



New thinking. New opportunities.

2022 Full year results

8 December 2022: Numis Corporation Plc (“Numis”) today announces audited final results for the year ended 30 September 2022.

Alex Ham and Ross Mitchinson, Co-Chief Executive Officers at Numis, said:

“Staying focused on our longstanding strategic priorities has enabled us to navigate the significant challenges of the year and demonstrate the growing resilience of our business and its ability to continue to deliver value for our shareholders through dividends and buy-backs.

Over the past few years, we have successfully diversified into new products, geographies and markets as part of our long-term strategic vision. This has included building out an M&A franchise and setting up an international private markets business. This year we went further with the opening of our Dublin office to support non-UK issuers and expand our European investor coverage.

We benefit from a strong balance sheet and a long track record of growing the business through market cycles. We remain focused on delivering robust shareholder returns and executing our clear strategic plan which will include taking advantage of opportunities to enhance our capabilities during this period of market uncertainty.”

Highlights

- Revenue of £144.2m, down 33% compared to record performance in FY21 as market conditions deteriorated from highly supportive levels
- Profit Before Tax (PBT) of £20.9m, down 72%, reflecting operational gearing in the business
- Capital markets revenues down 62% as UK ECM volumes dropped to a 10 year low; Investment banking revenues declined 39%
- Significant progress made in the diversification of the business model
 - Record Advisory revenue for second successive year, up 26% vs prior year, demonstrating excellent strategic progress in M&A and larger mandates
 - Growth Capital Solutions advised on \$1.1bn of private deals for ambitious, high growth private companies
 - Geographic expansion of the business continues with the opening of our EU office in Dublin
- FTSE350 client base increased for fifth consecutive year to 68 despite the headwind of elevated client takeover activity
- Resilient equities performance despite market declines and UK fund outflows
- Full year dividend of 13.5p consistent with the prior year, and a further £11.6m spent on share repurchases

Outlook

The capital markets outlook remains challenging with deal volumes remaining subdued and unfavourable conditions persisting as the market digests the impact of sustained inflation and higher

interest rates. However, momentum in our M&A business has been maintained in FY23 with a strong near-term pipeline of transactions due to complete in the first half of the year. Our equities business has benefited from an improved financial performance in the first two months of FY23, driven by strong trading gains.

Our experience suggests that market uncertainty and macro-economic conditions are likely to affect the investment banking industry for some time. Similarly, when markets stabilise, our commitment to building a more diversified investment banking platform leaves us well placed to benefit from any future recovery in activity levels.

Key statistics

Financial highlights	2022	2021	Change
Revenue	£144.2m	£215.6m	(33.1%)
Underlying operating profit	£20.5m	£68.1m	(69.9%)
Profit before tax	£20.9m	£74.2m	(71.9%)
EPS	11.9p	49.1p	(75.8%)
Cash	£105.7m	£134.1m	(21.2%)
Net assets	£185.2m	£186.7m	(0.8%)
Operating highlights			
Corporate clients	176	182	(6)
Average market cap of clients	£1.0bn	£1.4bn	(26.8%)
Revenue per head	£445k	£738k	(39.8%)
Operating margin	14.2%	31.6%	(17.4ppts)
Spend on share repurchases	£11.6m	£24.2m	(52.2%)

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.

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Notes for editors

Numis (LON: NUM) is an international investment bank that partners with the most ambitious companies and investors, offering strategic advice, unique insights and connectivity to the capital markets.

Already a leader in the UK market, Numis is the adviser of choice for listed companies, including one-fifth of the FTSE 350 index¹, with an average market capitalisation of £1.0bn², and has acted on the most UK IPOs over the past decade.

Since 2016, Numis has diversified its strategy to grow its UK M&A franchise, expand internationally and develop its private markets business, which combined now represent more than half of investment banking revenues³.

Numis is listed on London's AIM and has offices in London, New York and Dublin.

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.

¹ Corporate client base includes 68 companies out of the FTSE 350, ie one-fifth. – Numis data (30 September 2022).

² Average market capitalisation of corporate client base £1.0bn. – Numis data (30 September 2022).

³ As at year end 2022. – Numis data (30 September 2022).

Co-CEO review

Diversifying to grow stronger

Through difficult market conditions, we demonstrated our resilience, due in great measure to our longstanding strategic focus on diversification. For the past few years, we have prioritised investing in new products and markets. This focus has enabled us to navigate the challenges of the year, support our clients and ensure we are well positioned to emerge stronger and capitalise on new opportunities in the future.

Offering broader investment banking capability

Diversifying into M&A advisory and private markets, through our growth capital solutions (GCS) business, means that we are less reliant on the UK capital raising cycle. This proved critical in a year when the IPO market was largely closed. Our M&A and GCS businesses together accounted for approximately half of our total investment banking revenues for the year.

