Numis

Full Year Results

for the year ended 30 September 2021

London, 8 December 2021: Numis Corporation Plc ("Numis") today announces audited final results for the year ended 30 September 2021.

Highlights

- Revenue of £215.6m, the second successive record annual revenue performance, up 39% on FY20
- PBT growth of 100% reflecting the benefit of operational gearing in our business; net assets up 18.5% to £186.7m
- 52% growth in Investment Banking revenue driven by strong performance in Capital Markets (45%) and Advisory (177%) - reflecting a recovery in IPO volumes and M&A
- Continued strategic focus on our private markets Growth Capital Solutions business which has delivered annual revenue growth of 44% over three years
- Further market share gains in UK equities and a consistent trading book performance delivered Equities revenue growth of 14% relative to a strong prior year
- Average market capitalisation of our corporate client base £1.4bn; now includes 57 FTSE 250 and 9 FTSE 100 companies
- Client-led internationalisation of the business continues with encouraging deal revenues from non-UK issuers; currently advising on our first US IPO
- Full year dividend rebased to 13.5p following five years of consistent distributions, and a further £24.2m spent on share repurchases
- Continued commitment to ESG across the business with priority areas of long-term focus set
- UK M&A and global private markets continue to be active; public market conditions have become more challenging for IPO activity at the start of FY22

Key statistics

Financial highlights	**2021**	2020	Change
Revenue	£215.6m	£154.9m	39.2%
Underlying Operating profit	£68.1m	£37.8m	80.1%
Profit before tax	£74.2m	£37.1m	100.1%
EPS	49.1p	26.7p	83.9%
Cash	£134.1m	£125.2m	7.1%
Net assets	£186.7m	£157.6m	18.5%

Operating highlights			
Corporate clients	182	188	(6)
Average market cap of clients	£1.4bn	£1.1bn	27%
Revenue per head	£738k	£549k	34%
Operating margin	31.6%	24.4%	7.2ppts
Spend on share repurchases	£24.2m	£9.8m	148%

Notes:

1) Revenue, Underlying Operating profit, Operating margin and Revenue per head all exclude investment income / losses and one-off relocation costs
2) Diluted EPS

Commenting on the results, Alex Ham and Ross Mitchinson, Co-Chief Executive Officers, said:

"Following the huge disruption and extreme uncertainty created by COVID last year, markets stabilised and recovered offering us a sustained opportunity to demonstrate the strategic progress made by the firm in recent years.

The exceptional revenue performance was founded upon both the strength of our core UK public markets franchise which placed Numis at the forefront of a buoyant IPO market, and a strong contribution from our growth products such as M&A and private markets which, in aggregate, now represent more than 40% of our Investment Banking deal revenues.

Our value creating strategy is one that includes investment in client-led internationalisation of the business and diversifying our revenue base, requiring a commitment and investment in talent, focusing on long term success rather than short term financial results. Our focus on shareholder returns remains as strong as ever with an upward rebasing of our dividend reflecting not just the progress made over the past five years but also our confidence in the future of the business through the cycle. Refining our strategy over time is vital as we seek to expand our addressable market, however we will always remain focused on our core strengths, our clients and our culture.

On the outlook for FY22, the Co-Chief Executive Officers added:

Our pipeline of deals continues to be strong, featuring ambitious growth businesses looking to access equity financing. In addition, the UK M&A and global private markets continue to be active, and we believe there is meaningful revenue upside from both of these products as we continue to invest in them. However, supply chain challenges and inflation fears have certainly had an impact on investor sentiment toward the UK in recent weeks. As a result, execution of our Capital Markets pipeline, including IPOs, may be subject to greater uncertainty during the first half."

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Notes for Editors

Numis is a leading independent investment banking group offering a full range of research, execution, corporate broking and advisory services to companies and their investors. Numis is listed on AIM and has offices in London and New York.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 (as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018).

Forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements sometimes use words such as 'may', 'will', 'could', 'seek', 'continue', 'aim', 'anticipate', 'target', 'project', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Past performance is no guide to future performance and any forward-looking statements and forecasts are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. These statements and forecasts are subject to various risks and uncertainties and there are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts.

The forward-looking statements contained in this document speak only as of the date of this announcement and (except as required by applicable regulations or by law) Numis does not undertake to publicly update or review any forward-looking statements, whether as a result of new information, future events or otherwise.

Nothing in this announcement constitutes or should be construed as constituting a profit forecast.

No offer of securities

The information, statements and opinions contained in this announcement do not constitute or form part of, and should not be construed as, any public offer under any applicable legislation, or an offer, or solicitation of an offer, to buy or sell any securities or financial instruments in any jurisdiction, or any advice or recommendation with respect to any securities or financial instruments.

Business review

Market conditions

At the start of the financial year, corporate clients had largely completed their refinancing activities in response to the disruption caused by COVID-19 and were focused on executing their strategic goals. Similarly, the IPO market was open, particularly for those businesses which had benefitted from an acceleration of digital trends as a result of the pandemic. Over the course of this financial year, supported by generally rising markets, companies were able to access the equity capital markets to support their acquisition strategies and the IPO market became receptive to a wider range of sectors. As a result, UK equity capital markets volumes increased to their highest level in recent years and were approximately 26% up on the prior year. The structural trend of Private markets taking an increasing share of capital raising activity continued during the year.

