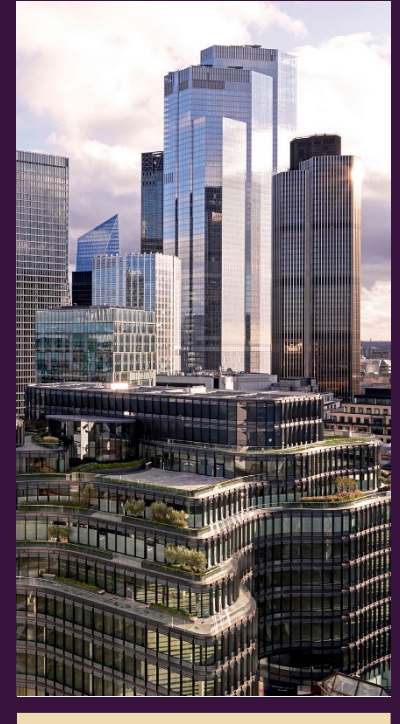


HALF YEAR RESULTS PRESENTATION

For the period ended 30 September 2023

5TH DECEMBER 2023

**PEEL
HUNT**



Presenters



Steven Fine
Chief Executive Officer



Sunil Dhall
Chief Financial &
Operating Officer

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Business & Financials Update

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Strategy & Outlook

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OVERVIEW AND HIGHLIGHTS

Financial Highlights				
£42.7m	£(0.7m)	58.6%	£92.8m	£22.6m
Revenue	Loss After Tax	Compensation Ratio	Net Asset Value (NAV)	Cash Balance

Investment Banking

Expand our investment banking capabilities

- **Corporate clients** Added 9 new mid-cap & growth companies
- **Diversification strategy** Acted as financial adviser on several UK public M&A transactions
- **Private Capital Markets & Debt Advisory** Expanded pipeline mandates
- **REX** Continues to be adopted across the market

154
No. of Corporate Clients

Research & Distribution

Advance our position as a distribution powerhouse

- **Institutional Electronic Trading** New team will refocus our efforts here
- **European office** Copenhagen is now fully staffed & expected to be operational shortly

37
No. of FTSE350 Corporate Clients

£622.6m
Average mkt cap of clients

Execution Services

Extend our leading liquidity provision

- **Volumes** Lower market volumes but revenues above pre-covid levels
- **Liquidity provision** We continue to focus on adding incremental liquidity and driving efficiencies

200+
Research coverage analysis of FTSE 350

15.3%
Share of LSE volume

Technology

Embed Technology in everything we do

- **Peel Hunt AI Solutions** Research Assistant & News Flow Assistant
- **Fintech Growth Fund (FGF)** Appointed as sole financial adviser to FGF
- **RetailBook** Application for regulatory approval is currently being assessed by the FCA

1.2m
combined quotes & trades per day

Despite the continued challenging market backdrop, our performance has remained resilient. Revenue for the first six months was in line with expectations, and slightly up on the same period last year.

Our performance was not quite enough to offset the high inflationary environment and its impact on costs but our balance sheet remains strong, demonstrating the Group's financial resilience.

Market Recovery?

- UK-focused equity funds continued to experience net outflows. Towards the end of the period there were indications that this trend might be starting to change
- Encouraging signs that interest rates may be nearing their peak as UK inflation has started to come under control
- Progress on the market reform agenda

Areas of Focus

- Building the size and quality of the corporate client base
- Capturing greater share of retained client M&A mandates
- Growing our international distribution reach
- Continue to diversify IB and trading revenues
- Maintaining operational leverage within the business

Operating Platform

- Long term debt reduced to £15m (FY23: £21m), partly mitigating interest cost increases
- Continue to look at cost rationalisation
- Continued investment in key technology and new Chief Technology Officer started

