

13 July 2023

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

**Results for the year ended 31 March 2023**

**FY23 in line with expectations; Cenkos merger on track; Q1 FY24 revenue +32% up on prior year**

finnCap today announces its audited results for the year ended 31 March 2023.

- **Merger with Cenkos announced in March remains on track for completion in Q3**
  - Cenkos finnCap - creation of a leading financial services firm for the mid-market with >200 clients supported by >200 employees and pro forma revenue<sup>(3)</sup> of >£50m and cash of c. £20m
  - Shareholder approvals achieved; integration planning well underway
  - Completion expected in Q3 following FCA and final Court approval
- **Delivering for clients: 52 transactions in FY23 with aggregate deal value of £1.1bn**
  - Raised c.£160m equity through 19 public market placings (FY22: 25 deals; £660m raised)
  - Advised on 18 private M&A deals with aggregate value of c.£625 million (FY22: 22; £1.3bn)
  - Advised on 6 public company M&A deals with an aggregate value of c.£150m (FY22: 7; £820m)
  - Completed 8 debt financing mandates raising c.£160m (FY22: 8 deals raising c.£350m)
- **Controlling our costs**
  - Significant reduction in fixed cost base implemented from September 2022
  - Reduced discretionary spend and headcount reduction without impacting client service levels
  - FY24 fixed cost base substantially reduced to c.£28m from c.£31.5m H123 run rate<sup>(2)</sup>
  - Cenkos merger will deliver further attractive cost synergies across both businesses, in particular in shared IT systems, real estate and operations functions
- **Operating environment remains challenging in ECM**
  - UK equity issuance subdued since the invasion of Ukraine - FY23 decline in AIM issuance of c.70%<sup>(3)</sup>
  - Economic uncertainty, rising interest rates and inflation impacting investor confidence
  - Private and plc M&A activity market has improved in early FY24; ECM pipeline building for H2

**FY23 - Financial highlights**

- Total revenue £32.9m (FY22: £52.5m) down 37% vs FY23 record revenue performance
- finnCap Capital Markets revenue £19.3m (FY22: £28.3m)
- finnCap Cavendish revenue £13.6m (FY22: £24.3m)
- Adjusted LBT<sup>(1)</sup> of £(1.7)m (FY22: Adjusted PBT of £9.3m); LBT of £(6.3)m (FY22: PBT of £8.1m)
- Adjusted basic EPS:<sup>(1)</sup> (0.9)p (FY22: 4.5p); Basic EPS: (3.3)p (FY22: 4.0p)
- Cash balance: £9.4m at 31 March 2023 (31 March 22: £24.4m) post investment in Energise Limited; FY22 final dividend; FY22 corporation tax and FY22 discretionary compensation payments

**Current trading and dividends**

- FY24 has started well with Q1 revenue of £8.7m up 32% on Q1 FY23 (£6.6m)
- At 30 June 2023, cash was £9.1m broadly in line with position at 31 March 2023
- ECM market remains subdued but FY24 revenue is expected to be better FY23
- M&A activity has improved - 6 deals closed in Q1 - with deal value of £400m; pipeline is encouraging
- As already announced in conjunction with the Cenkos merger in March, no final dividend will be paid in respect of FY23

**Commenting on the results, John Farrugia, Chief Executive Officer, said:**

"Since I became CEO in September, we have re-focused our strategy, reduced our fixed cost base and successfully launched a highly attractive merger as a first mover in a consolidating sector. FY23 was challenging in particular in ECM where market conditions limited corporate activity and investor appetite. We have started the current year well with activity in both ECM - including the IPOs of Fadel Capital Partners LLP and Ocean Harvest Technology plc and placings for SRT Marine Systems PLC, Kromek plc and Lok'n Store Group PLC and our M&A team has already closed 6 deals with an aggregate transaction value of c.£400m. Our balance sheet remains substantially stronger than when we entered the 2020 pandemic.

Our merger with Cenkos - which is expected to complete in Q3 - will create a leading financial services group for the mid-market with a diverse range of products and services and strong expertise whilst delivering improved profitability through attractive cost synergies.

I am truly excited about uniting our teams and delivering on the huge potential we see for our combined businesses."

