunt.com).

**Key activities in FY24**

- Maintaining our prudent approach to financial risks
- Implementation of the FCA's Consumer Duty
- Oversight of strategic developments, including our Copenhagen Office
- Enhancements to our risk framework and processes

**Financial prudence**

This year, as we saw several smaller peer firms struggle with the business environment, we maintained our conservative approach to prudential risk, specifically capital and liquidity risk. Our continued development of thinking and sophistication relating to the ICARA process within Peel Hunt LLP has helped ensure our balance sheet remains robust, alongside careful management of liquidity and market risk positions. This, combined with a focus on costs Group-wide, means we should remain well positioned to withstand any unexpected external market events.

**Adapting to regulatory change**

The regulatory change agenda continues, with the implementation of the FCA's Consumer Duty in the UK. While direct application to the Group is limited, given our small retail client footprint, this regulation fully aligns with our values, and we have worked hard to ensure our retail-facing services comply with Consumer Duty. Along with the wider financial services industry, we will continue work to monitor Consumer Duty within Peel Hunt LLP, receiving regular reports and ensuring that it is fully embedded throughout the business. Looking forward, resilience remains a key theme as the Group works to adapt to the EU Digital Operational Resilience Act (DORA), which aims to improve the resilience of EU financial institutions against information technology incidents. This is an area which will require ongoing oversight ahead of regulatory implementation in January 2025.

## Oversight of strategic developments

The Committee oversaw the launch of our Copenhagen office, which allows the Group to access EU investors and clients in a post-Brexit environment. In addition to establishing the requisite governance, policy and process changes, this also saw the addition of a dedicated Chief Risk and Compliance Officer in Denmark, who brings her extensive Danish and EU-wide legal and compliance experience to the Copenhagen team. We also reviewed and approved a revised Group Risk Framework to support our expanded geographic scope. In addition, we oversaw the enhancement of risk controls as the Group expands its low-touch trading offering, ensuring we continue with the same prudent approach that has served us well over the years.

## Risk oversight and enhancements

As part of our agenda, the Committee reviewed a number of key policies, including those related to financial risks, fraud, conduct, procurement, financial crime, conflicts of interest, and communication and recording, an exercise which gave further confidence in the risk infrastructure we have in place. We also undertook a comprehensive review and approval of our Group Risk Framework and appetite statements to ensure these remain supportive of our growth. We also began the implementation of new technology solutions to increase accessibility and efficiency of our risk processes. These enhancements will continue, ensuring our framework promotes a sound understanding and ownership of risk and supports business growth.

## Committee effectiveness

This year, the external effectiveness review included a review of the Committee's performance, which concluded that the Committee was effective and well run. The reviewer recommended that the Audit and Risk Committees agree a plan to monitor future ESG reporting requirements so we will support those committees as necessary during FY25.

## Priorities for FY25

- Oversee the prudent management of financial risks
- Monitor the embedding of Consumer Duty processes
- Support the further development of Group-wide operational and digital resilience
- Ensure the business remains diligent and adaptable to developing cyber risks

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

Last year was about laying foundations and setting targets for our sustainability programme. This year has been about putting our principles into practice across the business in support of those targets – with a key milestone being the publication of our Carbon Reduction Plan in December 2023.

## LETTER FROM THE CHAIR

The Committee supports the management team in developing an effective sustainability programme and monitors progress, particularly against Peel Hunt’s gender diversity and carbon reduction targets.

I’m pleased to say that the Peel Hunt team – both the management team and the employee-led forums – have continued to make good progress in embedding our sustainability priorities this year in support of those targets, most notably in developing the [Carbon Reduction Plan](#), which the Board approved for publication in December. Developing that plan – which sets out how we will achieve our carbon targets – was a detailed piece of work, involving a number of people across the business, and was supported by third-party experts. The next stage, which we’ll be overseeing in the coming year, is the team’s work to refine our carbon emissions data and consideration of whether to make a submission to the Science Based Targets initiative for validation.

We are also working to ensure the business is ready to respond to new sustainability reporting standards when they become a requirement in the UK. While we are unlikely to be required to report against EU standards, the UK is expected to endorse the IFRS Sustainability Disclosure Standards, S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and S2 (Climate-related Disclosures) in the next couple of years. While the extent of the requirements for companies like Peel Hunt is not yet clear, it is likely that we will need to report against them in some form. We are also closely monitoring the FCA’s consultation on diversity and inclusion.

### Our four focus areas

- Diversity, equity and inclusion
- Carbon reduction
- Governance and integrity
- Building our ESG capabilities and products

### Our targets

- Women will represent at least 40% of all employees by 2035
- We will become carbon neutral by 2025 and reach net zero by 2040

I know that I speak not just for the Committee but for the whole Board in saying we are very supportive of the principles behind these evolving standards; we believe that companies should take account of the impact of environmental, social and governance issues. But we also believe that reporting requirements should be proportionate to a company’s size and the nature of its operations, and we continue to add our voice to the debate in support of the right regulatory framework for the UK.

As discussed throughout this Annual Report, markets have continued to be very challenging this year, so as a Committee we were therefore particularly pleased that, in the face of many competing demands, Peel Hunt has continued to make good progress with its sustainability agenda.

**Richard Brearley** ESG Committee Chair  
12 June 2024

## COMMITTEE REPORT

### Membership and meeting attendance

The Group ESG Committee (the Committee or ESG Committee) comprises Executive and Non-Executive Directors, and regularly invites the HR Director, members of the management-level ESG Working Group and the Chairs of our Sustainability Forum and Diversity, Equity and Inclusion (DEI) Forum. The Committee meets at least four times a year and otherwise as required.

Director	Attendance
Richard Brearley	4/4
Maria Bentley	4/4
Steven Fine	4/4
Sunil Dhall	4/4

### Roles and responsibilities

The primary purpose of the Committee is to ensure that Peel Hunt has:

- The right overall approach to sustainability commitments and targets
- Appropriate policies to meet its sustainability priorities and legal and regulatory requirements
- Effective reporting in relation to the implementation of the policies
- Sustainability objectives relevant for the business
- Timelines to meet such objectives, which can, where appropriate, be reported on internally and externally

The ESG Committee's terms of reference can be found at [peelhunt.com](http://peelhunt.com).

### Key activities in FY24

- Review and approval of Peel Hunt's first Carbon Reduction Plan
- Review and approval of a Diversity, Equity and Inclusion Policy
- Ongoing monitoring of activities relating to our gender diversity and carbon reduction targets

### Embedding our sustainability agenda in support of our targets

During the year, the Committee continued to engage with the management team as it worked to embed the sustainability agenda across the business. At each meeting, and between meetings as necessary, we have acted as a sounding board, encouraging and challenging the team to make sure initiatives are structured in the right way.

As in previous years, Peel Hunt employees have led on the sustainability issues that matter to them, notably diversity and inclusion and the climate agenda, through the Sustainability Forum and Diversity, Equity and Inclusion Forum. The Social, Environmental, Ethical and Reputational (SEER) Committee screens corporate clients against sustainability criteria and ensures that we continue to work with clients who align with Peel Hunt's values. The Committee's role, through working with those groups, has been to help Peel Hunt formalise its approach, including last year's important work of setting initial targets for gender diversity and carbon reduction so that we can measure progress effectively.

We have not seen a significant movement in the target-related numbers in this first year. The Peel Hunt team has been focusing on developing the initiatives that will lead to progress, in particular the work to create a robust Carbon Reduction Plan, which was approved by the Board and published in December 2023. The plan identified two key areas for action – business travel and commuting, and buildings – while also noting the importance of an overall mindset of focusing on climate and carbon emissions. Travel is essential, since face-to-face meetings are crucial for building the relationships on which the success of the business is based. So, as a Committee, we have asked the management team to look particularly at initiatives here, now that travel has returned to pre-Covid levels with a corresponding increase in emissions. This will, of course, be reviewed through the lens of the current macroeconomic environment and cost pressures.

Turning to diversity, we were pleased to note the new HR initiatives that will help Peel Hunt towards our target, such as the new recruitment system that includes key diversity

## Reports from our Board committees

### Environmental, Social and Governance Committee report continued

questions, and the Company's first Diversity, Equity and Inclusion Policy, approved by the Committee in March 2024. We were also pleased to see how the Peel Hunt team is going beyond the gender target to look at other aspects of diversity through the work to gather a much broader set of diversity statistics. A key role for the Committee this year has been to review this data to understand both the make-up of our employee base and the trends behind the numbers, with a view to broadening our aims for diversity in the future.

Alongside the Remuneration Committee, we also began to look at the potential for evolving incentive and reward structures in support of our sustainability targets; this work is ongoing in consultation with external advisers.

#### Developing a more robust governance structure

Embedding a sustainability agenda is about more than creating initiatives: it requires the principles behind the initiatives to become part of day-to-day operations. This year, a key role for the Committee was therefore to review the governance structure for sustainability, including reviewing how the SEER Committee operates, and in doing so we recommended a more formal relationship between that committee and Peel Hunt's risk function. The Committee noted that a framework existed to ensure that ESG matters are considered across all business areas. This will help in related issues being properly incorporated as part of the Company's risk assessments, and therefore become increasingly 'business as usual'.

We were also pleased to note the work the team has started in looking at procurement processes and how they may become more inclusive of ESG priorities. Ultimately, Peel Hunt aims to ensure that our principles are embedded in our indirect impacts as well as our direct ones, through working with suppliers that align with our ESG priorities.

The importance of indirect impacts was highlighted through a forum discussion led by an external ESG investor who gave an overview of the value of factoring the impact of ESG issues into investment decisions and the overall investment portfolio.

#### Monitoring the evolving regulatory landscape

The consideration of ESG issues in investment decisions is behind much of the evolving regulatory landscape, particularly the IFRS International Sustainability Standards Board's development of its first set of global standards published in the summer of 2023, IFRS S1 on general disclosure principles, and IFRS S2 on climate. While the timing and precise nature of their implementation in the UK remains uncertain, the government has indicated that they will be endorsed in some form, and it is likely that this will happen in the next few years.

We have therefore begun working closely with the Audit Committee and with the management team to ensure Peel Hunt is properly prepared for these changes. We are also closely monitoring the FCA's consultation on proposals to develop a new regulatory framework on diversity and inclusion in the financial services sector, and will again ensure that Peel Hunt has the right structures and policies in place to align with this framework in due course.

#### Committee effectiveness

This year, the external effectiveness review included a review of the Committee's performance, which concluded that the Committee was effective and well run. The reviewer recommended that the Audit and Risk Committees agree a plan to monitor future ESG reporting requirements and we will work with the Audit Committee to ensure that this is actioned.

#### Priorities for FY25

Alongside our ongoing oversight of progress against targets, in FY25, the Committee will:

- Ensure Peel Hunt is clear on future ESG reporting requirements
- Support the management team in broadening the reach of our diversity targets beyond gender
- Explore approaches to ESG products and capabilities, as well as our governance reporting
- Oversee the work to prepare Peel Hunt's carbon reduction targets to be validated by the Science Based Targets initiative

# REMUNERATION COMMITTEE REPORT

**A key focus for the Remuneration Committee this year, as with FY23, has been to ensure we are mindful of balancing financial prudence and fairness to our people in a challenging market environment. Within this context, the Remuneration Committee has continued to support the Group in working to attract and retain key talent, and helping the business achieve its strategic aims.**



“  
We have worked to support the long-term success of the business, while being mindful of the balance between cost discipline and incentivising our employees.”

## LETTER FROM THE CHAIR

At Peel Hunt, our people are our most valuable asset. Delivering on our strategy depends on attracting and retaining an engaged workforce that has the right skills and behaviours to make a valuable contribution to our clients and the growth of the business. We apply the key principles of our remuneration philosophy consistently across the Group, taking into account the role, regulatory requirements and market practice.

The Committee's main objective this year involved striking a balance between retaining our workforce in the face of a competitive talent landscape, whilst upholding cost discipline amidst continued challenging market conditions.

As an AIM-quoted company incorporated in Guernsey, Peel Hunt is not subject to the remuneration reporting regulations of Main Market UK companies, and therefore provides this Remuneration Committee report on a voluntary basis.

## FY24 performance and variable compensation outcome

During the year, the business has made good progress on the strategic objectives which will underpin longer-term success. The Group delivered revenue of £85.8m for FY24, an increase of 4.3% compared with FY23, despite equity markets remaining challenging. However, cost pressures from inflation, higher staff costs and higher interest costs meant the Group reported a loss of £(3.3)m for FY24, broadly in line with market expectations. As a result, the Committee did not award a bonus to Executive Directors in respect of FY24.

However, the Committee feels strongly that the long-term interests of our Executive Directors and our employees should be aligned with those of our shareholders. As a result, and as in previous years, a number of employees have been granted share awards that are linked to the long-term sustainable performance of the Group.

### Remuneration Committee report continued

In addition, this year the Committee has also incentivised Executive Directors to deliver long-term sustainable performance through the grant of performance share awards in FY25, which is the first time Executive Directors have received any long-term incentive. The Directors' Remuneration Policy provides that performance share awards may be granted to the CEO and CFOO at up to 300% of salary and 175% of salary respectively in respect of a financial year. The Committee considers that, in light of financial performance and in order to prudently manage future expenditure, an award level of 50% of the maximum opportunity is appropriate. This results in a grant of 150% of salary for the CEO and 87.5% of salary for the CFOO. The awards will vest at the end of the three-year performance period (subject to a six-month holding period) and the amount of shares that vest will be subject to cumulative EPS targets measured over the three financial years ending 31 March 2027.

Vesting of share awards will also be subject to performance conditions based on conduct, risk management, ESG and capital base.

#### Fixed compensation considerations

The Committee has taken into account a number of factors when approving the overall fixed compensation changes for the broader workforce for FY25. These include the rising cost of living, wage inflation, retention of key staff, and the extremely competitive landscape for talented staff. The Committee has balanced these factors with the need to maintain cost discipline.

Executive Directors did not receive a salary increase and Non-Executive Directors did not receive a fee increase in respect of FY25.

#### Application of Policy for FY25

An overview of the intended application of the Remuneration Policy for Executive Directors for FY25 is set out on pages 80-81. In particular:

- There will be no salary increase for the Executive Directors for FY25
- The Executive Directors will be eligible to participate in the FY25 discretionary bonus pool
- The Executive Directors will be granted performance share awards equal to 150% of salary for the CEO and 87.5% of salary for the CFOO, representing 50% of the maximum opportunity as set out in the Directors' Remuneration Policy

#### Fit for the future

The Committee believes that the remuneration framework is well structured to promote Peel Hunt's long-term success and incorporates good governance, including through the consideration of key conduct, control and culture inputs to remuneration decision-making. We will continue to provide clear and transparent reporting on executive remuneration, taking into account market practice. I very much look forward to continuing to work closely with the Committee, the Board and executive management to implement our remuneration plans to support the evolving business.

**Maria Bentley** Remuneration Committee Chair  
12 June 2024

## COMMITTEE REPORT

### Membership and meeting attendance

The Remuneration Committee comprises entirely Non-Executive Directors. The Committee regularly invites HR and our remuneration advisors to attend meetings. Other Board members also regularly attend as guests, including the CEO and CFOO who recuse themselves from the discussion when appropriate. The Committee meets at least four times a year and otherwise as required.