M&A activity had fallen significantly during the pandemic as acquirors paused on transactions until the financing outlook became more certain. During FY21 there was a strong recovery in UK deal volumes partly supported by the prevailing discount attributable to UK listed companies relative to international markets. As we have seen private equity raise significant funds in recent years, the deployment of these funds has contributed to the increase in deal volumes this year, reflecting a trend we expect to continue.

UK equity market indices performed well over the year. The FTSE 250 was up 33% on the year and the Numis Smaller Companies index was up 43%. Both outperformed the FTSE 100 over the year reflecting a favourable market environment for our Equities business. Volatility is often beneficial to execution volumes. Whilst not as extreme as the prior year, during the first half in particular there were periods of elevated volatility in UK equities which generated trading opportunities for institutions.

Investment Banking

Our consistent focus on enhancing the firm's capabilities through sector focused hiring, investment in new product areas and a commitment to junior talent, has contributed to an excellent performance this year. Whilst our core UK corporate broking platform has as always been the foundation of the Group's success, this year the strength of performance has been attributable to a strong IPO market and good progress in new revenue lines, specifically, private markets and M&A which have been a long-term focus. In addition, international ECM has started to contribute to our deal fees this year for the first time as our presence in non-UK markets continues to be guided by our clients' evolving needs.

Our corporate client list has remained similar in size to the prior year. The upturn in bid activity for UK listed companies has only been partially offset by new client wins from IPOs. In addition, the opportunity to pitch for new clients has been somewhat impeded by pandemic-related disruption, we expect clients to initiate broker review processes more frequently next year. In line with our strategy, the quality of our client base continues to improve, and this remains our main priority. Whilst quality is not necessarily correlated to size, the average market capitalisation nevertheless offers a reasonable indication of our progress in this regard. Over the past year the average market capitalisation of our client base has grown 27% to £1.4bn, and we now advise 66 FTSE 350 companies on a retained basis. By comparison, five years ago the average market capitalisation of our client base was £0.7bn. This year the growth in average market capitalisation has been below index growth reflecting some of our larger clients being subject to M&A activity during the year and recent IPOs contributing new clients which are often smaller in size. We believe our portfolio of clients built over many years is well positioned to ensure we capitalise on market trends; 41% of our corporate client base (excluding investment trusts) weighted by market capitalisation is in the TMT and Consumer sectors, which have been particularly active over the past few years with an encouraging outlook for further corporate activity.

Historically, our corporate client base has been the main origination engine for Capital markets revenues. Now our Advisory revenues are benefitting from the same channel. This has been achieved by a continual increase in our sector specialisation over the past five years and a stronger M&A focus across our Investment Banking hiring. Our Advisory revenues increased 177%, reflecting a number of large fee events for corporate broking clients, and a significant contribution from non-clients, which we believe is evidence of our growing reputation with corporates beyond our Capital markets expertise.

Whilst our corporate client base delivered a consistent level of deal fees, client activity levels were in line with the prior year, although last year's activity was concentrated in a six-month period post the start of the pandemic. This year we have seen our clients access the markets to finance acquisition strategies rather than critical refinancing activities. Capital markets growth of 45% was achieved by an improved contribution from IPOs, further growth in our private markets activities from our Growth Capital Solutions team ("GCS"), and international transactions.

For many years we have been focused on raising our profile with private equity funds and leveraging our growing sector expertise across both Investment Banking and Research. These relationships, alongside our strong track record and market insight enabled us to secure leading roles on numerous financial sponsor-backed IPOs. This year we acted on 12 IPOs, which compares to only one in the prior year when market conditions were not conducive to IPOs. Overall we achieved market share gains in UK ECM and ranked in the top 3 for the year.

Private markets were again extremely active this year, demonstrating the long-term momentum behind this trend in global capital markets. We expanded the GCS team in response to the success achieved to date, thereby creating more capacity to execute higher deal volumes and capitalise on the wider opportunities we see in this market. We continue to build relationships with some of the most exciting private businesses, supporting them by providing access to leading growth investors around the world. Given the growth profile of these businesses and their requirement to seek regular funding, the client activity rates amongst these businesses are generally higher than most of our more mature listed clients. This year we delivered more than £20m in private markets revenues, our third consecutive year of material revenue growth since launching this business line.

Frequently the private equity and growth investors we work alongside on UK IPOs manage international portfolios. Our track record and reputation for delivering differentiated distribution on transactions has led to our appointment on deals for international issuers. This year 10% of our Capital markets revenues for publicly listed issuers were attributable to deals executed outside of the London markets. These revenues are largely related to IPOs and therefore future success outside the UK will likely be initially linked to the market environment for IPOs; however we see international capital markets as an interesting growth opportunity, complementary to our existing distribution platform and wider network. In due course, our Dublin office will provide greater flexibility and an enhanced capability to target these opportunities across the EU.

Equities

Our Equities business achieved another year of market share gains and strong trading returns as well as making a significant contribution to the high volume of IPOs completed during the year.

Volatility was still prevalent for periods during the year but UK markets, in particular the small and mid-cap, performed well which both supported deal flow and provided a favourable backdrop for execution and trading.

Throughout the pandemic we prioritised engaging with our institutional clients and strengthening those relationships across all teams within the Equities business. This provided a strong foundation for the market share gains we achieved this year, in particular with leading long-only institutional investors who are key participants in our Investment Banking deals.

Our electronic trading business made good progress despite COVID-19 restrictions hindering our ability to grow the list of clients using this product. We expect electronic trading to contribute an increasing share of our institutional income over time as we seek to expand the client list in the UK and US. The event driven desk benefitted from an increase in public M&A activity and achieved its strongest revenue performance since launch three years ago.

