



2022 Cenkos Securities plc  
Interim Report

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# About Cenkos

Cenkos Securities plc\* is an independent, specialist institutional stockbroking company

We act as a nominated adviser, sponsor, broker and financial adviser to a range of companies and investment funds, at all stages of their growth and across all sectors. We concentrate on companies that seek admission of their shares to trading on AIM or the Main Market of the London Stock Exchange ("LSE") and companies that are already quoted on those markets. We seek long-term relationships with our clients throughout the various stages of their development. Our ethos is to focus on understanding our clients' financing needs to deliver good outcomes for them.

Cenkos' shares were admitted to trading on AIM in 2006. The Company is authorised and regulated by the Financial Conduct Authority ("FCA"), is a member of the LSE and has offices in London and Edinburgh.

\* The "Company", "Cenkos" or the "Firm"

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## Continuing Operations

### Revenue

30 June 2022	30 June 2021
<b>£12.7m</b>	<b>£18.2m</b>

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### Underlying profit\*

30 June 2022	30 June 2021 (Restated)**
<b>£1.9m</b>	<b>£2.9m</b>

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### (Loss)/profit before tax

30 June 2022	30 June 2021
<b>£(0.5)m</b>	<b>£1.7m</b>

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### (Loss)/profit after tax

30 June 2022	30 June 2021
<b>£(0.4)m</b>	<b>£1.5m</b>

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### Cash

30 June 2022	30 June 2021
<b>£15.9m</b>	<b>£24.0m</b>

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### Net Assets

30 June 2022	30 June 2021
<b>£23.7m</b>	<b>£25.4m</b>

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### Basic earnings per share

30 June 2022	30 June 2021
<b>(0.8)p</b>	<b>3.1p</b>

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### Interim dividend per share

30 June 2022	30 June 2021
<b>1.0p</b>	<b>1.25p</b>

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\* Underlying profit is disclosed before the impact of the day 1 value of options and warrants received in the period and the associated fair value gains and losses on the options and warrants held, restructuring costs and costs associated with incentive plans. A reconciliation between Underlying profit before tax and profit before tax is shown in the table on page 3.

\*\* Restated as explained on page 2.

# Chairman's statement

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The six months to 30 June 2022 has been a period of volatility and uncertainty. The year began with a focus on the speed of economic recovery from COVID-19 and its associated lockdowns, but the Russian invasion of Ukraine in February dramatically changed the global outlook.

The second quarter of the financial year bore the full brunt of the market's reaction to the war in Ukraine, the disruption to supply chains and the consequent rises in commodity and energy prices leading to a surge in inflation. This occurred at a time when financial markets across the globe were already anticipating tighter monetary conditions, as the financial support provided by governments and central banks to deal with COVID-19, was being withdrawn.

The combination of substantial and unforeseen rises in energy costs and consumer prices, together with rising interest rates, has created a volatile and challenging period for the UK stock market. Sentiment has been the powerful driving force behind the market's decline but as we enter the corporate reporting season, there may be some grounds for optimism. The financial results of quality UK growth companies, with decent operating margins and strong earnings potential, have the potential to turn investors' attention back to valuing such companies on fundamentals.

Whilst no-one foresaw the war in Ukraine, as I reported in my last statement, we did anticipate 2022 would be a more challenging year than 2021, which enjoyed the benefits of the COVID-19 bounce. Our business model, based on maintaining a low fixed cost base and a strong balance sheet, stands us in good stead to weather the current slowdown in market activity and to be in a strong position to harness every business opportunity. This is demonstrated by the fact that Cenkos accounted for 23% of all funds raised on AIM in the first six months of 2022, which is also testament to the hard work and quality of the team we have assembled at Cenkos.

At Cenkos, growth companies and investment trusts are our focus, and we continue to work with innovative companies to fuel their development, through IPO and beyond.

**Lisa Gordon**  
Non-Executive Chairman  
7 September 2022

# Chief Executive Officer's statement

The year to date has provided challenging conditions in which to operate, resulting in lower revenues and underlying profit levels. Following a strong opening to the year, we have seen market activity slow dramatically across the remainder of the first half due to the well documented pressures in the macro-economic environment. This has resulted in the amounts raised on the AIM and Main markets in H1 2022 being at their lowest levels in over decade. Against a subdued backdrop; however, we see opportunity and reasons for positivity.

Even when the market is soft, we continue to transact, increase our market share and execute our strategy of building on our strengths and retaining a tight focus on what we do best. With this emphasis, we have successfully delivered two of the eight IPOs on AIM so far this year and one introduction. In H1 2022, Cenkos accounted for 23% of all monies raised on AIM and represented 49% of all new money raised from AIM IPOs. In times like these, the quality of our offering and people shines through and builds on our reputation as a broker that continues to produce successful transactions whatever the market conditions. We believe that concentrating on providing high service levels and clear communication to clients will continue to set Cenkos apart. We have helped a number of clients in their M&A journeys and while we lose a client if they are acquired, it is pleasing that we have seen a net rise in client levels so far during 2022. This underlines Cenkos' ethos of partnering with our clients, both new and existing, for the long term, across market cycles. I would like to thank all of our employees for their continued drive and determination in delivering this.

The increased volatility and uncertainty in the markets in 2022 has also impacted our figures as non-cash 'other operating expenses' have increased, related to the decrease in the mark to model value of warrants and options that we own. More than ever, we see that stability and operational resilience will be requisite qualities over the near term. We continue to operate with a very strong balance sheet, holding additional capital above regulatory minimums. Combined with a disciplined approach to costs, we believe this provides a flexible, resilient platform to deliver from as opportunities present themselves.

The uncertainty seen in the markets during the first half of 2022 is likely to remain a feature of markets for a while, but UK small caps look exceptionally oversold and have the ability to bounce back far more quickly than the rest of the market. With the energy displayed by our employees and our resilient operating model, we are well positioned to take advantage of any improvements in sentiment.

At Cenkos, we look ahead to continuing to build long-term partnerships and proactively finding solutions in all markets to make Cenkos the first choice for growing, innovative companies.

## Performance

Revenue generated in H1 2022 decreased by 30% to £12.7 million (H1 2021: £18.2 million) while underlying profit decreased by 29% to £1.9 million (H1 2021: £2.7 million). A summary of H1 2022 performance compared to H1 2021 is set out in the table below. The comparative figures have been restated to reflect the current definition of underlying profit. In the current period, in addition to adjusting for restructuring costs and costs associated with incentive plans, this is disclosed before the impact of the day one value of options and warrants received in the period and the associated fair value gains and losses on the options and warrants held. The Directors believe this provides a clearer view of the operational performance of the business in the period as their lifespan may overlap several periods before crystallisation. During this time, their value in the financial statements is marked-to-model and highly volatile, subject to changes in the share price, although vesting criteria may not have been, or indeed may never be, reached.

Comparative figures for H1 2020 and H1 2019 have also been included to show the progress made and positive impact of the 2019 restructuring on the cost base and underlying profit.