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## Notes to Editors

### About finnCap Group

finnCap Group is a diversified financial advisory firm offering a full range of services across M&A advice, equity and debt capital raising and related services to corporate and institutional clients and high net worth investors including private equity and family offices. It has particular strength in the technology, life sciences, consumer and business services sectors. finnCap Group has global reach through its affiliation with the Oaklins partnership and access to net zero and carbon economy consultancy through its partnership with Energise Limited.

**Notes:** (1) Adjusted LBT, PBT and EPS are calculated excluding share-based payments, amortisation of intangible assets from the acquisition of Cavendish Corporate Finance LLP, non-recurring costs 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) Being total fixed employee costs (ie excluding IFRS 2 share-based payments charges and discretionary compensation) plus non-employee costs except for third party introduction fees.

(3) AIM placings >£5m per London Stock Exchange for the year to 31 March 2023.

(4) Pro forma revenue has been calculated using the sum of consolidated audited revenue of Cenkos for the year ended 31 December 2022 of £20.3m and the consolidated audited revenue of finnCap of £32.9m for the year ended 31 March 2023. Pro forma combined cash has been calculated using the sum of audited cash for Cenkos of £14.2m in its consolidated balance sheet at 31 December 2022 and the audited cash for finnCap of £9.4m in its consolidated balance sheet at 31 March 2023 less the aggregate final dividend and proposed dividend payable shortly before merger completion to Cenkos shareholders of c.£2m.

### CEO Statement

FY23 was an eventful year, both complex and challenging and with some of the most difficult equity market conditions we have experienced. After I became CEO in September 2022, we reviewed and re-focused our strategy, took decisive and necessary actions to manage our cost base for the extended downturn in equity capital markets (ECM), and engaged in two major corporate transactions, leading to our merger with Cenkos Securities plc (Cenkos), announced just before our year end.

Our people have responded exceptionally well to all these challenges and I thank them for their energy and drive as we now focus on realising the huge potential of the merger.

### Resilience in a challenging equity environment

Our operating environment was hit hard following the Ukraine invasion, which led to economic uncertainty, sharply rising inflation and interest rates, and investor outflows. This adversely affected issuer and investor confidence, particularly in ECM. Volumes of UK equity issuance - our key driver of ECM revenues - fell substantially in FY23, with overall equity placings over £5m on AIM, down 70% to c. £1.7bn (FY22: £5.6bn).<sup>[1]</sup>

Despite the challenging markets, we executed 52 transactions in FY23, with an aggregate deal value of c.£1.1bn (FY22: 62 transactions, aggregate value £3bn). Our strategy of diversifying outside ECM into new products and services has supported our performance, giving us an edge over our direct competitors and increased relevance to our clients.

**finnCap Capital Markets** (ECM) generated £19.3m in FY23 (FY22: £28.3m).

**Retainers** - Total fees from retainer agreements increased to £7.0m (FY22: £6.6m), driven primarily by RPI adjustments. Our client base remained stable at 117 (FY22: 118), despite continued M&A activity on AIM and widely reported de-listings.

**Transactions** - Total ECM fees from transactions in the period were £9.0m (FY22: £15.8m). Deal fee revenue trends improved in H2 compared to H1, as expected. In FY23, we raised over £160m (FY22: £661m) across 19 (FY22: 25) equity fundraisings for listed clients. We continue to generate plc M&A activity where we have great depth of expertise and a strong market position. Our plc advisory team completed six plc M&A transactions (FY22: seven) with an aggregate value of c.£150m (FY22: £820m). Our debt advisory team, which works across both finnCap Capital Markets and finnCap Cavendish, completed eight (FY22: 8) fundraising mandates raising c.£160m (FY22: £350m).

**Trading** - Trading revenues were £3.3m (FY22: £5.9m), reducing in line with the wider equity issuance markets and lower levels of liquidity.

**finnCap Cavendish** (M&A) delivered another good performance in FY23. We closed 18 deals (FY22: 22) with an aggregate market value of c.£625m (£1.3bn) and with average success fees of c.£675,000, above our target level of £650,000. We generated revenues of £13.6m (FY22: £24.3m), down compared to our record FY22 performance, but ahead of our five-year average revenue levels. Although there has been turmoil in the commercial banking market, particularly in the US, the availability of deal financing has improved in 2023, improving buyer confidence from trade and private equity. We are encouraged by the quality of our pipeline.