Despite the headwinds of Brexit limiting our access to EU-based institutions, we increased the overall number of institutional clients during the year. Subject to regulatory approvals, we expect to grow the list of institutional clients over the coming years as we seek to build a larger distribution platform to support a broader geographic profile of capital markets deals. Our careful, client-led internationalisation of the business will continue to be the focus of investment in our US operations and the establishment of an EU presence via our investment in Dublin.

This year for the first time, we did not enter the Extel survey. It is increasingly the case that, post MiFID II, we receive detailed feedback from our institutional clients on the level of service which they particularly value. Our strategy to maintain a strong and experienced research function is unchanged. The value of this strategy was demonstrated this year by our success in the IPO market where we acted on 12 IPOs globally. The quality of our analysts remains a key factor in our ability to win IPO mandates and differentiate ourselves from the competition.

We increased our trading book limits during the course of the year in response to market conditions and volatility levels. The number of loss days was improved on the prior year and we delivered consistently strong gains throughout the year. We will continue to focus on maintaining strong market share in mid cap equities aligned with our corporate broking franchise.

Investment portfolio performance

Our investment portfolio delivered strong gains this year. The gains were largely attributable to two of our holdings. Firstly, we invested in Oxford Nanopore Technologies in 2012, providing support on occasion through the investment period and ultimately acted on their successful IPO at the end of September. Secondly, we invested in Wiz Inc during the year, a cyber security business backed by several leading international growth investors, which has materially exceeded expectations. The investment in Wiz illustrates our strategy to rotate our portfolio towards larger, later stage growth businesses whilst exiting some of our fund holdings and legacy holdings. Overall we expect to keep the number of holdings broadly flat and align the portfolio closer to our private markets activity.

Relocation to new office

Our relocation project was completed at the end of the year and we are operating from our new offices at 45 Gresham Street. The new office space offers capacity for further growth, supports our culture by encouraging collaboration across the business, and reflects our ambition through providing our clients access to exceptional facilities.

Evolving our Strategy

Our growth strategy has been consistent for a number of years. We remain focused on developing the quality of our corporate client base which provides the origination platform for deal fee opportunities across both Capital markets and Advisory. Our ambition in UK equities is to provide a best-in-class service to institutional investors through high quality research and an experienced sales desk whilst providing liquidity in UK equities via our market-making platform. These two limbs of our strategy continue to be complementary and underpin the strength of our core business.

Our new products and services to date have focused on UK M&A and GCS. There continues to be meaningful revenue upside from both these products, and we continue to invest in these strategic priorities.

Looking ahead we will expand our strategic ambition to include international ECM in view of the early success we have had this year, and the opportunities which will become available once we have established an EU office next year. In addition we have expanded our US regulatory approvals to include US capital markets transactions and we are currently acting on our first US IPO. We will adopt a targeted approach to our ECM efforts outside the UK, guided by our clients' needs and focusing only on sectors and deals where we believe our distribution and insight offers a compelling proposition for the issuer. This will require an expansion of our research coverage in certain sectors.

Commitment to ESG

Our environmental, social and governance (ESG) vision is to provide innovative solutions to our clients based on a shared ambition to manage our environmental impacts, drive social value in the wider community and create a fair working environment for our employees.

We plan to build on our strong heritage of innovation to become a more sustainable and resilient business, particularly in light of societal and environmental challenges.

As we navigate today's societal challenges, we want to make sure we minimise negative impacts and maximise positive outcomes by further embedding sustainability in our culture, our operations and our strategy.

Numis – and the financial services industry more broadly – is well positioned to create a more sustainable economy. As an investment bank providing services to UK and international corporates and investors, we feel we have an obligation to show greater leadership on sustainability and support our clients in their own sustainability journeys.

A fast-changing marketplace – with the transition to a low carbon economy and the growth of sustainable finance being key themes – creates opportunities that the firm can capitalise on.

At the same time, the COVID-19 pandemic has placed stresses on the corporate sector and emphasised the importance of business resilience. We are following these trends closely and refining our approach in order to build a more responsible, sustainable and resilient business.

This year we made significant progress on our ESG journey, undertaking our first materiality assessment and developing an ESG framework, which will help our leadership move the business in the right direction to better serve clients, shareholders, employees, society and the environment.

By raising our sustainability ambitions and identifying the ESG areas that are most important to us, we will be better placed to lead or respond to ESG issues – and also to extract value from opportunities that arise from embedding ESG more deeply into our business.

During the course of the year we have held discussions with key stakeholder groups and performed a materiality assessment from which we developed a long-term ESG strategy and framework which we will report against in the future. This will be embedded into our overall group strategy and will enable us to turn the Numis ESG vision into effective operational and tactical implementation plans, measured against key performance indicators.

Our materiality assessment process consisted of three key phases:

- Analyse the external sustainability landscape impacting our industry, including sector and industry specific trends, and a review of relevant sustainability frameworks
- Engage with both internal and external stakeholders to gather insights on key ESG topics
- Rank and prioritise ESG topics to assess their relative importance, in relation to their impact on the business and the relevance to our external stakeholders

This assessment has informed four priority focus areas for the group, capturing the full scope of what we already do and providing a clear and comprehensive strategy aligned with our core business:

1. Employee topics (equality, diversity & inclusion, employee health and wellbeing, talent acquisition, development and retention)
2. Responsible governance and ethical business practices (culture, conduct & compliance; climate risk governance including energy and emissions; and ESG governance)
3. Serving the community (community support and engagement)
4. Contributing to a sustainable economy (ESG integration into advisory services)

Our ESG vision is to provide innovative solutions to our clients based on a shared ambition to manage our environmental impact, drive social value in the wider community, and create a fair working environment for our employees.