	Six months ended 30 June 2022	Restated* Six months ended 30 June 2021	% change	Restated* Six months ended 30 June 2020	Restated* Six months ended 30 June 2019
	£ 000's	£ 000's		£ 000's	£ 000's
<b>Revenue streams</b>					
Corporate finance	8,652	12,732	-32%	9,216	6,245
Nomad, broking and research	3,208	3,076	4%	3,244	3,459
Execution - net trading gains	822	2,413	-66%	806	1,060
Revenue	12,682	18,221	-30%	13,266	10,764
Day 1 value of options and warrants received as part of fees	(192)	(163)	18%	-	-
Staff costs	(7,109)	(11,778)	-40%	(7,392)	(6,368)
Administrative expenses before restructuring and incentive plans	(3,457)	(3,565)	-3%	(3,539)	(4,336)
<b>Underlying profit</b>	1,924	2,715	-29%	2,335	60
Day 1 value of options and warrants received as part of fees	192	163	18%	-	-
Other operating expense	(1,936)	(45)	4203%	(361)	(139)
Restructuring costs and incentive plans	(624)	(1,066)	-41%	(1,158)	(172)
<b>Operating (loss) / profit</b>	(444)	1,767	-125%	816	(251)
Investment income - interest income	46	7	551%	23	65
Finance costs	(85)	(88)	-3%	(86)	(10)
<b>(Loss) / profit before tax</b>	(483)	1,686	-129%	753	(196)
Tax	94	(183)	-151%	(163)	(5)
<b>(Loss) / profit after tax</b>	(389)	1,503	-126%	590	(201)
<b>Basic earnings per share</b>	(0.8)p	3.1p	-127%	1.1p	(0.6)p
<b>Estimated tax charge on Underlying profit</b>	(417)	(421)		(364)	(64)
<b>Underlying tax adjusted profit</b>	1,507	2,294		1,971	(4)
<b>Weighted average number of ordinary shares for the purpose of calculating basic earnings per share</b>	46,275,832	48,096,874		49,763,470	51,614,569
<b>Underlying Basic EPS</b>	3.3p	4.8p		4.0p	(0.0)p

### Corporate finance

Corporate finance fees decreased by 32% to £8.7 million (H1 2021: £12.7 million) reflecting a decrease in the level of corporate activity across the market following the invasion of Ukraine by Russia, the impact of inflationary pressure and looming recession. Cenkos completed 9 (H1 2021: 16) placing transactions helping its clients raise £0.38 billion (H1 2021: £0.58 billion) in equity finance. Of this, £0.31 billion (H1 2021: £0.40 billion) was raised on the AIM market which equates to 23% (H1 2021: 10%) of the £1.32 billion (H1 2021: £3.96 billion) raised by companies during the period to 30 June 2022.

### Nomad, broking and research

Nomad, broking and research retainer fees and commission increased by 4% to £3.2 million (H1 2021: £3.1 million) resulting from the increase in the number of clients represented by Cenkos to 103 at the end of June 2022 (June 2021: 100).

### Execution

Net trading gains decreased by 66% to £0.8 million (H1 2021: £2.4 million) against a backdrop of the war in Ukraine and inflationary pressure leading to a fall in asset values. During this period, we maintained a top 5 market share in 84% (H1 2021: 90%) of our clients' stocks and overall made markets in 184 (H1 2021: 219) equities.

## Administrative expenses

### Administrative expenses – staff costs

Staff costs decreased by 40% to £7.1 million (H1 2021: £11.8 million) primarily due to a decrease in the accrual for variable remuneration in line with overall performance, which was partially offset by costs associated with a targeted increase in staff to 102 employees at 30 June 2022 (June 2021: 92) from 94 at 31 December 2021. This is in-line with Cenkos' aim to recruit ahead of the curve, so it can continue to provide a premium service to its clients as the business grows.

### Administrative expenses – other

Other administrative expenses remained largely flat at £3.5 million (H1 2021: £3.6 million) reflecting continued tight control over the cost base offset by considered investment.

### Other operating expense

Other operating expense includes the fair value gains and losses on options and warrants. During H1 2022, the mark to model value of these instruments has fallen dramatically following the decrease in value of the underlying shares to show a loss of £1.9m (H1 2021: £0.04 million).

### Administrative expenses – restructuring costs and Incentive Plans (STIP, LTIP & CSOP)

Costs associated with the restructuring and incentive plans decreased by 41% to £0.6 million (H1 2021: £1.1 million). The current period costs related almost entirely to the charges associated with the Short-Term Incentive Plan ("STIP"), the Long Term Incentive Plan ("LTIP") and Company Share Option Plan ("CSOP") incentive schemes. The latter two schemes were launched in May 2021 and run again in April 2022, aimed at retaining and incentivizing staff, with the LTIP focused on senior management and the CSOP all employees. The charge of £0.6 million (H1 2021: £0.6 million) in respect of these plans represents the portion of the fair value of the schemes allocated to this period.

## Profit and earnings per share

Underlying profit decreased by 29% to £1.9 million (H1 2021: £2.7 million).

A loss before tax of £0.5 million was generated for the period (H1 2021: profit before tax of £1.7 million) along with a tax credit of £0.1 million (H1 2021: tax charge of £0.2 million) resulting in a loss after tax of £0.4 million (H1 2021: profit after tax of £1.5 million).

Basic earnings per share for the period was -0.8p (H1 2021: 3.1p).

## Financial position

The statement of financial position shows net assets decreased to £23.7 million as at 30 June 2022 (30 June 2021: £25.4 million), which reflects the loss in the period, the cost of shares acquired by the EBT and dividends paid being partially offset by the credit to equity for share-based incentive plans.

The increase in non-current assets relates mainly to the recognition of the lease of new offices in Edinburgh being partially offset by the amortization of the right-of-use asset in respect of the London and Edinburgh office leases. This has a corresponding impact on trade and other payables.

The increase in net trading investments is mainly due to the activity over the period. The decrease in trade and other receivables reflects the settlement of share trades, while the decrease in trade and other payables reflects the settlement of share trades and payment of 2021 year-end bonus being partially offset by the movement on lease liabilities.

	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>Change</b>
	<b>£ 000's</b>	<b>£ 000's</b>	<b>£ 000's</b>
<b>Net assets summary</b>			
Non-current assets	5,522	4,771	751
Other current financial assets	8,052	7,126	926
Other current financial liabilities	(3,048)	(2,678)	(370)
Net trading investments	5,004	4,448	556
Trade and other receivables	11,507	15,821	(4,628)
Trade and other payables	(14,229)	(23,620)	9,704
Cash and cash equivalents	15,876	23,982	(8,106)
	<b>23,680</b>	<b>25,402</b>	<b>(1,722)</b>

The decrease in cash and cash equivalents reflects the payment of 2021 year-end bonus, payment of the 2021 final dividend and acquisition of own shares.

## Capital and Liquidity

The Board continuously assesses the Company's cash and capital requirements with the intention of maintaining a strong balance sheet, including a significant surplus over and above its regulatory requirements and sufficient liquid resources to cover at least 12 months of fixed overheads.