In a much tougher environment for equity capital markets (ECM), with heightened volatility and reduced institutional demand, deal volumes were materially down on the prior year across the industry. We were involved in a small number of IPOs in Q1 but capital raising activity amongst the corporate client base was subdued throughout the year.

This downturn in ECM activity was partially offset by the increase in our M&A advisory business. Our investment in this area over many years enabled the team to secure a significant number of financial adviser mandates as M&A activity accelerated through the year. We were particularly active in M&A defence, acting on 12 bid situations for corporate broking clients, which compares favourably to many of our larger investment banking competitors. As a result, we achieved record advisory revenue, with a 26% increase on the prior year. Revenues overall for our investment banking division were £94.2m, 39% down on the record year in 2021.

Our success in winning more advisory mandates reflects how we are increasingly recognised for our capabilities across a broader range of products.

Navigating a challenging year for equities

Given that UK small and mid-cap indices have been very weak, it has been a challenging year for the equities business. Over the course of the financial year, the FTSE 250 was down 25% and the NSCI was down 20%. Against that backdrop, equities revenues of £50.1m, an 18% decline on the record revenues of the previous year, reflect a resilient performance. In particular, trading gains of £12.8m compared to £19.7m the previous year, represent a creditable performance in very difficult market conditions.

Institutional income declined 9%, again reflecting the challenging environment for clients. While income from clients reduced, interactions with clients increased. We have been very proactive, spending more time with clients to help them navigate the many investment challenges they have faced this year. As a result, we continue to build trust and deepen relationships. This is reinforced by client reviews, which underline how we have increased our standing with our institutional clients through the year. The number of clients who rank us as their preferred broker in UK equities continues to increase.

Enhancing our client relationships

Throughout the year, we continued to focus on developing our relationships with existing clients and winning new clients. Overall, our total number of corporate clients reduced slightly during the year to 176. This was due primarily to the high number being acquired during the year. Offsetting this

unavoidable reduction, we have won 18 new clients and, despite the overall decline, we have increased our FTSE 350 client base for the fifth consecutive year.

We will continue to focus on working with high-quality companies and we are proud of our strong track record of retaining clients and developing ever stronger relationships with them through the years. The average tenure of our corporate broking client base is now seven years and we believe our credentials in assisting companies over the long term will be valuable in securing new clients during this period of market uncertainty.

Doing more for our clients

Thinking laterally and broadening the engagement with our clients lies at the heart of our diversification strategy. Our clients tend to be ambitious and active, as a result they can benefit from a range of products and services, therefore it is a natural evolution for us to expand our capabilities to support their ambition.

Alongside our strategic focus on M&A advisory, which came to the fore this year, we have also prioritised growth in private markets, through GCS. We acted on a number of exciting transactions during the year, raising nearly \$1.1bn for some of the world's most ambitious private companies.

However, it was a year of two halves for GCS. In the first six months, deal volumes and revenues were consistent with the active prior year. However, the downturn in public markets, notably the de-rating in listed growth stocks, had a corresponding impact on private markets in the second half of the year. This resulted in deals taking longer to execute and some transactions being postponed or aborted which impacted second half revenues.

Given the scale of capital still to be deployed, we believe that private markets activity will pick up once volatility declines, and valuations stabilise. In the meantime, we continue to invest in the team, to build our capability, to broaden our network globally in terms of both companies and institutional investors.

Adding to our diversification in the investment banking business, we established our debt advisory team three years ago to service client needs in this area. As a result, we not only have an additional revenue stream but importantly, greater, more in-depth dialogue with our clients, which helps to strengthen our relationships. This is proving to be particularly valuable to our corporate clients, given current volatility in the debt markets.

Diversifying across equities

In equities, we have diversified our products and services in several ways over recent years, broadening our capabilities for clients and adding complementary revenue streams.

Our electronic trading product has made further progress and delivered growth on the prior year despite the decline in markets. The product now accounts for 14% of our institutional commission, and we see further growth to come as we target European and US clients. This is another example of how we focus on increasing our breadth of engagement with clients, driven by their requirements.

Our event driven team, which we established three years ago, continued to grow their client base and presence in the market through the year. At a time of heightened bid activity for UK small and mid-cap companies, our team performed well in capturing the event driven and arbitrage trading surrounding these bid situations.

Focusing beyond the UK

International expansion, notably across Europe, is another key aspect of our diversification strategy. We took a major step forward by gaining regulatory approval in June 2022 for our new European

entity in Ireland, Numis Europe Limited. We have hired a strong team and our Dublin office opened for clients on 1st September 2022.

