

2022  
Annual Report

# New thinking New opportunities

numis

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# New thinking.

Offering strategic advice, unique insights and connectivity to the capital markets, we are the bridge between ambitious companies and the investors who want to back them. Together, we create value to support the big ideas shaping the world around us.

Already a leader within the UK market, we aspire to be the investment bank of choice for the most innovative and inspiring companies, whether public or private and anywhere in the world.

Working together, we find new ideas, new opportunities and new doors to open.

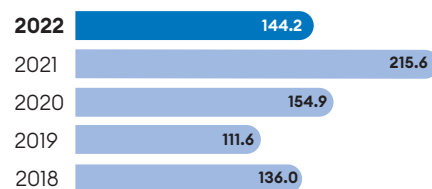
# New opportunities.

# Overview

- Revenue of £144.2m, down 33% on the record performance of FY21 due to unfavourable market conditions.
- Profit before tax down 72%, reflecting operational gearing in the business.
- Record advisory revenue for second successive year, demonstrating excellent strategic progress in M&A.
- Capital markets revenues down 62% in line with market due to significant slowdown in fundraising activity.
- Resilient equities performance despite market declines and UK fund outflows.
- FTSE 350 client base increased for fifth consecutive year to 68 despite the headwind of elevated client takeover activity.
- Geographic diversification of the business continues with the opening of our EU office in Dublin.
- Full year dividend of 13.5p consistent with the prior year, and a further £11.6m spent on share repurchases.

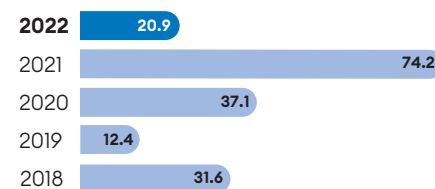
## Revenue (£m)

£144.2m -33%



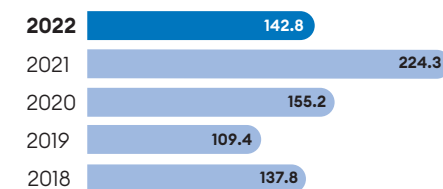
## Profit before tax (£m)

£20.9m -72%



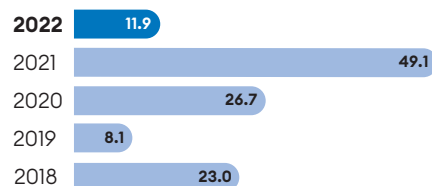
## Total income (£m)

£142.8m -36%



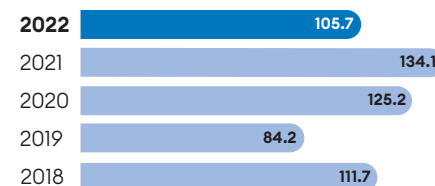
## Diluted earnings per share (p)

11.9p -76%



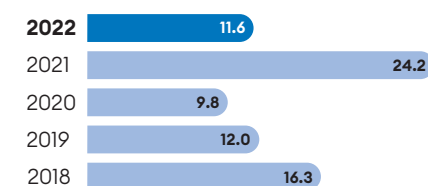
## Cash balances (£m)

£105.7m -21%



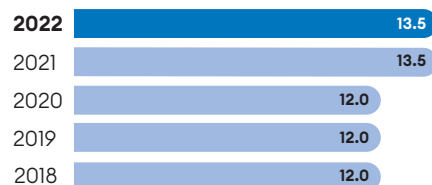
## Share buyback spend (£m)

£11.6m -52%



## Dividend per share (p)

13.5p 0%





# Strategic report

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## Numis is a fresh take on investment banking.

As a business, we're constantly looking to evolve and improve. We have a solid track record of advising and raising capital for those who want to innovate, disrupt and challenge the status quo.

Our bold and agile thinking has attracted the best talent to Numis, allowing us to achieve outstanding outcomes. We thrive on going the extra mile for our clients and have been with many of them since pre-IPO and are now their corporate broker. We are in it for the long term.

This has made us a leading UK-focused investment bank. We have completed more UK IPOs than any other bank over the past decade, have the highest number of corporate broking clients and cover research for more than 300 UK listed companies. We know UK plc well.

We project this influence internationally, with the largest global distribution platform for UK equities, offering our corporate clients access to every major global investor.

Our unique ecosystem of strong connections and insights has given us the drive to diversify. Since 2016, Numis has diversified its strategy to grow its UK M&A franchise, expand internationally and develop a private markets business, which combined now account for almost half of our investment banking revenues.