MARKET UPDATE

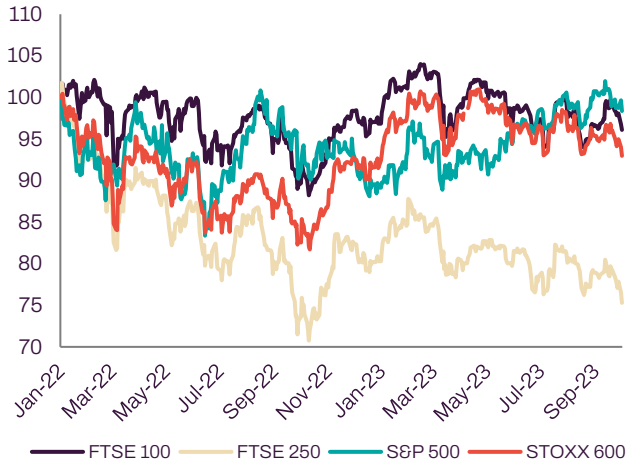
2

UK Equity market backdrop

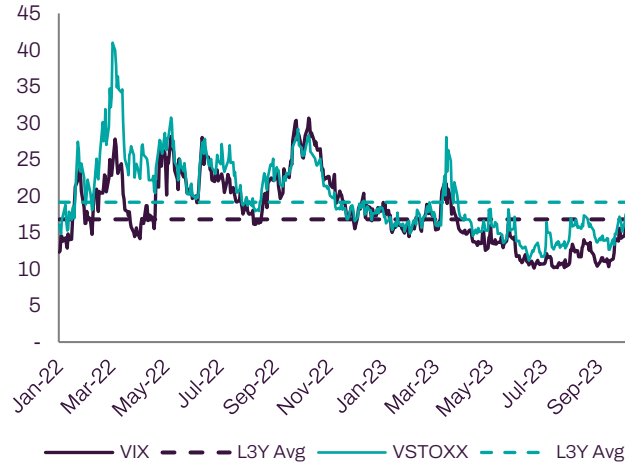


Volatile backdrop to 2023, with mid-cap valuations attractive to bidders

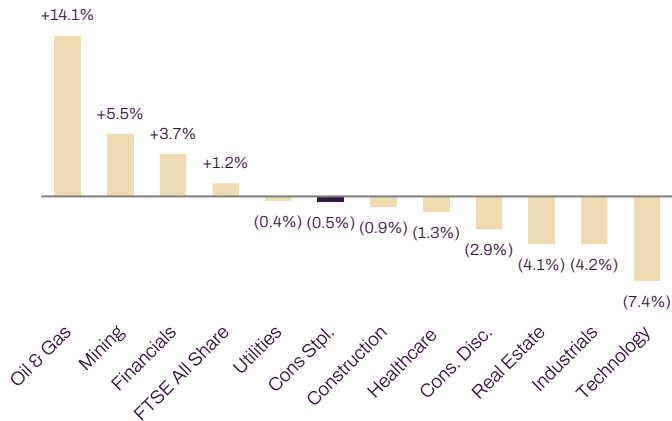
UK Mid Cap underperformance



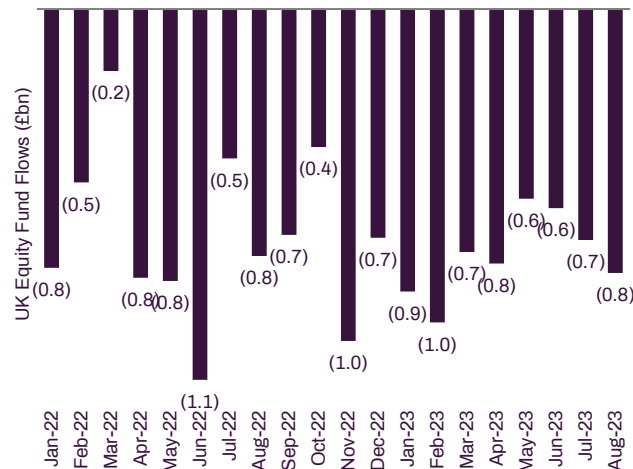
Market volatility has diminished



2023 YTD performance by sector



Record UK equity fund outflows



Macroeconomics

- Tightening cycle coming to an end
- Interest rates likely higher for longer, with the potential to reduce in the middle of next year

Equities

- £14.5bn withdrawn from UK equities since 2022; predominantly in UK small / mid cap
- 23/24E corporate earnings outlook reducing
- Record low valuations increasing M&A interest in UK plc - £12bn currently under offer

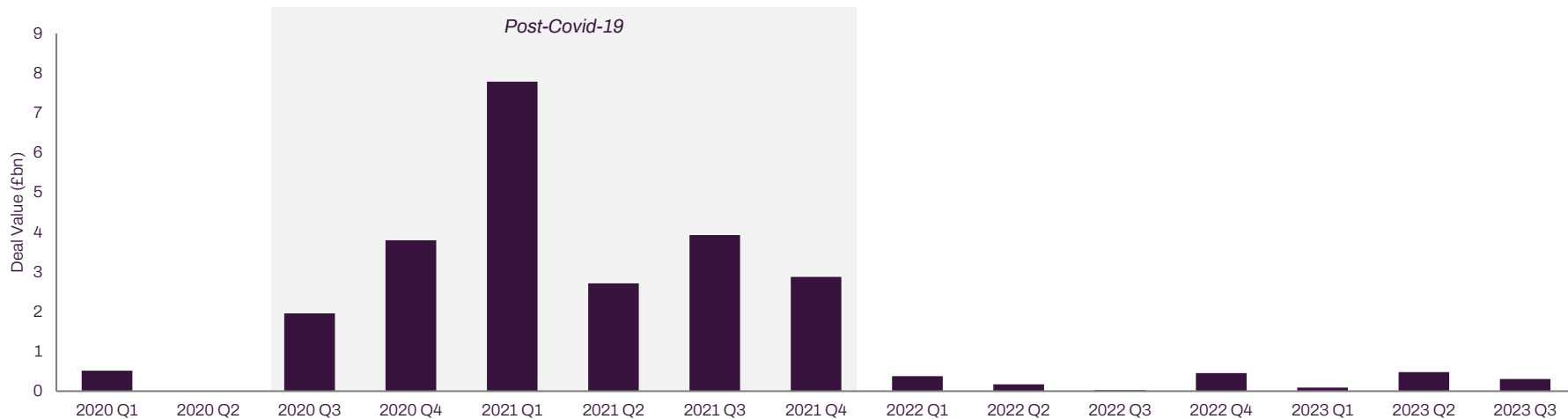
Debt

- Debt markets remain open with some stabilisation now being seen
- Benchmark interest rates moved sharply higher; a new world particularly for private equity