With a European hub, we aim to grow our European institutional client base. We have an excellent range of high-quality products to offer, including top-rated equity research, leading distribution, electronic trading, substantial market share, and access to our capital markets deal flow. This, combined with our existing presence in London and New York, makes us one of the strongest distribution platforms for UK equities.

Our European office will also further strengthen our capabilities to serve international corporate clients. We believe there is an opportunity to apply our distinctively agile investment banking approach in new territories. We are now beginning to focus our marketing efforts across Europe, selectively building our network of both issuers, sponsors and other advisers.

Investing in talent

Our strong client relationships are reinforced by our highly collaborative one-firm culture, where everyone works together to excel. We aim to attract and retain the best talent, people who will thrive and contribute to our culture.

Throughout a tough year in terms of the markets, we continued to invest in developing and broadening the capabilities of our people, who, as always, are at the heart of our success.

Just as we have been focusing on diversifying our products and services and our geographies, we are keen to diversify our talent base.

We aim to hire the best people from a diverse range of backgrounds and experiences, in order to provide a wider range of perspectives and insights, both internally and to clients. From our graduate intake to senior hires, we continue to make progress in terms of broadening the demographic of talent within the organisation. This is critical for the strength and vibrancy of our organisation, for the breadth and creativity of our perspectives and thinking, and ultimately for the quality of advice we offer our clients.

Continuing to prioritise ESG

As a firm, we continue to prioritise the most relevant environmental, social and governance (ESG) issues. Last year, we undertook a materiality assessment to identify the most important ESG matters for internal and external stakeholders and established our ESG framework and priorities. Our four key focus areas are: empowering employees, responsible governance, serving our community and embedding ESG into advisory. This year, we have been concentrating on delivering against these priorities.

From corporates to institutions, ESG issues are clearly critical for our clients. We make sure we understand the individual situations and challenges of each of our clients, from ESG-focused funds to companies looking to navigate the particular issues of their sector.

ESG adds layers of complexity for boards who face mounting pressures and challenges from all corners, whether that is supply chain disruption, wage inflation or new ways of working. We advise each of our clients on their specific situation, from what their shareholders are generally concerned about to how to respond to specific issues.

Delivering consistent returns

We have a long track record of delivering a resilient dividend to shareholders across multiple market cycles. The dividend has grown 170% over the past 15 years and has not been reduced during that period. This year, the dividend has been maintained in line with the upward re-based dividend of last

year. In addition, we have consistently repurchased shares this year, spending a total of £12m, reflecting a commitment to shareholder returns and demonstrating the strength of our balance sheet.

Looking ahead

The unfavourable market backdrop that impacted much of FY22 has persisted through the early months of FY23. Capital markets activity has remained subdued and UK investor sentiment remains weak. However, the M&A pipeline remains strong, with bid activity for UK-listed mid-market corporates continuing to generate fee opportunities.

These challenging market conditions have enabled us to demonstrate our resilience, reinforced by the diversification strategy we have been implementing for the past few years. When markets eventually recover, we will be better placed than ever to capitalise on this with our clients. We have a broader set of capabilities and products, a large high-quality client base, considerable financial strength, a growing reputation in the world of investment banking and, above all, our great people.

In the meantime, we remain on the front foot. We will continue to selectively invest in talent to support our clients and deliver on our strategy.

Financial review

Revenue performance

Macroeconomic headwinds strengthened during the year, leading to a far more challenging market backdrop for the investment banking industry. However, the consistent investment in the business over the past five years has delivered greater revenue diversification and a more robust financial performance. The markets in which we operate are clearly subject to cycles and periods of uncertainty. However, our strategy to maintain a strong balance sheet whilst continuing to invest in the business has enabled the firm to deliver consistent shareholder returns over the long term.

	2022 £m	2021 £m	% change
Investment banking	94.2	154.9	(39.2%)
Equities	50.1	60.7	(17.5%)
Revenue	144.2	215.6	(33.1%)
Investment income	(1.4)	8.7	n.m.
Total income	142.8	224.3	(36.3%)

Revenue for the year was £144.2m (2021: £215.6m), representing a decline of 33%. Whilst M&A activity increased compared to the prior year, capital markets volumes and IPOs in particular declined significantly. Revenue per head declined by 40% to £445k, reflecting both the reduced revenue and our continued investment in headcount. The strengthening of the US dollar generated foreign exchange gains in the year, which were offset by the loss on revaluation of the investment portfolio, resulting in investment income materially lower than FY21.