Current trading & outlook

Revenue performance over the first two months of the year is broadly in line with the second half revenue performance of FY21. We completed a further six IPOs in the past two months, however, it is clear that public markets investors are increasingly adopting a more cautious approach and execution of our Capital markets pipeline is subject to greater uncertainty. The private markets and UK M&A continue to be very active. Our GCS team has executed a number of transactions in recent weeks and the pipeline is strong. Similarly, the outlook for M&A fees is encouraging based on the current pipeline.

Financial review

Revenue performance

The business delivered record revenues and profits in a year where market conditions were favourable for the investment banking industry. The markets in which we operate are clearly subject to cycles and periods of volatility. However, our consistent investment in the business has enabled the firm to achieve a long track record of growth across multiple cycles.

	2021 £m	2020 £m	% Change
Investment Banking	154.9	101.7	52.3%
Equities	60.7	53.2	14.1%
Revenue	**215.6**	**154.9**	**39.2%**

Investment income	8.7	0.3	n.m.
Total Income	**224.3**	**155.2**	**44.5%**

Revenue for the year was £215.6m (2020: £154.9m), representing growth of 39%. The business benefitted from an increase in IPO and M&A activity, as well as a sustained recovery in equity markets. Revenue per head increased by 34% to £738k, reflecting the significant growth in revenue relative to headcount growth. Total income increased 45%, this includes significant fair value gains associated with the investment portfolio which closed the year at £21.8m.

Investment Banking

	2021 £m	2020 £m	% Change
Capital Markets	111.5	77.0	44.8%
Advisory	30.9	11.1	177.1%
Corporate retainers	12.5	13.5	(7.9%)
Investment Banking revenue	**154.9**	**101.7**	**52.3%**

The Investment Banking division delivered record revenue of £154.9m (2020: £101.7m), representing an increase of 52% on the prior year which benefitted from a significant volume of COVID-19 related equity issuance. This year has seen a broad-based recovery in deal activity with the increase in IPOs and M&A deals more than offsetting a normalisation of fund raisings for corporate clients. Whilst deals volumes were slightly up on the prior year, the main growth driver has been an increase in average deal fees, which has been the consistent feature of our Investment Banking revenue growth over the past three years. Average deal fee growth is a product of working with larger corporate clients on larger transactions and earning a greater share of the fee pool. The average deal fee for FY21 was more than double the level achieved two years ago in FY19.

A recovery in IPO volumes was the main contributor to Capital markets growth of 45%. In line with our strategic priority, we generally secured senior roles on many of these transactions which underpinned the average deal fee growth. In addition, GCS delivered revenue growth for the third successive year achieving revenues in excess of £20m. This new business line continues to deliver higher value fees and enables the firm to build its reputation beyond the UK. International ECM transactions contributed to Capital markets revenue for the first time, these deals are predominantly junior syndicate roles on IPOs and we believe there is a clear opportunity to grow this contribution in the future.

Advisory revenues increased significantly this year. The M&A pipeline was disrupted by COVID-19 last year, however, there has been a strong recovery this year. We have had increasing success in securing lead financial advisory roles for our corporate clients in bid situations which is a strategic priority. Debt Advisory continued to make good progress this year supported by the recovery in M&A activity which provided a favourable backdrop enabling the new business line to deliver its third successive year of revenue growth.

Retainer fee income declined 8% to £12.5m (2020: £13.5m) reflecting the reduction in our corporate client list, largely attributable to the closure of the Natural Resources sector towards the end of the previous financial year. We now have 182 corporate clients and will selectively grow the client list as we seek to benefit from our strong competitive position and our participation in IPOs over the past 12 months.

Equities

	2021 £m	2020 £m	% change
Institutional income	41.0	37.2	10.1%
Trading	19.7	16.0	23.4%
Equities revenue	**60.7**	**53.2**	**14.1%**

Equities delivered a record revenue performance of £60.7m (2019: £53.2m), representing growth of 14%. Institutional income increased 10% against the prior year, reflecting both market share gains and an increase in the aggregate value of commission payments across UK equities this year. There were periods of heightened volatility earlier in the year which prompted a particularly strong performance in the first half. Whilst this was not repeated in the second half, the full year performance was nevertheless very good.

Our research income was consistent with the prior year but our market share in payments for research from institutions increased. Overall we believe the market for research payments has generally stabilised following the introduction of MIFID II and this revenue line is expected to be relatively consistent going forward, underpinned by the quality of our analysts and high levels of engagement with institutions.

Trading delivered strong gains for the year, up 23% on the prior year. Reflecting a similar trend to commissions across the year, the gains achieved in the second half were below an exceptionally strong first half as market volumes normalised. Trading book limits were increased during the year in view of the favourable market backdrop and strong demand for liquidity in small and mid-cap equities. The number of loss days was consistent with the prior year illustrating the consistency in performance of our market-making activities.