Already a leader within the UK market, we aspire to be the investment bank of choice for the most innovative and inspiring companies, whether public or private and anywhere in the world.

---

Our strong values

**Partnership**

Long-term relationships built on shared ambition are at the heart of everything we do.

**Excellence**

We deliver with distinction and pursue ever greater impact.

**Dynamism**

We operate with a passion and intensity to match the aspirations of our clients.

**Creativity**

We dare to challenge convention and are innovative in our origination and execution.

---

Supported by our strengths

**Conviction**

It takes conviction to deliver the best results - conviction of ideas, approaches and anticipated outcomes. By having conviction, our actions have a clear impact for our clients.

**Care**

We are committed to our clients and make sure we have consistent teams with senior involvement. Our dynamic and driven experts take a client-centred approach to ensure the most successful outcome.

**Connectivity**

Collaboration is fundamental to our service. We work seamlessly between our teams, clients and investors. This ecosystem creates tight bonds and deep insights to give our clients strong results.

**Creativity**

New ideas, diversity of thought and lateral thinking are crucial for success; we approach challenges from different angles and push ourselves to find fresh solutions to achieve excellence.

## What we do

Offering strategic advice, unique insights and connectivity to the capital markets, we are the bridge between ambitious companies and the investors who want to back them. Together, we create value to support the big ideas shaping the world around us.

### We advise, analyse and execute

#### Delivering key products and services

##### Investment banking

- Corporate broking
- Equity capital markets
- M&A
- Debt advisory
- IPOs
- Growth capital solutions

##### Equities

- Sales & research
- Trading and sales trading (high-touch and low-touch execution)
- Investment companies

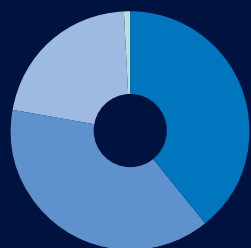
#### For our clients

- Investment trusts
- Private companies
- Private equity funds
- Family offices
- Sovereign wealth funds
- Asset managers
- Hedge funds
- Private client fund managers
- Venture capital funds

#### Through an integrated approach

Our teams and divisions collaborate closely with clients and each other, offering holistic services and solutions.

## Our clients



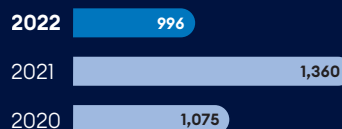
176 diverse corporate clients

- Other main market 69
- FTSE 350 68
- AIM 38
- Private 1

### FTSE 350 corporate clients



### Client size (avg. market cap £m)



176

corporate clients – we are the corporate broker of choice.

£1bn

is the average market cap of our corporate clients.

68

We are corporate broker to one-fifth of the FTSE 350.

110

(over half) have stayed with us for more than five years.

2,312

relationships across more than 700 institutional investors.

## Transaction highlights

Clipper

£1bn

Sole rule 3 adviser, sole financial and corporate broker. Recommended c.£1bn cash and share offer by GXO Logistics May 2022

INTERNATIONAL PUBLIC PARTNERSHIPS

£325m

Sole sponsor, broker, bookrunner and financial adviser. £325m fundraising April 2022

STOCK

£767m

Joint financial adviser and joint broker. £767m buy-out by CVC November 2021

ULTRA

£2.57bn

Sole rule 3 adviser, joint financial adviser and joint corporate broker. Recommended £2.57bn cash offer by Cobham Group Limited August 2021

CLINIGEN

£1.3bn

Financial adviser, corporate broker and nomad. Recommended £1.3bn cash offer for Clinigen by Triton April 2022

NU

Adviser IPO on the New York Stock Exchange December 2021

flipdish

\$100m

Financial adviser. Exclusive financial adviser to Flipdish on its \$100m fundraiser January 2022

NORD SECURITY


\$100m

Adviser. Advised Nord Security on its \$100m maiden capital raise at a \$1.4bn valuation April 2022



## Our services

We provide a full range of services across multiple sectors:

- 
**Corporate broking**  
 The largest corporate broker in the UK by number of listed clients.
- 
**Equity capital markets**  
 Capital raising specialists in services including IPOs, equity issuance and block trades.
- 
**M&A**  
 Providing M&A expertise through a full suite of bespoke advice and solutions.
- 
**Debt advisory**  
 Expert debt advice focused on robust and efficient corporate solutions.
- 
**IPOs**  
 Drawing from our experience to deliver strong outcomes at IPO.
- 
**Growth capital solutions**  
 Enabling the world's most ambitious private companies to achieve their ambitions.