### Strategic update - focus on strategic financial advisory services

In my first month as CEO, we undertook a review of our strategy and concluded that broadening and deepening our strategic financial advisory capabilities would remain a key focus for the Group. We will continue with our sector-based approach to maximise our relevance to our institutional, private equity, corporate and high net worth individual clients. We believe this approach puts us in a strong position to withstand market cyclicality. To scale, we will consider strategic M&A opportunities and focus on businesses and teams with services within or directly adjacent to our financial services advisory offering.

With reduced revenue and a clear strategy, we undertook a cost restructuring programme, including voluntary and mandatory redundancies across the Group. We reviewed and cut our discretionary spend, including marketing, events, branding and external advisers. This process significantly reduced non-recurring expenditure and has placed the Group in a stronger financial position. In aggregate, the cost reduction actions should reduce our fixed cost base<sup>(2)</sup> to c.£28m for FY24 (excluding the impact of the Cenkos merger), substantially below the run rate in H1 23.

### Our merger with Cenkos

During mid-2022, we received a take-over approach from UK investment bank Panmure Gordon. Terms could not be agreed and we discontinued discussions towards the end of 2022. However, we remained convinced of the commercial and strategic merits of our strategy of building scale for our ECM business through acquisition and in late 2022 and early 2023 we held preliminary talks with a number of potential candidates.

In early 2023, we entered into discussions with Cenkos, and in March we announced a formal merger to create Cenkos finnCap Group, a market-leading, full-service advisory firm for growth and investment companies. We are nearing completion of the regulatory process to effect the merger and we expect completion will occur in the next few months. The merger is being effected by way of an acquisition for all of the issued and to be issued share capital of Cenkos by finnCap.

Cenkos finnCap Group has (on a *proforma* combined basis) over 200 retained listed or quoted clients and will employ c.230 colleagues, with shared ambitions to build on strong existing foundations across capital markets. M&A advisory, debt advisory, and private growth

from diverse sources to fund on-going existing requirements across capital markets, financial advisory, restructuring, and private equity capital fundraising. The new Group has over £50m of *proforma* combined revenues and over £20m combined cash.

This combination is expected to yield attractive cost synergies primarily from property savings and through combining our operations teams and systems. This will enable us to offer more liquidity to our institutional and corporate clients, in addition to providing access to a more diverse range of financial advisory services. Cenkos finnCap Group will be jointly led by the existing CEOs of finnCap and Cenkos. Lisa Gordon, the existing Chair of Cenkos, will chair the enlarged group, and the combined Board will comprise equal numbers of finnCap and Cenkos directors.

### Operating Costs

Administrative costs decreased by 21% primarily driven by lower employee variable compensation payments with employee costs declining overall by c.30%. Although employee costs declined significantly, employee costs as a percentage of revenue increased to 69%. This compares to the c.60% paid in prior years and reflects the need to pay some level of variable compensation to key contributors, particularly in the M&A team to retain them. Non-employee costs increased in part due to high inflation.

Once it became clear that the post-Ukraine impact on our key ECM market would persist for the medium-term, we undertook a Group-wide cost rationalisation programme in H2 FY23 to mitigate the effects as much as possible, while maintaining key capabilities across the Group, particularly in client-facing roles. After a period of strong revenue growth and investment in people, our fixed cost base - employee costs excluding discretionary pay, plus non-employee operating expenses - rose from c.£22.0m in FY20 to c.£32m in FY23, (annualising our H1 performance). This increase of c.50% was substantially ahead of our growth in headcount (c.20%) and was driven by several factors including: high wage inflation across the sector for client-facing employees; the substantial cost of the Group's new property; higher corporate costs; and investment in IT systems to support sales and trading, CRM and cyber risks.

As a result of our cost reduction programme, non-employee costs reduced in H2 against H1 on an underlying basis. Non-employee costs per employee - a key efficiency measure - were broadly stable at £73,000 (FY 22: £70,000). With the benefit of a full year, we expect that non-employee operating expenses will be c.£10.5m in FY24, before the impact of the merger with Cenkos is taken into account.

### Non-recurring expenditure

	FY23	FY22
	£m	£m
Transaction costs	0.4	-
Group restructuring costs	3.1	-
<b>Total</b>	<b>3.5</b>	<b>-</b>

Group restructuring costs relate to changes in leadership of the Group during FY23 and the redundancy programme we implemented in Q3 FY23.

