

# Interim Results and Dividend

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finnCap Group PLC  
18 November 2021

finnCap Group plc ("finnCap" or the "Company")

Interim Results and Dividend for the six months ended 30 September 2021

Record Half Year Revenue Performance - Dividend Upgrade

## Financial Highlights

- Revenue up 55% to £31.7m (H121: £20.5m)
- finnCap Capital Markets revenue £15.6m (H121: £16.3m) - third best half year
- finnCap Cavendish revenue up 283% to £16.1m (H121: £4.2m) - record half year
- Adjusted PBT<sup>(1)</sup> of £7.2m up 67% (H121: £4.3m); PBT of £6.3m up 75% (H121: £3.6m)
- Adjusted EPS:<sup>(1)</sup> 3.54p up 62% (H121: 2.19p); Basic EPS: 2.96p up 60% (H121: 1.85p)
- Cash balances: £22.6m at 30 September 2021 (31 Mar 2021: £20.4m)

## H122 Operational Highlights - Record half year performance

- Total Deal and Advisory fees up 75% to £24.9m (H121: £14.2m)
- Completed 39 transactions including:
  - raised £250m equity through 14 public market placings and 1 IPO
  - advised on 13 private M&A transactions with an aggregate value of c.£1 billion
  - advised on 4 public company M&A transactions with an aggregate value of c. £500 million
  - completed 6 new debt financing mandates; c.£250 million raised
- Investment in client service and revenue generation:
  - New hires in ECM and M&A execution and client service teams
  - Consumer Investment Banking - further team hire
  - Equity Sales and Trading: sales team increased to support existing client service and future growth
  - Equity Research: life sciences research team hire
  - finnCap Analytics: launched and generating incremental revenue and relationships
  - Origination hires to support our private M&A activity and PE coverage

## Current Trading

- Q3 started well with a further placing for Genedrive Plc, the completed sales of GCSEPod and Intelling by the M&A team, and the IPO of Eneraqua plc raising £20m - due to complete in the next few days
- Deal pipeline remains solid with further potential IPOs, equity fund raisings and private M&A transactions scheduled to complete in the coming months
- FY22 outlook upgraded with October trading statement: revenue expected to be in the £45-£50m range; staff costs (excluding share-based payments) c.58-62% and non-sta costs c.£10m<sup>(3)</sup>

## FY22 Interim and Full Year Dividends

- Interim dividend +20% to 0.6p per share to be paid in January.
- Increased dividends guidance for FY22 - total of 1.75p per share<sup>(2)</sup> (FY21: 1.5p)

### Commenting on the results, Sam Smith, Chief Executive Officer, said:

"Today's results show that our strategy of building a broader financial advisory firm - focused on servicing the needs of the business of tomorrow - is working. We will continue to invest across all areas of the business to broaden our offering and ensure that we can help our clients drive their growth, capitalise on opportunity and deliver their ambition.

In H1, with an exceptionally busy M&A market, our team delivered a really outstanding performance with overall revenue up 55% and completing transactions with an aggregate deal value of c.£2 billion.

We made key hires across our Private Equity coverage, product expertise and into our client service teams to ensure we have the capacity to execute and maintain high quality service across all products.

Q3 has begun well. Our pipeline of deals expected to complete in H2 remains good and our revenue guidance remains unchanged from our October upgrade.

This performance, together with our strong balance sheet position, has given us confidence to increase our dividend plans for FY22 as part of our long-term commitment to give shareholders an attractive payout which increases over time. We now expect to pay shareholders a total of not less than 1.75p for FY22 with 0.6p at the half year."

*The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

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### Notes to Editors

#### About finnCap Group

finnCap Group is building an advisory service business focused on the business of tomorrow. It currently provides strategic advice, capital raising and related services to corporate and institutional clients and high net worth investors including private equity and family offices. Established in 2007 the Group has built a strong track record in equity advice and fund-raising, public and private M&A, debt arrangement and advice and act as NOMAD for clients listed on AIM with a particular focus on the technology, life sciences, consumer and business services sectors.