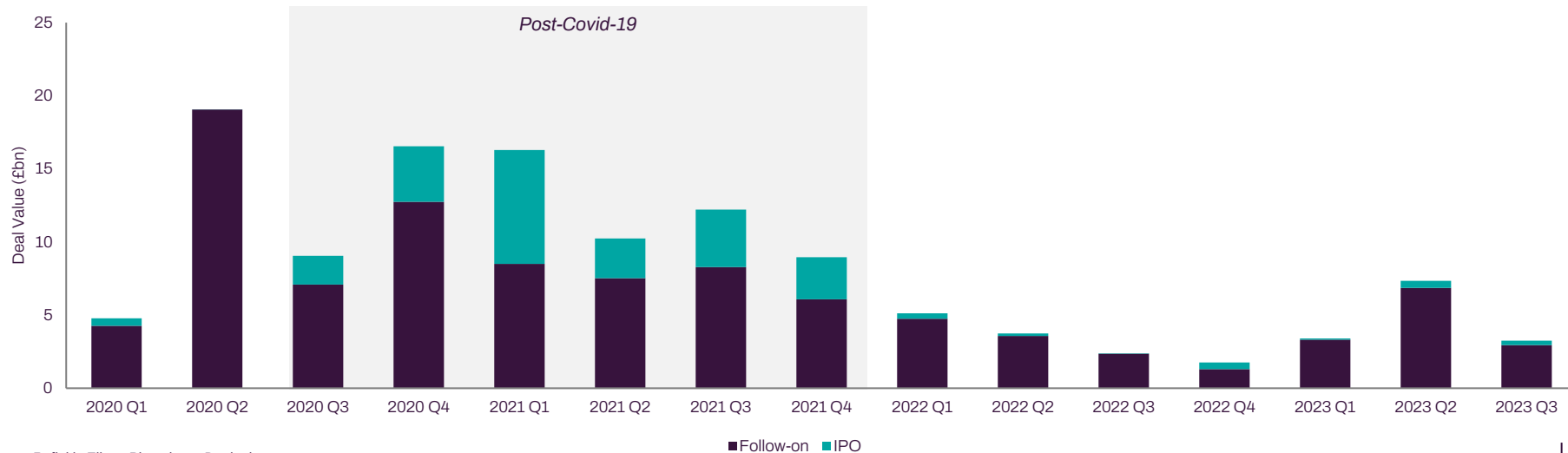
Capital raising activity

The market has been subdued since the boom in 2021 – but cautiously optimistic for a return in 2024

Recent UK IPO activity



UK Issuance by Product



Source: Refinitiv Eikon, Bloomberg, Dealogic.

Peel Hunt - Leading mid-market M&A advisers



Highly active M&A practice, specialist in UK plc takeovers

Most active in UK plc M&A 2023¹

Rank	Adviser	# of transactions
1	Rothschild	11
2	Deutsche Numis	10
3	Peel Hunt	7
4	Investec	6
=	finnCap	6
=	Liberum	6
5	Panmure Gordon	5
6	Morgan Stanley	4
=	Jefferies	4
=	Evercore	4
=	Citi	4
7	BofA	3
=	SPARK Advisory	3
=	Goldman Sachs	3
=	JP Morgan	3
=	Canaccord	3
=	Stifel	3

c.£430m
Average transaction size since 2019²

25
Completed PLC transactions as financial adviser since 2019²

Recent Peel Hunt M&A Credentials²

<p>Jubilant Foodworks Limited cash offer for</p> <p>Sole financial Adviser to Jubilant Foodworks</p> <p>November 2023</p> <p>£125m</p>	<p>Global Auto Holdings Limited recommended all-cash offer for</p> <p>Financial adviser to Lookers plc</p> <p>June 2023</p> <p>£504m</p>	<p>LondonMetric Property recommended all-share offer for</p> <p>Financial adviser to LondonMetric</p> <p>May 2023</p> <p>£199m</p>	<p>AOP Mandatory cash offer for</p> <p>Sole financial adviser to Shield Therapeutics</p> <p>May 2023</p> <p>£46m</p>	<p>Great Sea Kitchens bidco (TORIDOLL) recommended cash offer for</p> <p>Sole financial adviser to TORIDOLL</p> <p>April 2023</p> <p>£93m</p>	<p>WoolOvers Group Limited possible offer for</p> <p>Sole financial Adviser to WoolOvers</p> <p>March 2023</p> <p>£7m</p>	<p>Nucleus recommended cash offer for</p> <p>Sole Rule 3 and joint financial adviser to Curtis Banks</p> <p>January 2023</p> <p>£242m</p>
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Note 1: UK M&A ranked by named adviser (inclusive of corporate broker roles) as per Rule 2.7 Announcements
Note 2: Peel Hunt acting in a financial advisory capacity

BUSINESS AND FINANCIALS UPDATE

3

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

£m	H1 FY24 £'000	H1 FY23 £'000	% change YOY
Investment Banking revenue	17,340	11,866	46.1%
Research payments & execution commission	10,503	11,785	(10.9)%
Execution Services revenue	14,834	17,416	(14.8)%
Total revenue	42,677	41,067	3.9%
Staff costs	(24,996)	(24,010)	4.1%
Non-staff costs	(18,454)	(16,996)	8.6%
Total costs	(43,450)	(41,006)	6.0%
(Loss)/Profit before tax	(773)	61	(1,367.2)%
Tax charge	94	(15)	(726.7)%
Illustrative (loss)/profit after tax	(679)	46	(1,576.1)%

Headlines

- Overall deal activity has remained subdued, though revenues in Investment Banking were significantly ahead of the same period last year due to M&A activity
- Resilient performance in Research & Distribution, in spite of reduced market volumes
- Execution Services team navigated volatile markets and tight spreads to deliver revenues of £14.8m
- Rising inflation increased our cost base, despite careful cost management