Director	Attendance
<b>Maria Bentley</b>	8/8
<b>Liz Blythe</b>	7/8
<b>Richard Brearley</b>	8/8

### Roles and responsibilities

The purpose of the Remuneration Committee is to consider and agree a remuneration policy and remuneration strategy for all employees, including Executive Directors and senior executives, ensuring alignment to the Company's business objectives, values, risk appetite, regulatory compliance and its long-term sustainable success recognising the interest of all relevant stakeholders.

The key responsibilities of the Committee include determining and monitoring the remuneration policy and its implementation, reviewing the terms of service of executives and the broader employment terms and conditions of the workforce, as well as fulfilling reporting and disclosure obligations. In order to fulfil its responsibilities, the Committee receives input from the control functions, namely Risk and Audit, as well as from the Board Risk Committee on relevant matters.

The full responsibilities of the Remuneration Committee are outlined in the Terms of Reference, which are available on Peel Hunt's website [peelhunt.com/investors](https://www.peelhunt.com/investors).

An overview of our governance and where the Committee sits within that framework can be found on page 55.

### Committee effectiveness

This year, the external effectiveness review included a review of the Committee's performance, which concluded that the Committee was effective and well run. Following the review, the Committee will continue to work with management to develop the Group's strategies and plans to attract and retain key talent.

Remuneration Committee report continued

**Summary of Remuneration Policy and its implementation for FY25**

Set out below is a summary of the key elements of the Remuneration Policy for Executive Directors and how the Policy is intended to be implemented in FY25. The full Remuneration Policy for Directors is available in our FY23 Remuneration Committee report.

When considering salary increases and incentives for our executives, the Committee has been mindful of both the wider employee experience and fairness principles.

Component	Key features	Implementation for FY25
<p><b>Base salary</b></p> <p>To attract and retain top-tier talent, to deliver on the Group's strategic priorities and to motivate high calibre executives</p>	<p>Usually reviewed annually taking into account factors including:</p> <ul style="list-style-type: none"> <li>• individual's role, experience and capabilities</li> <li>• competitor salary levels and market forces</li> <li>• pay and conditions elsewhere in the Group</li> </ul>	<p>No salary increases have been awarded to the Executive Directors in respect of FY25, in line with FY24.</p> <p>Base salaries for Executive Directors since IPO have remained at £450,000 and £300,000 for the CEO and CFOO respectively.</p>
<p><b>Benefits</b></p> <p>To provide market competitive benefits as part of the total remuneration package</p>	<p>Benefits include private medical cover, Group income protection, critical illness, and death in service. This is aligned with benefits provision for the wider workforce.</p> <p>In certain circumstances, the Remuneration Committee may approve one-off or ongoing allowances/benefits, relating to the relocation of an Executive Director to perform their role.</p>	<p>In line with benefits provided in FY24.</p>
<p><b>Pension</b></p> <p>To provide an appropriate level of retirement benefit</p>	<p>Participation in Peel Hunt's defined contribution pension scheme or cash payments in lieu of contributions.</p> <p>Executive Directors will receive a cash payment in lieu of pension contributions equal to £8,750.</p>	<p>Executive Directors are entitled to a pension allowance equal to 10% of salary, up to a maximum of £10,000 in pension contributions or £8,750 in cash per annum. This is aligned with the level available to employees throughout Peel Hunt.</p>

Component	Key features	Implementation for FY25
<p><b>Annual bonus</b></p> <p>Incentive linked to the achievement of financial performance and strategic goals for the current year</p>	<p>Executive Directors are eligible to participate in a discretionary Group bonus pool.</p> <p>When determining the bonus pool, the Remuneration Committee considers the Group's overall compensation ratio, to ensure it considers the agreed parameters and market practice.</p> <p>In line with the IFPR requirements, the Remuneration Committee has determined a maximum fixed to variable remuneration ratio for the Executive Directors. In the circumstances where an individual bonus award is made, the Remuneration Committee would consider the balance of fixed and variable remuneration and ensures it complies with this ratio.</p> <p>Annual bonus awards are delivered in cash and deferred shares, taking into account IFPR requirements:</p> <ul style="list-style-type: none"> <li>• A minimum of 40% of the award is paid as cash following the end of the performance year</li> <li>• The remainder of the amount awarded is deferred into share awards, which vest in equal tranches for up to three years (subject to continued employment). A six-month holding period applies to vested awards following the end of the deferral period.</li> </ul>	<p>The Executive Directors will be eligible to participate in the FY25 discretionary bonus pool.</p>
<p><b>Long-term incentive plan</b></p> <p>To incentivise Executive Directors to deliver long-term sustainable performance and provide direct alignment with shareholder interests</p>	<p>Executive Directors are eligible to receive performance share awards at the discretion of the Remuneration Committee.</p> <p>Maximum opportunity of up to 300% of salary for the CEO and 175% of salary for the CFOO may be awarded in respect of any financial year.</p> <p>Awards are subject to performance measures and continued employment over a three-year period.</p> <p>A six-month holding period applies to vested awards following the end of the performance period.</p> <p>The Remuneration Committee may reduce the vesting outcome if it considers that performance conditions based on conduct, risk management, ESG and capital base have not been achieved.</p>	<p>The Executives will be granted performance share awards equal to 150% of salary for the CEO and 87.5% of salary for the CFOO; this represents 50% of the maximum opportunity. The awards will be subject to cumulative EPS targets measured over the three financial years ending 31 March 2027.</p> <p>Awards will be subject to malus and clawback.</p>
<p><b>Shareholding requirement</b></p> <p>To further align the Executive Directors' long-term interests with shareholders</p>	<p>Executive Directors are required to build up and maintain a shareholding in the Company equivalent to 200% of annual salary, normally within five years of appointment.</p>	<p>As at 31 March 2024, both Executive Directors have exceeded the shareholding requirement. The interests of the Executive Directors are provided on page 82.</p>

## Reports from our Board committees

### Remuneration Committee report continued

#### Executive Director remuneration for the year

The following table sets out the elements of remuneration received by each Executive Director in respect of FY24 as well as the total remuneration received by each Executive Director in respect of both FY23 and FY24.

	Salary £000	Benefits £000	Pension £000	Annual bonus £000	Total remuneration (FY24) £000	Total remuneration (FY23) £000
<b>Steven Fine</b>	450	6	9	–	466	463
<b>Sunil Dhall</b>	300	7	9	–	315	313

#### Non-Executive Director remuneration in respect of FY24

The following table sets out the elements of remuneration received by each Non-Executive Director in respect of FY24, and total remuneration received by each Non-Executive Director in respect of FY23 and FY24.

	Fees £000	Total remuneration (FY24) £000	Total remuneration (FY23) £000
<b>Liz Blythe<sup>1</sup></b>	70	70	74
<b>Richard Brearley</b>	80	80	80
<b>Darren Carter</b>	60	60	60
<b>Lucinda Riches<sup>2</sup></b>	175	175	155
<b>Maria Bentley<sup>3</sup></b>	79	79	66

1 Liz Blythe ceased being Remuneration Committee Chair in FY23, therefore had fees relating to that role apportioned in that year.

2 Lucinda Riches was appointed Chair in FY23 and therefore had fees apportioned for that year. Lucinda was Chair for the whole of FY24.

3 Maria Bentley was appointed Remuneration Committee Chair in FY23, and had fees relating to that role apportioned in that year. Maria was appointed as SID in FY24.

Fee levels for Non-Executive Directors were reviewed and agreed at the time of our IPO in September 2021 and they have not been revised since.

	£000
Non-Executive Chair	175
Senior Independent Director	10
Non-Executive Director basic fee	60
Fee for chairing the Audit, ESG, Remuneration and Risk Committees	10

#### Directors' share interests

The interests of our Executive and Non-Executive Directors, and their connected persons in the Company's ordinary shares as at 31 March 2024, were:

	Shares held
<b>Executive Directors</b>	
<b>Steven Fine</b>	5,577,351
<b>Sunil Dhall</b>	2,243,362
<b>Non-Executive Directors</b>	
<b>Liz Blythe</b>	4,385
<b>Richard Brearley<sup>1</sup></b>	30,000
<b>Darren Carter</b>	10,189,585
<b>Lucinda Riches</b>	21,929
<b>Maria Bentley</b>	21,104

1 Held by Richard Brearley's spouse.

As at 10 June 2024, the Company has not been advised of any changes to the interests of the Directors and their connected persons in the table above.

#### Payments made to former directors and payments for loss of office during FY24

There were no payments made to former directors and no payments made for loss of office during FY24.

#### Approval

This Report was approved by the Board and signed on its behalf by:

**Maria Bentley**  
Remuneration Committee Chair  
12 June 2024

# DIRECTORS' REPORT

**The Directors present their report on the affairs of the Group. They also present the Company's financial statements and the audited consolidated financial statements of the Group, and the associated independent auditors' report, for the year ended 31 March 2024.**

## Our corporate governance statement

The Company's securities are admitted to trading on AIM. The Company is incorporated and registered in Guernsey, but domiciled in the UK. The Board has adopted the QCA Code as its recognised code of corporate governance. Further information on how we are governed can be found from page 54. The principal activities of the Company and the other members of the Group can be found on page 2 of the strategic report. Where disclosures that would ordinarily form part of the Directors' report have been made elsewhere in this Annual Report, we have included signposts to where that information can be found.

## Parent company

The Company acts as a holding company. Details of its subsidiaries are shown in Note 23 to the consolidated financial statements. The financial statements for the Group and the Company have been prepared according to International Accounting Standards complying with The Companies (Guernsey) Law, 2008.

## Dividends

Taking into account the financial results for FY24, the Board is not proposing a dividend for the year.

## Our Directors

Name	Role	Appointment date
Lucinda Riches	Chair	3 September 2021
Steven Fine	CEO	12 December 2018
Sunil Dhall	CFOO	12 December 2018
Maria Bentley	Independent Non-Executive Director	4 April 2022
Liz Blythe	Independent Non-Executive Director	3 September 2021
Richard Brearley	Independent Non-Executive Director	3 September 2021
Darren Carter	Non-Executive Director	12 December 2018

Appointment date indicates the date on which the Director was appointed to the Board of Peel Hunt Limited.

### Going concern

The Directors have a reasonable expectation that the Company and the Group will have adequate resources to continue to operate for the foreseeable future. They have therefore adopted the going concern basis to prepare the financial statements presented in this Annual Report. The full process undertaken by the Directors in the going concern assessment is outlined in Note 2.4 of the consolidated financial statements.

### Post balance sheet events

You can find details of any post balance sheet events in Note 28 to the consolidated financial statements.

### Engaging with shareholders

After announcing the Group's preliminary and interim results, the CEO and CFOO have meetings with shareholders and analysts to talk about our strategy and results. Shareholders can also attend the AGM, at which all the Directors are available to answer questions. Our website provides electronic versions of the latest Annual Report and Accounts and our interim results, along with share price and other relevant information. You can find this information at [peelhunt.com](http://peelhunt.com).

### Employment practices

Our employment practices are based on a commitment to provide equal opportunity, from the selection and recruitment process through to training, development, appraisal and promotion. We provide our people with information about things that matter to them. This includes:

- Regular email communications relating to subjects such as staffing changes, past or upcoming client events, progress on strategic initiatives and publications
- Monthly updates on the performance of the business
- Quarterly Company updates that include a refresher on key Risk and Compliance policies
- 'Lunch and learn' sessions – voluntary training sessions delivered by internal and external speakers that are designed to educate our people on the work of some of our business areas or to provide an overview of issues that are topical to our business

We also have well-established intranet pages that are full of information and resources, including an overview of each of our business areas, our employment and risk and compliance policies, and information on Company events. We encourage involvement by our people so that we can consider their views when making decisions likely to affect their interests.

Peel Hunt is accredited as a Disability Confident Employer by the Department for Work and Pensions. We are committed to supporting a positive culture in relation to disability, providing reasonable adjustments and interviewing disabled candidates who fit the minimum role criteria. We make appropriate arrangements for any disabled candidates at assessment stage, and for the continued employment, training and career development of disabled persons employed by the Group, including making reasonable adjustments where required. If any of our people became disabled, every effort would be made to ensure their continued employment with the business.

We have implemented share plans for our people. We have an established Employee Benefit Trust, the Peel Hunt Share Trust (EBT). The EBT is a discretionary trust for the benefit of employees. It buys Peel Hunt shares that will be used to satisfy awards under the Group's share plans. More details of the Group's share plans can be found in the Remuneration Committee report on pages 77-81.

### Engaging with employees

You can find more information about how the Directors engage with our people in the strategic report from page 29 and in the governance report from page 59.

### Change of control

In the event of a change in control, Directors' and employees' employment contracts do not normally provide compensation for loss of office or employment. However, the Company's share plans may allow for options and awards granted to vest when there is a change of control. Any such vesting would be determined by the Remuneration Committee at the time of the event, in accordance with the plan rules.

## Political and charitable donations

During the year, the Group made no political donations. Charitable donations for FY24 totalled £57,403, split between 17 recipients (FY23: £50,345 donated, split between 15 recipients).

## Engaging with suppliers and customers

You can find information about how our Directors have fostered relationships with our suppliers and customers in the governance report on pages 59-60.

## Energy and carbon emissions

You can find information about disclosures from page 31 in the strategic report.

## Indemnities and insurance

We maintain Directors' and officers' liability insurance for all Directors and officers of the Group, which gives appropriate cover for legal proceedings brought against them. As far as the law allows, and according to the Company's Articles of Association, we indemnify our Directors for any loss, liability or expense they incur in relation to the Company or its associated companies. The indemnity was in force during the year and up to the date we approved the financial statements.

## Share capital and share premium

The Company has one class of shares in issue: ordinary shares of no-par value (ordinary shares). The total number of ordinary shares in issue is 122,807,085, with each ordinary share carrying the right to one vote. The total number of voting rights in the Company is 122,807,085 ordinary shares. You can find more information about the Company's share capital in Note 19 to the consolidated financial statements.

## Financial instruments

You can find details of our financial risk management objectives and policies, and risk exposures, from page 115 in the financial statements.

## Directors' conflicts of interest

We have procedures in place for managing conflicts of interest. Should a Director become aware that they, or a party connected to them, has an interest in an existing or proposed transaction with the Company or may find themselves in a situation which may conflict with the interests of the Company, they are required to notify the Board.

Internal controls are in place to make sure that any related-party transactions involving Directors, or a party connected to them, are conducted at arm's length. Directors have a continuing duty to keep the Company up-to-date as regards conflicts of interest relating to them and those connected to them.

## Directors and their interests

In the table on page 86, you can find a list of the Directors' interests in the Company's ordinary shares of no-par value as at 31 March 2024. There have been no changes in the serving Directors' interests in ordinary shares, or options over ordinary shares, from 31 March 2024 to 10 June 2024.

## Substantial shareholders

In line with the FCA's Disclosure Guidance and Transparency Rule DTR5, any relevant shareholding information that major shareholders give us is published through a regulatory information service provider and made available at [peelhunt.com](https://www.peelhunt.com).