At 30 June 2022, Cenkos had capital resources of £23.6 million (H1 2021: £24.5 million) comfortably ahead of its regulatory capital requirement.

## EBT share purchase plan

The Company intends to make a recommendation to Zedra Trust Company (Guernsey) Limited ("Zedra" or the "Trustee") which administers the EBT and currently has a trading plan (the "EBT Share Purchase Plan") in place with the Company, to meet the servicing of the Company's share schemes and share plans, to reduce the maximum value of ordinary shares in the Company to be purchased from £300,000 per month to £50,000 per month. Zedra has absolute discretion and independence in respect of all trading decisions it may make in respect of the purchase of ordinary shares of the Company pursuant to the EBT Share Purchase Plan.

## Going concern

Russia's invasion of Ukraine and the continuing conflict has impacted world markets and investor sentiment. Aside from the humanitarian crisis within the country, the war has also disrupted global supply chains including supplies of grain, gas and oil. With markets just starting to recover from the impact of restrictions to contain the spread of COVID-19, this has sent inflation to record levels and many countries into recession. While not directly impacted by the war or the global sanctions which continue to be applied to entities and individuals connected with the Russian Federation, Cenkos is reliant on the health of financial markets and investor sentiment. However, even under these conditions, Cenkos is still able to complete transactions, although it has resulted in a reduction in fees generated from placing and corporate finance and a decline in fair values of listed equities, options and warrants. Management has performed an impact analysis as part of its going concern assessment using information available to the date of issue of these financial statements. Having performed this analysis, management believes: (a) regulatory capital requirements will continue to be met; (b) the Company has sufficient liquidity to meet its liabilities for the next 12 months; and (c) that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

## Outlook

We have completed 3 transactions in the second half to date. However, market conditions remain challenging and are likely to be so for the foreseeable future. While we will continue to transact and pride ourselves on being able to operate in all market conditions,

subdued transaction volumes are likely to persist. Our strong balance sheet, talented workforce and ability to get things done will help us continue to grow our client base and be the first choice for growing, innovative companies.

## Dividend

The Board recognises the importance of dividends to our shareholders, and since being admitted to AIM we have returned the equivalent of 185.05p per share of cash to shareholders.

The Board will continue to look to return significant value to shareholders while seeking to establish a level of consistency of dividend payments throughout variable market conditions.

The Board declared an interim dividend of 1.0p (H1 2021: 1.25p) per share. The dividend will be paid on 11 November 2022 to all shareholders on the register at 14 October 2022.

### **Julian Morse**

Chief Executive Officer

7 September 2022

# Financial Statements

## Condensed income statement

For the six months ended 30 June 2022

	Notes	Unaudited Six months ended 30 June 2022 £ 000's	Unaudited Six months ended 30 June 2021 £ 000's	Audited Year ended 31 December 2021 £ 000's
<b>Continuing operations</b>				
Revenue	2	12,682	18,221	37,225
Other operating income/(expense)	3	(1,936)	(45)	(87)
Administrative expenses		(11,190)	(16,409)	(33,034)
<b>Operating (loss) / profit</b>		<b>(444)</b>	<b>1,767</b>	<b>4,104</b>
Investment income - interest income		46	7	17
Finance costs - interest on lease liability		(85)	(88)	(171)
<b>(Loss) / profit before tax from continuing operations</b>		<b>(483)</b>	<b>1,686</b>	<b>3,950</b>
Tax	4	94	(183)	(552)
<b>(Loss) / profit after tax</b>		<b>(389)</b>	<b>1,503</b>	<b>3,398</b>
Attributable to:				
Equity holders of Cenkos Securities plc		(389)	1,503	3,398
Basic earnings per share				
	6	(0.8)p	3.1p	7.1p
Diluted earnings per share				
	6	n/a	2.7p	6.0p

## Condensed statement of comprehensive income

For the six months ended 30 June 2022

	Unaudited Six months ended 30 June 2022 £ 000's	Unaudited Six months ended 30 June 2021 £ 000's	Audited Year ended 31 December 2021 £ 000's
<b>(Loss) / profit</b>	<b>(389)</b>	<b>1,503</b>	<b>3,398</b>
<b>Amounts that will not be recycled to income statement in future periods</b>			
Loss on FVOCI financial asset	-	-	-
Tax on FVOCI financial asset	-	-	-
<b>Other comprehensive losses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (expense) / income</b>	<b>(389)</b>	<b>1,503</b>	<b>3,398</b>
Attributable to:			
Equity holders of Cenkos Securities plc	(389)	1,503	3,398

## Condensed statement of financial position

As at 30 June 2022

	Notes	Unaudited 30 June 2022 £ 000's	Unaudited 30 June 2021 £ 000's	Audited 31 December 2021 £ 000's
<b>Non-current assets</b>				
Property, plant and equipment	7	521	320	398
Right-of-use assets	8	3,779	3,817	3,577
Intangible asset		-	16	-
Deferred tax asset	13	1,221	617	1,154
Investments in subsidiary undertakings		1	1	1
		5,522	4,771	5,130
<b>Current assets</b>				
Trade and other receivables	9	11,507	15,821	10,547
Other current financial assets	10	8,052	7,126	7,231
Cash and cash equivalents	11	15,876	23,982	33,457
		35,435	46,929	51,235
<b>Total assets</b>		40,957	51,700	56,365
<b>Current liabilities</b>				
Trade and other payables	12	(9,747)	(18,913)	(23,027)
Other current financial liabilities	10	(3,048)	(2,678)	(1,915)
		(12,795)	(21,591)	(24,942)
<b>Net current assets</b>		22,640	25,338	26,293
<b>Non-current liabilities</b>				
Trade and other payables	12	(4,482)	(4,707)	(4,436)
<b>Total liabilities</b>		(17,277)	(26,298)	(29,378)
<b>Net assets</b>		23,680	25,402	26,987
<b>Equity</b>				
Share capital	14	567	567	567
Share premium		3,331	3,331	3,331
Capital redemption reserve		195	195	195
Own shares	15	(8,931)	(6,796)	(8,360)
FVOCI reserve		(170)	(170)	(170)
Retained earnings		28,688	28,275	31,424
<b>Total equity</b>		23,680	25,402	26,987

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2022.