Investment banking

	2022 £m	2021 £m	% change
Capital markets	42.7	111.5	(61.7%)
Advisory	39.0	30.9	26.4%
Corporate retainers	12.4	12.5	(0.6%)
Investment banking revenue	94.2	154.9	(39.2%)

The investment banking division delivered revenue of £94.2m (2021: £154.9m), representing a decrease of 39% on the prior year, which was a record performance. Deal volumes declined across the industry due to geopolitical and inflation concerns. In addition, our average deal fee also declined, primarily due to the absence of large capital markets transactions this year.

The challenging market conditions had the greatest impact on our capital markets business, which delivered revenues of £42.7m, down 62% on the record prior year performance. The IPO market effectively closed after the first quarter and equity issuance by clients declined significantly as market turbulence impeded corporate growth strategies. Overall, this was one of the weakest years in recent times for deal volumes across the UK market.

Whilst GCS, our private markets business, delivered a robust performance in the first half, deal volumes reduced in the second half as listed company valuations declined significantly. Looking through the near-term market turbulence, growing our private markets presence remains a strategic focus for the business and an important contributor to our geographic diversification. GCS offers a global product; all the transactions completed during the year involved raising capital for companies based outside of the UK for the second successive year.

The opening of our European office at the end of the financial year will facilitate origination of European ECM transactions and enable the distribution of UK ECM deals to a broader European client base. International ECM revenues were lower this year; however, we did complete our first US IPO, demonstrating the relevance of our distribution network and track record to issuers based outside the UK. In the near term, international ECM revenues will likely be correlated to IPO market activity; when these markets recover, we will be well positioned to leverage our European platform.

A second successive record advisory revenue performance partially offset the significant slowdown in capital markets activity. Advisory revenues were up 26% on the prior year to £39.0m. In a year when UK public M&A activity has increased, our strategic focus on being mandated as financial adviser by our corporate broking clients on bid defence situations has resulted in growth in both deal volumes and average deal fees. Average M&A fees were 6% higher than the prior year and 62% higher than three years ago, demonstrating the success of our strategy. We now have strong credentials and markets in public M&A, which we believe we can leverage across a wider range of M&A fee opportunities.

The slight decline in corporate clients to 176 was attributable to the rise in successful takeovers across the UK market. During the year, 15 clients were lost due to transactions, which more than offset the wins in the period. Retainer fee income declined 1% to £12.4m (2021: £12.5m), reflecting the small decline in our corporate client list. We will continue to selectively grow the client list, focused on high-quality opportunities where we can leverage the combined strength of our investment banking and equities platforms.

Equities

	2022 £m	2021 £m	% change
Institutional income	37.3	41.0	(8.9%)
Trading	12.8	19.7	(35.4%)
Equities revenue	50.1	60.7	(17.5%)

Against a market backdrop of falling equity markets and persistent outflows from UK funds, the equities business delivered a resilient performance. Revenues were down 18% relative to the record revenue performance of FY21. Institutional income was down 9%, reflecting a decline in the aggregate value of commission payments across UK equities during the second half of this year. Despite the decline in market volumes, electronic trading delivered another year of growth. We continue to build the client base for this product, which is aligned with our geographic diversification strategy.

Payments for research were flat on the prior year, reflecting the consistent strength of our research product and analysts. Whilst not a significant revenue generator for the firm, the strategic value of a strong research offering remains central to both our core UK business and our European growth plans.

Trading delivered gains of £12.8m, down 35% on the prior year. This reflects a robust performance given the steep market declines suffered by the equity markets for sustained periods during the year. The investment trusts team delivered a particularly strong performance, benefiting from the increase in volatility.

During the year, we invested in technology to facilitate more efficient access to retail trading liquidity, which we believe will be complementary to our institutional business where we typically have strong market share.

Administrative expenses

	2022 £m	2021 £m	% change
Staff costs	74.9	99.0	(24.3%)
Share-based payment	6.3	9.6	(34.2%)
Non-staff costs	42.4	39.3	8.1%
Total administrative costs	123.7	147.9	(16.3%)
Year-end headcount	336	319	5.3%
Average headcount	324	292	11.0%
Compensation ratio	56.4%	50.4%	(6.0 ppts)

Total costs decreased to £123.7m (2021: £147.9m), primarily due to a reduction in variable compensation. Average headcount increased by 11%, which was attributable to the build out of our new office in Dublin and the continued focus on recruitment of junior and mid-level investment banking staff to support our growth strategy. Over the past three years, we have focused on increasing the

capacity of the business by adding talented junior resource. Given the current market environment, further hiring activity will be targeted on strategic growth areas. Historically, market downturns have presented opportunities to recruit high-quality people to enhance our platform. We believe similar opportunities may arise over the next year.