We have received the information shown in the table on page 86 from holders of notifiable interests in the Company's issued share capital. This is in line with DTR5 and is up-to-date as at 31 March 2024. The lowest threshold is 3% of the Company's voting rights. Holders are not required to let us know of any change until this, or the next applicable threshold, is reached or crossed.

The Company was notified that on 26 April 2024 the Peel Hunt Employee Benefit Trust's shareholding reached 6,142,892 ordinary shares equating to 5.0021% of the issued share capital. The Company has not been notified of any change to its substantial shareholders from 27 April 2024 to 10 June 2024.

## Purchase of shares

The EBT is funded by the Group and has the power to acquire ordinary shares from the Group or in the open market to meet the Group's future obligations under these plans.

The EBT is a discretionary trust for the benefit of employees. In last year's Annual Report the Company refreshed a recommendation (the Recommendation) to the independent trustee of the EBT, to acquire up to 3% of the issued share capital of the Company (ISC) over a 12-month period to satisfy share awards to employees. In FY24, the EBT purchased an aggregate of 591,173 ordinary shares. The number of shares purchased, representing 0.48% of the ISC as at 31 March 2024, was for an aggregate consideration of £501,124.99.

In respect of the forthcoming 12-month period (FY25), the Company may make recommendations to the Trustee to purchase up to 3% of the ISC per year (the Purchase Limit). As at 31 March 2024, the purchase rate recommended by the Company to the independent trustees was 1.14% of the ISC, and during FY25 this rate may be revised upwards or downwards at the Board's discretion subject to the Purchase Limit. Any material revision to the Purchase Limit will be announced by the Company or otherwise disclosed in the Company's Annual Report. The Company may give recommendations in a manner which will allow the EBT to make purchases through closed periods.



**Sunil Dhall** Chief Financial & Operating Officer  
12 June 2024

## Directors and their interests

Name	31 March 2024 ordinary shares	31 March 2023 ordinary shares
<b>Lucinda Riches</b>	<b>21,929</b>	21,929
<b>Steven Fine</b>	<b>5,577,351</b>	5,477,351
<b>Sunil Dhall</b>	<b>2,243,362</b>	2,243,362
<b>Darren Carter</b>	<b>10,189,585</b>	10,189,585
<b>Maria Bentley</b>	<b>21,104</b>	21,104
<b>Liz Blythe</b>	<b>4,385</b>	4,385
<b>Richard Brearley<sup>1</sup></b>	<b>30,000</b>	30,000

<sup>1</sup> Held by Richard Brearley's spouse.

## Substantial shareholders as at 31 March 2024

Name	Registered holding of ordinary shares	% of total issued share capital
<b>Darren Carter</b>	10,189,585	8.30
<b>Gresham House Asset Management</b>	8,839,451	7.20
<b>Peel Hunt Share Trust</b>	6,077,290	4.95
<b>Steven Fine</b>	5,577,351	4.50
<b>Unicorn Asset Management</b>	4,742,388	3.86
<b>Fidelity International</b>	4,416,940	3.60
<b>Iain Morgan</b>	4,206,689	3.43
<b>Canaccord Genuity Wealth (International) Limited</b>	4,000,000	3.26

Peel Hunt Limited  
Mont Crevelt House,  
Bulwer Avenue  
St. Sampson  
Guernsey GY2 4LH

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

**The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and United Kingdom Accounting Standards.**

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are responsible for:

- Selecting suitable accounting policies and then applying them consistently;
- Stating whether applicable accounting standards have been followed, subject to any material departures
- disclosed and explained in the financial statements;
- Making judgements and accounting estimates that are reasonable and prudent; and
- Preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for ensuring that the financial statements comply with The Companies (Guernsey) Law, 2008 and safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company.

For and on behalf of the Board



**Sunil Dhall**  
Chief Financial & Operating Officer  
12 June 2024

Our Finance team in London discusses financial and liquidity risks within the business.



We have maintained the stability of our business, with a resilient financial performance in the face of challenging market conditions. We have continued to pursue our strategic objectives through careful investments, supporting the delivery of best outcomes for our clients.

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# Independent auditors' report to the members of Peel Hunt Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Peel Hunt Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2024 and of the Group's loss and the Group's and Company's cash flows for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2024; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the material accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 4, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

#### Audit scope

- The Group is composed of eleven entities, of which only three are operating entities; Peel Hunt LLP, Peel Hunt Inc. and Peel Hunt Europe Fondsmæglerselskab A/S. Our Group scoping was driven by legal entity contributions to revenue. We performed a full scope audit of the Company and Peel Hunt LLP and have tested specific FSLIs for Peel Hunt Inc., Retail Book Limited and Peel Hunt Europe Fondsmæglerselskab A/S., which taken together accounted for 99% of the Group's total revenue and 98% of the Group's total assets.
- The scope of the audit and the nature, timing and extent of audit procedures were determined by our risk assessment, the financial significance of financial statement line items and qualitative factors (including history of misstatement through fraud or error). In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

### Key audit matters

- Timing of revenue recognition in relation to Corporate Fees (Group).
- Carrying value of the Company's investment in subsidiary (Company).

### Materiality

- Overall Group materiality: £1,183,272 (2023: £1,589,540) based on 1% of the average total revenue for the previous five years (including 2024) (2023: based on 3% of the average consolidated loss/profit before tax for the previous three years (including 2023)).
- Overall Company materiality: £2,990,340 (2023: £3,018,270) based on 1% of total assets.
- Performance materiality: £887,454 (2023: £1,192,155) (Group) and £2,242,755 (2023: £2,263,703) (Company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Timing of revenue recognition in relation to Corporate Fees (Group)</b></p> <p><i>Refer to 2.8 of the Material accounting policies disclosed in Note 2 to the financial statements.</i></p> <p>We focus our testing on areas where management judgement is required, specifically the risk of corporate fees being recognised in an inappropriate period either fraudulently to distort reported results, or in error.</p> <p>Corporate fees will only be recognisable once all the relevant elements of the performance obligation contained within the contractual agreement have been fulfilled (there may be abort fees or other compensation payable to the Group in the event of a transaction not occurring), and these can vary from deal to deal.</p> <p>We therefore concluded that this represented a significant risk of material misstatement and as such it was appropriate to focus our work on the cut-off of revenue recognition on these fees.</p>	<p>Our audit procedures comprised the following:</p> <ul style="list-style-type: none"><li>• We understood and evaluated the design and implementation of key controls in place over revenue recognition for corporate fees;</li><li>• We inspected a sample of 20 contracts for the full financial period, representing 64% of total corporate fees by value to determine the performance obligation has been met;</li><li>• We tested whether fees arising or recorded either side of the balance sheet date were properly recognised in the appropriate period with reference to publicly available information, or other supporting evidence. This included a sample of 4 pre-year end and 3 post-year end representing approximately 92% of the total corporate fees by value posted in April 2024;</li><li>• We have evaluated and tested management's assessment of the recoverability of overdue corporate fee receivables, for evidence regarding potential disagreements on recognition timing, where material;</li><li>• We identified and tested CODA and Inferno journal entries which impacted revenue (including corporate fees) and met the specific fraud criteria we identified; and</li><li>• We tested the significant block trade transaction which occurred close to the year end to determine that the performance obligations had been met.</li></ul> <p>Based on the tests performed, we found no exceptions, or evidence of management bias, related to the cut-off of revenue recognition in relation to corporate fees.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of the Company's investment in subsidiary (Company)</b></p> <p><i>Refer to 2.6 of the Material accounting policies disclosed in Note 2 and Note 23 (investments in subsidiaries) of the financial statements.</i></p> <p>The Company holds an investment in Peel Hunt Partnership Group Limited with a carrying value of £266.8 million. IAS 36 'Impairment of Assets' requires that investments are subject to an impairment review when there is an indication that an asset may be impaired or where there may be an impairment reversal. Since the market capitalisation of Peel Hunt Limited as of 31 March 2024 was lower than the carrying value of the subsidiary, management prepared an impairment assessment.</p> <p>Management estimated the recoverable amount using a value-in-use model. This assessment identified that an impairment of £85 million was required in order to reduce the carrying value to its value-in-use of £168.2 million.</p> <p>We performed sensitivity analysis to assess the susceptibility of reasonably possible changes in assumptions used by management in estimating the value-in-use and identified the revenue forecasts, long-term growth rate and the discount rate as the key assumptions.</p> <p>We therefore concluded that this represents a significant risk of material misstatement and as such it was appropriate to focus our work on the key assumptions, and whether they were reasonable and supportable based on the evidence provided.</p>	<p>Our audit procedures comprised the following:</p> <ul style="list-style-type: none"><li>• We understood and evaluated the design and implementation of key controls over the impairment assessment;</li><li>• We evaluated the methodology used by management against the requirements of the financial reporting framework, and tested the mathematical accuracy of the model;</li><li>• We agreed the forecast financial information to the five year business plan approved by the Board in March 2024;</li><li>• We understood the key drivers behind management's revenue and cost projections and assessed them in light of our understanding of the Peel Hunt business;</li><li>• We assessed the reasonableness of the forecasts by performing a look-back analysis of prior period forecasts and comparing the forecasts to historic trends. Where the projections differed significantly from historic experience we challenged management on whether the assumptions were reasonable and supportable;</li><li>• We considered how the revenue forecasts reflected different economic conditions, comparing forecast revenue growth to that achieved in previous cycles;</li><li>• We assessed the reasonableness of the discount rate and long-term growth rate assumptions by using our valuation experts to derive an independent view on the rates; and</li><li>• We performed a stand back test, comparing the value-in-use to the market capitalisation of the wider Group.</li></ul> <p>Based on the procedures performed, and the evidence obtained, we considered the directors' conclusion that the carrying value of the investment in subsidiary is impaired by £85 million to be reasonable.</p> <p>We evaluated the appropriateness of the related disclosures in Note 2 to the Company's financial statements and Note 23 (investments in subsidiaries) and considered these to be reasonable.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The scope of the audit and the nature, timing and extent of audit procedures were determined by our risk assessment, the financial significance of financial statement line items and qualitative factors (including history of misstatement through fraud or error).

The Group operates in the UK, US and Denmark, with the UK being the most significant territory. The Group is composed of three operating entities, Peel Hunt LLP, Peel Hunt Inc. and Peel Hunt Europe Fondsmæglerselskab A/S., which are subsidiaries of the Company. We consider Peel Hunt LLP and the Company as the only significant components due to their contribution to the Group's total revenue and Group's total assets. We performed a full scope audit of Peel Hunt LLP and the Company and tested specific FSLIs for Peel Hunt Inc., Retail Book Limited and Peel Hunt Europe Fondsmæglerselskab A/S. This approach gave us a coverage of over 98% of total assets and 99% of revenue in the Group financial statements.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
<b>Overall materiality</b>	£1,183,272 (2023: £1,589,540).	£2,990,340 (2023: £3,018,270).
<b>How we determined it</b>	1% of the average total revenue for the previous five years (2023: based on 3% of the average consolidated loss/profit before tax for the previous three years (including 2023)).	1% of total assets
<b>Rationale for benchmark applied</b>	In the prior year overall materiality was determined by reference to the three year average consolidated profit/loss before tax. However, given the cyclical nature of the industry and the generation of revenue, we have changed the benchmark for 2024 to the average total revenue for the previous five years (including 2024). We consider this to be an appropriate benchmark as revenue is a key performance indicator for Group's performance and a metric used to guide analysts.	Total assets is an appropriate benchmark as the primary purpose of the entity is to act as a holding Company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The materiality used in auditing Peel Hunt LLP for Group reporting purposes was £1,124,108 and we used £1,005,781 when auditing the material items within Peel Hunt Inc., Retail Book Limited and Peel Hunt Europe Fondsmæglerselskab A/S financial information.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £887,454 (2023: £1,192,155) for the Group financial statements and £2,242,755 (2023: £2,263,703) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £59,164 (Group audit) (2023: £79,000) and £149,517 (Company audit) (2023: £151,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the impact of external risks such as an uncertain economic environment and climate change;
- understanding and evaluating management's financial forecasts and liquidity and regulatory capital over the going concern period including an evaluation of the stress testing performed by management;
- evaluating management's covenant compliance monitoring, the impact of the stress scenarios on the covenants and the mitigating actions available to management;
- substantiation of financial resources available to the Group and Company as at the balance sheet date including the cash at bank; and
- reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by The Companies (Guernsey) Law, 2008 have been included.

Based on our work undertaken in the course of the audit, The Companies (Guernsey) Law, 2008 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the rules of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as The Companies (Guernsey) Law, 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management and review of internal audit reports in so far as they related to the financial statements;
- identifying and testing journal entries meeting specific fraud criteria, including unexpected account combinations;
- review of FCA correspondence and the whistleblowing report;
- incorporating unpredictability into the nature, timing and/or extent of our testing; and
- challenging the significant assumptions and judgements made by management in key accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Independent auditors' report to the members of Peel Hunt Limited

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is Nick Morrison.

## Other required reporting

### Companies (Guernsey) Law, 2008 exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Company; or
- the Company financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

**Nick Morrison** (Senior Statutory Auditor)

for and on behalf of **PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors, London

12 June 2024

# Consolidated statement of comprehensive income

For the year ended 31 March

<i>Continuing activities</i>	Note	Consolidated Year ended 31 March 2024 £'000	Consolidated Year ended 31 March 2023 £'000
<b>Revenue</b>	3	<b>85,834</b>	82,337
Administrative expenses		<b>(88,042)</b>	(82,377)
<b>Loss from operations</b>	4	<b>(2,208)</b>	(40)
Finance income	6	<b>1,117</b>	692
Finance expense	6	<b>(2,244)</b>	(2,320)
Other income		<b>115</b>	180
<b>Operating loss for the year</b>		<b>(3,220)</b>	(1,488)
Share of loss from associate	24	<b>(42)</b>	–
<b>Loss before tax for the year</b>		<b>(3,262)</b>	(1,488)
Tax	7	<b>61</b>	166
<b>Loss for the year</b>		<b>(3,201)</b>	(1,322)
Other comprehensive income/(expense) for the year		–	–
<b>Total comprehensive expense for the year</b>		<b>(3,201)</b>	(1,322)
<i>Attributable to:</i>			
Owners of the Company		<b>(3,201)</b>	(1,322)
Non-controlling interests		–	–
<b>Loss for the year</b>		<b>(3,201)</b>	(1,322)
<i>Attributable to:</i>			
Owners of the Company		<b>(3,201)</b>	(1,322)
Non-controlling interests		–	–
<b>Total comprehensive expense for the year</b>			
<b>Loss per share – attributable to owners of the Company</b>			
Basic	20	<b>(2.7)p</b>	(1.1)p
Diluted	20	<b>(2.7)p</b>	(1.1)p

The notes on pages 102-135 form part of the financial statements.