Administrative expenses

	2021 £m	2020 £m	% Change
Staff costs	99.0	76.0	30.2%
Share-based payment	9.6	10.0	(3.3%)
Non-staff costs	39.2	32.4	21.0%
Total administrative costs	**147.9**	**118.4**	**24.9%**
Year-end headcount	319	292	9.2%
Average headcount	292	282	3.5%
Compensation ratio	50.4%	55.5%	(5.1 ppts)

Total costs increased to £147.9m (2020: £118.4m) representing an increase of 25%. Average headcount increased by 4% which was attributable to recruitment of junior and mid-level Investment Banking staff in response to high deal volumes. At the year end, 129 of the 319 staff were in the Investment Banking department. We expect the market for investment banking talent to remain very competitive in view of the current market backdrop, however, further near-term hiring will be limited to those areas of strategic focus where there are clear growth opportunities. For example, during FY22 we will be hiring staff in Dublin in support of our business plan and regulatory application process with the Central Bank of Ireland.

Given the very strong operating performance of the business, variable compensation is materially higher than the prior year. As a result, staff costs are 30% above the prior year. Consistent with prior years, Investment portfolio performance does not impact the variable compensation pool. Our share-based payment charge, which relates to equity awarded to staff as part of their annual compensation, was in line with the prior year at £9.6m (2020: £10.0m). We expect the share-based payment charge to decline next year given the vesting of a number of long-term awards during FY21. Our compensation model will be impacted by the introduction a new regulation, Investment Firm Prudential Regime (IFPR), which will influence the pay structure for certain senior individuals across the business requiring a greater proportion of their total compensation to be deferred and delivered in equity. This regulation will impact Numis in FY23.

Compensation costs as a percentage of revenue decreased to 50.4% (2020: 55.5%) as a result of the improved revenue performance, operational gearing, and our consistent approach to staff compensation. This ratio reflects the lower end of our target range of 50% to 60%.

Non-staff costs increased 21% compared to the prior year, predominantly due to higher occupancy costs associated with the move to a larger office which was completed in the year. We incurred £0.4m of one-off costs this year in relation to the move, which was lower than the £1.3 incurred in FY20. Execution and clearing costs were higher than prior years reflecting the strong market environment, and we incurred higher market data and information services costs in line with rising headcount. Given our participation on non-UK transactions during the year and our ongoing EU licence application, we also incurred higher professional fees. We currently expect the ongoing non-staff costs associated with the Dublin office to be approximately £1.5m per year.

Travel and entertainment spend remained significantly below usual levels as a result of the pandemic and related restrictions. We expect these costs will at least partially recover in FY22.

Profit

	2021 **£m**	2020 £m	% Change
Statutory Profit before tax	74.2	37.1	100.1%
Adjustments:			
Investment (income)	(8.7)	(0.3)	
Relocation expenses	0.4	1.3	
Net finance income	2.3	(0.3)	

Underlying operating profit	68.1	37.8	80.1%
Operating margin	31.6%	24.4%	+7.2ppts

The business benefits from operational gearing resulting in a record profit performance for the year. The strong growth in revenue was only partially offset by the increase in variable compensation and higher non-staff costs. Therefore, Underlying operating profit was materially higher at £68.1m (2020: £37.8m) and Operating margin increased to 31.6 % (2020: 24.4%).

Profit before tax for the year was £74.2m, representing an increase of 100% compared to the prior year. This included the impact of gains of £8.7m in relation to the investment portfolio, which was materially higher than the gain of £0.3m reported in the prior year. Our effective tax rate for the year was 22.0% (2020: 15.4%) resulting in profit after tax of £57.8m (2020: £31.4m), an increase of 84.5%.

The year-end share count increased due to the vesting of long-term incentive awards in September. As a result, diluted EPS increased by 84% to 49.1p per share (2020: 26.7p).

	2021 £m	2020 £m	% Change
Statutory Profit before tax	74.2	37.1	100.1%
Tax	16.3	5.7	185.4%
Profit after tax	57.8	31.4	84.5%
Weighted average issued share count	106.7	105.0	1.6%
Diluted EPS	49.1p	26.7p	83.9%
Basic EPS	54.2p	29.9p	81.3%

Balance sheet

The Group's net asset position as at 30 September 2021 was £186.7m, representing an increase of 18.5% compared to the prior year.

Investment portfolio

At 30 September 2021 our investment portfolio was valued at £21.8m (2019: £14.7 m). We recorded fair value gains of £6.8m in the second half compared to £1.2m in the first half. We completed two disposals and a partial exit during the year, realising total proceeds of £5.1m. These proceeds were reinvested across three new investments into high growth, international fintech and technology businesses in accordance with our intention to realign the portfolio. We continue to seek liquidity events for our legacy holdings whilst maximising the strategic value and network benefits of more recent portfolio investments. Since the year end we have exited our position in Oxford Nanopore Technologies plc.

Capital and liquidity

We continue to operate significantly in excess of our regulatory capital requirements which have increased over recent years largely as a result of the strong growth in revenue. We continue to believe a vital aspect of our long-term success has been the ability to continue investing in the business throughout market cycles and maintain strategic agility.

The applicable regulatory capital regime for investment firms is changing with IFPR taking effect from 1 January 2022. Whilst we expect the Pillar 1 capital requirement to be lower under the new regulation, we will not have clarity regarding our overall regulatory capital requirement which will be determined by the FCA following a review of our internal assessment under the new regime.

Whilst the transition to IFPR will not immediately impact our capital requirements, the near-term strategic initiatives to establish a regulatory entity in Ireland and expand the product offering of our US office to include US ECM will create additional capital and funding commitments for the Group next year.