Julian Morse  
 Chief Executive Officer  
 7 September 2022  
 Registered number: 05210733

## Condensed cash flow statement

For the six months ended 30 June 2022

	Notes	Unaudited Six months ended 30 June 2022 £ 000's	Unaudited Six months ended 30 June 2021 £ 000's	Audited Year ended 31 December 2021 £ 000's
<b>(Loss) / profit</b>		(389)	1,503	3,398
Adjustments for:				
Investment income - interest income		(46)	(7)	(17)
Finance costs - interest on lease liability		85	88	171
Tax (credit) / expense		(94)	183	552
Depreciation of property, plant and equipment, ROU assets and intangible asset		310	329	649
Shares and options received in lieu of fees		(404)	(163)	(1,820)
Share-based payment expense		1,366	1,035	2,920
<b>Operating cash inflow before movements in working capital</b>		<b>828</b>	<b>2,968</b>	<b>5,853</b>
Decrease in net trading investments and FVOCI financial assets		715	16	804
(Increase) / decrease in trade and other receivables		(938)	(2,823)	2,459
(Decrease) / increase in trade and other payables		(12,847)	(5,295)	(1,742)
<b>Net cash (outflow) / inflow from operating activities before interest and tax paid</b>		<b>(12,242)</b>	<b>(5,134)</b>	<b>7,374</b>
Tax paid		(590)	(485)	(783)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(12,832)</b>	<b>(5,619)</b>	<b>6,591</b>
<b>Investing activities</b>				
Interest received		24	-	4
Purchase of property, plant and equipment	7	(192)	(9)	(150)
<b>Net cash outflow from investing activities</b>		<b>(168)</b>	<b>(9)</b>	<b>(146)</b>
<b>Financing activities</b>				
Rent paid under lease arrangement		(413)	(378)	(754)
Dividends paid		(1,549)	(1,280)	(1,922)
Proceeds from sale of own shares to employees on dividend reinvestment		12	14	20
Acquisition of own shares		(2,631)	(1,481)	(3,067)
<b>Net cash used in financing activities</b>		<b>(4,584)</b>	<b>(3,125)</b>	<b>(5,723)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(17,581)</b>	<b>(8,753)</b>	<b>722</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>33,457</b>	<b>32,735</b>	<b>32,735</b>
<b>Cash and cash equivalents at end of period</b>	11	<b>15,876</b>	<b>23,982</b>	<b>33,457</b>

## Condensed statement of changes in equity

For the six months ended 30 June 2022

### Equity attributable to equity holders

	Share capital	Share premium	Capital redemption reserve	Own shares	FVOCI reserve	Retained earnings	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<b>Balance at 1 January 2021</b>	567	3,331	195	(6,607)	(170)	28,309	25,625
Profit	-	-	-	-	-	1,503	1,503
<b>Total comprehensive income</b>	-	-	-	-	-	1,503	1,503
Issue of shares to employees on dividend reinvestment	-	-	-	8	-	6	14
Transfer of shares from share plans to employees	-	-	-	1,284	-	(1,284)	-
Acquisition of own shares	-	-	-	(1,481)	-	-	(1,481)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	985	985
Deferred tax on share-based payments	-	-	-	-	-	36	36
Dividends paid	-	-	-	-	-	(1,280)	(1,280)
<b>Balance at 30 June 2021</b>	567	3,331	195	(6,796)	(170)	28,275	25,402
Profit	-	-	-	-	-	1,895	1,895
<b>Total comprehensive income</b>	-	-	-	-	-	1,895	1,895
Issue of shares to employees on dividend reinvestment	-	-	-	4	-	2	6
Transfer of shares from share plans to employees	-	-	-	18	-	(18)	-
Acquisition of own shares	-	-	-	(1,586)	-	-	(1,586)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	1,854	1,854
Deferred tax on share-based payments	-	-	-	-	-	58	58
Dividends paid	-	-	-	-	-	(642)	(642)
<b>Balance at 31 December 2021</b>	567	3,331	195	(8,360)	(170)	31,424	26,987

	Share capital	Share premium	Capital redemption reserve	Own shares	FVOCI reserve	Retained earnings	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<b>Balance at 1 January 2022</b>	567	3,331	195	(8,360)	(170)	31,424	26,987
Loss	-	-	-	-	-	(389)	(389)
<b>Total comprehensive expense</b>	-	-	-	-	-	(389)	(389)
Issue of shares to employees on dividend reinvestment	-	-	-	14	-	(3)	11
Transfer of shares from share plans to employees	-	-	-	2,046	-	(2,046)	-
Acquisition of own shares	-	-	-	(2,631)	-	-	(2,631)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	1,278	1,278
Deferred tax on share-based payments	-	-	-	-	-	(27)	(27)
Dividends paid	-	-	-	-	-	(1,549)	(1,549)
<b>Balance at 30 June 2022</b>	567	3,331	195	(8,931)	(170)	28,688	23,680

# Notes to the financial statements

## 1. Accounting policies

### General information

The interim condensed financial statements of Cenkos Securities plc (the “Company” or “Cenkos”) for the six months ended 30 June 2022 are unaudited and were approved by the Board of Directors for issue on 7 September 2022.

The Company is incorporated in England under the Companies Act 2006 (company registration No. 05210733) and its shares are publicly traded. The Company’s principal activity is as an institutional stockbroker to UK small and mid-cap companies and investment funds. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates.

### Critical accounting policies and key sources of estimation uncertainty

The judgements and assumptions considered to be the most important to the portrayal of the Company’s financial condition are those relating to equity-settled share-based payments, valuation of derivative financial assets and revenue recognition. These significant accounting judgements and key sources of estimation uncertainty are described on page 69 of the Cenkos Securities plc’s 2021 Annual Report and Accounts. In addition to this, to the extent that derivative financial assets are traded, reference is made to recent bargains in estimating the fair value of these financial assets. The Directors consider that this reflects fair consideration for the services provided.

These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Where appropriate prior year figures have been restated to conform to the current year presentation.

### Basis of accounting

The interim condensed financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2021.

The financial information contained in these interim condensed financial statements does not constitute the Company’s statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative information contained in this report for the year ended 31 December 2021 does not constitute the statutory accounts for that financial period. Those accounts have been reported on by the Company’s auditors, BDO LLP and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

### Going Concern

The Company’s business activities, together with the factors likely to affect its future development and performance, its principal risks and uncertainties, the financial position of the Company, its cash flows and liquidity position are set out in the Strategic Report in the Company’s Annual Report for the year ended 31 December 2021.

In light of internal forecasts and the current pipeline of transactions, the Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Directors continue to adopt a going concern basis in preparing the interim financial statements.

Russia’s invasion of Ukraine and the continuing conflict has impacted world markets and investor sentiment. Aside from the humanitarian crisis within the country, the war has also disrupted global supply chains including supplies of grain, gas and oil. With markets just starting to recover from the impact of restrictions to contain the spread of COVID-19, this has sent inflation to record

levels and many countries into recession. While not directly impacted by the war or the global sanctions which continue to be applied to entities and individuals connected with the Russian Federation, Cenkos is reliant on the health of financial markets and investor sentiment. However, even under these conditions, Cenkos is still able to complete transactions, although it has resulted in a reduction in fees generated from placing and corporate finance and a decline in fair values of listed equities, options and warrants.

Cenkos' current pipeline is encouraging, and we continue to win new clients. A cessation of the conflict in Ukraine and easing of supply chains could lead to more favourable market conditions, which in turn could lead to an increase in corporate finance activity. Whilst it is not possible to quantify the overall impact of the events, as described above, if current market conditions were to continue, then this would in turn suppress the level of corporate activity and fees generated from placing and corporate finance and lead to a further decline in fair values of listed equities, options and warrants.