# Consolidated and Company statements of financial position

As at 31 March

<i>Company Number – 65579</i>	Note	Company As at 31 March 2024 £'000	Company As at 31 March 2023 £'000	Consolidated As at 31 March 2024 £'000	Consolidated As at 31 March 2023 £'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	–	–	6,555	8,092
Intangible assets	9	–	–	1,901	1,152
Investments in subsidiaries	23	188,968	268,902	–	–
Investment in associates	24	–	–	538	–
Right-of-use assets	22	–	–	13,741	15,889
Subordinated loan	17	15,000	15,000	–	–
Deferred tax asset	14	–	–	409	273
<b>Total non-current assets</b>		<b>203,968</b>	283,902	<b>23,144</b>	25,406
<b>Current assets</b>					
Securities held for trading	16	–	–	60,104	54,144
Market and client debtors	16.4.5	–	–	551,943	471,504
Trade and other debtors	12, 16	10,410	21,964	19,613	15,546
Cash and cash equivalents	13, 16.4.5	10	11	37,929	27,410
<b>Total current assets</b>		<b>10,420</b>	21,975	<b>669,589</b>	568,604
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Securities held for trading	16	–	–	(35,305)	(32,062)
Market and client creditors	16.5	–	–	(508,980)	(421,953)
Trade and other creditors	15	(17,974)	(23,926)	(7,280)	(4,214)
Revolving credit facility	18	–	–	(15,000)	–
Lease liabilities	22	–	–	(2,956)	(2,867)
Long-term loans	18	(6,000)	(6,000)	(6,000)	(6,000)
Provisions	26	–	–	(708)	(576)
<b>Total current liabilities</b>		<b>(23,974)</b>	(29,926)	<b>(576,229)</b>	(467,672)
<b>Net current (liabilities)/assets</b>		<b>(13,554)</b>	(7,951)	<b>93,360</b>	100,932
<b>Non-current liabilities</b>					
Long-term loans	18	(9,000)	(15,000)	(9,000)	(15,000)
Lease liabilities	22	–	–	(15,754)	(18,192)
<b>Total non-current liabilities</b>		<b>(9,000)</b>	(15,000)	<b>(24,754)</b>	(33,192)
<b>Net assets</b>		<b>181,414</b>	260,951	<b>91,750</b>	93,146

# Consolidated and Company statements of financial position continued

As at 31 March

<i>Company Number – 65579</i>	Note	Company As at 31 March 2024 £'000	Company As at 31 March 2023 £'000	Consolidated As at 31 March 2024 £'000	Consolidated As at 31 March 2023 £'000
<b>EQUITY</b>					
Ordinary share capital	19	<b>223,881</b>	223,881	<b>40,099</b>	40,099
Other reserves	19	<b>(42,467)</b>	37,070	<b>50,076</b>	53,047
<b>Total shareholders' equity</b>		<b>181,414</b>	260,951	<b>90,175</b>	93,146
Non-controlling interests	23	–	–	<b>1,575</b>	–
<b>Total equity</b>		<b>181,414</b>	260,951	<b>91,750</b>	93,146

The notes on pages 102-135 form part of these financial statements.

The financial statements on pages 97-101 were approved by the Board of Directors on 12 June 2024 and signed on its behalf by:

**Steven Fine**  
Director

# Consolidated and Company statements of changes in equity

For the year ended 31 March

Company	Ordinary share capital	Other reserves £'000	Total shareholders' equity £'000	Non-controlling interest £'000	Total equity £'000
<b>Balance as at 1 April 2022</b>	<b>223,881</b>	<b>40,610</b>	<b>264,491</b>	<b>–</b>	<b>264,491</b>
Loss for the year	–	(455)	(455)	–	(455)
Other comprehensive income	–	–	–	–	–
Total comprehensive expense	–	(455)	(455)	–	(455)
<i>Transactions with owners</i>					
Equity-settled share-based payments reserve	–	647	647	–	647
Dividends paid	–	(3,732)	(3,732)	–	(3,732)
<b>Balance as at 31 March 2023</b>	<b>223,881</b>	<b>37,070</b>	<b>260,951</b>	<b>–</b>	<b>260,951</b>
Loss for the year	–	(80,225)	(80,225)	–	(80,225)
Other comprehensive expense	–	–	–	–	–
Total comprehensive expense	–	(80,225)	(80,225)	–	(80,225)
<i>Transactions with owners</i>					
Equity-settled share-based payments reserve	–	688	688	–	688
<b>Balance as at 31 March 2024</b>	<b>223,881</b>	<b>(42,467)</b>	<b>181,414</b>	<b>–</b>	<b>181,414</b>

Group	Ordinary share capital	Other reserves £'000	Total shareholders' equity £'000	Non-controlling interest £'000	Total equity £'000
<b>Balance as at 1 April 2022</b>	<b>40,099</b>	<b>60,035</b>	<b>100,134</b>	<b>–</b>	<b>100,134</b>
Loss for the year	–	(1,322)	(1,322)	–	(1,322)
Other comprehensive income	–	–	–	–	–
Total comprehensive expense	–	(1,322)	(1,322)	–	(1,322)
<i>Transactions with owners</i>					
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)
<b>Balance as at 31 March 2023</b>	<b>40,099</b>	<b>53,047</b>	<b>93,146</b>	<b>–</b>	<b>93,146</b>
Loss for the year	–	(3,201)	(3,201)	–	(3,201)
Other comprehensive income	–	–	–	–	–
Total comprehensive expense	–	(3,201)	(3,201)	–	(3,201)
<i>Transactions with owners</i>					
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
<b>Balance as at 31 March 2024</b>	<b>40,099</b>	<b>50,076</b>	<b>90,175</b>	<b>1,575</b>	<b>91,750</b>

# Consolidated and Company statements of cash flows

For the year ended 31 March

	Note	Company Year ended 31 March 2024	Company Year ended 31 March 2023	Consolidated Year ended 31 March 2024	Consolidated Year ended 31 March 2023
<b>Net cash generated from/(used in) operations</b>	21	<b>12,062</b>	7,180	<b>7,027</b>	(30,899)
<b>Cash flows from investing activities</b>					
Investment in subsidiaries	23	<b>(4,712)</b>	(1,000)	–	–
Investment in associates	24	–	–	<b>(580)</b>	–
Purchase of property, plant and equipment	8	–	–	<b>(76)</b>	(511)
Purchase of intangible assets	9	–	–	<b>(1,078)</b>	(1,087)
<b>Net cash used in investing activities</b>		<b>(4,712)</b>	(1,000)	<b>(1,734)</b>	(1,598)
<b>Cash flows from financing activities</b>					
Interest paid	6	<b>(1,351)</b>	(1,329)	<b>(1,435)</b>	(1,382)
Dividends paid		–	(3,732)	–	(3,732)
Lease liability payments	22	–	–	<b>(3,456)</b>	(3,117)
Purchase of Company shares		–	–	<b>(458)</b>	(2,581)
Non-controlling interests	23	–	–	<b>1,575</b>	–
Drawdown from the revolving credit facility	18	–	–	<b>15,000</b>	–
Repayment of long-term loan	18	<b>(6,000)</b>	(6,000)	<b>(6,000)</b>	(6,000)
<b>Net cash (used in)/generated from financing activities</b>		<b>(7,351)</b>	(11,061)	<b>5,226</b>	(16,812)
Net (decrease)/increase in cash and cash equivalents		<b>(1)</b>	(4,881)	<b>10,519</b>	(49,309)
Cash and cash equivalents at beginning of period		<b>11</b>	4,892	<b>27,410</b>	76,719
<b>Cash and cash equivalents at the end of the year</b>		<b>10</b>	11	<b>37,929</b>	27,410

The financial statements on pages 97-101 were approved by the Board of Directors on 12 June 2024 and signed on its behalf by:

**Steven Fine**      **Sunil Dhall**  
 Chief Executive      Chief Financial and Operating Officer

# Notes to the financial statements

## 1 General information

Peel Hunt Limited (the Company) is a non-cellular company limited by shares having listed its shares for trading on the Alternative Investment Market (AIM), a market operated by the London Stock Exchange, 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 statements are presented in sterling, which is the Group's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except where indicated otherwise.

The material accounting policies adopted in the preparation of the financial statements are described below. These policies have been applied consistently throughout the financial year and the prior year.

## 2 Material accounting policies

### 2.1 Basis of preparation

The Group's and Company's financial statements have been prepared in compliance with UK-adopted international accounting standards and with the requirements of the Companies (Guernsey) Law, 2008 which requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.6.

#### ***Basis of measurement***

The financial statements have 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.

### 2.2 Changes in accounting policies

#### ***2.2.1 New standards, interpretations and amendments adopted from 1 April 2023:***

The following amendments became mandatorily effective for the reporting periods beginning on or after 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of accounting estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes); and
- International tax reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

The Group carried out an assessment of the new standards and amendments and concluded that:

- IFRS 17 Insurance Contracts is not applicable to the Group; and
- The Group is not within the scope of the Organisation for Economic Co-operation and Development (OECD)'s Pillar Two Model Rules and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Group.

See the applicable notes for further details on how the other amendments affected the Group.

## 2.2 Changes in accounting policies continued

### Disclosure of accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstances, the accounting policy information is likely to be considered material and therefore require disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

### Definition of accounting estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimates, changes in accounting policy and prior period errors.

These amendments had no effect on the consolidated financial statements of the Group.

### Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease within the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which, at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no material effect on the annual consolidated financial statements of the Group.

#### **2.2.2 New standards, interpretations and amendments not yet effective:**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning on or after 1 January 2024:

- Liabilities in a sale and leaseback (Amendments to IFRS 16 Leases);
- Classification of liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier finance arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning on or after 1 January 2025:

- Lack of exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any of these standards issued by the IASB, that are yet to be effective, to have a material impact on the Group.

## Notes to the financial statements

### 2.3 Basis of consolidation

The consolidated financial information incorporates the financial information of the Group and entities controlled by the Company (including the Company's Employee Benefit Trust) to 31 March each year end. Peel Hunt Limited has control over another entity when Peel Hunt Limited has all of the following:

- i. power over the relevant activities of the investee, for example through voting rights or other rights
- ii. exposure to, or rights to, variable returns from its involvement with the investee and
- iii. the ability to affect those returns through its power over the investee

The assessment of control is based on the consideration of all facts and circumstances. Peel Hunt Limited reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The results of subsidiaries established during the year are included in the consolidated income statement from the date they were incorporated. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

The Companies (Guernsey) Law 2008 s244 (5) does not require the Company to prepare individual accounts during a financial year when consolidated financial statements are prepared. The Company has disclosed the statement of financial position, statement of changes in equity and statement of cash flow as permitted by the Companies (Guernsey) Law 2008.

### 2.4 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.

## 2.5 Segment reporting

In accordance with IFRS 8 Operating Segments, an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision-maker and for which discrete information is available.

The Group is operated under one business segment as an integrated investment banking business. The chief operating decision-maker responsible for allocating resources and assessing performance of the operating segment is identified as the Board of Directors. The operating segment is reported in a manner consistent with the internal management reporting provided to the chief operating decision-maker.

## 2.6 Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are regularly evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. There are no other significant estimates or judgements about the future that have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities at the end of the reporting period.

### ***Impairment of the Company's investment in subsidiaries***

The Directors identified an indicator of impairment of the investment in subsidiaries, as the carrying value of these investments is currently higher than the Group's market capitalisation.

The prolonged macroeconomic and challenging equity capital markets resulted in changes to our assumptions. Our value-in-use calculation uses both historical experience and market participant views to estimate future cash flows, a relevant discount rate and capital assumptions. As at 31 March 2024, the Group performed an impairment test on the carrying amount, which resulted in an impairment of £85m, as the recoverable amount as determined by value-in-use was lower than the carrying amount. The impairment is allocated to Peel Hunt Partnership Group Limited, which is the immediate parent undertaking of Peel Hunt LLP, our United Kingdom trading business which accounts for almost all of the Group's business. The impairment reduces the carrying amount of the investments in subsidiaries in the separate financial statements of the Company but not the consolidated financial statements.

In the process of determining the value-in-use, the Directors have considered the following:

- The assumptions inherent in the five-year business plan approved by the Board and the long-term sustainable growth of the Group
- The assumptions regarding growth in corporate clients focusing on economic relevance and diversification, return on funding of market-making activities taking into account regulatory capital requirements and risk limits, and macroeconomic factors, such as levels of market and client activity
- Future cash flows have been discounted at an appropriate weighted average cost of capital (WACC) of 11% (31 March 2023: 11%) for the Group. The WACC has been estimated with reference to industry benchmarks, and thus is subject to fluctuations beyond the Directors' control
- A suitable terminal growth rate of 2% (31 March 2023: 2%) has been applied consistent with long-term forecasts for UK GDP growth

### ***Sensitivity analysis***

The Directors have performed sensitivity analysis using reasonable possible changes in the terminal growth rate, WACC, and projected cash flows. Assuming all other variables remain constant:

- A 0.5 percentage point decrease in the terminal growth rate would result in an impairment increase of £7m, whilst a 0.5 percentage point increase in the terminal growth rate would result in an impairment reversal of £8m.
- A 1 percentage point increase in WACC would result in an impairment increase of £19m, whilst a 1 percentage point decrease in WACC would result in an impairment reversal of £24m.
- A 5 percentage point decrease in revenue in the terminal year would result in an impairment increase of £21m whilst a 5 percentage point increase in revenue in the terminal year would result in an impairment reversal of £33m.

Please refer to Note 2.13 for more information on the accounting policy.

## Notes to the financial statements

### 2.7 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date.

### 2.8 Revenue from contracts with customers

The Group applies IFRS 15 Revenue from contracts with customers. IFRS 15 establishes a five-step model governing revenue recognition. The five-step model requires the Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied. All revenue is recognised at a point in time basis, with the exception of Investment banking retainers and research payments as outlined below.

All revenue is reported under one operating segment, consistent with internal reporting provided to the Board, which is responsible for allocating resources and assessing performance of the operating segment and has been identified as the chief operating decision-maker. The Board views the business as a single integrated business.

Revenue is recorded net of VAT and comprises of:

- Research payments are accrued over the financial year to which they relate in respect of payments for agreed research services. Where contracts between the Group and each of its research clients are discretionary, the commission is recorded based on variable consideration derived from the most recent level of research provided, updated for recent events or communications with the client. Commission from institutional execution business, less commissions paid away under commission sharing agreements, is recognised on the trade date
- Revenue from advisory and investment banking services, less amounts paid to third parties, which is recognised when the performance obligations have been met and the Group is contractually entitled to receive the fees
- Retainers are accrued over the financial year for which the service is provided, which reflects the period the performance obligations relate to, and are based on a contract between the Group and the client
- Trading gains and losses from market-making activities for long and short positions on a trade date basis i.e. the date the trades are executed, and comprises all gains and losses from changes in the fair value of financial assets and liabilities through profit and loss, together with any related dividends on positions held

### 2.9 Foreign currency translation

Foreign currency assets and liabilities have been translated into sterling at the exchange rates ruling at the reporting date. Transactions in foreign currencies during the financial year have been converted into sterling at the rates ruling at the time the transactions were executed. All exchange differences are reflected in the statement of comprehensive income.

### 2.10 Property, plant and equipment

Items of property, plant and equipment are 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, considered to be as follows:

- Leasehold and building improvements: remaining length of lease
- Office equipment: 3 to 5 years
- Fixtures and fittings: 5 years

The carrying value of other assets is based on the most recent independent valuation.