Our liquidity position is subject to material daily movements due to trading and settlement activities as well as seasonality. As at 30 September 2021, our cash position was £134.1m (2019: £125.2m), which was 7.1% higher than the prior year closing position. The cash profits generated this year were offset by the increase to our trading book limits, the capital expenditure in relation to the new office, and a materially higher cash spend on funding off-market share repurchases to facilitate net settlement of equity awards for staff. The average daily cash position over the year was £115m (2020: £83m) and the variance between our daily high and low cash positions over the financial year was £77m.

Dividends and shareholder returns

The Board has proposed a final dividend for the year of 8.0p per share. The dividend, subject to approval at the AGM, will be paid on 11 February 2022 to shareholders on the Register on 17 December 2021.

Over a sustained period, and across market cycles, the business has demonstrated both resilience and good growth in financial performance. This has underpinned a consistent dividend of 12p per share each year for the past five years. Following the exceptional performance of FY21 and the strategic progress achieved in recent years, the Board has reassessed the return capacity of the business and rebased the full year dividend to 13.5p, representing an increase of 12.5%.

The Board are confident the rebased dividend provides sufficient flexibility to continue investing in the growth opportunities outlined above whilst maintaining the balance sheet strength to continue supporting consistent shareholder returns in the future.

In addition to the dividend, the Board has also approved the reinstatement of the on-market share buyback programme and anticipates an increase in the volume of shares purchased during FY22 to a level consistent with years prior to FY21.

The share count increased at the end of the financial year due to the vesting of the 2016 LTIP awards. In view of the approved buyback programme we expect the issued count to decline over the course of FY22, and our intention remains to mitigate the dilutive effect of staff equity awards.

Consolidated Income Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £'000	2020 £'000
Revenue	3	215,582	154,899
Other operating income	4	8,715	310
Total income		**224,297**	**155,209**
Administrative expenses	5	(147,859)	(118,409)
Operating profit		**76,438**	**36,800**
Finance income	6	1	986
Finance costs	6	(2,289)	(723)
Profit before tax		**74,150**	**37,063**
Taxation		(16,303)	(5,713)
Profit for the year		**57,847**	**31,350**
Attributable to:			
Owners of the parent		57,847	31,350
Earnings per share			
Basic	7	54.2p	29.9p
Diluted	7	49.1p	26.7p
Dividends	8	(12,726)	(12,582)

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £'000	2020 £'000
Profit for the year	57,847	31,350
Exchange differences on translation of foreign operations	10	227
Other comprehensive income for the year, net of tax	**10**	**227**
Total comprehensive income for the year, net of tax, attributable to owners of the parent	**57,857**	**31,577**

Consolidated Balance Sheet

AS AT 30 SEPTEMBER 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment		10,044	2,596
Intangible assets		558	406
Right-of-use assets		38,033	4,020
Deferred tax	9a	4,006	5,617
		52,641	**12,639**
Current assets			
Trade and other receivables	9b	467,799	326,156
Trading investments	9c	58,972	38,089
Stock borrowing collateral	9d	18,623	18,222
Current income tax receivable		3,171	1,332
Derivative financial instruments		629	18
Cash and cash equivalents	9g	134,125	125,217
		683,319	**509,034**
Current liabilities			
Trade and other payables	9b	(481,946)	(340,265)
Trading instruments	9e	(27,217)	(19,170)
Lease liabilities		(491)	(1,962)
		(509,654)	**(361,397)**
Net current assets		**173,665**	**147,637**
Non-current liabilities			
Lease liabilities		(39,580)	(2,643)
Net assets		**186,726**	**157,633**
Equity			
Share capital		6,252	5,922
Other reserves		9,037	22,421
Retained earnings		171,437	129,290
Total equity		**186,726**	**157,633**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share Capital £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 October 2020	5,922	22,421	129,290	157,633
Profit for the year			57,847	57,847
Other comprehensive income		10		10
Total comprehensive income for the year	-	10	57,847	57,857
New shares issued	330			330
Dividends paid			(12,726)	(12,726)
Net movement in Treasury shares			7,176	7,176
Movement in respect of employee share plans		(13,394)	(9,082)	(22,476)
Deferred tax related to share-based payments			(1,068)	(1,068)
Transactions with shareholders	330	(13,394)	(15,700)	(28,764)
Balance at 30 September 2021	**6,252**	**9,037**	**171,437**	**186,726**

	Share Capital £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 October 2019	5,922	20,639	111,593	138,154
Profit for the year			31,350	31,350
Other comprehensive income		227		227
Total comprehensive income for the year	-	227	31,350	31,577
Dividends paid			(12,582)	(12,582)
Net movement in Treasury shares			(37)	(37)
Movement in respect of employee share plans		1,555	(1,711)	(156)
Deferred tax related to share-based payments			677	677
Transactions with shareholders	-	1,555	(13,653)	(12,098)
Balance at 30 September 2020	**5,922**	**22,421**	**129,290**	**157,633**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £'000	2020 £'000
Cash flows generated from operating activities	10	77,115	76,051
Interest paid		(1,187)	(497)
Taxation paid		(17,599)	(9,601)
Net cash generated from operating activities		**58,329**	**65,953**
Investing activities			
Purchase of property, plant and equipment		(8,881)	(1,029)
Purchase of intangible assets		(310)	(431)
Interest received		1	986
Net cash used in investing activities		**(9,190)**	**(474)**
Financing activities			
Purchases of own shares – Treasury		(1,555)	(5,426)
Purchases of own shares – Employee Benefit Trust		(22,663)	(4,344)
Cash paid in respect of lease arrangements – principal		(1,811)	(1,873)
Cash paid in respect of lease arrangements - interest		(1,102)	(226)
Dividends paid		(12,726)	(12,582)
Net cash used in financing activities		**(39,857)**	**(24,451)**
Net movement in cash and cash equivalents		**9,282**	**41,028**
Opening cash and cash equivalents		125,217	84,202
Net movement in cash and cash equivalents		9,282	41,028
Exchange movements		(374)	(13)
Closing cash and cash equivalents		**134,125**	**125,217**