The lower revenue performance resulted in materially lower variable compensation, which resulted in a 24% decline in our overall staff costs. Our share-based payment charge, which relates to equity awarded to staff as part of their annual compensation, was lower than the prior year at £6.3m (2021: £9.6m) due to the vesting of several long-term awards last year. The Investment Firm Prudential Regime (IFPR) will impact Numis in FY23 and, over time, lead to a gradual increase in our share scheme charges as certain senior roles are required to have a greater proportion of their total compensation deferred and delivered in equity.

Compensation costs as a percentage of revenue increased to 56.4% (2021: 50.4%) as a result of the weaker revenue performance and operational gearing. This ratio remains comfortably within our target range of 50% to 60% and reflects our consistent approach to compensation across market cycles.

Non-staff costs increased 8% compared to the prior year. We incurred an additional £1.5m in relation to our new Dublin office and we continued to invest in technology across the business. In addition, travel and entertainment spend recovered to pre-pandemic levels. Costs are being reviewed as we aim to mitigate the impact of higher inflation and the strong dollar.

Profit

	2022	2021	%
	£m	£m	change
Statutory profit before tax	20.9	74.2	(71.9%)
Adjustments:			
Investment losses / (gains)	1.4	(8.7)	n.m.
Relocation expenses	-	0.4	n.m.
Net finance (income) / expense	(1.8)	2.3	n.m.
Underlying operating profit	20.5	68.1	(69.9%)
Underlying operating margin	14.2%	31.6%	(17.4ppts)

The decline in revenue, combined with the operational gearing in our business, resulted in profits being materially lower than the prior year. The weaker revenue performance was partially offset by a decrease in variable compensation; however, the majority of the cost base is fixed. Underlying operating profit, which excludes investment income and finance costs, was materially lower at £20.5m (2021: £68.1m) and operating margin decreased to 14.2% (2021: 31.6%).

Profit before tax for the year was £20.9m, representing a decrease of 72% compared to the record profit achieved in the prior year. Investment portfolio losses of £1.4m were offset by foreign exchange gains on US dollar exposures; this includes holdings within the portfolio, the majority of which are US dollar investments. We expect to generate higher returns on our significant cash positions next year as we benefit from higher interest rates.

Our tax charge benefited from a one-off adjustment in respect of the prior vesting of share awards. However, this was more than offset by an increase in our effective tax this year attributable to the share price decline, which impacts the tax exposure on our share schemes, and a tax charge

attributable to investment portfolio disposals during the year. Looking ahead, we expect to benefit from the increase in the bank surcharge profit threshold; however, this will be mostly offset by the reinstated increase in the UK corporation tax rate.

Diluted EPS decreased by 76% to 11.9p per share (2021: 49.1p). Following the one-off increase in share count last year, we returned to delivering a gradual decline in the share count this year.

	2022	2021	%
	£m	£m	change
Statutory profit before tax	20.9	74.2	(71.9%)
Tax	7.2	16.3	(56.1%)
Profit after tax	13.7	57.8	(76.3%)
Weighted average issued share count	110.7	106.7	3.8%
Year end share count	109.1	111.0	(1.7%)
Diluted EPS	11.9p	49.1p	(75.8%)
Basic EPS	12.4p	54.2p	(77.1%)

Investment portfolio

On 30 September 2022, our investment portfolio was valued at £18.4m (2021: £21.8m). The global de-rating of the listed technology sector and growth stocks in general resulted in negative fair value adjustments to several of our holdings. We completed two disposals during the year, realising total proceeds of £8.0m. This included the disposal of our holding in Oxford Nanopore Technologies plc, which was completed at the start of the financial year following their IPO. The proceeds were partially reinvested across three new investments aligned with our private markets activities. We continue to seek liquidity events for our legacy holdings whilst maximising the strategic value and network benefits of more recent portfolio investments. We do not anticipate adding to the number of holdings in our portfolio in the short term.

Capital and liquidity

During periods of market uncertainty, the strength of our balance sheet supports shareholder returns and provides the agility to pursue our strategy through the cycle. During the year, we capitalised our European subsidiary and re-initiated the share buyback programme, despite the deterioration in market conditions and decline in profit. The Group's net asset position was broadly flat at £185.2m (2021: £186.7m), as returns to shareholders offset profit and increases in equity over the year.

The business now operates under a new regulatory capital regime, with IFPR having taken effect on 1 January 2022. Our Pillar 1 capital requirement is lower under the new regulation; however, we remain in a transition period, whereby our overall capital requirement will remain unchanged until the FCA completes its review of our internal assessment.