The residual values and useful lives are reviewed by the Directors and adjusted if appropriate at the end of each reporting period.

## 2.11 Intangible assets

Intangible assets represent internally generated intangible assets, computer software and sports debentures. Intangible assets are recognised only if all of the following conditions are met:

- An asset is created that can be identified
- It is probable that the asset created will generate future economic benefits
- The cost of the asset can be measured reliably

Internally generated intangible assets comprise 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. Development costs of an individual project are recognised as an intangible asset if, and only if, the Group can demonstrate:

- the technical feasibility of completing the development;
- that it will be available for use or resale;
- its ability to complete and its intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the development; and
- the ability to reliably measure the costs during the development.

Following initial recognition, intangible assets are stated at cost less accumulated amortisation, and where applicable, accumulated impairment losses. Amortisation begins when the asset is available for use. Amortisation is charged to the income statement within the administrative expenses line 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.

At each reporting date useful economic lives are reviewed by the Directors and adjusted if appropriate.

## 2.12 Investments in associates

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 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 post-acquisition profits or losses and other comprehensive income or expenses of the investee. The Group's share of the investee's profits or losses and other comprehensive income are recognised in the consolidated statement of comprehensive income.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit or loss of an associate' in the statement of profit or loss.

The financial statements of associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### **Judgement**

The Group made a judgement that it has the power to exercise significant influence over Peel Hunt Fintech Ventures LLP despite holding less than 20% of the voting rights in the Company which would ordinarily have been accounted for as an IFRS 9 Financial asset. More information is disclosed in Note 24.

## Notes to the financial statements

### 2.13 Impairment of non-financial assets (excluding deferred tax assets)

#### *Tangible and intangible assets*

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

#### *Investments in subsidiaries*

At the end of each reporting date a review for indicators of impairment is undertaken in respect of investment in the ordinary shares of subsidiaries. Factors considered in the review include the Group's prevailing market capitalisation versus the carrying amount of investments in subsidiaries and the economic viability and expected future financial performance of the Group. If there is an indicator of impairment, the Directors undertake a full impairment assessment. An impairment loss is recognised in the income statement when the carrying amount of investments in subsidiaries exceeds the recoverable amount.

The recoverable amount is calculated as the higher of the value-in-use (VIU) or fair value less costs to sell (FVLCTS). VIU is derived from the present value of future cash flows expected to be received by the Company from the subsidiary. Refer to Note 2.6 for judgements and estimates made in relation to the impairment assessment performed.

### 2.14 Market and client debtors and creditors

Market and client debtor balances represent unsettled sold securities transactions and are recognised on a trade date basis.

Market and client creditor balances represent unsettled purchased securities transactions and are recognised on a trade date basis. When there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability immediately, market and client debtors and creditors are offset, and the net amount reported in the consolidated statement of financial position. Market and client debtor and creditor balances in these financial statements include agreed counterparty netting of £10.2m (31 March 2023: £11.9m). Otherwise, all debtor and creditor balances are shown gross and are stated at their contractual values.

### 2.15 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.

#### *2.15.1 Financial assets*

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned.

They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets held at amortised cost (AC)

Financial assets are classified on the basis of two criteria:

- i. The business model within which the financial asset is managed
- ii. Their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest (SPPI))

## 2.15 Financial instruments continued

The Group assesses the business model criteria at portfolio level. Information that is considered in determining the applicable business model includes: (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily of the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change contractual cash flows so that it would not meet the condition of SPPI are considered including (i) contingent features, (ii) non-recourse arrangements, (iii) features that could modify the time value of money.

### Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL by management.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term trading
- It is a derivative that is not recognised and effective as a hedging instrument

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- It eliminates or significantly reduces a measurement or recognition inconsistency, sometimes known as an 'accounting mismatch', that otherwise would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on reassessment recognised in the income statement. The net gain or loss in the income statement incorporates any dividend or interest earned on the financial asset.

### Financial assets held at AC

Financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Such financial assets include trade receivables, loans and other non-derivative financial assets that have a fixed or determinable payments.

Financial assets are initially recorded at fair value and subsequently measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and their contractual cash flows represent SPPI. Financial assets held at amortised cost are measured at amortised cost using the effective interest method, less any impairment. Interest income, which is recognised on an accrued basis using the effective interest method, is reported in the income statement.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### Impairment of financial assets

Provisions for expected credit losses for trade receivables are recognised based on the simplified approach within IFRS 9. Under the simplified impairment approach, the measurement basis for the credit loss allowance is lifetime Expected Credit Losses (ECL). The Group elected to use a simplified 'provision matrix' for calculating expected losses as an IFRS 9 practical expedient. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

## Notes to the financial statements

### 2.15 Financial instruments continued

The lifetime ECL is calculated by multiplying the relevant default rate (i.e. historical default rates plus adjustments for forward-looking estimates) per ageing bucket with the corresponding trade receivable. The provision for ECL is recognised in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

In respect of Equity Investments not held for trading, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### 2.15.2 Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at AC. Financial liabilities at amortised cost (also includes borrowings) are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial instrument is either held for trading or it is designated as at FVTPL by management. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking
- It is a derivative that is not designated and effective as a hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise. This is also true for contracts containing one or more embedded derivatives
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in the income statement.

#### 2.15.3 Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

## 2.16 Leases

Leases under IFRS 16 are defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are presented as a separate line in the statement of financial position.

## 2.17 Pensions

The Group makes pension contributions to employees' personal pension schemes. The Group's contributions are charged to the income statement as they fall due.

## 2.18 Taxation

### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the financial year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Notes to the financial statements

### 2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits held with financial institutions repayable without penalty. Cash equivalents are highly liquid investments that mature no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Where client money balances are held by the Group, as part of its client money obligations those funds must be held in segregated accounts, not available for use by the Group, and must comply with regulatory safeguarding compliance requirements. The Group is not a party to the contractual provisions nor a beneficial owner of the funds. As a result, the Group has determined that it does not have sufficient ownership or control over these balances to include them and their corresponding liability on the consolidated statement of financial position.

### 2.20 Share-based payments

The Group issues equity-settled share-based awards to employees of the Group through share options under the Peel Hunt Long Term Incentive Plan (LTIP). The LTIP provides the rules under which the Restricted Share Plan (RSP) awards were granted. Share options are awarded to employees taking into account the requirements of the Investment Firms Prudential Regime (IFPR).

Equity-settled share-based payment schemes are measured at fair value, excluding the effect of non-market-based vesting conditions if any, at the date of grant using an appropriate option pricing model. Share options under the RSP have been valued using a Black Scholes-Merton option pricing model as only a service-based condition exists. The RSP scheme requires the estimation of an appropriate forfeiture rate to estimate the number of share options that are likely to vest. The fair value of the share options is recognised over the vesting period to reflect the value of the employee services received. Charges relating to grants to employees of the Company are recognised as an expense in the consolidated statement of comprehensive income with the corresponding entry taken to equity.

The Group has an established Employee Benefit Trust (Peel Hunt Share Trust) in respect of the Group's share plans which is funded by the Group and has the power to acquire ordinary shares from the Group or in the open market to meet the Group's future obligations under these plans. The EBT is a discretionary trust for the benefit of employees.

On consolidation, the cost of shares acquired by the Employee Benefit Trust was deducted as an adjustment to equity. Gains and losses arising on Employee Benefit Trust-related transactions are taken directly to equity.

## 3 Revenue

Revenue comprises the following:

	<b>Consolidated Year ended 31 March 2024 £'000</b>	Consolidated Year ended 31 March 2023 £'000
Research Payments and Execution commission	<b>23,629</b>	25,116
Execution Services revenue	<b>29,638</b>	33,810
Investment Banking revenue	<b>32,567</b>	23,411
<b>Total revenue for the year</b>	<b>85,834</b>	82,337

Although there are different revenue types, the Group's activities are managed as a single business unit. All material revenue was generated from the Group's activities within the UK.

## 4 Loss from operations

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

	Consolidated Year ended 31 March 2024 £'000	Consolidated Year ended 31 March 2023 £'000
Depreciation and amortisation	1,940	1,805
Lease depreciation (see Note 22)	2,413	2,446
Staff costs (see Note 5)	50,643	48,252
Other non-staff costs	32,417	29,362
Auditors' remuneration in respect of Company	204	127
Auditors' remuneration in respect of subsidiaries	275	200
Audit-related assurance services	119	155
Other assurance services	31	30
<b>Total administrative expenses</b>	<b>88,042</b>	<b>82,377</b>

Audit-related assurance services includes £119k (31 March 2023: £102k) in relation to the Peel Hunt LLP CASS audit and £nil (31 March 2023: £52k) for the review of the Group interim report. Other assurance services include £22k (31 March 2023: £21k) in relation to the annual review of banking covenants. Other non-staff costs comprise expenses incurred in the normal course of business, including technology costs, premises costs, professional and regulatory fees, brokerage, clearing and exchange fees.

## 5 Staff costs

	Consolidated Year ended 31 March 2024 £'000	Consolidated 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
<b>Total staff costs charged as an expense for the year</b>	<b>50,643</b>	<b>48,252</b>

Wages and salaries includes variable compensation for employees. Directors' remuneration is disclosed in the Remuneration Committee report on page 77.

Other than the Directors no staff are employed by the Company. The average number of employees of the Group during the year were:

	As at 31 March 2024	2023/24 Average	As at 31 March 2023	2022/23 Average
Dealing, sales, research and corporate advisory	202	199	207	212
Support and administration	101	110	103	104
<b>Total number of employees of the Group</b>	<b>303</b>	<b>309</b>	<b>310</b>	<b>316</b>

## 6 Net finance expense

	Consolidated Year ended 31 March 2024 £'000	Consolidated Year ended 31 March 2023 £'000
<b>Finance income</b>		
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)
<b>Net finance expense for the year</b>	<b>(1,127)</b>	<b>(1,628)</b>

## 7 Tax on loss on ordinary activities

### 7.1 Tax on loss

Since the UK is the primary tax jurisdiction for the Group the corporation tax is calculated at 25% (2023: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is relevant to the Group and is calculated at the rates prevailing in the respective jurisdictions. The tax credit per the consolidated statement of comprehensive income comprises the following:

	Consolidated Year ended 31 March 2024 £'000	Consolidated Year ended 31 March 2023 £'000
<b>Current tax:</b>		
UK Corporation tax for the year	141	10
Foreign tax for the year	96	10
Adjustments in respect of prior years	(307)	(179)
<b>Deferred tax:</b>		
Origination and reversal of timing differences (see Note 14)	9	(7)
<b>Total tax credit reported in the consolidated statement of comprehensive income</b>	<b>(61)</b>	<b>(166)</b>

### 7.2 Reconciliation of tax credit

The reconciliation between the tax credit and the accounting loss multiplied by the rate of corporation tax in the UK is as follows:

	Consolidated Year ended 31 March 2024 £'000	Consolidated Year ended 31 March 2023 £'000
<b>Loss before tax on continuing operations</b>	<b>(3,262)</b>	<b>(1,488)</b>
Tax at the UK corporation tax rate of 25% (2023: 19%)	(815)	(283)
Tax effect of profit from other jurisdictions and entities not available for Group relief	321	(64)
Tax effect of expenses not deductible for tax	572	251
Adjustments in respect of prior years	(307)	(179)
Temporary differences	168	109
<b>Total tax credit reported in the consolidated statement of comprehensive income</b>	<b>(61)</b>	<b>(166)</b>

## 8 Property, plant and equipment

### Group

2024	Leasehold buildings and improvements £'000	Other assets £'000	Office equipment £'000	Fixtures and fittings £'000	Consolidated Total £'000
<b>Cost</b>					
Balance at 1 April 2023	11,616	35	4,696	1,683	18,030
Additions during the year	–	–	76	–	76
Disposals during the year	–	–	–	(2)	(2)
<b>Balance at 31 March 2024</b>	<b>11,616</b>	<b>35</b>	<b>4,772</b>	<b>1,681</b>	<b>18,104</b>
<b>Accumulated depreciation</b>					
Balance at 1 April 2023	(5,052)	–	(3,910)	(976)	(9,938)
Charge for the year	(885)	–	(529)	(197)	(1,611)
<b>Balance at 31 March 2024</b>	<b>(5,937)</b>	<b>–</b>	<b>(4,439)</b>	<b>(1,173)</b>	<b>(11,549)</b>
<b>Carrying value at 31 March 2024</b>	<b>5,679</b>	<b>35</b>	<b>333</b>	<b>508</b>	<b>6,555</b>
<hr/>					
2023	Leasehold buildings and improvements £'000	Other assets £'000	Office equipment £'000	Fixtures and fittings £'000	Consolidated Total £'000
<b>Cost</b>					
Balance at 1 April 2022	11,448	35	4,425	1,611	17,519
Additions during the year	168	–	271	72	511
<b>Balance at 31 March 2023</b>	<b>11,616</b>	<b>35</b>	<b>4,696</b>	<b>1,683</b>	<b>18,030</b>
<b>Accumulated depreciation</b>					
Balance at 1 April 2022	(4,171)	–	(3,225)	(782)	(8,178)
Charge for the year	(881)	–	(685)	(194)	(1,760)
Disposals during the year	–	–	–	–	–
<b>Balance at 31 March 2023</b>	<b>(5,052)</b>	<b>–</b>	<b>(3,910)</b>	<b>(976)</b>	<b>(9,938)</b>
<b>Carrying value at 31 March 2023</b>	<b>6,564</b>	<b>35</b>	<b>786</b>	<b>707</b>	<b>8,092</b>

## 9 Intangible assets

### Group

2024	Intellectual property in progress £'000	Internal software intellectual property £'000	Sports debentures £'000	Computer software £'000	Consolidated Total £'000
<b>Cost</b>					
Balance at 1 April 2023	565	551	62	1,060	2,238
Additions during the year	1,050	–	–	28	1,078
Transfers (out)/in	(440)	440	–	–	–
<b>Balance at 31 March 2024</b>	<b>1,175</b>	<b>991</b>	<b>62</b>	<b>1,088</b>	<b>3,316</b>
<b>Accumulated amortisation</b>					
Balance at 1 April 2023	–	(45)	(14)	(1,027)	(1,086)
Charge for the year	–	(302)	–	(27)	(329)
<b>Balance at 31 March 2024</b>	<b>–</b>	<b>(347)</b>	<b>(14)</b>	<b>(1,054)</b>	<b>(1,415)</b>
<b>Carrying value at 31 March 2024</b>	<b>1,175</b>	<b>644</b>	<b>48</b>	<b>34</b>	<b>1,901</b>
2023	Intellectual property in progress £'000	Internal software intellectual property £'000	Sports debentures £'000	Computer software £'000	Consolidated Total £'000
<b>Cost</b>					
Balance at 1 April 2022	–	–	62	1,060	1,122
Additions during the year	1,116	–	–	–	1,116
Transfers (out)/in	(551)	551	–	–	–
<b>Balance at 31 March 2023</b>	<b>565</b>	<b>551</b>	<b>62</b>	<b>1,060</b>	<b>2,238</b>
<b>Accumulated amortisation</b>					
Balance at 1 April 2022	–	–	(14)	(998)	(1,012)
Charge for the year	–	(45)	–	(29)	(74)
<b>Balance at 31 March 2023</b>	<b>–</b>	<b>(45)</b>	<b>(14)</b>	<b>(1,027)</b>	<b>(1,086)</b>
<b>Carrying value at 31 March 2023</b>	<b>565</b>	<b>506</b>	<b>48</b>	<b>33</b>	<b>1,152</b>

Intellectual property in progress and Internal software intellectual property are internally generated intangible assets that are directly attributable to the development costs for individual internal projects that are capitalised based on management's assessment of the likelihood of a successful outcome for each project. This is based on management's judgement that the project is technologically, commercially and economically feasible. The completed internal projects are transferred from Intellectual property in progress to Internal software intellectual property when the software is available for use.