- 
**Sales and research**  
 We are the leading provider of in-depth, high-quality research on UK-listed companies.
- 
**Sales trading and trading (high-touch & low-touch execution).**  
 The largest, most experienced trading and sales trading teams covering UK equities.
- 
**Investment companies**  
 Proactive advice combining in-depth research, distribution and execution.

### Revenue by product (£m)



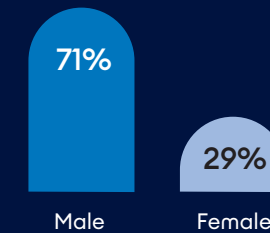
## Our people

Collaboration is fundamental to our service. We work seamlessly between our teams, which creates tight bonds and deep insights to give our clients strong results.

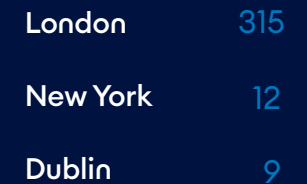
### Number of employees



### Gender diversity



### Locations (number of employees)



**With our continued expansion into new markets and broadening of our service offering, the way we present ourselves is fundamental to the success of our strategy. The perceived image of Numis did not reflect who we are as a firm, or our future trajectory.**

“

*We cover public and private markets, and are increasingly international. It was therefore clear that this was the time to refresh our brand.”*

**Ross Mitchinson & Alex Ham**  
Co-Chief Executive Officers



“

*As competition grows, now is the time to emphasise that Numis is a place where we can help our clients unlock their potential by positioning our brand to reflect what sets us apart with one powerful and consistent voice.”*

**Noreen Biddle-Shah**  
Head of Communications and Marketing



Already a leader in the UK market, we are the adviser of choice for listed companies, including one-fifth of the FTSE 350 index<sup>1</sup>, with an average market capitalisation of £1bn<sup>2</sup>, and have acted on the most UK IPOs over the past decade. This has allowed us to diversify our strategy, growing our UK M&A franchise, expanding internationally and developing our private markets business, which combined now account for almost half of investment banking revenues<sup>3</sup>.

We needed to close the gap of who we are today – an innovative and international investment bank – and remove any outdated perceptions that we are a small City stockbroker.

Embedded in our strategic direction, we went through a rigorous process to create a refreshed identity that would resonate with all of our stakeholders and align with who we are and where we are headed.

In essence, bringing our brand in line with our approach compounds our focus on creative thinking and long-term partnerships with the most ambitious companies and the investors who want to back them – public and private markets, anywhere in the world.

Our refreshed brand – from messaging and tone of voice, to the look and feel – reflects this and should ultimately fuel our sales efforts and further growth.

<sup>1</sup> Corporate client base includes 68 companies out of the FTSE 350, i.e. one-fifth. – Numis data (30 September 2022).

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

<sup>3</sup> As at year end 2022. – Numis data (30 September 2022).



“

*Our dynamic new brand sends a powerful message that we are passionate about finding new ways of doing things, because success for our clients is our driving force.”*

**Nick Stockman**  
Head of UK Sales



“

*As we grow, our brand grows with us. We are a different Numis now and our updated look and feel will change any remaining perceptions of Numis as just a broker and clearly establish us as a global and innovative investment bank.”*

**James Taylor**  
Head of Investment Banking



“

*We partner with our businesses to serve Numis’ clients with excellence, dynamism and creativity. We align with Numis’ values in all we say and do. Our updated brand captures this perfectly.”*

**Stephanie Johnston**  
General Counsel



“

*Our specialist sector-focused research team continues to enhance our ECM offering, so it is fitting that we are also evolving our brand to ensure it is fully aligned with our innovative and impactful proposition.”*

**Simon Bowler**  
Head of Research



“

*Our brand represents unity of purpose and is embedded into every part of Numis, from our investment in talent to our focus on diversity and inclusion.”*

**Mica Ross**  
Head of Human Resources



“

*As we continue to expand internationally, we will ensure the Numis network remains strongly connected, delivering on client outcomes with conviction and creativity.”*

**Garret Ward and Rene Obregon** – Chief Executive Officers, Numis Europe & US



*In a challenging year, we continued to benefit from staying true to our strategy. Looking ahead, we are strongly positioned to go further as the investment bank of choice for ambitious companies and the investors who want to back them – so we can create more value for our stakeholders long term.”*

**Luke Savage**  
Chairman

### Staying true to our strategy

From war in Ukraine to continued supply chain disruptions, rising inflation, soaring energy costs, decreasing growth expectations, increasing interest rates and heightened market volatility – it has certainly been a challenging environment. Against this backdrop, I am very pleased with how the firm has stayed true to our strategy and performed through the year, thanks to the strong leadership of our co-chief executives, Alex Ham and Ross Mitchinson, and the outstanding contribution of everyone in the firm.