**Notes:**(1) Adjusted PBT and EPS are calculated excluding share-based payments, amortisation of intangible assets from the acquisition of Cavendish, non-recurring costs, the uplift from the sale of the Group's stake in PrimaryBid Limited in FY21 and includes, for EPS, an adjustment to normalise tax. The weighted average number of shares in issue during the period excludes shares held by the Group's Employee Benefit Trust. (2) subject to unforeseen circumstances (3) excluding third party introductory fees which are not netted against revenue.

#### Investor Presentation

Sam Smith CEO and Richard Snow CFO will provide a live presentation relating to these interim results for the six months ended 30 September 2021 via the Investor Meet Company platform on 18 November 2021 at 12:30pm. The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet FINNCAP GROUP PLC via: <https://www.investormeetcompany.com/finncap-group-plc/register-investor>

## Record half yearly revenues

In H1 2022, we delivered our best ever half-yearly revenue with an exceptionally active period for the M&A team and another strong period in ECM. Revenue in H122 was £31.7m, up 55% on H121 (£20.5m). With costs in line with our expectations, adjusted PBT at £7.2m was also substantially ahead of the prior period (H121: £4.3m).

After the payment of our second interim dividend and staff discretionary bonuses for FY21 in H1, our record results helped us to strengthen further our balance sheet and, at 30 September, cash was c.£22.6m.

Alongside an exceptional period of delivering for clients, we also invested in the business - recruiting people to grow our sector coverage, PE coverage, deal origination team and to support our high-quality service for retained clients.

## Market dynamics

Overall equity issuance on AIM in H1 was broadly stable at c.£3.0bn (H121: £2.9bn) (source: London Stock Exchange) with a number of larger transactions. Our market share was c.6% (AIM fundraisings greater than £5m) (H121: 7%) reflecting slightly lower deal activity in our client base which had been boosted by COVID-19 related deal flow in the previous year. Market trading activity has been lower since Summer which, we believe, was also influenced by lower retail trading in AIM stocks with the broad return to office work across the UK being a particular driver.

The M&A market saw a continuation of the strong activity levels from Q4 of last year, with several high-quality mandates already under execution. Committed buyers in competitive processes have helped us to close deals and deliver attractive valuations for our clients.

## Divisional performance

**finnCap Capital Markets** generated £15.6m in H122 its third best half year performance (H121: £16.3m).

**Retainers** - Total fees from retainers in the period were stable at £3.2m (H121: £3.2m) and client numbers were also broadly stable at 116 with several new clients currently in our formal take-on process.

**Transactions** - Total fees received from transactions in the period were £8.7m (H121: £10.1m).

In the half year, **finnCap Capital Markets** raised over £250m across 14 equity fundraisings for listed clients and completed another IPO. The debt advisory team, which works across both finnCap Capital Markets and finnCap Cavendish, completed 6 new fund-raising mandates and billed over £0.6m c.20% up on H121.

**Trading** - Trading revenues were £3.7m (H121: £3.1m). Overall, market volumes and activity have decreased during H1 but the sales and trading team delivered revenue ahead of last year benefitting from one very significant sell down and the first contribution from the finnCap Analytics team.

We are currently close to completion of the IPO of Eneraqua plc and our pipeline of potential transactions in ECM remains good. After experiencing very high client activity last year, in our strongest sectors, delivering H2 revenue at levels similar to H1 would be an excellent outcome for the Capital Markets team.

**finnCap Cavendish** delivered its best ever half year revenue closing 13 transactions with an aggregate deal value of £1 billion. The buyer confidence and competition for quality companies that we saw towards the end of FY21 continued throughout H1 and our team capitalised on this to deliver positive outcomes for clients.

Overall finnCap Cavendish generated revenues of £16.1m, up 283% on H121 (£4.2m) with 4 deals accounting for about 35% of H1 M&A revenue closing in the final days of the period.