## 10 Financial assets and liabilities at fair value through profit and loss

	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
Long positions in market making and dealing operations		
– Listed securities	<b>59,080</b>	53,117
– Unlisted securities	<b>1,024</b>	1,027
<b>Long securities held for trading</b>	<b>60,104</b>	54,144
Short positions in market making and dealing operations		
– Listed securities	<b>(35,193)</b>	(31,610)
– Unlisted securities	<b>(112)</b>	(452)
<b>Short securities held for trading</b>	<b>(35,305)</b>	(32,062)

## 11 Cash collateral

	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
Cash collateral	<b>5,447</b>	2,423
<b>Total cash collateral</b>	<b>5,447</b>	2,423

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 insignificantly different from the value of the securities borrowed.

## 12 Trade and other debtors

	Company 31 March 2024 £'000	Company 31 March 2023 £'000	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
Trade receivables	–	–	<b>3,939</b>	3,043
Less: Expected credit losses	–	–	<b>(707)</b>	(521)
Net trade receivables	–	–	<b>3,232</b>	2,522
Accrued income	<b>98</b>	312	<b>3,340</b>	2,552
Deposits paid for property licence	–	–	<b>151</b>	109
Amounts due from related companies (see Note 25)	<b>10,280</b>	21,620	–	–
Prepayments	–	–	<b>4,259</b>	3,803
Other debtors	<b>32</b>	32	<b>8,631</b>	6,560
<b>Total trade and other debtors</b>	<b>10,410</b>	21,964	<b>19,613</b>	15,546

The majority of the trade receivables balance relates to Investment Banking fees and Research payments raised towards the end of the financial year, of which most have subsequently been paid.

Trade and other receivables are stated net of expected credit losses.

## Notes to the financial statements

### 12 Trade and other debtors continued

	Consolidated 2024 £'000	Consolidated 2023 £'000
At 1 April	(521)	(244)
Movement to level of expected credit losses	(186)	(277)
<b>At 31 March</b>	<b>(707)</b>	<b>(521)</b>

Any changes to the provision for the expected credit losses are recognised in the statement of comprehensive income within administrative expenses. Due to the immaterial nature of the Group's provision for expected credit losses, trade and other receivables are shown net of this provision on the statement of financial position.

### 13 Cash and cash equivalents

	Company 31 March 2024 £'000	Company 31 March 2023 £'000	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
Cash in hand and held at bank	10	11	22,229	12,410
Cash equivalents	–	–	15,700	15,000
<b>At 31 March</b>	<b>10</b>	<b>11</b>	<b>37,929</b>	<b>27,410</b>

Cash held in segregated bank accounts relating to monies held on behalf of clients amounted to £16.3m at 31 March 2024 (31 March 2023: £2.0m) and is excluded from the amounts above and the statement of financial position. Client money relates to amounts received in the ordinary course of settlement of clients' trades and received in advance for the purchase of securities.

Cash equivalents comprises money market funds that are highly liquid and readily convertible to cash.

### 14 Deferred tax

	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
<i>Deferred tax asset comprises</i>		
<b>Capital allowances:</b>		
Brought forward	165	172
Amounts debited/(credited) to the profit and loss	9	(7)
<b>Carried forward</b>	<b>174</b>	<b>165</b>
<b>Other:</b>		
Brought forward	108	87
Amounts credited to the profit and loss	127	21
<b>Carried forward</b>	<b>235</b>	<b>108</b>
<b>Total deferred tax asset carrying amount</b>	<b>409</b>	<b>273</b>

The deferred tax asset reflects the net tax charge at the UK enacted rate of 25%. The whole amount of deferred tax is expected to be recovered from taxable profits no more than 12 months after the reporting period.

## 15 Trade and other creditors

	Company 31 March 2024 £'000	Company 31 March 2023 £'000	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
Accrued expenses	–	–	3,707	1,900
Amounts due to related companies (see Note 25)	17,974	23,926	–	–
Other creditors	–	–	3,573	2,314
<b>Total trade and other creditors</b>	<b>17,974</b>	<b>23,926</b>	<b>7,280</b>	<b>4,214</b>

## 16 Financial instruments

### 16.1 Capital structure

The capital of the Group and Company is structured in the form of issued share capital and reserves.

#### 16.1.1 Financial assets and liabilities

The carrying amounts of financial assets and liabilities are as follows (excluding non-financial items otherwise contained within the primary statements):

	Company 31 March 2024 £'000	Company 31 March 2023 £'000	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
<b>Financial assets measured at fair value through profit and loss</b>				
Securities held for trading	–	–	60,104	54,144
<b>Financial assets held at amortised cost</b>				
Market and client debtors	–	–	551,943	471,504
Trade and other debtors	10,280	21,620	13,200	8,214
Cash and cash equivalents	10	11	37,929	27,410
<b>Total financial assets</b>	<b>10,290</b>	<b>21,631</b>	<b>663,176</b>	<b>561,272</b>
<b>Financial liabilities measured at fair value through profit and loss</b>				
Securities held for trading	–	–	(35,305)	(32,062)
<b>Financial liabilities at amortised cost</b>				
Market and client creditors	–	–	(508,980)	(421,953)
Trade and other creditors	(17,974)	(23,926)	(1,576)	(812)
Lease liabilities	–	–	(18,710)	(21,059)
Loan	(15,000)	(21,000)	(15,000)	(21,000)
RCF	–	–	(15,000)	–
<b>Total financial liabilities</b>	<b>(32,974)</b>	<b>(44,926)</b>	<b>(594,571)</b>	<b>(496,886)</b>

### 16.2 Risk management review

The Board and Group Risk Committee are responsible for the oversight of risk management throughout the Group. This is achieved through a combination of Group-level policies and processes and a range of local risk management frameworks and governance committees within the different operating entities.

The Group has an enterprise risk management framework (ERMF) which caters for all main risk types. The design, operation and maintenance of the ERMF is the responsibility of the Risk and Compliance department, which includes:

- Monitoring of risk profile against approved risk appetite
- Providing oversight and challenge of functional business units in their management of risk
- Reporting and escalation of key risk matters to the Executive Board and to the Group Risk Committee
- Monitoring the external environment for risks to strategic objectives

The main governance forums for risk and control issues are the Group Risk Committee, the Group Audit Committee and the Executive Risk Committee (ERC).

The ERC meets a minimum of four times per year and reports into the Executive Board. The main purpose of the ERC is to oversee the first line management of risks, confirm that the business is operating within agreed risk limits, risk appetite and risk tolerance, provide executive review and discussion of documents to be reviewed by the Group Risk Committee and to discuss any risk issues before these are reported to the Group Risk Committee. The ERC has delegated authority from the Executive Board.

### 16.3 Risk management framework

The ERMF includes a formal Risk Appetite Statement (RAS) approved by the Board which is reviewed on an annual basis.

The RAS formalises risk appetite through qualitative and quantitative measures, which is then communicated throughout the firm through appropriate limits, metrics and key risk indicators. The firm operates a typical three lines model, with managers of functional business units acting as the first line, responsible for managing risks within their departments. Risk and Compliance act as the second line, providing oversight and challenge of the first line. Internal Audit represents the third line.

The Group maintains a risk register which lists all the key risks to which the firm is exposed and records both the inherent and residual risk assessments, taking into account the effectiveness of the design and operation of mitigating controls. The risk register is presented annually to, and is reviewed by, the Executive Board and Group Risk Committee, to ensure that risks are being identified and managed appropriately and that any management actions arising therefrom are being completed on a timely basis.

The risk management framework under which the business operates is documented in the ERMF, which is promulgated and applied through risk management policies. Both the policies and the risk limits are reviewed on an ongoing basis by the Executive Board and the Group Risk Committee. Risk Management monitors the application of this framework and related policies and enforces these limits as part of the day-to-day activities of the business.

## 16.4 Market risk

Market risk is the risk of loss caused by changes in the level or volatility of market rates or prices such as interest rates, equity prices and foreign exchange rates.

The Group controls market risk using aggregate trading and individual position limits, with the first line unit responsible for monitoring intra-day trading risk and for monitoring and reporting end-of-day limit usage to senior management. Risk Management is responsible for ensuring risk limits and reporting of trading risk are appropriate, as well as undertaking independent daily reporting which references externally provided end-of-day market prices (and challenging/escalating where required).

### 16.4.1 Price risk

Price risk is the risk of loss through changes in market prices. The Group is exposed to price risk through changes in prices and the volatility of prices on its holdings which comprises securities held for trading, predominantly arising from market making.

The Company is not exposed to price risk through holding of securities or investments not held for trading.

The Group conducted a sensitivity analysis on a 5% increase/decrease in equity prices on securities held for trading. Assuming all other variables remain constant, the sensitivity analysis results in a change in loss from operations for the year of +/- £1.2m (2023: +/- £1.1m).

### 16.4.2 Interest rate risk

Interest rate risk is the risk of loss due to changes in market interest rates. Interest rate risk arises on exposures relating to excess funds in cash, loan facilities with credit institutions and fixed income securities.

The Group conducted a sensitivity analysis on a 100bps increase in interest rates. Assuming all other variables remain constant, the sensitivity analysis results in a net increase in interest expense of £0.2m (2023: £0.3m).

### 16.4.3 Foreign currency risk

Foreign currency risk is the risk of loss due to changes in foreign exchange rates. Foreign currency risk arises on financial instruments or obligations that are denominated in a currency other than sterling.

Foreign currency exposure comprises the following unmatched assets and liabilities denominated in currencies other than the Group's functional currency, expressed in sterling equivalent:

	<b>Consolidated 31 March 2024 £'000</b>	Consolidated 31 March 2023 £'000
<b>Net assets</b>		
Euro	<b>319</b>	120
US dollar	<b>458</b>	438
Other	<b>682</b>	561
<b>Total currency exposure</b>	<b>1,459</b>	1,119

## Notes to the financial statements

### 16.4.4 Fair value measurement

The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. The table below shows the financial instruments carried at fair value by following the fair valuation hierarchy in accordance with IFRS 13:

- Level 1: quoted prices (unadjusted) in active markets (i.e. where a live market price can be obtained) for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Consolidated Total
<b>Financial assets measured at fair value through profit and loss</b>				
Securities held for trading	59,080	48	976	60,104
<b>Total financial assets as at 31 March 2024</b>	<b>59,080</b>	<b>48</b>	<b>976</b>	<b>60,104</b>
<b>Financial liabilities measured at fair value through profit and loss</b>				
Securities held for trading	(35,193)	–	(112)	(35,305)
<b>Total financial liabilities as at 31 March 2024</b>	<b>(35,193)</b>	<b>–</b>	<b>(112)</b>	<b>(35,305)</b>
<hr/>				
As at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Consolidated Total
<b>Financial assets measured at fair value through profit and loss</b>				
Securities held for trading	52,988	129	1,027	54,144
<b>Total financial assets as at 31 March 2023</b>	<b>52,988</b>	<b>129</b>	<b>1,027</b>	<b>54,144</b>
<b>Financial liabilities measured at fair value through profit and loss</b>				
Securities held for trading	(31,610)	–	(452)	(32,062)
<b>Total financial liabilities as at 31 March 2023</b>	<b>(31,610)</b>	<b>–</b>	<b>(452)</b>	<b>(32,062)</b>

The carrying amounts of financial instruments other than those designated at fair value are not significantly different from fair value. The Company does not have any financial instruments held at FVTPL.

Financial assets and liabilities recognised at fair value through profit and loss in the financial statements are reviewed to determine whether transfers have occurred between Level 3 and other levels in the hierarchy by re-assessing the categorisation at the end of each reporting year. Movements in Level 3 financial assets and liabilities on a net basis are as follows:

	Consolidated 2024 £'000	Consolidated 2023 £'000
<b>At 1 April</b>	<b>576</b>	104
Additions	717	577
Net losses	(440)	(91)
Disposals	83	44
Transfer to level 1	(72)	(58)
<b>At 31 March</b>	<b>864</b>	576

### 16.4.5 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to honour an obligation.

The Group quantifies and monitors credit risk by managing counterparty credit exposure on pre-settlement risk and post-settlement risk. All counterparty credit exposures arising from the Group's trading activities are captured within one of these measures.

Exposures are measured from trade date on settlements and are calculated based upon an estimate of the replacement cost of the trade if the counterparty were to default, based on the difference between the original transaction value and the market value of the unsettled trade.

Free deliveries represent settlements where the parties agree that the seller first delivers the security being sold to the buyer free of payment (FOP). The settlement risk exposure on free deliveries for securities sold is the full market value of the security underlying the trade.

Risk Management performs regular reviews on counterparty credit risk exposures and monitors these against counterparty trading limits.

The Group is exposed to underwriting risks where it underwrites investment transactions on behalf of its corporate clients. The Underwriting Committee reviews all proposed underwriting activities and its authority is subject to strict underwriting limits, which includes appropriate escalation and approval from senior executives and the Board. Market positions which arise from underwriting are managed in accordance with the market risk policy.

The Group is also exposed to credit risk relating to non-trade receivables and other non-trade debtors. Exposures to this risk are monitored on a monthly basis by reviewing outstanding balances. The table below reflects the age analysis of financial assets:

As at 31 March 2024	Not due £'000	Overdue				Impaired £'000	Company
		0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		Carrying value before impairment £'000
Trade and other debtors	10,280	–	–	–	–	–	10,280
<b>Total financial assets at 31 March 2024</b>	<b>10,280</b>	–	–	–	–	–	<b>10,280</b>

As at 31 March 2023	Not due £'000	Overdue				Impaired £'000	Company
		0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		Carrying value before impairment £'000
Trade and other debtors	21,620	–	–	–	–	–	21,620
<b>Total financial assets at 31 March 2023</b>	<b>21,620</b>	–	–	–	–	–	<b>21,620</b>

## Notes to the financial statements

### 16.4.5 Credit risk continued

As at 31 March 2024	Overdue					Impaired £'000	Consolidated Carrying value before impairment £'000
	Not due £'000	0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		
<b>Financial assets measured at fair value through profit and loss</b>							
Securities held for trading	60,104	–	–	–	–	–	60,104
<b>Financial assets held at amortised cost</b>							
Market and client debtors	497,148	54,530	71	90	104	–	551,943
Trade and other debtors	8,421	2,440	11	657	964	707	13,200
<b>Cash</b>							
Cash and cash equivalents	37,929	–	–	–	–	–	37,929
<b>Total financial assets at 31 March 2024</b>	<b>603,602</b>	<b>56,970</b>	<b>82</b>	<b>747</b>	<b>1,068</b>	<b>707</b>	<b>663,176</b>

As at 31 March 2023	Overdue					Impaired £'000	Consolidated Carrying value before impairment £'000
	Not due £'000	0-3 months £'000	3-6 months £'000	6-12 months £'000	> 1 year £'000		
<b>Financial assets measured at fair value through profit and loss</b>							
Securities held for trading	54,144	–	–	–	–	–	54,144
<b>Financial assets held at amortised cost</b>							
Market and client debtors	409,010	61,583	361	146	404	–	471,504
Trade and other debtors	4,586	1,709	462	555	381	521	8,214
<b>Cash</b>							
Cash and cash equivalents	27,410	–	–	–	–	–	27,410
<b>Total financial assets at 31 March 2023</b>	<b>495,150</b>	<b>63,292</b>	<b>823</b>	<b>701</b>	<b>785</b>	<b>521</b>	<b>561,272</b>

### 16.5 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial liabilities as they fall due, which are settled by delivering cash or another financial asset.