Markets have been tough and we have not been immune. Following our record year in 2021, group revenues fell by 33%, to £144m (2021: £216m). Profit before tax reduced to £21m compared to £74m in 2021. Find out more in the financial review on pages 26-29.

Crucially, we proved our resilience and the strength of our strategy. For the past few years, we have focused on diversifying to grow. In particular, we have concentrated on building our capabilities in M&A and in private markets, through our growth capital solutions business (GCS). In a year when the IPO market was weak for all players, we were able to offset this by significantly growing our M&A business and delivering a robust performance in GCS.

As this year has demonstrated, we are a stronger, broader, more resilient investment bank than ever before. A bank able to weather financial cycles and keep advancing, to make the most of new opportunities for, and with, our clients.

### Refreshing our brand

Working closely with our clients, we offer new ideas and opportunities to support their business. We focus on creative thinking and long-term partnerships with ambitious clients who rely on our ability to make a real impact. These traits have established us as the UK's leading independent investment bank, alive to new opportunities, whether public or private, around the world.

Long gone are the days when Numis was a small City stockbroker. We are much more than that now, which is why we have updated our brand look and feel. Our refreshed identity better reflects our track record of advising and raising capital for those who want to innovate, disrupt and challenge the status quo.

### Ensuring strong governance

Strong governance is a core characteristic of the firm. We have always made it a top priority, recognising that it is not only the right approach but also fundamental to our continued growth and success.

The Board takes the lead in ensuring strong governance is applied throughout the firm. Alan Carruthers, the previous chairman, did an outstanding job for the past five years, not least in leading a collegiate board where we combine our different skills, experiences and views and challenge each other to reach the right decisions.



## Chairman's statement



*We believe we are nimble enough to ride out the cycle and capitalise on opportunities."*

**Luke Savage**  
Chairman

Through the year, we continued to add to the strength of the Board. We welcomed Richard Hennity as an independent non-executive director and the new Chair of the Risk Committee. We also welcomed Kathryn Gray as an independent non-executive director at the start of FY23. Richard and Kathryn bring complementary skills and experience and fresh perspectives, drawing on their respective backgrounds – Richard's in risk and Kathryn's in HR.

Our aim is to ensure good governance and good continuity going forward, by investing early, increasing the diversity of skills and experiences and growing the size of the Board in the short term.

*Find out more in our Corporate Governance report on pages 60-65.*

### **Prioritising environmental, social and governance (ESG) issues**

Strong governance is clearly critical for us, as it is for our clients; and so, too, are social issues – people, essentially. This comes through in the way we work closely together – our one-firm culture. We spend a great deal of time and effort to try and make Numis a great place to work, in order to attract and keep good people and enable them to do outstanding work.

In particular, we are focusing on increasing diversity and inclusion (D&I) across Numis. This is part of our broader ESG strategy and is a Board-level priority. On this front, I have been pleased by the success of the Inclusive Numis Network (INN). It has been set up by Numis people for Numis people, has strong support from management, and is doing a great job of helping to make sure Numis is a genuinely inclusive place for everyone.

We continue to push on with minimising our environmental impact as a firm, bearing in mind that the nature of our business means that our scope 1 and 2 emissions are relatively low. Energy efficiency is a feature of our new office space at 45 Gresham Street, for example.

Clearly, ESG is now a part of the landscape for both companies and investors. Moreover, it is becoming ever more complex and important. So the other key angle for us is to ensure we are there for our clients, advising them on ESG and helping them to tackle the issues.

*Find out more on our ESG commitment and approach on page 35.*

### **Maintaining our dividend**

We increased the dividend last year to what we believe is the right sustainable level. Accordingly, we are proposing a final dividend of 7.5p per share (2021: 8.0p per share), which brings the total dividend for the year to 13.5p per share (2021: 13.5p per share). In addition, we executed a share buyback programme, spending £12m. Combined with dividends paid during the year, we returned a total of £27m to shareholders.