Commentary

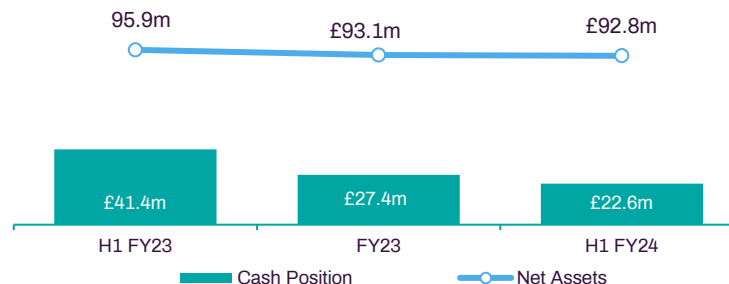
The Group's net asset position as at 30 September 2023 was £92.8m, a decrease of 0.3% compared to 31 March 2023

Maintained a good cash balance at the period end of £22.6m

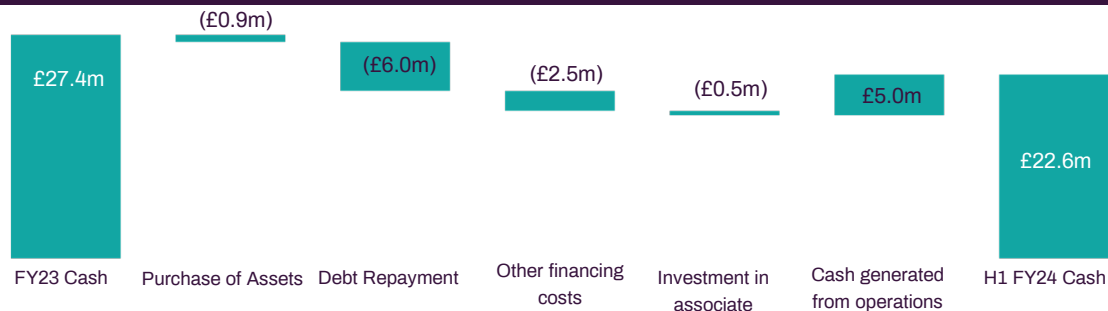
We accelerated a repayment of £6m of our long-term debt during the period, leaving £15.0m of principal outstanding as at 30 September 2023

We continued to operate well in excess of our regulatory capital requirements with Own Funds coverage over net assets of 567% at the end of H1 FY24

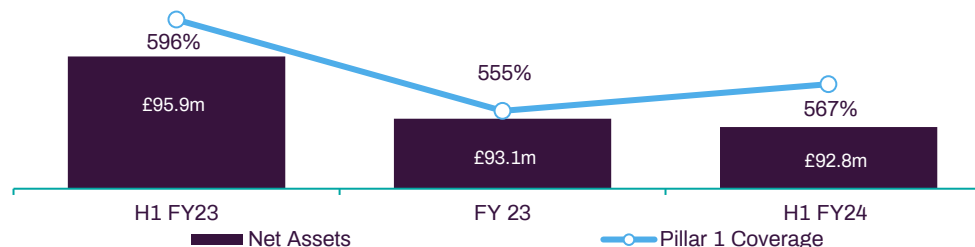
Cash Position and Net Asset Value



Cash Bridge



Total Own Funds vs Requirement



Commentary



Fee income continues to be impacted by low volumes of activity, especially in equity issuance. However, higher M&A fees have resulted in fee income increasing by 72% versus H1 FY23



Retainer income remains flat despite a decrease in retained clients, as average retainer fees increased

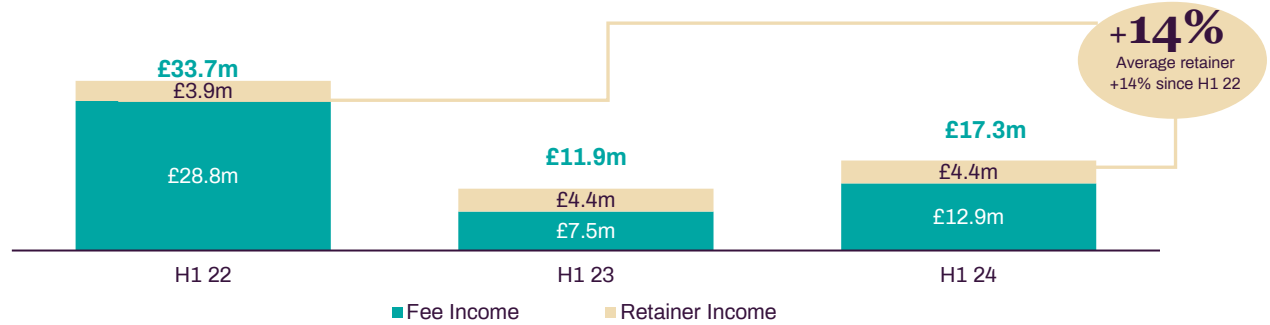


Continued to build the quality of our corporate client base. This has resulted in a decrease of client numbers as the business ensures our clients are relevant to our strategy and our institutional clients. The average market cap of clients has increased as a result