Liquidity risk is managed by regular reporting of sources and uses of funds to senior management, and strict trading systems controls that limit the amount of funding for trading activities. Further consideration of liquidity is undertaken with the ERC. The Group also manages liquidity in the trading book by conducting an ageing process on inventory and setting aside a reserve based on the age of each position. Operationally, this highlights at weekly intervals the areas of the trading portfolio that carry liquidity risk.

The Group's exposure to liquidity risk mainly arises from the market making and fixed income trading activities.

### 16.5 Liquidity risk continued

The maturity analysis below analyses the Group's undiscounted cash outflows (except for lease liabilities which are discounted) relating to contractual liabilities:

As at 31 March 2024	< 1 year £'000	1-2 years £'000	2-5 year £'000	> 5 years £'000	Company Total £'000
Trade and other creditors	17,974	–	–	–	17,974
Loan <sup>1</sup>	6,503	6,252	3,125	–	15,880
<b>Total financial liabilities at 31 March 2024</b>	<b>24,477</b>	<b>6,252</b>	<b>3,125</b>	<b>–</b>	<b>33,854</b>

As at 31 March 2023	< 1 year £'000	1-2 years £'000	2-5 year £'000	> 5 years £'000	Company Total £'000
Trade and other creditors	23,926	–	–	–	23,926
Loan <sup>1</sup>	6,696	6,494	9,344	–	22,534
<b>Total financial liabilities at 31 March 2023</b>	<b>30,622</b>	<b>6,494</b>	<b>9,344</b>	<b>–</b>	<b>46,460</b>

As at 31 March 2024	< 1 year £'000	1-2 years £'000	2-5 year £'000	> 5 years £'000	Consolidated Total £'000
Market and client creditors	508,980	–	–	–	508,980
Trade and other creditors	1,576	–	–	–	1,576
Lease liabilities	2,956	2,824	8,912	4,018	18,710
Loan <sup>1</sup>	6,503	6,252	3,125	–	15,880
RCF	15,000	–	–	–	15,000
<b>Total financial liabilities at 31 March 2024</b>	<b>535,015</b>	<b>9,076</b>	<b>12,037</b>	<b>4,018</b>	<b>560,146</b>

As at 31 March 2023	< 1 year £'000	1-2 years £'000	2-5 year £'000	> 5 years £'000	Consolidated Total £'000
Market and client creditors	421,953	–	–	–	421,953
Trade and other creditors	812	–	–	–	812
Lease liabilities	2,867	2,837	8,511	6,844	21,059
Loan <sup>1</sup>	6,696	6,494	9,344	–	22,534
<b>Total financial liabilities at 31 March 2023</b>	<b>432,328</b>	<b>9,331</b>	<b>17,855</b>	<b>6,844</b>	<b>466,358</b>

1. Includes the principal per the statement of financial position, plus accrued interest.

## Notes to the financial statements

### 16.6 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Group monitors and mitigates the effects of operational risks within the business through:

- Implementation of the ERMF and Operational Risk Management Policy, which together set out how operational risk is defined; identified and classified; assessed; managed, monitored and reported
- First line risk management, which ensures that all material operational risks within the Group are properly reviewed and monitored and that control processes are in place to reduce operational risks throughout the organisation
- Analysis and reporting of operational risk events, and reporting of any material failings or management actions, to the ERC

An annual Risk and Control Self-Assessments (RCSA) is used to identify and assess inherent and residual risks, which reviews the effectiveness of the internal control framework to mitigate those risks.

## 17 Intercompany borrowings

	Company 31 March 2024 £'000	Company 31 March 2023 £'000
Subordinated loan – due more than 1 year	<b>15,000</b>	15,000
Intercompany loan – due within 1 year	<b>3,000</b>	15,000
<b>Total intercompany borrowings</b>	<b>18,000</b>	30,000

On 16 December 2021, the Company entered into an intercompany subordinated loan agreement with Peel Hunt Partnership Group Limited with a facility limit of £30m to support the regulatory capital requirements of the UK regulatory group. This subordinated loan is unsecured and qualifies for tier 2 regulatory capital. The termination date for the loan is 30 September 2030 with a principal repayment notice period of three months by either party whilst an interest rate of 7% p.a. is payable quarterly. On 1 January 2022, £15m of the facility was drawn which represents the balance at year end.

On 16 December 2021, the Company further entered into an intercompany loan agreement with the LLP with a facility limit of £50m to support the working capital requirements. This intercompany loan is unsecured and does not qualify for regulatory capital. The loan has a one-month rolling term with a principal repayment notice period of one month by either party whilst an interest rate of 5.5% p.a. is payable quarterly. On 1 January 2022, £15m of the facility was drawn of which £12m has been settled through intercompany settlement during the year. The £3m balance outstanding is included in Note 12.

## 18 Long-term loans

	Company 31 March 2024 £'000	Company 31 March 2023 £'000	Consolidated 31 March 2024 £'000	Consolidated 31 March 2023 £'000
Loans due within one year	6,000	6,000	6,000	6,000
Loans due within two to five years	9,000	15,000	9,000	15,000
<b>Total loans</b>	<b>15,000</b>	<b>21,000</b>	<b>15,000</b>	<b>21,000</b>

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). The SFA is repayable bi-annually in equal amounts of £3m in March and September until fully repaid. Interest is accrued at 3.2% per year plus SONIA, payable quarterly in arrears.

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.

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. Interest accrues at 3.25% (FY23: 2.95%) per year plus SONIA on drawn balances, and a flat 1% on the undrawn balance, quarterly in arrears. As at 31 March 2024 £15.0m of the RCF was drawn (31 March 2023: £nil).

## 19 Ordinary share capital and reserves

The ordinary share capital of the Company comprises the following:

	31 March 2024 £'000	31 March 2023 £'000
<b>Issued</b>		
Ordinary shares: 122,807,085 (31 March 2023: 122,807,085) shares of no par value	223,881	223,881
<b>Total ordinary share capital</b>	<b>223,881</b>	<b>223,881</b>

The Company's authorised share capital is 122,807,085 shares of no par value.

### 19.1 Reserves

Reserves comprise retained earnings, share-based payment reserve and share premium.

## 20 Loss per share

	31 March 2024	31 March 2023
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
<b>Diluted weighted average number of ordinary shares in issue during the year</b>	<b>125,825,234</b>	<b>120,802,519</b>

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

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

## 21 Cash generated from operations

Cash generated/(used in) from operations as per the consolidated and company cash flow statements comprise of the following:

	Company Year ended 31 March 2024 £'000	Company Year ended 31 March 2023 £'000	Consolidated Year ended 31 March 2024 £'000	Consolidated Year ended 31 March 2023 £'000
<b>Loss before tax for the financial year</b>	<b>(80,225)</b>	(455)	<b>(3,262)</b>	(1,488)
<i>Adjustments for:</i>				
Depreciation and amortisation	–	–	<b>4,353</b>	4,251
Impairment of investments in subsidiaries	<b>84,646</b>	–	–	–
Expected credit loss on financial assets held at amortised cost	–	–	<b>186</b>	277
Increase in provisions	–	–	<b>131</b>	37
Equity settled share-based payments – IFRS 2 charge	<b>688</b>	647	<b>688</b>	647
Revaluation of right-of-use asset and lease liabilities	–	–	<b>33</b>	(71)
Net finance (income)/expense	<b>(192)</b>	(546)	<b>1,127</b>	1,628
<i>Change in working capital:</i>				
(Increase) in net securities held for trading	–	–	<b>(2,717)</b>	(4,446)
Decrease in net market and client debtors	–	–	<b>6,588</b>	4,458
Decrease/(increase) in trade and other debtors	<b>11,555</b>	(4,830)	<b>(4,595)</b>	(2,339)
(Decrease) in net amounts due to members	–	–	–	(21,837)
(Decrease)/increase in trade and other creditors	<b>(5,952)</b>	10,489	<b>3,049</b>	(12,572)
<b>Cash generated from/(used in) operations</b>	<b>10,520</b>	5,305	<b>5,581</b>	(31,455)
Interest received	<b>1,542</b>	1,875	<b>1,117</b>	692
Corporation tax credit/(paid)	–	–	<b>329</b>	(136)
<b>Net cash generated from/(used in) operations</b>	<b>12,062</b>	7,180	<b>7,027</b>	(30,899)

## 22 Right-of-use assets and lease liabilities

The right-of-use assets and lease liabilities (current and non-current) represent two office property leases in London and New York that the Group currently uses, and car leases. During the year, the Group entered into a car leasing agreement with a third party for the benefit of UK employees under the Salary Sacrifice Electric Car Scheme. Consistent with property leases, the Group recognises a right-of-use asset and a corresponding lease liability for each individual car lease.

	Property leases Year ended 31 March 2024 £'000	Car leases Year ended 31 March 2024 £'000	Consolidated Total Year ended 31 March 2024 £'000	Property leases Year ended 31 March 2023 £'000	Car leases Year ended 31 March 2023 £'000	Consolidated Total Year ended 31 March 2023 £'000
Depreciation expense	(2,371)	(42)	(2,413)	(2,446)	–	(2,446)
Interest expense	(800)	(9)	(809)	(938)	–	(938)
<b>Net operating cost</b>	<b>(3,171)</b>	<b>(51)</b>	<b>(3,222)</b>	<b>(3,384)</b>	<b>–</b>	<b>(3,384)</b>

The property lease liabilities were discounted at the incremental borrowing rate (IBR) from January 2020. The IBR of 3.97% for the London lease was derived from the available rate of borrowing at the time of the lease whilst the IBR for the New York lease was set at 6%.

The IBR for car leases is made up of the Bank of England base rate (5.25%) plus a credit spread for Peel Hunt LLP less an asset factor adjustment assumption. We have used the following IBRs for car leases: 6.5% for 24-month leases, 7.0% for 30 and 36-month leases and 7.5% for 42 and 48-month leases.

The Group adopted the practical expedient in IFRS 16.B1 to combine each separate lease component and any associated non-lease components and account for them as a single car lease component except for car insurance costs which are expensed in profit and loss account.

As at 31 March the Group held a balance for right-of-use assets and lease liabilities of:

<b>Right-of-use assets for the year ended:</b>	Property leases 31 March 2024 £'000	Car leases 31 March 2024 £'000	Consolidated Total 31 March 2024 £'000	Property leases 31 March 2023 £'000	Car leases 31 March 2023 £'000	Consolidated Total 31 March 2023 £'000
Opening balance sheet date	15,889	–	15,889	18,219	–	18,219
Additions	–	326	326	–	–	–
Disposal	–	(23)	(23)	–	–	–
Revaluation of right-of-use asset	(38)	–	(38)	116	–	116
Depreciation charge	(2,371)	(42)	(2,413)	(2,446)	–	(2,446)
Closing balance sheet date	13,480	261	13,741	15,889	–	15,889

<b>Lease liabilities for the year ended:</b>	Property leases 31 March 2024 £'000	Car leases 31 March 2024 £'000	Consolidated Total 31 March 2024 £'000	Property leases 31 March 2023 £'000	Car leases 31 March 2023 £'000	Consolidated Total 31 March 2023 £'000
Opening balance sheet date	(21,059)	–	(21,059)	(23,193)	–	(23,193)
Additions	–	(326)	(326)	–	–	–
Disposal	–	23	23	–	–	–
Interest expense	(800)	(9)	(809)	(938)	–	(938)
Revaluation of lease liability	5	–	5	(45)	–	(45)
Lease payments	3,394	62	3,456	3,117	–	3,117
Closing balance sheet date	(18,460)	(250)	(18,710)	(21,059)	–	(21,059)

## Notes to the financial statements

### 22 Right-of-use assets and lease liabilities continued

At 31 March the Group was committed to making the following payments in respect of leases:

Outstanding commitments:	Property leases	Car leases	Consolidated Total	Property leases	Car leases	Consolidated Total
	31 March 2024 £'000	31 March 2024 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2023 £'000	31 March 2023 £'000
Within one year	3,576	110	3,686	3,673	–	3,673
Within two to five years	13,181	185	13,366	13,469	–	13,469
Over five years	3,021	–	3,021	7,415	–	7,415
<b>Net operating cost</b>	<b>19,778</b>	<b>295</b>	<b>20,073</b>	24,557	–	24,557

The Group does not have short-term leases, low-value assets accounted for by applying IFRS 16 paragraph 6, no variable lease payments, extension options and termination options.

### 23 Investments in subsidiaries

The Company directly holds 100% of the ordinary share capital of Peel Hunt International Limited, Peel Hunt Partnership Group Limited and Peel Hunt Ventures Limited. During the year the Company incorporated Peel Hunt Ventures Limited, a wholly owned subsidiary registered in Guernsey. Following a fundraising during the year, the Company's direct interest in Retail Book Holdings Limited was reduced to 56.58% (31 March 2023: 100%). The principal subsidiaries of Peel Hunt Limited, all of which have been included in these consolidated financial statements, are as follows:

Name of subsidiary	Country of incorporation	Registered office	Nature of holding	Percentage ownership by Group
Peel Hunt International Limited	Guernsey	Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey GY2 4LH	Direct	100%
Peel Hunt Partnership Group Limited	England and Wales	100 Liverpool Street, London, United Kingdom, EC2M 2AT	Direct	100%
Peel Hunt Partnership Limited	England and Wales	100 Liverpool Street, London, United Kingdom, EC2M 2AT	Indirect	100%
Peel Hunt LLP	England and Wales	100 Liverpool Street, London, United Kingdom, EC2M 2AT	Indirect	100%
Peel Hunt Europe Fondsmæglersekskab A/S	Denmark	C/O Zieglers Gaard Office Club, Nybrogade 12, 1203 København K	Indirect	100%
Peel Hunt Inc.	Delaware, USA	250 Park Avenue, 7th Floor, New York, NY 10177 USA	Indirect	100%
Retail Book Holdings Limited*	England and Wales	10 Queen Street Place, London, United Kingdom, EC4R 1AG	Direct	56.58%
Retail Book Limited*	England and Wales	10 Queen Street Place, London, United Kingdom, EC4R 1AG	Indirect	56.58%
Peel Hunt Ventures Limited**	Guernsey	Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey GY2 4LH	Direct	100%
P.H. Nominees Limited***	England and Wales	100 Liverpool Street, London, United Kingdom, EC2M 2AT	Indirect	100%

\*Previous address is 100 Liverpool Street, London, United Kingdom, EC2M 2AT.