In order to mitigate the risk associated with fluctuations in the financial markets, the Company operates a flexible business model which links risk adjusted variable remuneration to corporate performance. Fixed costs are kept low and controlled. Cenkos is not reliant on external borrowings but is funded entirely by share capital and retained earnings. The business is not capitally intensive. The trading book is tightly controlled by book limits and, apart from shares received in lieu of fees, is held for market making purposes or to facilitate client business. Cenkos has a positive cash cycle and does not run any liquidity mismatches. Cash is the largest asset on the statement of financial position and consequently its exposure to credit risk is largely due to its bank deposits before risk weighting.

Management continues to monitor the impact of the war in Ukraine on the Company and the financial markets.

Management has performed an impact analysis as part of its going concern assessment using information available to the date of issue of these financial statements. As part of this analysis, a number of adverse scenarios have been modelled to assess the potential impact on the Company's revenue streams, in particular corporate finance fees, and on asset values, liquidity and capital adequacy. In addition, a reverse stress test has been modelled to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement or insufficient cash resources and including an assessment of any relevant mitigations management has within their control to implement. Having performed this analysis, management believes: (a) regulatory capital requirements will continue to be met; (b) the Company has sufficient liquidity to meet its liabilities for the next 12 months; and (c) that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

#### **New and amended standards**

New and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

## 2. Revenue

Revenue is wholly attributable to the principal activity of the Company and arises solely within the UK.

### Major Clients

In the six months ended 30 June 2022, 2 clients contributed more than 10% of Cenkos' total revenue. One contributed £1.6m and the other £1.3m (six months ended 30 June 2021: two clients contributed more than 10% of Cenkos' total revenue. One contributed £3.8m and the other £2.1m).

	Six months ended 30 June 2022 £ 000's	Six months ended 30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
<b>Revenue streams</b>			
Corporate finance	8,652	12,732	27,184
Nomad, broking and research	3,208	3,076	6,172
<b>Total fee and commission income</b>	<b>11,860</b>	<b>15,808</b>	<b>33,356</b>
Execution - net trading gains	822	2,413	3,869
	<b>12,682</b>	<b>18,221</b>	<b>37,225</b>
<b>Total fee and commission income may be further disaggregated as follows:</b>			
Services transferred at a point in time	9,098	13,268	28,178
Services transferred over a period of time	2,762	2,540	5,178
	<b>11,860</b>	<b>15,808</b>	<b>33,356</b>

	Contract Assets			Contract Liabilities		
	30 June 2022 £ 000's	30 June 2021 £ 000's	31 December 2021 £ 000's	30 June 2022 £ 000's	30 June 2021 £ 000's	31 December 2021 £ 000's
<b>Movements in contract balances</b>						
1 January	603	178	178	(646)	(549)	(549)
Transfer to trade and other receivables	(603)	(178)	(178)	-	-	-
Recognised as revenue during the period	397	411	603	646	549	549
Cash recognised in advance not recognised as revenue during the year	-	-	-	(715)	(619)	(646)
	<b>397</b>	<b>411</b>	<b>603</b>	<b>(715)</b>	<b>(619)</b>	<b>(646)</b>

## 3. Other operating expense

	Six months ended 30 June 2022 £ 000's	Six months ended 30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
Initial gain on warrants acquired	-	749	1,116
Fair value movement of options and warrants	(2,394)	(1,715)	(2,627)
Fair value movement in pay away to third party	458	921	1,424
	<b>(1,936)</b>	<b>(45)</b>	<b>(87)</b>

Other operating expense includes the fair value gains and losses on options and warrants, which is shown separately from execution – net trading gains under the revenue caption as the Directors believe this provides a clearer view of the performance of the business by separating out from revenue the gains and losses on level 3 instruments.

During the prior year, a number of warrants were acquired from a third-party and it was agreed that were any value to be realised from the sale or exercise of the warrants, a portion of the proceeds would be paid back to the third party. This is disclosed under the caption pay away to third party in the note above.

#### 4. Tax

The tax charge is based on the profit for the period and comprises:

	Six months ended 30 June 2022 £ 000's	Six months ended 30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
<b>Current tax</b>			
United Kingdom corporation tax at 19% (2021: 19%) based on the profit for the period	-	36	885
<b>Adjustment in respect of prior period</b>			
United Kingdom corporation tax at 19% (2021: 19%)	-	-	1
<b>Total current tax</b>	-	36	886
<b>Deferred tax</b>			
(Credit) / charge on account of temporary differences	(94)	147	(334)
Deferred tax prior period adjustment	-	-	-
<b>Total deferred tax (refer to note 13)</b>	(94)	147	(334)
<b>Total tax on profit on ordinary activities from continuing operations</b>	(94)	183	552

The tax charge for the period relates entirely to continuing operations and differs from that resulting from applying the standard rate of UK corporation tax of 19% (2021: 19%) to the profit before tax for the reasons set out in the following reconciliation.

	Six months ended 30 June 2022 £ 000's	Six months ended 30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
(Loss) / profit before tax from continuing operations	(483)	1,686	3,950
	(483)	1,686	3,950
Tax on (loss) / profit on ordinary activities at the UK corporation tax rate of 19% (2021: 19%)	(92)	321	751
Tax effect of:			
Non-deductible expenses for tax purposes	22	14	45
Fair value movements in relation to the DTA on share-based payments	(50)	(74)	(44)
Deferred tax rate change adjustment	26	(78)	(201)
Adjustment in respect of prior period current tax	-	-	1
<b>Tax (credit) / expense for the period</b>	(94)	183	552

	Six months ended 30 June 2022 £ 000's	Six months ended 30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
<b>Other Comprehensive Income (OCI)</b>			
Current tax expense arising on FVOCI financial asset	-	-	-
Deferred tax expense arising on FVOCI financial asset	-	-	-
<b>Total income tax recognised in OCI</b>	-	-	-
<b>Statement of changes in Equity (SOCIE)</b>			
Deferred tax charge / (credit) arising on share-based payments	27	(36)	(93)

## 5. Dividends

	Six months ended 30 June 2022 £ 000's	Six months ended 30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
<b>Amounts recognised as distributions to equity holders in the period:</b>			
Final dividend for the year ended 31 December 2021 of 3.0p (2020: 2.5p) per share	1,549	1,280	1,280
Interim dividend for the period to 30 June 2021 of 1.25p (June 2020: 1.0p) per share	-	-	642
	1,549	1,280	1,922

The interim dividend declared for the six months to 30 June 2022 of 1.0p (30 June 2021: 1.25p) per share was approved by the Board on 7 September 2022 and has not been included as a liability as at 30 June 2022. The dividend will be payable on 11 November 2022 to all shareholders on the register on 14 October 2022.