Notes to the Financial Statements

1. Basis of preparation and accounting policies

Basis of preparation
The consolidated financial information contained within these financial statements is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 September 2021 will be delivered to the Registrar of Companies in due course. The annual report and statutory accounts will be posted to those shareholders that have specifically requested them on 20th December 2021 and further copies will be available from the Company Secretary at the Company's registered office. The Company's Annual General Meeting will be held on 8th February 2022.

The preparation of these financial statements 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. The significant judgements and estimates applied by the Group in these results have been applied on a consistent basis with the statutory accounts for the years ended 30 September 2021 and 30 September 2020. Although such estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates.

The consolidated financial information contained within these financial statements has been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The consolidated financial information contained within these financial statements has been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving the financial information and having taken into consideration the strength of the Group balance sheet and cash balances, the Group has adequate resources to continue in operational existence for at least the next twelve months.

Accounting policies
The consolidated financial information contained within these financial statements has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and are in accordance with the accounting policies that were applied in the Group's statutory accounts for the year ended 30 September 2021.

There are no new mandatory standards, amendments or interpretations for the Group's and the Company's accounting year ended 30 September 2021.

As at the date of authorisation of the financial statements, there were no relevant standards, amendments or interpretations to existing standards not yet effective, which have been early adopted by the Group.

2. Geographical information

The Group earns its revenue in the following geographical locations:

	2021 £'000	2020 £'000
United Kingdom	207,200	144,333
United States of America	8,382	10,566
Revenue (see note 3)	**215,582**	**154,899**

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets) by the geographical area in which the assets are located:

	2021 £'000	2020 £'000
United Kingdom	46,109	3,994
United States of America	2,526	3,028
Total non-current assets	**48,635**	**7,022**

The Group is managed as an integrated investment banking business and although there are different revenue types, (which are separately disclosed in note 3), the nature of the Group's activities is considered to be subject to the same and/or similar economic characteristics. Consequently, the Group is managed as a single business unit.

3. Revenue

	2021 £'000	2020 £'000
Net trading gains	19,754	16,003
Institutional income	40,957	37,192
Equities income	60,711	53,195
Corporate retainers	12,471	13,536
Advisory fees	30,884	11,146
Capital markets fees	111,516	77,022
Investment banking revenue	154,871	101,704
Total revenue	**215,582**	**154,899**

There are no clients who accounted for more than 10% of revenues in the year ended 30 September 2021 (2020: nil).

4. Other operating income

Other operating income represents net gains made on investments which are held outside of the market-making portfolio, which are disclosed within Trading Investments.

	2021 £'000	2020 £'000
Investment activity net gains	8,715	310

5. Administrative expenses

	2021 £'000	2020 £'000
Wages and salaries	81,968	63,086
Social security costs	14,686	10,771
Compensation for loss of office	534	440
Pension costs	1,792	1,719
Share-based payments	9,634	9,961
Total staff costs	108,614	85,977
Depreciation of property, plant and equipment	1,154	1,223
Depreciation of right-of-use assets	3,262	1,793
Amortisation of intangible assets	158	105
Other non-staff costs	34,671	29,311
Total non-staff costs	39,245	32,432
Total administrative expenses	**147,859**	**118,409**

The average number of employees during the year increased to 292 (2020: 282) with the number as at 30 September 2021 totalling 319 (30 September 2020: 292). Compensation costs as a percentage of revenue decreased to 50% (2020: 56%).

Other non-staff costs comprise expenses incurred in the normal course of business, the most significant of which relate to technology, information systems, market data, brokerage, clearing and exchange fees.

6. Finance income / Finance costs

Finance income	2021 £'000	2020 £'000
Interest income	1	261
Net foreign exchange gains	-	650
Other income	-	75
Total finance income	**1**	**986**

Finance costs	2021 £'000	2020 £'000
Interest expense	439	497
Unwind of lease liability discount	1,102	226
Net foreign exchange losses	721	-
Other finance costs	27	-
Total finance costs	**2,289**	**723**

Interest income comprises interest on surplus cash balances.

Interest expense comprises amounts paid on overdrawn balances with clearing institutions. The unwind of the lease liability discount relates to the leases treated as finance leases under IFRS 16. Net foreign exchange losses relate to activities in the normal course of business and investments held in foreign currencies, such as USD.

7. Earnings per share

Basic earnings per share is calculated on a profit after tax of £57,847,000 (2020: £31,350,000) and 106,687,884 (2020: 104,986,698) ordinary shares being the weighted average number of ordinary shares in issue during the year. Diluted earnings per share takes account of contingently issuable shares arising from share scheme award arrangements where their impact would be dilutive. In accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the profit or loss per share from continuing operations attributable to the equity holders.