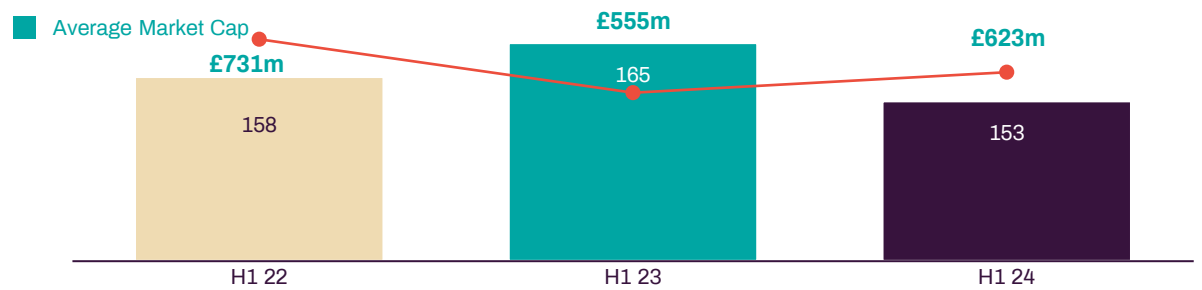


Continued investment in M&A, Private Capital Markets and Debt Advisory to diversify our revenue base

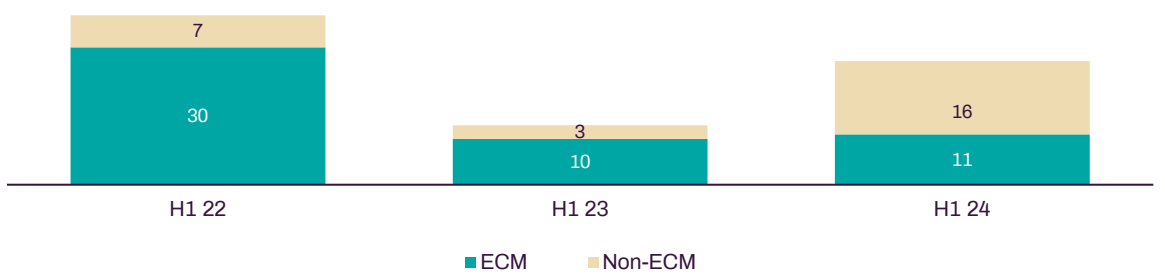
Investment Banking revenue



Number of retained clients and average market cap



Client Transactions



Investment Banking -Total market cap of clients

Peel Hunt punches above its weight in terms of total market cap of corporate clients

- A lack of capital market activity has resulted in consolidation across the investment banking industry
- Larger investment banks are taking advantage of this impact on smaller investment banks and boutique deal makers
- In April 2023, Deutsche Bank announced the acquisition of Numis. In May 2023, Mizuho announced their acquisition of Greenhill and Mediobanca acquired Arma partners. In June 2023, Investec announced their purchase of Capitalmind
- At the smaller end of the market, Cenkos Securities and finnCap Group announced an all-share merger in March 2023
- Following the SVB induced banking crisis in March, UBS agreed to buy Credit Suisse
- Following this consolidation, Peel Hunt edging towards the top 10 of Total Market Cap of Stock Market Clients

Rank	Stockbroker	Total Market Cap of Stock Market Clients (Aug '23) (£m)	Total Number of Stock Market Clients (Aug '23)	Market Cap of Bank
1	Morgan Stanley & Co International	899,634	50	109,200
2	J.P. Morgan Cazenove	760,376	145	345,946
3	Bank of America Securities	647,091	51	169,958
4	UBS AG London Branch ¹	619,103	39	69,314
5	CITI	444,964	35	64,095
6	Goldman Sachs International	358,760	32	84,515
7	Barclays	318,880	68	23,495
8	Deutsche Numis ²	178,003	164	17,767
9	HSBC Bank	173,954	25	127,791
10	Davy Corporate Finance	105,057	25	n/a
11	Investec Bank	104,052	120	8,819
12	Peel Hunt	99,422	154	106
13	Credit Suisse ¹	97,317	54	n/a
14	Jefferies	92,938	83	6,434
15	BNP Paribas	46,473	8	55,030
16	Berenberg	44,052	60	n/a
17	Winterfloods	28,320	52	n/a
18	Stifel Nicolaus Europe	28,244	71	4,600
19	Goodbody	27,992	12	n/a
20	Liberum Capital	27,592	109	n/a

¹ Excludes UBS acquisition of CS. UBS corporate broking clients as of Sept 2023 (including CS clients) is 54

² Excludes impact of DB transaction. Deutsche Numis has 166 clients as of August 2023

Commentary



H1 FY24 revenue was lower than the prior year, due to reduced trading volumes



Our Small-cap and AIM desk have performed in line with expectations and our Fixed Income desk has performed well in the current interest rate environment