## 6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
<b>From continuing operations</b>			
Basic earnings per share	(0.8)p	3.1p	7.1p
Diluted earnings per share	n/a	2.7p	6.0p

	Six months ended 30 June 2022 £ 000's	Six months ended 30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
<b>Earnings from continuing operations</b>			
Earnings for the purpose of basic and diluted earnings per share being net (loss) / profit attributable to equity holders of the Parent	(389)	1,503	3,398
	No.	No.	No.
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	46,275,832	48,096,874	47,965,471
Effect of dilutive potential ordinary shares	9,085,215	8,083,077	8,298,363
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	55,361,047	56,179,951	56,263,834

In accordance with IAS33, when calculating the weighted average number of shares for the purpose of calculating basic earnings per share, we have deducted contingently issuable shares held in the SIP and DBS for the benefit of employees. This adjustment is required by IAS33 notwithstanding the fact that the employees have an un-forfeitable right to the dividend prior to the date of vesting from the date of grant. These contingently issuable shares have been included when calculating the diluted earnings per share.

## 7. Property, plant and equipment

During the period, the Company purchased approximately £0.19 million (30 June 2021: £0.01 million, 31 December 2021: £0.20 million) of property, plant and equipment. This mostly related to leasehold improvements and the purchase of IT equipment.

## 8. Right-of-use assets

A new lease in respect of Cenkos' Edinburgh office was signed on 7 April 2022 for a term of 10 years which resulted in an increase of the lease liability and right-of-use asset by £0.44m. The lease liability and right-of-use asset have been calculated by discounting the quarterly lease payments over the remaining term of the lease using a discount rate of 4.25% per annum which represents the incremental cost of borrowing. The entire right-of-use asset is being amortised over the remaining term of the leases and at 30 June 2022 had a carrying value of £3.78 million after charging £0.24 million in amortisation to the income statement (30 June 2021 had a carrying value of £3.82 million after charging £0.24 million in amortisation to the income statement; 31 December 2021 had a carrying value of £3.58 million after charging £0.48 million in amortisation to the income statement).

## 9. Trade and other receivables

	30 June 2022 £ 000's	30 June 2021 £ 000's	31 December 2021 £ 000's
<b>Current assets</b>			
<b>Financial assets</b>			
Market and client receivables	8,774	13,259	8,432
Accrued income	170	161	184
Contract assets	397	411	606
Other receivables	753	723	700
	<b>10,094</b>	14,554	9,922
<b>Non-financial assets</b>			
Prepayments and other assets	1,413	1,267	625
	<b>11,507</b>	15,821	10,547

The Company has recognised expected credit losses amounting to £nil (30 June 2021: £nil; 31 December 2021: £nil) in accordance with the requirements of IFRS9. It has also recognised a provision against specific debts of £0.03 million (30 June 2021: £0.17 million; 31 December 2020: £0.10 million).

The ageing analysis of financial assets is, as follows.

	Total £ 000's	Not past due £ 000's	Days past due			
			< 30 days £ 000's	30-60 days £ 000's	61-90 days £ 000's	> 91 days £ 000's
30 June 2022	10,094	8,222	1,163	103	171	435
30 June 2021	14,554	13,246	1,155	68	8	77
31 December 2021	9,922	8,059	1,142	183	222	316

**10. Other current financial assets and liabilities**

	30 June 2022 £ 000's	30 June 2021 £ 000's	31 December 2021 £ 000's
<b>Financial assets at FVTPL</b>			
Trading investments carried at fair value	7,119	5,530	4,096
Derivative financial assets - share options and warrants	933	1,596	3,135
	<b>8,052</b>	<b>7,126</b>	<b>7,231</b>
<b>Financial liabilities at FVTPL</b>			
Contractual obligation to acquire securities	(2,941)	(2,208)	(1,351)
Contractual obligation to pay away to third party	(107)	(470)	(564)
Contractual obligation to acquire securities	(3,048)	(2,678)	(1,915)

Trading investments carried at fair value included above under financial assets at FVTPL and financial liabilities at FVTPL include long positions and short positions (contractual obligations to acquire securities), respectively, in listed equity securities that present the Company with the opportunity for return through dividend income and net trading gains. The fair values of these securities are based on quoted market prices. Net trading gains from these securities relate to market making activities and are included under Execution - Net Trading Gains in the Income Statement. Share options and warrants included above under financial assets at FVTPL and financial liabilities at FVTPL include share options and warrants either acquired or received as part of fees and any related pay away to third parties (Contractual obligation to pay away to third party). The fair value movement of these securities is included under other operating income in the Income statement.

**11. Cash and cash equivalents**

	30 June 2022 £ 000's	30 June 2021 £ 000's	31 December 2021 £ 000's
Cash and cash equivalents	15,876	23,982	33,457

**12. Trade and other payables**

	30 June 2022 £ 000's	30 June 2021 £ 000's	31 December 2021 £ 000's
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade creditors	5,854	9,651	6,781
Lease liabilities	600	572	563
Cash-settled deferred bonus scheme	106	96	115
Accruals	2,048	7,626	13,961
Other creditors	422	313	372
	<b>9,030</b>	<b>18,258</b>	<b>21,792</b>
<b>Non-financial liabilities</b>			
Contract liabilities	715	619	646
Corporation tax payable	2	36	589
	<b>717</b>	<b>655</b>	<b>1,235</b>
	<b>9,747</b>	<b>18,913</b>	<b>23,027</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities	4,442	4,649	4,366
Cash-settled deferred bonus scheme	40	58	70
	<b>4,482</b>	<b>4,707</b>	<b>4,436</b>

### 13. Deferred tax

Deferred tax arises on all taxable and deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The following are the deferred tax assets and liabilities recognised by the Company and the movement thereon during the current and prior reporting periods.

	Temporary differences				
	Deferred bonus payments £ 000's	Property, plant and equipment £ 000's	Share- based payments £ 000's	Tax losses £ 000's	Total £ 000's
<b>At 31 December 2020</b>	756	7	(36)	-	727
Origination and reversal of temporary differences (expense) / credit	(242)	5	91	-	(146)
Deferred tax credit to equity	-	-	36	-	36
<b>At 30 June 2021</b>	514	12	91	-	617
Origination and reversal of temporary differences credit / (expense)	396	(19)	102	-	479
Deferred tax credit to equity	-	-	58	-	58
<b>At 31 December 2021</b>	910	(7)	251	-	1,154
Origination and reversal of temporary differences (expense) / credit	(363)	(33)	88	402	94
Deferred tax charge to equity	-	-	(27)	-	(27)
<b>At 30 June 2022</b>	547	(40)	312	402	1,221

The standard corporation tax in the UK was 19% throughout the reporting period. As announced at Budget 2020 and maintained by Finance Act 2021, the corporation tax rate for the fiscal years 2021 and 2022 will remain at 19%. Finance Act 2021, which includes provision for the main rate of corporation tax to increase to 25% with effect from 1 April 2023, was substantially enacted on 24 May 2021. The deferred tax balances at 30 June 2022 have been stated at 25% and 19% as these are the expected prevailing rates when the individual temporary differences are expected to reverse.

The Company has unutilised capital losses on which a deferred tax asset has not been recognised as future utilisation of the losses is dependent on future chargeable gains. The unrecognised deferred tax asset in respect of capital losses carried forward is gross £302,261 (£75,565 at 25%).