Activity levels are now lower than in H1, but the finnCap Cavendish team has already completed a further two deals since the half year end and we expect the team to deliver a good full year result with revenue above £20m.

## Continued strategic development

We continued to invest in driving our strategy to broaden our product offering and increase our sector coverage, in particular:

- Consumer Investment Banking team hire
- ECM: further investment in sales and trading, life sciences research
- finnCap Analytics: launched and generating incremental revenue and relationships
- Origination hires to support our private M&A activity and PE coverage

In addition to our equity sales and trading team hires, we have also hired junior execution team members in both Capital Markets and M&A to ensure we have the capacity to service the future needs of our clients.

finnCap Analytics, which offers analysis of market trends and events and execution services predominantly around large cap equities, began trading in April and is already making a meaningful contribution to our secondary commission and trading business. It is also utilising its established relationships with the larger institutions and hedge funds to add liquidity to our retained and target client base and add incremental market making revenues.

Our Debt Advisory business generated revenue of £0.6m (H121: £0.5m) and continues to source mandates from a wide range of situations across our PE, M&A and ECM clients.

We continue to review potential M&A opportunities. We are currently focusing on ESG related consultancies with established track records and repeatable revenue as part of our strategy to broaden our range of strategic advisory to the C-suite and expanding our business potentially beyond its core financial services offering.

### **Administrative expenses and FY22 costs expectations**

Administrative costs increased by 52% over H121 - in line with revenue - reflecting a substantially higher discretionary bonus accrual arising from the Group's record financial performance. Despite higher discretionary pay, staff costs (excluding equity-based payments) as a percentage of revenue remained at 60% in line with last year and in the middle of our 58-62% guidance range.

Non-employee costs in H1 were c.£5.2m, up 14% on H121 (£4.5m) and were in line with our expectations and guidance for the full year (c.£10m excluding third-party introductory fees).

Third-party introductory fees reduced significantly compared with H121, but investment in IT and Data - in part to support the development of finnCap Analytics, the higher cost of our new office - which provides significant scope for headcount growth; and higher trading fees driven by activity early in the period were the key drivers.

We also saw more normal levels of marketing, travel and entertainment expenditure post the second COVID-19 UK lock down. Non staff costs per employee - a key efficiency measure - was broadly stable at £34k (H121: £33k).

No items of an exceptional nature were recorded in the first half.

### **Capital and liquidity position remains strong**

The Group's cash position improved to £22.6m from £20.4m at 31 March 2021 with a strong trading performance fully offsetting the seasonal flows from the second interim dividend for FY21 and payment of the FY21 employee discretionary bonus. Trade debtors rose significantly reflecting the completion of sizeable M&A deals at the end of September. These fees were received in October. Cash is stated before the £1.4m balance of the fit-out loan which is payable in instalments over the next 4 years.

Having undertaken significant capex in the prior year - primarily related to the fit out of the Group's new offices - capex levels were low in H122. Lease liability payments - recorded in our cash flow statement - will now rise following the end of our rent-free period in November 2021.

A strong liquidity position and the longer-term financing of our office move means that the Group is better able to withstand challenging operating conditions, to support its policy of maintaining and growing dividend payments to shareholders as we grow profits and also positions us to make further strategic investment over time.

### **Operating responsibly**

finnCap continues to focus on operating responsibly and engaging actively with its key stakeholders and the wider community, in particular around youth entrepreneurship. During H1 we held the successful The Side Hustle competition with our partners ACCA and

YourGamePlan providing the winners with funding to grow their businesses and active mentoring by our corporate finance and marketing teams.

We continue to benchmark our environmental, social and governance (ESG) metrics. We have completed our second carbon footprint audit and received PlanetMark accreditation and will complete our second WorldWideGeneration survey shortly.

We also continued to show leadership in the governance and measurement around ESG with the publication of the second edition of our finnCap ESG Scorecard and a Practical Guide to its implementation. Together these provide an effective way for small and mid-cap clients to formalise ESG reporting and to facilitate monitoring to drive change.