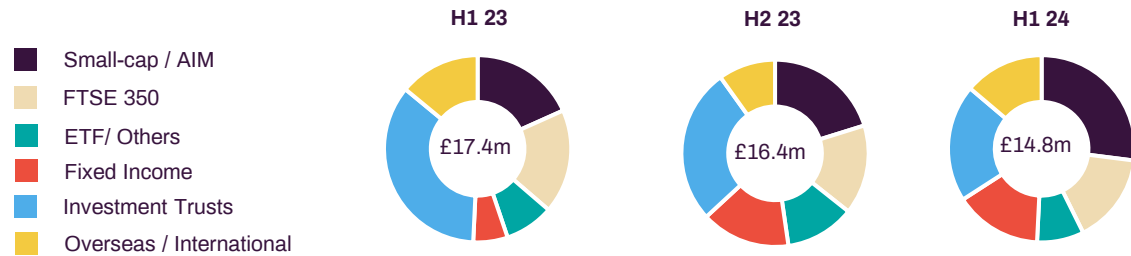


Maintained good diversification of revenue

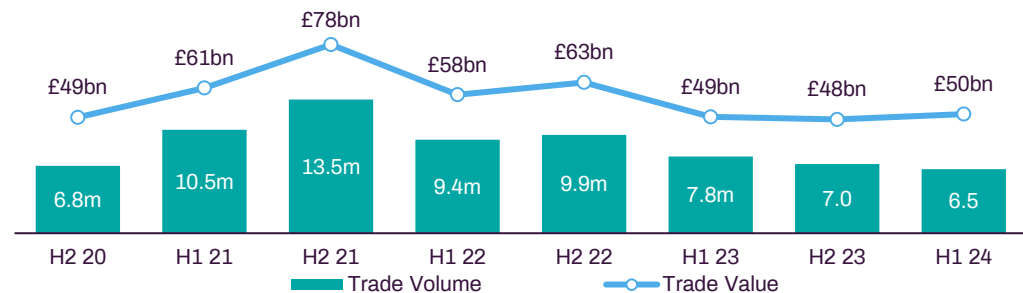


Peel Hunt retained a leading position with a 15.3% share of LSE volume, ahead of pre-pandemic market share

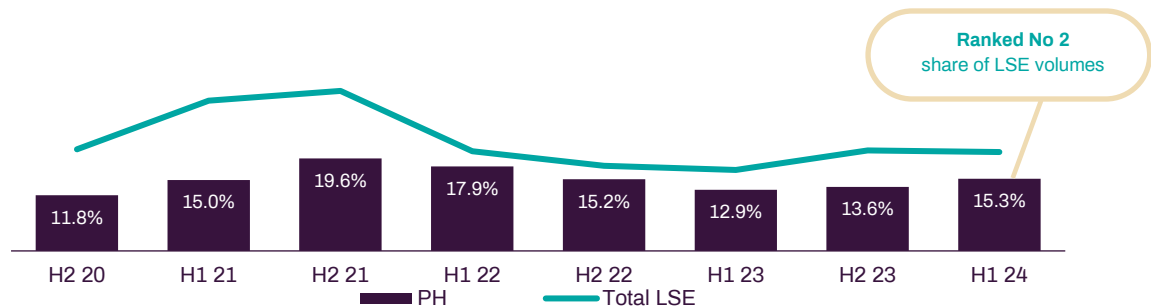
Execution Services revenue breakdown



Trading value (£bn) and volume (m)



Market share of LSE trading volume ⁽¹⁾



Commentary



Market volumes in H1 FY24 reduced in comparison to H1 FY23, due to lower institutional investor sentiment relating to interest rates and inflationary concerns weighing on risk assets, including equities. Despite this, Research & Distribution performance in the period was resilient

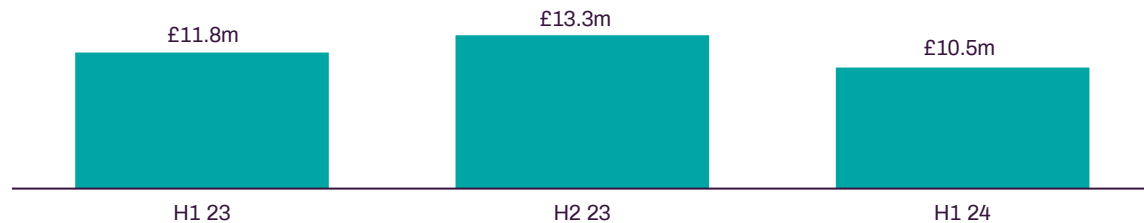


The number of companies under our research coverage has increased in H1 FY24 due to initiations

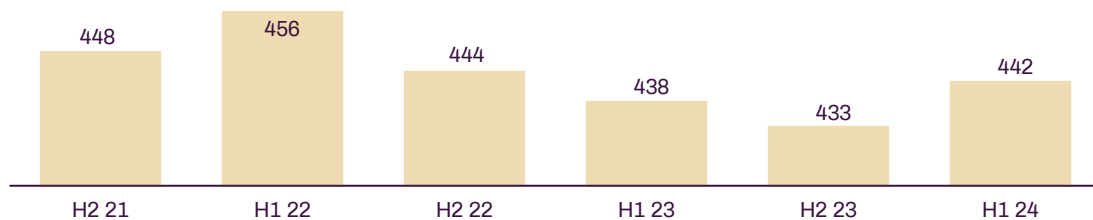


We maintained the positive trend of expanding our research relationships held with institutions for the sixth consecutive half year. Total research reports downloaded increased as a result of the greater relationship coverage