The calculations exclude shares held by the Employee Benefit Trust on behalf of the Group and shares held in Treasury.

	2021 Number Thousands	2020 Number Thousands
Weighted average number of ordinary shares in issue during the year – basic	106,688	104,987
Dilutive effect of share awards	11,021	12,313
Diluted number of ordinary shares	**117,709**	**117,300**

8. Dividends

	2021 £'000	2020 £'000
Final dividend for year ended 30 September 2019 (6.50p)	-	6,788
Interim dividend for year ended 30 September 2020 (5.50p)	-	5,794
Final dividend for year ended 30 September 2020 (6.50p)	6,825	-
Interim dividend for year ended 30 September 2021 (5.50p)	5,901	-
Distribution to equity holders of Numis Corporation Plc	**12,726**	**12,582**

The Board has proposed a final dividend of 8.0p per share for the year ended 30 September 2021. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by the shareholders. These results do not reflect this final dividend.

The final dividend for 2021 will be payable on 11 February 2022 to shareholders on the register of members at the close of business on 17 December 2021, subject to shareholder approval at the Annual General Meeting on 8 February 2022. Shareholders have the option to elect to use their cash dividend to buy additional shares in Numis through a Dividend Re-Investment Plan (DRIP). The details of the DRIP will be explained in a circular to accompany our 2021 Annual Report and Accounts, which will be circulated to all shareholders on 20 December 2021.

Distributable reserves

As a result of an internal review of historical distributable reserves on a solo entity basis over the period from financial year 2005 to date, a number of dividends and buybacks have been identified where the determination of distributable reserves was inconsistent with guidance on the application of the Companies Act 2006. The dividends concerned relate to numerous periods between financial years 2006 and 2020, and the buybacks relate to periods from financial year 2013 to December 2020.

While sufficient distributable reserves existed in the consolidated Group at the times of all historic payments, the level of distributable reserves in the Company itself has been determined to have been insufficient. At the next AGM on 8 February 2022 resolutions will be proposed to address the historic positions. The Group's current and historic capital positions are unaffected by the outcome of this review and the Group's ability to make distributions in accordance with its dividend policy is unaffected.

9. Balance sheet items

(a) Deferred tax

As at 30 September 2021 deferred tax assets totalling £4,006,000 (2020: £5,617,000) have been recognised reflecting management's confidence that there will be sufficient levels of future taxable gains against which the deferred tax asset can be utilised. The deferred tax asset principally comprises amounts in respect of share-based payments.

(b) Trade and other receivables and Trade and other payables

Trade and other receivables and Trade and other payables principally comprise amounts due from and due to clients, brokers and other counterparties. Such amounts represent unsettled sold and unsettled purchased securities transactions and are stated gross. The magnitude of such balances varies with the level of business being transacted around the reporting date. Included within Trade and other receivables are cash collateral balances held with securities clearing houses of £17,035,000 (2020: £12,687,000).

(c) Trading investments

Included within trading investments is £21,783,000 (2020: £14,701,000) of investments held outside of the market making portfolio. There were new investment purchases of £3,400,000, disposals of £5,125,000 and fair value net increases of £8,807,000 in relation to these investments, which are predominantly unlisted investments.

As at 30 September 2021 no trading investments had been pledged to institutions under stock borrowing arrangements (2020: nil).

(d) Stock borrowing collateral

The Group enters stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with cash advanced as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at an agreed price.

The securities purchased are not recognised on the balance sheet. An asset is recorded on the balance sheet as stock borrowing collateral at the amount of cash collateral advanced.

(e) Trading instruments

Trading instruments comprise short market making positions and include shares listed on the London Stock Exchange Main Market and quoted on the AIM market as well as overseas exchanges. In conjunction with the long market-making positions included within Trading investments, these two combined represent the net position of holdings within the market making book, including derivatives, which, year on year, decreased to £10.6m long as at 30 September 2021 (2020: £4.2m long). The magnitude of trading instruments will depend, in part, on the nature and make-up of long positions combined with the market makers' view of those long positions over the short and medium term, taking into consideration market volatility, liquidity, client demand and future corporate actions.

(f) Cash and cash equivalents

Cash balances reflect movement in market making positions, the operating performance of the business offset by dividend distributions (£12.73m cash outflow) and share buy-backs through the repurchase of shares into Treasury and the Employee Benefit Trust (£24.22m cash outflow).

The Group has a £35m unsecured Revolving Credit Facility ('RCF') with Barclays and AIB. The facility is undrawn.

10. Reconciliation of profit before tax to cash flows from operating activities

	2021 £000	2020 £000
Profit before tax	74,150	37,063
Net finance costs/(income)	2,288	(263)
Disposals of property, plant and equipment	279	-
Depreciation charges on property, plant and equipment	1,154	1,223
Depreciation charges on right-of-use assets	3,262	1,793
Amortisation charges on intangible assets	158	105
Share scheme charges	9,634	9,806
(Increase)/decrease in trading investments	(20,883)	374
(Increase) in trade and other receivables	(141,643)	(138,898)
(Increase) in stock borrowing collateral	(401)	(3,582)
Increase in trade and other payables	149,728	166,669
Other balance sheet movements in relation to leases	-	676
(Increase)/decrease in derivatives	(611)	1,085
Cash flows from operating activities	**77,115**	**76,051**

Cash flows in 2021 benefitted from a higher profit before tax and an increase in trade and other payables, but were partially offset by an increases in trade and other receivables and trading investments.