Transaction costs relate to fees paid to financial and legal advisers for the proposed takeover offer received from Panmure Gordon during FY23, which mutually terminated in November. There will be further restructuring costs in FY24 as we bring Cenkos and finnCap together following completion of the merger. Although we have undertaken significant integration planning, we cannot yet quantify these costs and commensurate benefits.

### Loss before tax and earnings per share

	FY23	FY22
	£m	£m
(Loss)/profit before taxation	(6.3)	8.1
Adjusted (LBT)/PBT	(1.7)	9.3
Basic (loss)/earnings per share (p)	(3.3)	4.0
Adj. basic (loss)/earnings per share (p)*	(0.9)	4.5

As a result of the significant reduction in revenue in FY23, our restructuring programme and our high fixed operating costs, we recorded a loss before tax and loss per share.

On an adjusted basis earnings per share were also negative, primarily because the benefits of our cost reduction programme were only delivered during Q4 FY23.

Our revised cost base gives us the ability to continue to provide our clients with high-quality service while capitalising on potential market improvement in FY24, thereby improving both our financial performance and our ability to continue to pay key employees in line with our market peers.

### Cash flow, capital, liquidity and FY23 dividends

Cash balances have reduced during the year driven by the payment of FY22 bonuses and corporation tax liability; a fit out of our additional office space (increasing our capacity for client meeting rooms and also creating a space suitable for occupation and sub-letting, if appropriate); our £2m FY22 final dividend to shareholders; our £2.1m investment in Energise; and the outflow of non-recurring costs relating to restructuring and potential corporate transactions. Cash is stated before the £0.9m balance of the fit-out loan, payable in instalments over the next three years.

Maintaining a strong liquidity position means we are in a better position to withstand challenging operating conditions and our balance sheet will be strengthened following our merger with Cenkos. Although we have substantially cut our fixed cost base, our cash position has reduced. To preserve cash, stay true to our capital discipline approach, and ensure we are fit for the future, as announced in March with our proposed merger with Cenkos, the Board has resolved not to pay a dividend for FY23.

## Energise

In May 2022, we invested c.£2m for a 50% interest in Energise, an energy efficiency and net zero consultancy. For its financial year to 30 September 2022, Energise recorded unaudited revenue of £1.5m, up c.40% on the previous year, and an unaudited pre-tax loss of c£0.3m, in line with its plans. This is consistent with Energise's strategy to drive revenue growth through hiring consultants to increase client growth over the next three years.

Energise has started its new financial year well and is benefiting from growth in its core net zero and energy consulting business, as well as from fees derived from the three yearly building efficiency ESOS certification cycle in 2023.

## Outlook

With a more efficient cost base and a solid balance sheet we are well placed to maximise the benefits of our merger with Cenkos and we remain confident in the long-term prospects for the Group. Despite the challenging backdrop, our pipeline of potential transactions in both plc M&A and equity fund raising in ECM remains encouraging.

Since the year end, we have already completed two IPOs bringing Fadel Capital Partners LLP and Ocean Harvest Technology plc to the AIM market and placings for SRT Marine Systems PLC, Kromek plc and Lok'n Store Group PLC. Equity market activity remains muted but we believe overall ECM deal fees in FY24 will be greater than in FY23, albeit weighted towards H2. Activity levels remain good for the M&A team with 6 deals already completed in Q1 with an aggregate value of £400m and, given our pipeline, we expect FY24 M&A revenue will be in line with or ahead of FY23.

Unaudited total revenue for Q1 FY24 was £8.7m up c.32% on FY23 (£6.6m) and, at 30 June 2023, our cash position was £9.1m after payment of FY23 bonuses, primarily within the M&A team.

I look forward to the opportunity to scale the business with Cenkos and firmly believe the merger creates a group fit to face the challenges of a consolidating market and capitalise on a potential market improvement in FY24. Furthermore, I am confident that we have the right cultural and operational fit to make the merger a success.