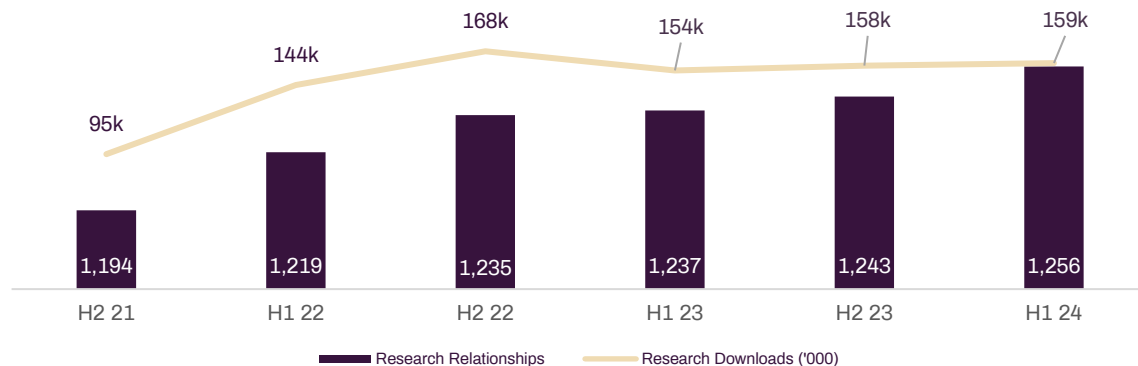
Research and Distribution revenue



Number of companies under coverage



Research relationships and downloads



Commentary

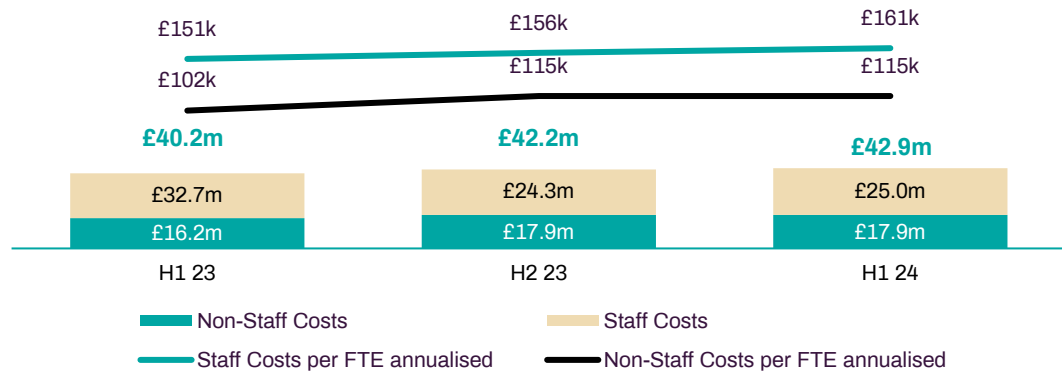
Staff and non-staff costs per FTE increased, mostly due to inflationary pressures faced by the Group and targeted salary increases

We completed hires into our Copenhagen office of 5 people, which will broaden our international distribution capability

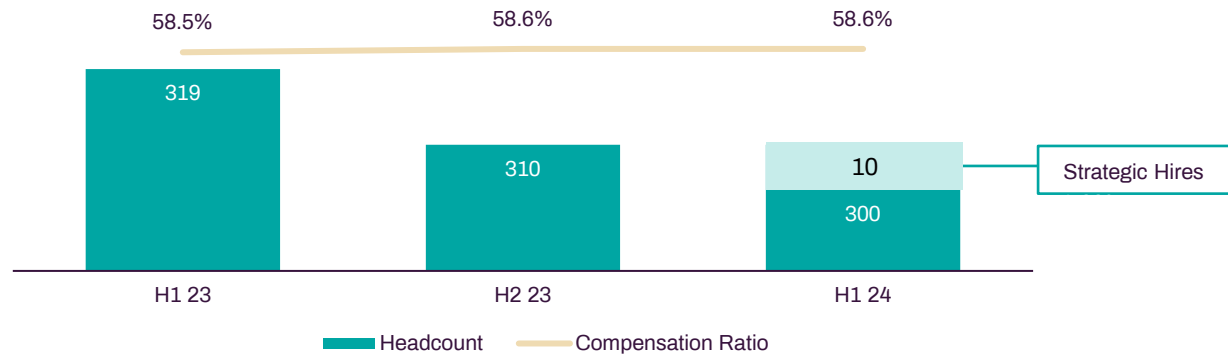
Compensation ratio (staff cost / income ratio) remained relatively static

Managed headcount whilst making targeted strategic hires (Electronic Trading, Copenhagen, IBD graduates)

Cost Overview



Period-end headcount



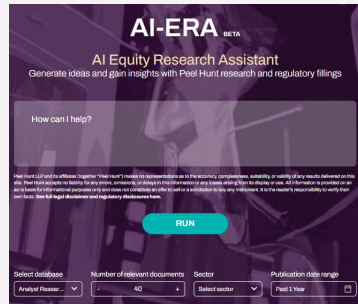
STRATEGY AND OUTLOOK

Embedding Technology in everything we do



Strategic Progress

Peel Hunt AI Solutions



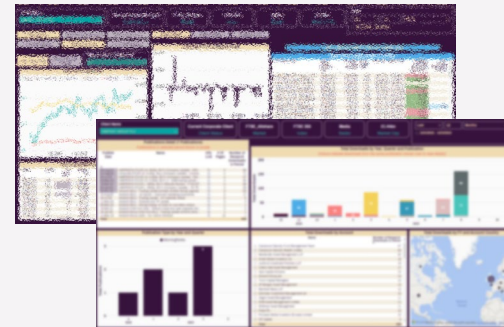
- Research Assistant: Unique AI system that combines both qualitative and quantitative data
- News Flow Assistant: Automated analysis of public company announcements including sentiment, upside/downside, and evaluation to prior announcements