There are no uncertain tax positions that require disclosure under IFRIC23.

### 14. Share capital

The issued share capital as at 30 June 2022 amounted to £566,948 (30 June 2021: £566,948, 31 December 2021: £566,948).

#### 1 January 2021 to 31 December 2021

There were no shares issued or cancelled during the year.

#### 1 January 2022 to 30 June 2022

There were no shares issued or cancelled during the period.

## 15. Own shares

Own shares represent the cost of shares purchased by the Company's Employee Benefit Trust ("EBT") and those transferred to the Deferred Bonus Scheme EBT, the Short-Term Incentive Plan EBT ("STIP") and the Cenkos Securities plc Share Incentive Plan ("SIP").

The EBT was established by the Company in 2009. It is funded by the Company and has the authority to acquire Cenkos Securities plc shares. The shares held by the EBT have been excluded from the weighted average number of shares calculation up to this date.

Shares held by EBT	Six months ended 30 June 2022		Six months ended 30 June 2021		Year ended 31 December 2021	
	Number of shares	£ 000's	Number of shares	£ 000's	Number of shares	£ 000's
At 1 January	3,581,254	2,784	3,024,352	1,475	3,024,352	1,475
Acquired during the period	2,330,380	1,690	1,508,392	1,147	3,477,942	2,733
Transferred to Deferred Bonus Scheme EBT	(2,250,000)	(1,749)	(2,921,040)	(1,424)	(2,921,040)	(1,424)
At the period end	3,661,634	2,725	1,611,704	1,198	3,581,254	2,784
<b>Shares held by deferred bonus scheme EBT</b>						
At 1 January	4,486,025	3,576	2,135,982	2,279	2,135,982	2,279
Acquired during the period	1,349,633	941	375,137	334	375,137	334
Transferred in from the EBT	2,250,000	1,749	2,921,040	1,424	2,921,040	1,424
Vesting shares transferred to employees	(1,413,704)	(1,099)	(946,134)	(461)	(946,134)	(461)
At the period end	6,671,954	5,167	4,486,025	3,576	4,486,025	3,576
<b>Shares held by the STIP</b>						
At 1 January	1,600,000	1,017	3,200,000	1,797	3,200,000	1,797
Vesting shares transferred to employees	(1,355,500)	(880)	(1,600,000)	(780)	(1,600,000)	(780)
At the period end	244,500	137	1,600,000	1,017	1,600,000	1,017
<b>Free and matching shares held by the SIP</b>						
	Number of shares	£ 000's	Number of shares	£ 000's	Number of shares	£ 000's
At 1 January	770,781	983	920,011	1,056	920,011	1,056
Dividend re-investment	(18,276)	(14)	-	-	(24,227)	(12)
Shares transferred to employees	(86,238)	(67)	(104,728)	(51)	(125,003)	(61)
At the period end	666,267	902	815,283	1,005	770,781	983
At the period end: Total own shares	11,244,355	8,931	8,513,012	6,796	10,438,060	8,360

## 16. Financial instruments

### Risk management objectives

For further information relating to the principal risks faced by the Company and how it mitigates and manages this exposure please refer to the Strategic Report in the 2021 Annual Report.

### Externally imposed capital requirement

The Company is required to retain sufficient capital to satisfy the UK Financial Conduct Authority's ("FCA") capital requirements. These requirements vary from time to time depending on the business conducted by the Company. The Company always retains a buffer above the FCA minimum requirements and has complied with these requirements during and subsequent to the period end under review.

At 30 June 2022, Cenkos had a capital resource of £23.6 million (H1 2021: £24.5 million) comfortably ahead of its regulatory capital requirement.

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 of the Company's financial statements for the year ended 31 December 2021.

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values. For further information concerning the Company's financial assets and liabilities please refer to notes 9, 10 and 12.

#### Fair value hierarchy

All financial instruments carried at fair value are placed in three categories, defined as follows:

Level 1 – Quoted market prices

Level 2 – Valuation techniques (market observable)

Level 3 – Valuation techniques (non-market observable)

The Company held the following financial instruments measured at fair value.

	Level 1	Level 2	Level 3	Total
	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 30 June 2022</b>				
<b>Financial assets at FVTPL</b>				
Market and client receivables	8,774	-	-	8,774
Derivative financial assets - share options and warrants	-	-	933	933
Non-derivative financial assets held for trading	7,119	-	-	7,119
	15,893	-	933	16,826
<b>Financial liabilities at FVTPL</b>				
Contractual obligation to acquire securities	2,941	-	-	2,941
Contractual obligation to pay away to third parties	-	-	107	107
	2,941	-	107	3,048

There were no transfers between Level 1, 2 and 3 during the period.

	Level 1	Level 2	Level 3	Total
	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 30 June 2021</b>				
<b>Financial assets at FVTPL</b>				
Market and client receivables	13,259	-	-	13,259
Derivative financial assets - share options and warrants	-	-	1,596	1,596
Non-derivative financial assets held for trading	5,530	-	-	5,530
	18,789	-	1,596	20,385
<b>Financial liabilities at FVTPL</b>				
Contractual obligation to acquire securities	2,208	-	-	2,208
Contractual obligation to pay away to third parties	-	-	470	470
	2,208	-	470	2,678

There were no transfers between Level 1, 2 and 3 during the period.

	Level 1	Level 2	Level 3	Total
	£ 000's	£ 000's	£ 000's	£ 000's
<b>As at 31 December 2021</b>				
<b>Financial assets at FVTPL</b>				
Market and client receivables	8,586	-	-	8,586
Derivative financial assets - share options and warrants	-	-	3,135	3,135
Non-derivative financial assets held for trading	4,096	-	-	4,096
	12,682	-	3,135	15,817
<b>Financial liabilities at FVTPL</b>				
Contractual obligation to acquire securities	1,351	-	-	1,351
Contractual obligation to pay away to third parties	-	-	564	564
	1,351	-	564	1,915

There were no transfers between Level 1, 2 and 3 during the period.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lower-level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

**Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy**

	<b>Share options and warrants</b>	<b>Pay away to third party</b>	<b>Total</b>
	£ 000's	£ 000's	£ 000's
Opening balance 1 January 2022	3,135	(565)	2,570
Fair value movement recognised in income statement	(2,393)	458	(1,936)
Options and warrants received as part of fees	192	-	192
Closing balance 30 June 2022	933	(107)	826

	<b>Share options and warrants</b>	<b>Pay away to third party</b>	<b>Total</b>
	£ 000's	£ 000's	£ 000's
Opening balance 1 January 2021	1,007	-	1,007
Fair value movement recognised in income statement	(1,715)	921	(794)
Options and warrants received as part of fees	163	-	163
Fair value of options and warrants acquired	2,141	(1,391)	750
Closing balance 30 June 2021	1,596	(470)	1,126
Disposal of warrants	(908)	496	(412)
Exercise of warrants	(219)	-	(219)
Options and warrants received as part of fees	1,487	-	1,487
Fair value of options and warrants acquired	964	(598)	366
Fair value movement recognised in income statement	215	7	222
Closing balance 31 December 2021	3,135	(565)	2,570

Level 3 financial instruments consist of derivative financial assets and unlisted shares received in lieu of fees.