As of 30 September 2022, our cash position was £105.7m (2021: £134.1m), down 21% relative to the prior year. The decline was attributable to variable compensation payments related to the prior year, and the short-term cash movements associated with trading and settlement activities. The average daily cash position over the year was £110m (2021: £115m) and the variance between our daily high and low cash positions over the financial year was £106m (2021: £77m).

We have recently completed the refinancing of our committed revolving credit facility, securing an increase in facility size to £50m whilst lowering the margin, and obtaining greater financial flexibility. We expect the facility to remain undrawn for much of the year; however, it will provide short-term liquidity to support our core business activities.

Dividends and shareholder returns

The Board has proposed a final dividend of 7.5p per share, giving a total dividend in relation to FY22 of 13.5p per share. The dividend, subject to approval at the AGM, will be paid on 10 February 2023 to shareholders on the register on 16 December 2022.

The FY22 dividend is in line with the prior year dividend that was increased by 12.5% following the strong performance of FY21. We believe this re-based distribution is sustainable across market cycles, yet also provides sufficient flexibility to continue investing consistently in our strategic growth opportunities.

In December 2021, the Board reinstated the on-market share buyback programme, spending £8.2m over the course of the year, resulting in a reduction to the issued share count. The buyback programme has continued into FY23, with a further £1m spent to date as we aim to offset the dilutive impact of employee equity awards.

Consolidated income statement

For the year ended 30 September 2022

		2022	2021
	Note	£'000	£'000
Revenue	3	144,229	215,582
Other operating income/loss	4	(1,432)	8,715
Total income		142,797	224,297
Administrative expenses	5	(123,716)	(147,859)
Operating profit		19,081	76,438
Finance income	6	3,906	1
Finance costs	6	(2,131)	(2,289)
Profit before tax		20,856	74,150
Taxation	7	(7,153)	(16,303)
Profit for the year		13,703	57,847
Attributable to:			
Owners of the parent		13,703	57,847
Earnings per share			
Basic	8	12.4p	54.2p
Diluted	8	11.9p	49.1p
Dividends	9	(15,580)	(12,726)

Consolidated statement of comprehensive income

For the year ended 30 September 2022

	2022	2021
	£'000	£'000
Profit for the year	13,703	57,847
Items that may be reclassified to the Income Statement on fulfilment of specific conditions:		
Exchange differences on translation of foreign operations	1,051	10
Items that will not be reclassified to the Income Statement:		
Excess of tax deduction over cumulative share scheme charges	5,058	-
Other comprehensive income for the year, net of tax	6,109	10
Total comprehensive income for the year, net of tax, attributable to owners of the parent	19,812	57,857

Consolidated balance sheet

As at 30 September 2022

		2022	2021
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment		9,458	10,044
Intangible assets		275	558
Right-of-use assets		35,400	38,033
Deferred tax	10a	1,354	4,006
		46,487	52,641
Current assets			
Trade and other receivables	10b	403,416	467,799
Trading investments	10c	36,071	58,972
Stock borrowing collateral	10d	20,354	18,623
Current income tax receivable		10,792	3,171
Derivative financial instruments		22	629
Cash and cash equivalents	10f	105,653	134,125
		576,309	683,319
Current liabilities			
Trade and other payables	10b	(385,720)	(481,946)
Trading instruments	10e	(10,340)	(27,217)
Lease liabilities		(605)	(491)
		(396,665)	(509,654)
Net current assets		179,644	173,665
Non-current liabilities			
Lease liabilities		(40,910)	(39,580)
Net assets		185,221	186,726
Equity			
Share capital		5,718	6,252
Capital redemption reserve	10g	534	-
Other reserves		10,641	9,037
Retained earnings		168,328	171,437
Total equity		185,221	186,726

Consolidated statement of changes in equity

For the year ended 30 September 2022

	Share capital £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2021	6,252	-	9,037	171,437	186,726
Profit for the year	-	-	-	13,703	13,703
Other comprehensive income	-	-	1,051	5,058	6,109
Total comprehensive income for the year	-	-	1,051	18,761	19,812
Treasury shares cancelled	(534)	534	-	-	-
Dividends paid	-	-	-	(15,580)	(15,580)
Net movement in Treasury shares	-	-	-	(8,183)	(8,183)
Movement in respect of employee share plans	-	-	553	2,442	2,995
Deferred tax related to share-based payments	-	-	-	(549)	(549)
Transactions with shareholders	(534)	534	553	(21,870)	(21,317)
Balance at 30 September 2022	5,718	534	10,641	168,328	185,221