John Farrugia

Chief Executive Officer

13 July 2022

## Consolidated statement of comprehensive income

	Year ended 31 March 2023	Year ended 31 March 2022
Notes	£'000	£'000
Revenue	32,864	52,545
Other operating income	(214)	13
<b>Total income</b>	<b>32,650</b>	<b>52,558</b>
Administrative expenses	(34,543)	(43,941)
<b>Operating (loss)/profit before non-recurring items</b>	<b>(1,893)</b>	<b>8,617</b>
Non-recurring items	(3,658)	-
<b>Operating (loss)/profit</b>	<b>(5,551)</b>	<b>8,617</b>
Share of associate loss	(297)	-
Finance income	65	12
Finance charge	(502)	(524)
<b>(Loss)/profit before taxation</b>	<b>(6,285)</b>	<b>8,105</b>
Taxation	767	(1,594)
<b>(Loss)/profit attributable to equity shareholders</b>	<b>(5,518)</b>	<b>6,511</b>
<b>Total comprehensive income for the year</b>	<b>(5,518)</b>	<b>6,511</b>
<b>Earnings per share (pence)</b>		
Basic	(3.25)	3.95
Diluted	(3.25)	3.57

There are no items of other comprehensive income.

All results derive from continuing operations.

## Consolidated statement of financial position

	31 March 2023	31 March 2022
Note	£'000	£'000
<b>Non-current assets</b>		
Property, plant and equipment	12,239	13,304

Intangible assets	13,492	13,512
Financial assets held at fair value	404	802
Investment in associates and joint ventures	2,106	-
Deferred tax asset	886	620
<b>Total non-current assets</b>	<b>29,127</b>	<b>28,238</b>
<b>Current assets</b>		
Trade and other receivables	12,736	13,074
Corporation taxation receivable	450	-
Current assets held at fair value	269	871
Cash and cash equivalents	9,382	24,435
<b>Total current assets</b>	<b>22,837</b>	<b>38,380</b>
<b>Total assets</b>	<b>51,964</b>	<b>66,618</b>
<b>Non-current liabilities</b>		
Trade and other payables	10,008	11,151
Borrowings	481	851
Provisions	29	94
<b>Total non-current liabilities</b>	<b>10,518</b>	<b>12,096</b>
<b>Current liabilities</b>		
Trade and other payables	14,632	20,389
Corporation taxation	-	714
Borrowings	843	356
<b>Total current liabilities</b>	<b>15,475</b>	<b>21,459</b>
<b>Equity</b>		
Share capital	1,811	1,799
Share premium	1,716	1,475
Own shares held	(1,926)	(1,926)
EBI reserve	(294)	(322)
Merger relief reserve	10,482	10,482
Share based payments reserve	1,771	1,294
Retained earnings	12,411	20,261
<b>Total equity</b>	<b>25,971</b>	<b>33,063</b>
<b>Total equity and liabilities</b>	<b>51,964</b>	<b>66,618</b>

## Consolidated statement of cashflows

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation	(6,285)	8,105
Adjustments for:		
Depreciation (see note 25)	1,789	1,739
Amortisation of intangible assets	60	83
Finance income	(65)	(12)
Finance charge	502	524
Share based payments charge	577	1,100
Net fair value gains recognised in profit or loss	382	(55)
Payments received for non-cash assets	(854)	(448)
	<b>(3,894)</b>	<b>11,036</b>
<b>Changes in working capital:</b>		
Decrease/(increase) in trade and other receivables	398	(5,292)
(Decrease)/increase in trade and other payables	(5,654)	4,456
(Decrease)/increase in provisions	(65)	(1)
<b>Cash generated from operations</b>	<b>(9,215)</b>	<b>10,199</b>
<b>Net cash receipts/(payments) for current asset investments</b>		
held at fair value through profit or loss	602	(943)
Tax paid	(1,155)	(1,628)
<b>Net cash outflow from operating activities</b>	<b>(9,768)</b>	<b>7,628</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(724)	(454)
Purchase of intangible assets	(40)	(182)
Investment in associates	(2,029)	-
Proceeds on sale of investments	870	1,515
Interest received	65	12
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(1,858)</b>	<b>891</b>
<b>Cash flows from financing activities</b>		
Equity dividends paid	(1,954)	(2,639)
Proceeds from exercise of options	3	581
Purchase of own shares	-	(843)
Interest paid	(38)	(52)
Lease liability payments	(1,555)	(1,222)
<b>Net proceeds from borrowings</b>	<b>117</b>	<b>(343)</b>
<b>Net cash (outflow) from financing activities</b>	<b>(3,427)</b>	<b>(4,518)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15,053)</b>	<b>4,001</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>24,435</b>	<b>20,434</b>
<b>Cash and cash equivalents at end of year</b>	<b>9,382</b>	<b>24,435</b>