The unlisted equity shares are carried as FVOCI financial assets, classified as Level 3 within the fair value hierarchy. A number of valuation techniques have been used to provide a range of possible values for these shareholdings in accordance with the International Private Equity and Venture Capital ("IPEV") valuation guidelines. The carrying values have been adjusted to values within these ranges. There have been no other factors brought to the Board's attention which would suggest that there has been a further impairment which has not been recognised in these financial statements.

The derivative financial assets are carried as financial assets at FVTPL classified as Level 3 within the fair value hierarchy and comprise equity options and warrants over listed securities. The related Contractual obligation to pay away to third parties are carried as financial liabilities at FVTPL classified as Level 3 within the fair value hierarchy and comprise obligation to pay away a portion of the proceeds realised from the sale or exercise of warrants acquired from a third party.

**Impact of reasonably possible alternative assumptions**

The significant unobservable input used in the fair value measurement of Cenkos' holdings of share options and warrants is the volatility measure. Significant increases/decreases in the volatility measure would result in a significantly higher/lower fair value measurement.

A sensitivity analysis based on a 25% increase/decrease in the volatility measure used as an input in the valuation of the share options and warrants shows the impact of such a movement would be an increase of £0.43m or decrease of £0.30m respectively to the profit in the income statement.

### Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments measured at fair value on an ongoing basis include trading assets and liabilities and financial investments classified as FVOCI.

Financial instruments are valued using models where one or more significant inputs are not observable. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are “non-observable”. For these instruments, the fair value derived is more judgemental. “Non-observable” in this context means that there are few or no current market data available from which to determine the level at which an arm’s length transaction would be likely to occur. It generally does not mean that there is absolutely no market data available upon which to base a determination of fair value (historical data may, for example, be used). Furthermore, the assessment of hierarchy level is based on the lowest level of input that is significant to the fair value of the financial instrument.

The valuation models used where quoted market prices are not available incorporate certain assumptions that the Company anticipates would be used by a third-party market participant to establish fair value.

	Fair value at 30/06/22 £ 000's	Valuation Technique	Unobservable input	Range
Share options and warrants	933	Monte Carlo simulation	Volatility	29-126%
Pay away to third party	(107)	% of value of related warrant	Value of related warrant	n/a

### 17. Related party transactions

Transactions with related parties are made at arm's length. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Board includes those employees considered to be key management personnel. The compensation of the key management personnel of the Company (including the Directors) and their interests in the shares and options over the shares of Cenkos Securities plc were as follows:

	Six months ended 30 June 2022 £ 000's	30 June 2021 £ 000's	Year ended 31 December 2021 £ 000's
Aggregate emoluments	785	841	2,478

To comply with the Pensions Act, all qualifying employees are enrolled in a pension scheme. Under the scheme, qualifying employees are required to contribute a percentage of their relevant earnings. The Company also contributes 3% (2021: 3%) of relevant earnings. During the period ended 30 June 2022, Cenkos paid £1,321 (30 June 2021: £879) into this scheme in respect of the Directors.

	30 June 2022 No.	30 June 2021 No.	31 December 2021 No.
Related party interests in ordinary shares of Cenkos Securities plc			
Number of shares	2,184,212	2,052,273	2,052,273
Percentage interest	4%	4%	4%

The related party interests in ordinary shares of Cenkos Securities plc includes the following interest held in the following schemes.

	Number of shares held subject to forfeiture conditions			Number of shares held		
	30 June 2022	30 June 2021	31 December 2021	30 June 2022	30 June 2021	31 December 2021
	No.	No.	No.	No.	No.	No.
Related party interest in SIP	-	-	-	27,116	27,116	27,116
Related party interest in STIP	-	293,000	293,000	-	293,000	293,000
Related party interest in DBS	596,559	456,630	456,630	596,559	456,630	456,630

The related party interests in share options over ordinary shares of Cenkos Securities plc includes the following interest held in the following schemes.

	Grant date	Earliest exercise date	Latest exercise date	30 June 2022	30 June 2021	31 December 2021
				No.	No.	No.
SAYE Scheme (Exercise price - £0.40)	17/11/2020	01/01/2024	30/06/2024	89,936	89,936	89,936
LTIP Scheme (Exercise price - £nil)	08/04/2021	08/04/2024	07/04/2031	656,667	656,667	656,667
LTIP Scheme (Exercise price - £nil)	08/04/2021	08/04/2025	07/04/2031	656,667	656,667	656,667
LTIP Scheme (Exercise price - £nil)	08/04/2021	08/04/2026	07/04/2031	656,667	656,667	656,667
CSOP Scheme (Exercise price - £0.735)	26/03/2021	26/03/2024	25/03/2031	80,000	80,000	80,000

## 18. Events after the reporting period

There were no material events to report on that occurred between 30 June 2022 and the date at which the Directors signed the Interim Report.

## 19. Contingent liabilities

From time to time the Company may become subject to various litigation, regulatory or employment related claims. The Directors have considered any current matters pending against the Company. Based on the evidence available, the facts and circumstances and insurance cover available, the Board has concluded that the outcome of these will be resolved with no material impact on the Company's financial position or results of operations.

# Independent Review Report to Cenkos Securities plc

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the London Stock Exchange AIM Rules for Companies.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed income statement, the condensed statement of comprehensive income, the condensed statement of financial position, the condensed cash flow statement and the condensed statement of changes in equity and all accompanying notes.

## Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

## Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the company to cease to continue as a going concern.

## Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the London Stock Exchange AIM Rules for Companies which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

In preparing the half-yearly financial report, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information.

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange AIM Rules for Companies for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants, London, UK

7 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Information for shareholders

<b>Directors</b>	Andrew Boorman Lisa Gordon Jeremy Miller Julian Morse Jeremy Osler	(Non-executive Director) (Non-executive Chairman) (Non-executive Director) (Chief Executive Officer) (Executive Director)
<b>Company Secretary</b>	Jeremy Osler	
<b>Anticipated Financial Calendar</b>	September November March May June	Half-year results announced Interim dividend paid Year-end results announced Annual General Meeting Final dividend paid
<b>Company Registration Number and Country of Incorporation</b>	05210733, England	
<b>Registered Office</b>	6.7.8 Tokenhouse Yard London EC2R 7AS	
<b>Banker</b>	HSBC Corporate Banking 60 Queen Victoria Street London EC4N 4TR	
<b>Solicitors</b>	Simmons & Simmons LLP City Point, 1 Ropemaker Street London EC2Y 9SS	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU	
<b>Registrars</b>	Link Asset Services 6 <sup>th</sup> floor 65 Gresham Street London EC2R 7NQ	
<b>Nominated Adviser</b>	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH	
<b>Broker</b>	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS	
<b>Website</b>	www.cenkos.com	

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## Cenkos Securities plc

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