We have also hosted client education events around ESG, targeting NEDs and executives and investors focused on ESG reporting, COP26 and sustainability with a number of expert partners.

Looking at community engagement, in June, we launched our online training course, certified by the CPD, titled 'Introduction to Entrepreneurship'. Schools and students can access the course for free on YourGamePlan, the free-of-charge digital learning platform to support young people as they transition from education into employment, and equipping them with vital entrepreneurial skills. The course is designed specifically to fill the knowledge gap around entrepreneurship and to help inspire young people - regardless of their social, cultural, or ethnic background - to consider setting up their own business. More than 1097 schools and 79 colleges across the UK have signed up to YourGamePlan's digital training platform.

During FY21 we introduced a Volunteer Day programme which allows employees to donate two days each year of their time to a chosen charity or good cause without loss of pay. Our colleagues have already used this to arrange team events in two neighbouring London boroughs including a canal clean-up and working for a homeless charity.

### **Rewarding shareholders with increasing dividends**

The Board recognises the importance of income to its shareholders and intends to continue to pay an attractive and growing dividend.

Given the strong financial performance so far in FY22 and the Group's much improved balance sheet position, the directors intend to pay an interim dividend of 0.6p per share, a rise of 20% on last year.

In addition, following the upgrade in our revenue guidance range, the Board has increased its dividend payment intention for FY22 to a total of 1.75p per share (subject to unforeseen circumstances).

The interim dividend will be paid to shareholders on the register as at 7 January 2022 with a payment being made on 21 January 2022. The corresponding ex-dividend date will be 6 January 2022.

### **COVID Options**

As part of the Group's preparation for a potentially severely adverse impact from the COVID-19 pandemic, the directors and staff gave up a significant portion of their salaries for 3 months to improve the funding position of the Group providing a cash benefit to the Group of around £1m.

At the same time, as a staff retention measure, employees (excluding the directors) were given an aggregate c.5.3m options over finnCap shares at a 1p exercise price of which 4.9m are currently outstanding. These options are in-the-money and became exercisable on 1 October for a period of 3 years. Employees who exercise options will face an immediate tax liability and, as the options envisage issuance of new shares, create c.3% dilution for our shareholders.

The Board has resolved to make an offer via the EBT to facilitate exercise of these options and arrange for settlement of the related tax subject to employees locking in their remaining holding for 12 months post exercise. Utilising shares already owned by the EBT also reduces the dilutive impact by using shares that are already in issue. In the event that all optionholders were to take advantage of the offer, the EBT would purchase c.3m ordinary shares at a cost (based on a share price of 36p) of c.£0.8m after deducting the related corporation tax benefit. If all optionholders elect to exercise and sell shares to cover their tax liability, the net holding of the EBT would reduce to c.10m shares from its current holding of c.12m shares and the total number of shares in issue would remain unchanged.

As part of our objective to increase equity ownership below the Board and enhance staff retention (as we disclosed in the FY21 Remuneration Committee report) in H1 we made aggregate option grants over c.3.3m shares at a price of 1p which vest in 3 years' time, subject to continued employment (none of which were made to directors or PDMRs). These grants are part of a 5 year incentive plan (the "New Programme") that will see further grants in the next 2 years.

### Q3 Trading and Outlook

The equity market is quieter in terms of trading volumes than at this time last year. The issuance market remains solid although, with higher institutional sensitivity to valuations, getting deals done is comparatively more difficult. Activity in the M&A market remains favourable, although we do not expect to match the H1 revenue performance in H2.

Q3 has started well with the completion of a placing for Genedrive plc, the sales of Intelling Limited and GCSEPod and the IPO of Eneraqua plc which is due to complete shortly. Our overall pipeline remains good with further ECM and private M&A deals underway and which are scheduled to complete before year end.

With a good start to the second half and costs trending in line with our expectations, we are confident of delivering full year revenue within our recently upgraded guidance range of £45-50m.