<b>Reconciliation of net debt</b>		
<b>Net proceeds from borrowings</b>	<b>117</b>	<b>(343)</b>
<b>Borrowings at beginning of year</b>	<b>1,207</b>	<b>1,550</b>
<b>Borrowings at end of year</b>	<b>1,324</b>	<b>1,207</b>

## Consolidated statement of changes in equity

Group	Share Capital £'000	Share Premium £'000	Shares Held £'000	EBT Reserve £'000	Relief Reserve £'000	Payment Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>Balance at 31 March 2021</b>	<b>1,737</b>	<b>956</b>	<b>(1,726)</b>	<b>-</b>	<b>10,482</b>	<b>1,132</b>	<b>15,719</b>	<b>28,300</b>
Total comprehensive income for the period	-	-	-	-	-	-	6,511	6,511
<b>Transactions with owners:</b>								
Share based payments charge	-	-	-	-	-	1,100	-	1,100
Deferred tax on share based payments	-	-	-	-	-	-	(268)	(268)
Purchase of shares	-	-	(843)	-	-	-	-	(843)
EBT gift	-	-	-	100	-	-	-	100
Dividends	-	-	-	-	-	-	(2,639)	(2,639)
Share options exercised	62	519	643	(422)	-	(938)	938	802
	<b>62</b>	<b>519</b>	<b>(200)</b>	<b>(322)</b>	<b>-</b>	<b>162</b>	<b>(1,969)</b>	<b>(1,748)</b>
<b>Balance at 31 March 2022</b>	<b>1,799</b>	<b>1,475</b>	<b>(1,926)</b>	<b>(322)</b>	<b>10,482</b>	<b>1,294</b>	<b>20,261</b>	<b>33,063</b>
Total comprehensive income for the period	-	-	-	28	-	-	(5,546)	(5,518)
<b>Transactions with owners:</b>								
Share based payments charge	-	-	-	-	-	577	-	577
Deferred tax on share based payments	-	-	-	-	-	-	(450)	(450)
Purchase of shares	-	-	-	-	-	-	-	-
EBT gift	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(1,954)	(1,954)
Share options exercised	12	241	-	-	-	(100)	100	253
	<b>12</b>	<b>241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477</b>	<b>(2,304)</b>	<b>(1,574)</b>
<b>Balance at 31 March 2023</b>	<b>1,811</b>	<b>1,716</b>	<b>(1,926)</b>	<b>(294)</b>	<b>10,482</b>	<b>1,771</b>	<b>12,411</b>	<b>25,971</b>

## Notes to the financial statements

### 1. Accounting policies

#### a. Basis of preparation

These consolidated 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.

These consolidated Financial Statements have been prepared in accordance with UK Adopted International Accounting Standards.

The preparation of Financial Statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The consolidated financial information contained within these financial statements does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The auditor has reported on the statutory financial statements and the audit report was unqualified. The annual report and accounts for the year ended 31 March 2023 is expected to be filed with the Registrar of Companies and posted to Shareholders in August. Further copies will be available from the Company Secretary at the Company's registered office and on the Company's web-site [www.finncap.com](http://www.finncap.com).

#### b. Basis of consolidation

The Group's consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Group has control if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Subsidiaries are fully consolidated from the date on which control is established and de-consolidated on the date that control ceases.

The acquisition method of accounting is used for the acquisition of subsidiaries. Transactions and balances between members of the Group are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of consolidation.

#### c. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement. The Strategic Report and Directors' Report describe the financial position of the Group; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives and its exposure

Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The Directors believe that the company has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

## 2. Dividends

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
<b>Dividends proposed and paid during the year</b>	<b>1,954</b>	<b>2,639</b>
<b>Dividends paid per share during the year</b>	<b>1.15p</b>	<b>1.60p</b>

Dividends are proposed at the discretion of the Board.

## 3. Post balance sheet events

On 23 March the Group announced it would be merging with Cenkos Securities plc post year end. More details can be found in the relevant RNS.

## 4. Market abuse regulation (MAR) disclosure

Certain information contained in this announcement would have been deemed to be inside information for the purposes of article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

## 5. Website publication

The full Financial Statements are included in our Annual Report and Accounts, which will be published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions.

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[\[1\]](#) source: London Stock Exchange.

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