FinTech - growing our franchise



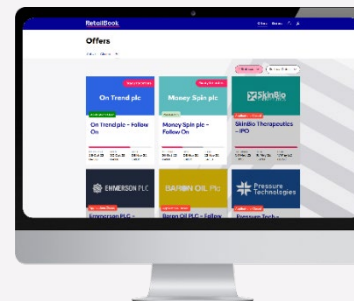
- Peel Hunt is acting as Sole Financial Adviser to the FinTech Growth Fund
- FGF to back the strongest UK growth-stage FinTechs with the support of leading global financial institutions
- The UK is a global leader in UK FinTech, with 3,000+ FinTech companies
- The FinTech Growth Fund has been created to deliver one of the key recommendations of the Kalifa Review (identified a £2bn gap in funding)
- Commissioned by the UK government to assess how the sector can continue to thrive, it called for a new fund to support the strong cohort of growth companies that have already been founded in the UK but need more private funding to scale

Utilising technology to enhance MI



- New Dashboards created to combine multiple sets of data to give a comprehensive overview of important MI for each retained client

RetailBook



- RetailBook is a capital markets platform developed to enable retail investors to access primary market transactions
- Developed independently using the latest cloud technology it offers a scalable market place for capital market offers
- Peel Hunt remains a key investor and strategic partner of RetailBook.

Current trading and outlook HY

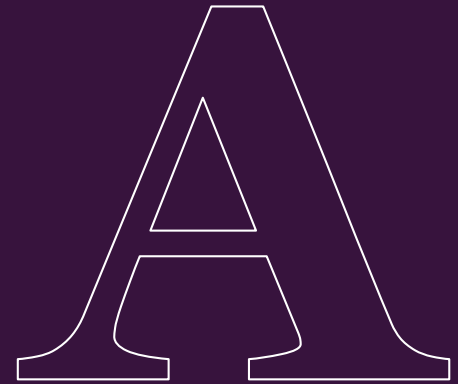


Peel Hunt well placed to weather the difficult markets and take advantage when activity increases

	Current Trading	Outlook
Execution Services	<ul style="list-style-type: none"> Volumes: lower market volumes but revenues above pre-covid levels Low market activity following geopolitical concerns particularly in the Middle East 	<ul style="list-style-type: none"> We continue to focus on adding incremental liquidity and driving efficiencies
Research & Distribution	<ul style="list-style-type: none"> Our thematic research on reinvigorating UK equity markets had seen traction and support by the industry and key stakeholders including regulators Our Copenhagen office is now fully staffed and expected to be operational shortly 	<ul style="list-style-type: none"> Continue to build out our new Electronic Trading offering with clients starting trading in Q4 FY24 Building differentiated distribution capabilities to support IBD transactions e.g Middle East & West Coast Supply & demand side reforms could bring material tailwinds
Investment Banking	<ul style="list-style-type: none"> Modest increase in equity fundraising activity in the period, especially to support acquisitions Public M&A activity continues as valuations for UK quoted companies remain attractive, particularly to strategic bidders IPO and private fundraising activity remains muted, awaiting an uptick in investor risk appetite 	<ul style="list-style-type: none"> M&A activity expected to continue in the coming months Selective IPOs may come back in H1 CY24 but broader re-opening of IPO window unlikely before H2
Cost base	<ul style="list-style-type: none"> We remain focused on our strategic priorities, whilst continuing to carefully monitor costs in light of market activity levels 	<ul style="list-style-type: none"> Interest costs may reduce if rates are cut in 2024 Continue to see inflationary pressures

Q&A

APPENDICES



Consolidated Balance Sheet HY



Unaudited as at 30 September 2023

£'000	FY24 30 Sep 23	FY23 30 Sep 22	Change
Non-current assets	24,874	27,116	(8.3%)
Securities held for trading	62,772	55,180	13.8%
Market and client debtors	376,408	451,633	(16.7%)
Other debtors	15,853	13,777	15.1%
Cash	22,554	41,352	(45.5%)
Current assets	477,587	561,942	(15.0%)
Total assets	502,461	589,058	(14.7%)
Long-term loan	(12,000)	(18,000)	(33.3%)
Lease liability	(17,196)	(19,482)	(11.7%)
Non-current liabilities	(29,196)	(37,482)	(22.1%)
Market and client creditors	(336,135)	(399,465)	(15.9%)
Securities held for trading	(33,100)	(27,604)	19.9%
Amounts due to members	-	(5,041)	(100.0%)
Lease liability	(2,757)	(2,907)	(5.2%)
Borrowings	-	(10,000)	(100%)
Long-term loan	(3,000)	(6,000)	(50.0%)
Other creditors / provisions	(5,498)	(4,613)	19.2%
Current liabilities	(380,490)	(455,630)	(16.5%)
Total liabilities	(409,686)	(493,112)	(16.9%)
Net assets	92,775	95,946	(3.3%)

£'000	FY24 30 Sep 23	FY23 30 Sep 22	Change
EQUITY			
Ordinary Share Capital	40,099	40,099	-
Other reserves	52,676	55,847	(5.7)%
Total equity	92,775	95,946	(3.3%)

Disclaimer/Risk Warning

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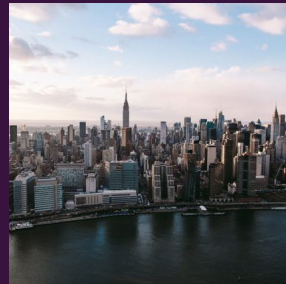
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