### Sam Smith

Chief Executive Officer  
18 November 2021

## Consolidated Statement of Comprehensive Income

Unaudited for the 6 months ended 30 September 2021

		6 months ended 30 September 2021	6 months ended 30 September 2020	12 months ended 31 March 2021
		Unaudited £'000	Unaudited £'000	Audited £'000
	Notes			
Revenue	2	31,687	20,492	46,629
Other operating income	3	(26)	716	926
<b>Total income</b>		<b>31,661</b>	<b>21,208</b>	<b>47,555</b>
Administrative expenses	4	(25,120)	(16,560)	(37,628)
<b>Operating profit before non-recurring items</b>		<b>6,541</b>	<b>4,648</b>	<b>9,927</b>
Non-recurring items	5	-	(991)	(1,047)
<b>Operating profit</b>		<b>6,541</b>	<b>3,657</b>	<b>8,880</b>
Finance income		6	9	16
Finance charge		(265)	(40)	(519)
<b>Profit before taxation</b>		<b>6,282</b>	<b>3,626</b>	<b>8,377</b>
Taxation		(1,484)	(702)	(1,346)
<b>Profit attributable to equity shareholders</b>		<b>4,798</b>	<b>2,924</b>	<b>7,031</b>
<b>Total comprehensive income for the year</b>		<b>4,798</b>	<b>2,924</b>	<b>7,031</b>

## Consolidated Statement of Financial Position

## Unaudited as at 30 September 2021

		30 September 2021	30 September 2020	31 March 2021
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
<b>Non-current assets</b>				
Property, plant and equipment		13,833	15,219	14,589
Intangible assets		13,372	13,476	13,413
Financial assets held at fair value		635	1,344	1,685
Deferred tax asset	8 i)	888	171	888
<b>Total non-current assets</b>		<b>28,728</b>	<b>30,210</b>	<b>30,575</b>
<b>Current assets</b>				
Trade and other receivables	8 ii)	12,725	6,860	7,782
Current assets held at fair value		967	610	-
Cash and cash equivalents		22,588	12,137	20,434
<b>Total current assets</b>		<b>36,280</b>	<b>19,607</b>	<b>28,216</b>
<b>Total assets</b>		<b>65,008</b>	<b>49,817</b>	<b>58,791</b>
<b>Non-Current liabilities</b>				
Lease liability		13,876	13,555	12,548
Borrowings		1,037	1,307	1,207
Provisions		261	40	95
<b>Total non-Current liabilities</b>		<b>15,174</b>	<b>14,902</b>	<b>13,850</b>
<b>Current liabilities</b>				
Trade and other payables		15,158	9,963	15,478
Current liabilities held at fair value		-	-	72
Corporation taxation		1,600	658	748
Borrowings		343	394	343
<b>Total current liabilities</b>		<b>17,101</b>	<b>11,015</b>	<b>16,641</b>
<b>Equity</b>				
Share capital		1,779	1,730	1,737
Share premium		1,355	893	956
Own shares held	8 iii)	(1,726)	(1,636)	(1,726)
Merger relief reserve	8 iv)	10,482	10,482	10,482
Share based payments reserve		1,964	732	1,132
Retained earnings		18,879	11,699	15,719
<b>Total equity</b>		<b>32,733</b>	<b>23,900</b>	<b>28,300</b>
<b>Total equity and liabilities</b>		<b>65,008</b>	<b>49,817</b>	<b>58,791</b>

## Consolidated Statement of Cash Flows

Unaudited for the 6 months ended 30 September 2021

	6 months ended	6 months ended	12 months ended
	30 September 2021	30 September 2020	31 March 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Cash flows from operating activities</b>			
Profit before taxation	6,282	3,626	8,377
Adjustments for:			
Depreciation	845	510	1,957
Non-recurring depreciation and finance charge	-	768	-
Amortisation of intangible assets	74	60	120