	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

Consolidated statement of cash flows

For the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
Cash flows generated from operating activities	11	7,902	77,115
Taxation paid		(7,164)	(17,599)
Interest received in relation to operating activities		436	1
Interest paid in relation to operating activities		-	(1,187)
Net cash generated from operating activities		1,174	58,330
Investing activities			
Purchase of property, plant and equipment		(1,114)	(8,881)
Purchase of intangible assets		(19)	(310)
Net cash used in investing activities		(1,133)	(9,191)
Financing activities			
Purchases of own shares – Treasury		(8,183)	(1,555)
Purchases of own shares – Employee Benefit Trust		(3,385)	(22,663)
Cash paid in respect of lease arrangements – principal		(555)	(1,811)
Interest paid		(537)	(1,102)
Dividends paid		(15,580)	(12,726)
Net cash used in financing activities		(28,240)	(39,857)
Net movement in cash and cash equivalents		(28,199)	9,282
Opening cash and cash equivalents		134,125	125,217
Net movement in cash and cash equivalents		(28,199)	9,282
Exchange movements		(273)	(374)
Closing cash and cash equivalents		105,653	134,125

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 2022 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 20 December 2022 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 7 February 2023.

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 2022 and 30 September 2021. 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

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Numis Corporation PLC transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 October 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The consolidated financial information contained within these financial statements has been prepared in accordance with UK-adopted International Accounting Standards with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and are in accordance with the accounting policies that were applied in the Group's statutory accounts for the year ended 30 September 2022.

There are no new mandatory standards, amendments or interpretations for the Group's and the Company's accounting year ended 30 September 2022.

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:

	2022	2021
	£'000	£'000
United Kingdom	137,056	207,200
United States of America	7,141	8,382
Republic of Ireland	32	-
Revenue (see note 3)	144,229	215,582

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:

	2022	2021
	£'000	£'000
United Kingdom	42,225	46,109
United States of America	2,584	2,526
Republic of Ireland	323	-
Total non-current assets	45,132	48,635

Geographical information is based on the location of the contracting legal entity. The group's Irish subsidiary, Numis Europe Limited, commenced trading in September 2022. Its non-current assets primarily comprise its right-of-use asset in respect of its office lease in Dublin.

3. Revenue

	2022	2021
	£'000	£'000
Net trading gains	12,764	19,754
Institutional income	37,314	40,957
Equities income	50,078	60,711
Corporate retainers	12,395	12,471
Advisory fees	39,023	30,884
Capital markets fees	42,733	111,516
Investment banking revenue	94,151	154,871
Total revenue	144,229	215,582

There are no clients who accounted for more than 10% of revenues in the year ended 30 September 2022 (2021: nil).

4. Other operating income/(loss)

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

	2022	2021
	£'000	£'000
Investment activity net (losses) / gains	(1,432)	8,715

5. Administrative expenses

	2022	2021
	£'000	£'000
Wages and salaries	62,089	81,968
Social security costs	9,204	14,686
Pension costs	2,106	1,792
Share-based payments	6,345	9,634
Other staff costs	1,547	534
Total staff costs	81,290	108,614
Depreciation of property, plant and equipment	1,731	1,154
Depreciation of right-of-use assets	3,063	3,262
Amortisation of intangible assets	302	158
Other non-staff costs	37,330	34,671
Total non-staff costs	42,426	39,245
Total administrative expenses	123,716	147,859

The average number of employees during the year increased to 324 (2021: 292) with the number as at 30 September 2022 totalling 336 (30 September 2021: 319). Compensation costs as a percentage of revenue increased to 56% (2021: 50%).

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	2022	2021
	£'000	£'000
Interest income	477	1
Net foreign exchange gains	3,429	-
Total finance income	3,906	1
Finance costs	2022	2021
	£'000	£'000
Interest expense	495	439
Interest expense on lease liabilities	1,636	1,102
Net foreign exchange losses	-	721
Other finance costs	-	27
Total finance costs	2,131	2,289

Interest income comprises interest on surplus cash balances. Net foreign exchange gains relate to activities in the normal course of business and investments held in foreign currencies, such as USD.

Interest expense comprises amounts paid on overdrawn balances with clearing institutions and costs associated with the stand-by RCF facility. Interest expense on lease liabilities relates to the leases treated as finance leases under IFRS 16.