\*\*Company was established in January 2024.

\*\*\*Company is dormant.

### 23 Investments in subsidiaries continued

Retail Book Limited is a 100% (31 March 2023: 100%) owned subsidiary of Retail Book Holdings Limited. There are no other changes in the Group's interests (percentage holdings) in subsidiaries compared to the prior year.

The SFA loan disclosed in Note 18 is secured against the assets of Peel Hunt Limited, as the obligor of the loans.

Investments in subsidiaries are accounted for at cost. The Company's investment in the share capital of Peel Hunt International Limited was as follows:

	2024 £'000	2023 £'000
Balance at 1 April	1,127	1,127
Additional investment in subsidiary	2,500	–
<b>Balance at 31 March</b>	<b>3,627</b>	1,127

The Group invested £2.5m capital into Peel Hunt International for the purposes of capitalising Peel Hunt Europe Fondsmaeglerselskab A/S.

The Company's investment in the share capital of Peel Hunt Partnership Group Limited was as follows:

	2024 £'000	2023 £'000
Balance at 1 April	266,775	266,775
Impairment of investment in subsidiary	(84,646)	–
<b>Balance at 31 March</b>	<b>182,129</b>	266,775

The Company's investment in the share capital of Retail Book Holdings Limited was as follows:

	2024 £'000	2023 £'000
Balance at 1 April	1,000	–
Investment in subsidiary	2,212	1,000
<b>Balance at 31 March</b>	<b>3,212</b>	1,000

The Group invested an additional £2.2m during the year, resulting in a total investment of £3.2m. Retail Book Holdings Limited raised £2.5m (£1.0m cash raised from the Group and £1.5m cash raised from external parties) in a March 2024 fundraise resulting in the Group's interest being diluted to 56.58%. As part of the £2.5m fundraise, Retail Book Holdings Limited issued 33% of its shares at par to collaboration partners and its Employee Benefit Trust.

Steven Fine, CEO of the Company, Darren Carter, Non-Executive Director of the Company, and Aaqib Mirza, CEO of RetailBook (formerly CTO of the Group) (together the 'Peel Hunt related parties') participated in the fundraise investing £0.1m, £0.8m and £0.1m respectively. Peel Hunt related parties participated in the same terms as all other investors.

#### Subsidiary with significant non-controlling interests (Retail Book Holdings Limited and its subsidiary Retail Book Limited)

As at 31 March	2024	2023
Proportion of ownership interests and voting rights held by non-controlling interests (%)	43.42	–

## Notes to the financial statements

### 23 Investments in subsidiaries continued

Place of business	United Kingdom	United Kingdom
Loss attributable to non-controlling interests	–	–
Accumulated non-controlling interests in subsidiary	<b>1,575</b>	–
Dividends paid to non-controlling interests	–	–

### Summarised financial information

As at/year ended 31 March	2024 £'000	2023 £'000
Total assets	<b>3,712</b>	–
Total liabilities	<b>(85)</b>	–
Net operating loss	<b>(310)</b>	–
Loss for the year*	<b>(310)</b>	–
Total comprehensive expense for the year	<b>(310)</b>	–

\*Loss for the year is 100% attributable to the Group as the dilution happened at the end of year.

### 24 Investments in associates

The following entity has been included in the consolidated financial statements using the equity method:

Name of subsidiary	Country of incorporation	Registered office	Percentage ownership by the Group	
			31 March 2024	31 March 2023
Peel Hunt Fintech Ventures LLP	England and Wales	100 Liverpool Street, London, United Kingdom, EC2M 2AT	<b>19.53%</b>	–

The Group acquired a 25% interest in Peel Hunt Fintech Ventures LLP in May 2023. The Group's interest was subsequently diluted to 19.53%. The Group holds significant influence despite holding less than a 20% interest due to having the right to buy up to a 50% interest in the investee and the ability of the Group to participate in the running of the investee as a designated member.

- The Group's wholly owned subsidiary Peel Hunt International Limited is appointed as one of the two designated members of Peel Hunt Fintech Ventures LLP. Designated members make all business decisions and have a right to enter into and execute deeds for and on behalf of the investee.

The Group's gross investment in Peel Hunt Fintech Ventures LLP is £0.6m.

### Summarised financial information (immaterial associate)

Year ended 31 March	2024 £'000	2023 £'000
Loss from continuing operations	<b>42</b>	–
Post-tax loss from continuing operations	<b>42</b>	–
Other comprehensive income	–	–
<b>Total comprehensive expense</b>	<b>42</b>	–

## 25 Related party transactions

During the year, the following transactions occurred with related parties:

### 25.1 Transactions with Group companies

Peel Hunt Limited is the ultimate controlling party of Peel Hunt Partnership Group Limited, Peel Hunt Partnership Limited, Peel Hunt LLP, Peel Hunt International Limited, Retail Book Holdings Limited, Retail Book Limited, Peel Hunt Europe A/S, Peel Hunt Ventures Limited and Peel Hunt Inc. Intra-group transactions between Group companies and the Company are eliminated on consolidation and are not disclosed in this note. Amounts owed between the Company and its subsidiaries are disclosed in Notes 12, 15 and 17.

The intra-group balances disclosed in Notes 12 and 15 include transactions with Peel Hunt Partnership Group Limited, Peel Hunt Partnership Limited, Peel Hunt LLP, Retail Book Holdings Limited and Peel Hunt International Limited. As at 31 March 2024, the Company was owed £1.8m (31 March 2023: £1.3m) by Peel Hunt International Limited, £nil (31 March 2023: £0.2m) by Retail Book Holdings Limited and £5.5m (31 March 2023: £5.0m) by the Employee Benefit Trust. These receivables are disclosed within Note 12.

Within Note 17, we disclosed the amounts of intercompany receivables in relation to the loans to Peel Hunt Partnership Group Limited and Peel Hunt LLP.

Interest on the subordinated loan to Peel Hunt Partnership Group Limited amounted to £1.1m (31 March 2023: £1.1m) for the year. In relation to the intercompany loan to Peel Hunt LLP interest amounting to £0.5m (31 March 2023: £0.8m) was charged for the year.

The intra-group balance disclosed in Note 15 relates to transactions with Peel Hunt Partnership Group Limited, Peel Hunt LLP and Peel Hunt Partnership Limited. As at 31 March 2024, Peel Hunt Limited owed £11.4m (31 March 2023: £9.8m) to Peel Hunt Partnership Group Limited, £6.5m (31 March 2023: £14.1m) to Peel Hunt LLP and £0.1m (31 March 2023: £0.1m) to Peel Hunt Partnership Limited.

In Note 23 we disclose the transactions related to investments in Retail Book Holdings by Peel Hunt related parties.

### 25.2 Key management remuneration

Key management includes the Board and the Executive Board. The total short-term employee benefits are made up of fixed and variable remuneration paid to key management, which amounted to £3.7m for the year ended 31 March 2024 (31 March 2023: £3.5m). The share-based payment expense in relation to key management for the year ended 31 March 2023 under the RSP scheme was immaterial.

## 26 Provisions

	2024 £'000	2023 £'000
<b>Non-current</b>		
At beginning of year	<b>577</b>	540
Amounts recognised in profit or loss during the year	<b>131</b>	37
<b>Total provisions</b>	<b>708</b>	577

The amount provided above is primarily in respect of dilapidations related to the Group's offices at 100 Liverpool Street and previous offices at Moor House, representing the estimated amount of the liability.

## 27 Share-based payments

Employees of the Group are eligible to receive remuneration in the form of share-based awards, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

### 2022 Restricted Share Plan (2022 RSP)

Under the 2022 RSP, a number of employees were awarded share options which give them the right to acquire Peel Hunt Limited shares subject to the rules of the Peel Hunt LTIP.

#### Nature

The 2022 RSP is designed to increase the interest of participants in the Group's long-term business goals and performance. The vesting conditions require a three-year service to be fulfilled and also the achievement of performance conditions, as specified by the Group's Remuneration Committee, after which employees are able to exercise the share options. There are no market conditions attached to the plan. Under the 2022 RSP, employees are entitled to any dividends declared during the vesting period.

The movement in award shares is as follows:

	31 March 2024	31 March 2023
<b>Number of share options</b>		
Outstanding at 1 April	<b>1,605,000</b>	–
Granted during the year	–	1,605,000
Exercised during the year	–	–
Forfeited during the year	<b>(112,000)</b>	–
<b>Outstanding at 31 March</b>	<b>1,493,000</b>	1,605,000

The weighted average fair value of each option granted was 114p at the grant date.

No share options were exercised during the year or are exercisable at year end. The weighted remaining contractual period for the share options is 1 year 9 months including a six-month holding period. The share options have an exercise price of zero.

The share-based payment charge of the 2022 RSP for the year ended 31 March 2024 was £0.6m (31 March 2023: £0.6m). There were no transaction services received which qualified for recognition as an asset.

The 114p fair value of the share options was calculated using the Black-Scholes-Merton option pricing model. The 30% volatility assumption, measured at the standard deviation of expected share price returns, was based on a statistical analysis of daily share prices since IPO. The 2% risk-free rate was assumed to be the grant date implied yield on available zero-coupon government bonds in the United Kingdom with a remaining term equal to the expected return of the share options. The 11% (31 March 2023: 8%) forfeiture rate was based on the experienced historical employees' attrition rate.

## 27 Share-based payments continued

### 2023 Restricted Share Plan (2023 RSP)

Under the 2023 RSP, a number of employees were awarded share options which give them the right to acquire Peel Hunt Limited shares subject to the rules of the Peel Hunt LTIP.

#### Nature

The 2023 RSP is designed to increase the interest of participants in the Group's long-term business goals and performance. The vesting conditions require a three-year or five-year service to be fulfilled and the achievement of non-market performance conditions, as specified by the Group's Remuneration Committee, after which employees are able to exercise the share options. The non-market performance conditions include earnings per share (EPS), profitability and revenue vesting conditions. Towards the end of the year the Group's Remuneration Committee rebased the EPS vesting condition.

Under the 2023 RSP, employees are entitled to any dividends during the vesting period.

	31 March 2024	31 March 2023
<b>Number of share options</b>		
Outstanding at 1 April	–	–
Granted during the year	<b>7,444,592</b>	–
Exercised during the year	<b>(75,000)</b>	–
Forfeited during the year	<b>(106,994)</b>	–
<b>Outstanding at 31 March*</b>	<b>7,262,598</b>	–

\*This includes 1,860,387 share options with a three-year vesting period and 4,352,211 share options that can vest at the end of three and five years subject to satisfying the vesting conditions.

The weighted average fair value of each option granted was 103p at grant date.

No share options are exercisable at year end. The weighted remaining contractual period for the share options is 3 years 9 months including the six-month holding period. The share options have an exercise price of zero.

The share-based payment charge of the 2023 RSP for the year ended 31 March 2024 was £0.1m. There were no transaction services received which qualified for recognition as an asset.

The 103p fair value of the share options was calculated based on the average five-day trading share price of Peel Hunt Limited leading to the grant date. We have considered that the fair valuation using an option pricing model will approximate 103p fair value in the absence of market performance conditions and given that dividends accrue to the holders of the options.

## 28 Post balance sheet events

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

# ABBREVIATIONS AND GLOSSARY

<b>AGM</b>	Annual General Meeting	<b>EU</b>	European Union
<b>AI</b>	Artificial Intelligence	<b>ERMF</b>	Enterprise Risk Management Framework
<b>AIM</b>	Alternative Investment Market	<b>FCA</b>	Financial Conduct Authority
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy	<b>FINRA</b>	Financial Industry Regulatory Authority
<b>CEO</b>	Chief Executive	<b>FOP</b>	Free of Payment
<b>CFOO</b>	Chief Financial & Operating Officer	<b>FVTOCI</b>	Fair Value Through Other Comprehensive Income
<b>Company</b>	Peel Hunt Limited	<b>FVTPL</b>	Fair Value Through Profit or Loss
<b>CRO</b>	Chief Risk Officer	<b>FY24</b>	Financial Year 1 April 2023 – 31 March 2024
<b>CTO</b>	Chief Technology Officer	<b>Group</b>	The Company and its subsidiaries
<b>DCM</b>	Debt Capital Markets	<b>HR</b>	Human Resources
<b>DEI Forum</b>	Diversity, Equity and Inclusion Forum	<b>IAS</b>	International Accounting Standards
<b>DTR</b>	Disclosure Guidance and Transparency Rules Sourcebook	<b>IB</b>	Investment Banking division
<b>DVP</b>	Delivery Versus Payment	<b>ICARA</b>	Internal Capital And Risk Assessment
<b>EBT</b>	Peel Hunt Share Trust, the Group's Jersey-based employment benefit trust	<b>IFPR</b>	Investment Firms Prudential Regime
<b>ECM</b>	Equity Capital Markets	<b>IFRS</b>	International Financial Reporting Standards
<b>ESG</b>	Environmental, Social and Governance	<b>IPO</b>	Initial Public Offering
<b>ESG Committee</b>	Environmental, Social and Governance Committee	<b>KBC</b>	KBC Bank or KBC Group NV, a Belgian bank-insurer

<b>KBW</b>	Keefe, Bruyette & Woods – an investment firm and the Company’s broker; part of the Stifel Group	<b>PPT</b>	Percentage point
<b>kg CO<sub>2</sub>e</b>	A measurement of greenhouse gas emissions, in kilogrammes of carbon dioxide equivalent	<b>QCA</b>	Quoted Companies Alliance Corporate Governance Code 2018
<b>KPI</b>	Key Performance Indicators	<b>RCM</b>	Retail Capital Markets
<b>kWh</b>	KiloWatt Hours	<b>RCSA</b>	Risk and Control Self-Assessment
<b>LLP</b>	Limited Liability Partnership	<b>RMF</b>	Risk Management Forum
<b>LSE</b>	London Stock Exchange	<b>RSP</b>	Restricted Share Plan
<b>LTIP</b>	Long-term Incentive Plan	<b>SBTi</b>	Science Based Targets initiative
<b>M&amp;A</b>	Mergers & Acquisitions	<b>SEER Committee</b>	Social, Environmental, Ethical and Reputational Committee
<b>Mid- and small-cap</b>	The segment of the market where the total value of each individual equity transaction falls in the range between £100m and £1,500m	<b>SID</b>	Senior Independent Director
<b>PBT</b>	Profit Before Tax	<b>SONIA</b>	Sterling Overnight Index Average
<b>PCM</b>	Private Capital Markets	<b>t CO<sub>2</sub>e</b>	A measurement of greenhouse gas emissions, in tonnes of carbon dioxide equivalent
<b>Peel Hunt</b>	The Company and its subsidiaries (also termed the Group)	<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>PHAT</b>	The Company’s internal pre/post-trade analytics, risk and quote management system for market making		

## Other information

# INFORMATION FOR SHAREHOLDERS

## Financial calendar

13 June 2024	Full-year results announced
19 June 2024	Annual Report issued
4 July 2024	Annual General Meeting
29 November 2024	Interim results

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