Finance income	(6)	(9)	(16)
Finance charge	265	40	519
Share based payments charge	832	344	744
Net fair value gains recognised in profit or loss	26	(716)	(926)
Payments received of non-cash assets	-	(207)	(237)
	<b>8,318</b>	<b>4,416</b>	<b>10,538</b>
<b>Changes in working capital:</b>			
(Increase)/decrease in trade and other receivables	(4,945)	2,177	1,255
Increase in trade and other payables	1,008	1,495	6,050
Increase in provisions	166	-	55
<b>Cash generated from operations</b>	<b>4,547</b>	<b>8,088</b>	<b>17,898</b>
Net cash payments for current asset investments held at fair value through profit or loss	(1,039)	(179)	503
Tax paid	(632)	(108)	(662)
<b>Net cash inflow from operating activities</b>	<b>2,876</b>	<b>7,801</b>	<b>17,739</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(74)	(1,911)	(2,042)
Purchase of intangible assets	(46)	-	-
Proceeds on sale of investments	1,186	-	20
Interest received	6	9	16
<b>Net cash (outflow)/inflow from investing activities</b>	<b>1,072</b>	<b>(1,902)</b>	<b>(2,006)</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid	(1,638)	-	(804)
Proceeds from exercise of options	441	310	380
Purchase of own shares	-	-	(90)
Interest paid	(27)	-	(46)
Lease liabilities payments	(400)	(468)	(984)
Net proceeds from borrowings	(170)	1,701	1,550
<b>Net cash outflow from financing activities</b>	<b>(1,794)</b>	<b>1,543</b>	<b>6</b>
Net increase in cash and cash equivalents	2,154	7,442	15,739
Cash and cash equivalents at beginning of period	20,434	4,695	4,695
<b>Cash and cash equivalents at end of period</b>	<b>22,588</b>	<b>12,137</b>	<b>20,434</b>

## Consolidated Statement of Changes in Equity

Unaudited for the 6 months ended 30 September 2021

	Share Capital £'000	Share Premium £'000	Own Shares Held £'000	Merger Relief Reserve £'000	Share Based Payment Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>Balance at 31 March 2020</b>	<b>1,697</b>	<b>616</b>	<b>(1,636)</b>	<b>10,482</b>	<b>388</b>	<b>8,775</b>	<b>20,322</b>
Total comprehensive income for the period	-	-	-	-	-	2,924	2,924
<b>Transactions with owners:</b>							
Share based payments charge	-	-	-	-	344	-	344
Share options exercised	33	277	-	-	-	-	310
	<b>33</b>	<b>277</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>-</b>	<b>654</b>
<b>Balance at 30 September 2020</b>	<b>1,730</b>	<b>893</b>	<b>(1,636)</b>	<b>10,482</b>	<b>732</b>	<b>11,699</b>	<b>23,900</b>
Total comprehensive income for the period	-	-	-	-	-	4,107	4,107
<b>Transactions with owners:</b>							
Share based payments charge	-	-	-	-	400	-	400
Deferred tax on share based payments	-	-	-	-	-	717	717
Purchase of shares	-	-	(90)	-	-	-	(90)
Dividends	-	-	-	-	-	(804)	(804)
Share options exercised	7	63	-	-	-	-	70
	<b>7</b>	<b>63</b>	<b>(90)</b>	<b>-</b>	<b>400</b>	<b>(87)</b>	<b>293</b>
<b>Balance at 31 March 2021</b>	<b>1,737</b>	<b>956</b>	<b>(1,726)</b>	<b>10,482</b>	<b>1,132</b>	<b>15,719</b>	<b>28,300</b>
Total comprehensive income for the period	-	-	-	-	-	4,798	4,798

<b>Transactions with owners:</b>							
Share based payments charge	-	-	-	-	832	-	832
Dividends	-	-	-	-	-	(1,638)	(1,638)
Share options exercised	42	399	-	-	-	-	441
	<b>42</b>	<b>399</b>	<b>-</b>	<b>-</b>	<b>832</b>	<b>(1,638)</b>	<b>(365)</b>
<b>Balance at 30 September 2021</b>	<b>1,779</b>	<b>1,355</b>	<b>(1,726)</b>	<b>10,482</b>	<b>1,964</b>	<b>18,879</b>	<b>32,733</b>

## Notes to the Financial Statements

Unaudited for the 6 months ended 30 September 2021

### 1. Basis of preparation

finnCap Group plc (the "Company") is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The Company was incorporated on 28 August 2018. The registered office of the Company is at 1 Bartholomew Close, London EC1A 7BL, United Kingdom. The registered company number is 11540126. The Company is listed on the AIM of the London Stock Exchange.