7. Taxation

	2022	2021
	£'000	£'000
<i>Current tax</i>		
Corporation tax at 19.0% (2021: 19.0%)	6,395	10,865
Corporation tax surcharge at 8.0% (2021: 8.0%)	631	2,544
Adjustments in respect of prior years (current tax)	(2,131)	2,351
Adjustments in respect of prior years (deferred tax)	2,486	-
Total current tax	7,381	15,760
<i>Deferred Tax</i>		
Origination and reversal of timing differences	(236)	508
Changes in tax rate	8	35
Total tax charge	7,153	16,303

Factors affecting the tax charge for the year

	2022	2021
	£'000	£'000
Profit before tax	20,856	74,150
Profit before tax multiplied by the standard rate of UK corporation tax 19% (2021: 19%)	3,963	14,088
<i>Effects of:</i>		
Non-deductible expenses and non-taxable income	138	(1,964)
Profits taxed at rates other than 19%, principally banking surcharge tax	631	2,544
Permanent differences in respect of share-based payments	1,991	(1,101)
Tax on share-based payments vesting in period taken to Reserves	103	
Realised Gains on Investments	1,243	-
Adjustments in respect of prior years	355	2,330
Changes in tax rate and other temporary differences	(1,271)	406
Total tax charge	7,153	16,303

The tax charge reflects a realisation basis for taxation on the investment portfolio, including the realised gain on disposal of Oxford Nanopore and a net deferred tax liability of £2.49m recognised as a prior year adjustment regarding temporary differences in respect of net unrealised gains, of which £1.76m has been released in the current period. As well as a tax charge of £2.5m arising in respect of permanent differences for share-based payments, the tax charge has benefitted from a one-off adjustment of £2.64m in the period related to share scheme vestings at the end of FY21 (a further benefit of £4.911m benefit has also been taken to equity in this regard).

8. Earnings per share

Basic earnings per share is calculated on a profit after tax of £13,703,000 (2021: £57,847,000) and 110,730,066 (2021: 106,687,884) 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.

	2022	2021
	number	number
	thousands	thousands
Weighted average number of ordinary shares in issue during the year – basic	110,730	106,688
Dilutive effect of share awards	4,233	11,021
Diluted number of ordinary shares	114,963	117,709

9. Dividends

	2022	2021
	£'000	£'000
Final dividend for year ended 30 September 2020 (6.50p)	-	6,825
Interim dividend for year ended 30 September 2021 (5.50p)	-	5,901
Final dividend for year ended 30 September 2021 (8.0p)	8,943	-
Interim dividend for year ended 30 September 2022 (6.0p)	6,637	-
Distribution to equity holders of Numis Corporation Plc	15,580	12,726

The Board has proposed a final dividend of 7.5p per share for the year ended 30 September 2022. 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 2022 will be payable on 10 February 2023 to shareholders on the register of members at the close of business on 16 December 2022, subject to shareholder approval at the Annual General Meeting on 7 February 2023. 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 2022 Annual Report and Accounts, which will be circulated to all shareholders on 20 December 2022.

10. Balance sheet items

(a) *Deferred tax*

As at 30 September 2022 deferred tax assets totalling £1,354,000 (2021: £4,006,000) 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 and unutilised trading losses of overseas affiliates.

(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 £18,898,000 (2021: £17,035,000).

(c) Trading investments

Included within trading investments is £18,434,000 (2021: £21,783,000) of investments held outside of the market making portfolio. There were new investment purchases of £3,974,000 disposals of £8,017,000 and fair value net decreases of £994,000 in relation to these investments, which are predominantly unlisted investments.

As at 30 September 2022 no trading investments had been pledged to institutions under stock borrowing arrangements (2021: 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 £7.3m long as at 30 September 2022 (2021: £10.6m 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 (£15.6m cash outflow) and share buy-backs through the repurchase of shares into Treasury and the Employee Benefit Trust (£11.6m cash outflow).

At 30 September, the Group had a £35m unsecured Revolving Credit Facility ('RCF') with Barclays and AIB. Subsequent to year end, a new RCF of £50m was put in place which replaces the existing facility. The facility is undrawn.

(g) Capital redemption reserve: cancellation of treasury shares

The Company reduced its capital by the cancellation of 10,671,088 ordinary shares of £0.05 purchased by the Company between June 2013 and February 2021 following a special resolution passed at the AGM on 8 February 2022. This created a capital redemption reserve of £534,000.

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

	2022	2021
	£000	£000
Profit before tax	20,856	74,150
Net finance costs/(income)	(1,775)	2,288
Disposals of property, plant and equipment	11	279
Depreciation charges on property, plant and equipment	1,731	1,154
Depreciation charges on right-of-use assets	3,063	3,262
Amortisation charges on intangible assets	302	158
Share scheme charges	6,345	9,634
(Increase)/decrease in trading investments	7,050	(20,883)
(Increase) in trade and other receivables	72,571	(141,643)
(Increase) in stock borrowing collateral	(1,731)	(401)
Increase in trade and other payables	(101,129)	149,728
(Increase)/decrease in derivatives	606	(611)
Cash flows from operating activities	7,902	77,115

Cash flows in 2022 reflect lower profit before tax and an increase in cash deployed in working capital.