These unaudited consolidated Interim Financial Statements have been prepared in accordance with AIM Rule 18. The financial information contained in the Interim Financial Statements is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The statutory accounts for the 12 months ended 31 March 2021 have been delivered to the Registrar of Companies. The statutory accounts have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations (collectively IFRSs), and in accordance with applicable law. The Independent Auditor's Report to the members of finnCap Group plc contained no qualification or statement under section 498 (2) or (3) of the Companies Act 2006.

These consolidated Interim Financial Statements contain information about the Group and have been prepared on a historical cost basis except for certain financial instruments which are carried at fair value. Amounts are rounded to the nearest thousand, unless otherwise stated and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates.

The preparation of these Interim Financial Statements requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. Judgements and estimates used in these Interim Financial Statements have been applied on a consistent basis with those used in the statutory accounts for the 12 months ended 31 March 2021.

The Directors believe that the company has adequate resources to continue trading for at least 12 months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the Interim Financial Statements.

### 2. Segmental reporting

The Group is managed as an integrated full-service financial services group and the different revenue streams are considered to be subject to similar economic characteristics. Consequently, the Group is managed as one business unit.

The trading operations of the Group comprise of Corporate Advisory and Broking, M&A Advisory and Institutional Stockbroking. The Group's revenues are derived from activities conducted in the UK, although several of its corporate and institutional investors and clients are situated overseas. All assets of the Group reside in the UK.

6 months ended

6 months ended

12 months  
ended

	30 September 2021	30 September 2020	31 March 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
<b>Revenues</b>			
Retainers	3,173	3,179	6,437
Transactions	8,688	10,079	21,273
Institutional Stockbroking	3,696	3,073	6,770
<b>Total ECM</b>	<b>15,557</b>	<b>16,331</b>	<b>34,480</b>
Sell Side M&A advisory	16,130	4,161	12,149
<b>Total Revenue</b>	<b>31,687</b>	<b>20,492</b>	<b>46,629</b>
Services transferred at a point in time	27,254	14,932	35,291
Services transferred over a period of time	4,433	5,560	11,338
<b>Total Revenue</b>	<b>31,687</b>	<b>20,492</b>	<b>46,629</b>

### 3. Other operating income

	6 months ended	6 months ended	12 months ended
	30 September 2021	30 September 2020	31 March 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Other operating income	(26)	716	926

In the prior period, the Group's holding in Primary Bid, a Level 3 private company investment, was revalued by £0.7m to reflect the current fair value.

### 4. Expenses by Nature

	6 months ended	6 months ended	12 months ended
	30 September 2021	30 September 2020	31 March 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Employee benefit expense	19,958	12,042	28,072
Non-employee costs	5,162	4,518	9,556
<b>Total administrative expenses</b>	<b>25,120</b>	<b>16,560</b>	<b>37,628</b>
<b>Total number of employees</b>	<b>151</b>	<b>135</b>	<b>136</b>

Employee benefit expense includes share-based payments which increased to £832k (H1 21: £344k). This reflected incentivisation options granted to employees in the period including those granted in relation to the salary reductions applied in Q1 21.

### 5. Non-recurring items

	6 months ended	6 months ended	12 months ended
	30 September 2021	30 September 2020	31 March 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Non-recurring items	-	991	1,047

Non-recurring items in the prior period relate to overlap and moving costs of the relocation of the Group to 1 Bartholomew Close as well as £0.1m of group restructuring costs.

## 6. Earnings per share

	6 months ended 30 September 2021	6 months ended 30 September 2020	12 months ended 31 March 2021
	Unaudited £'000	Unaudited £'000	Audited £'000
<b>Earnings per share</b>			
<b>Number of shares</b>			
Weighted average number of shares for the purposes of basic earnings per share	162,321,463	158,227,046	159,581,684
Weighted average dilutive effect of conditional share awards	18,941,586	9,994,919	6,432,214
Weighted average number of shares for the purposes of diluted earnings per share	181,263,049	168,221,965	166,013,898
<b>Profit per ordinary share (pence)</b>			
Basic profit per ordinary share	2.96	1.85	4.41
Diluted profit per ordinary share	2.65	1.74	4.24

The shares held by the Group's Employee Benefit Trust have been excluded from the calculation of earnings per share.

## 7. Dividends

	30 September 2021	30 September 2020	31 March 2021
	Unaudited £'000	Unaudited £'000	Audited £'000
Dividends proposed and paid during the year	1,638	-	804
Dividends per share	1.00p	-p	0.50p

## 8. Balance Sheet Items

### i) Deferred tax asset

Deferred taxation for the group relates to timing difference on the taxation relief on the exercise of options. The amount of the asset is determined using tax rates that have been enacted or substantively enacted when the deferred tax assets are expected to be recovered.

### ii) Trade and other receivables

Trade and other receivable principally consist of amounts due from client, brokers and other counterparties. In addition, the Company has credit risk exposure to the gross value of unsettled trades (on a delivery versus payment basis) at its agency settlement agent (Pershing, a wholly owned subsidiary of Bank of New York Mellon Corporation)

### iii) Own Shares Held

The value of own shares held is the cost of shares purchased the Group's Employee Benefit Trust. The Trust was established with the authority to acquire shares in finnCap Group plc and is funded by the Group.

### iv) Merger relief reserve

The merger relief reserve represents:

- the difference between net book value of finnCap Ltd and the nominal value of the shares issued due to the share for share exchange on the acquisition of finnCap Ltd. Upon consolidation, part of the merger reserve is eliminated to recognise the pre-acquisition share premium and capital redemption reserve of finnCap Ltd; and

- the difference between the fair value and nominal value of shares issued for the acquisition of Cavendish Corporate Finance (UK) Limited and Cavendish Corporate Finance LLP

This reserve is not distributable

## 9. Alternative performance measures

The below non-GAAP alternative performance measures have been used.

### Adjusted earnings per share and profit before tax

Measure: Adjusted earnings per share is calculated excluding share-based payments, non-recurring items, amortisation of intangible assets from the acquisition of Cavendish, the gain from the sale and related revaluation of the group's stake in Primary Bid plc in H1 21 and includes a nominal tax charge adjustment. As with earnings per share, the weighted average number of shares in issue during the period excludes shares held by the Group's Employee Benefit Trust.

Use: Provides a consistent measure of the earnings performance of the core business activities.

	6 months ended 30 September 2021	6 months ended 30 September 2020	12 months ended 31 March 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit attributable to equity shareholders	4,798	2,924	7,031
Fair value gains on long term investments	26	(716)	(716)
Non-recurring items	-	991	1,047
Share based payments	832	344	744
Amortisation	39	39	120
Taxation	48	(112)	(568)
<b>Adjusted earnings</b>	<b>5,743</b>	<b>3,470</b>	<b>7,658</b>
Basic shares	162,321,463	158,227,046	159,581,684
Earnings per share (basic)	2.96	1.85	4.41
<b>Adjusted earnings per share (basic)</b>	<b>3.54</b>	<b>2.19</b>	<b>4.80</b>

	6 months ended 30 September 2021	6 months ended 30 September 2020	12 months ended 31 March 2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit before tax	6,282	3,626	8,377
Fair value gains on long term investments	26	(716)	(716)
Non-recurring items	-	991	1,047
Share based payments	832	344	744
Amortisation	39	39	120
<b>Adjusted profit before tax</b>	<b>7,179</b>	<b>4,284</b>	<b>9,572</b>

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