### **Retaining a strong balance sheet**

We purposefully maintain a strong balance sheet in order to underpin our resilience and freedom to manoeuvre, notably our ability to take advantage of future opportunities requiring capital. As in every key aspect of our business, we take a long-term view – our robust balance sheet enables us to continue investing for future growth.

This approach can be particularly advantageous at times such as these, when the markets as a whole are tough. We believe we are nimble and strong enough to ride out the cycle and capitalise on opportunities, for example to invest selectively in growing our talent and extending our offering to clients.

### **Looking forward**

Through a challenging year, we continued to follow our strategic course and, looking forward, it remains the same. We will continue to focus on serving our clients, on selectively building our capabilities, on maintaining strong governance, on prioritising ESG, on diversifying to excel – so we can be the investment bank of choice for ambitious businesses and their investors around the world.

There are many new opportunities for Numis up ahead. One of the most exciting prospects flows from securing the EU licence to operate and opening our new Dublin office. This will be a springboard for further growth, as we actively build out our capabilities, contacts, client base and business across Europe – taking our distinctive Numis way of excelling for clients to new geographies. I look forward to the success we can enjoy together.

**Luke Savage**  
Chairman



New thinking. New opportunities.

## Expanding our M&A offering

### Highlights

Our M&A advisory business is performing well – despite the challenging market backdrop, our record 2021 performance continued into 2022. Advisory revenues grew 26.4% in 2022 compared with the previous year. Our results provide vindication of the diversification strategy we have been pursuing for several years.

### Growth

The past five years has seen significant growth in the size of our M&A business and revenues, in part due to making the right investments and bringing in the best talent. For FY22, we were ranked as the top financial adviser for UK public sell-side M&A transactions, when measured by both number and value of deals, according to data from Bloomberg.



### Drivers

While macroeconomic and financing conditions will deter some, overseas bidders and private equity recognise the value proposition in the UK market and remain active, particularly in the mid-market. The underlying drivers supporting deal activity, such as the need for increased digitalisation and pressure for consolidation in industries remain in focus for many corporates.

### Looking ahead

We have long-term relationships, built on ongoing engagement and advice. Our M&A business is largely originated from our core UK broking base of clients, who already see us as their trusted adviser. We will continue to invest in our capability and focus on our core client base while diversifying our sources of M&A revenues in the longer term.



*The past five years has seen significant growth in our M&A business and revenues, in part due to making the right investments and bringing in the best talent.*

### Stuart Ord

Managing Director, M&A

<sup>1</sup> This encompasses deals valued £250m-3bn from 1 October 2021 to 30 September 2022.

## Clipper



*Numis has been my trusted adviser as I have grown Clipper and navigated its public markets journey. Our relationship started when I was considering an IPO and the team has been by my side ever since, providing invaluable broking, markets and M&A advice. I value the straightforward delivery of good advice, as well as their energy and knowledge of the logistics landscape."*

### Steve Parkin

Executive Chairman,  
Clipper Logistics

8 yrs

Broker since IPO  
in June 2014

£961m

Sole financial adviser  
on recommended offer  
from GXO Logistics



We started working with Clipper in 2012 before bringing the business to IPO in 2014. Eight years on, the management had transformed Clipper from a largely UK small cap company into a truly international FTSE 250 group. We've investigated multiple M&A opportunities in the UK and overseas, and handled approaches and a possible offer. We have advised the business on equity capital market transactions, including founder stake sales, and diversified and internationalised the shareholder base. A c.£100m business at IPO, this year's takeover was at an all-time high share price and valued the business at almost £1bn. Numis is proud to have supported Clipper for over a decade and to have been sole financial adviser on its takeover by GXO Logistics.



New thinking. New opportunities.

## Diversifying into growth capital solutions – our private markets business

### Highlights

In 2022, the growth capital solutions team helped founders successfully navigate more challenging markets and raise over US\$1bn. Highlights included delivering Europe's flagship PropTech fundraise (Casavo), Lithuania's second ever unicorn (Nord Security, maiden fundraise) and new unicorns in India (CarDekho) and Ireland (Flipdish).

### Growth

The growth capital solutions team has itself expanded, with new capabilities in 2022, including an in-house data science and proprietary insights team. But our recipe for success is unchanged. With our most senior people leading transactions on a day-to-day basis, and connectivity with decision-makers at leading institutions, the intensity with which we work mirrors the founders we serve.

### Drivers

As new technologies and business models drive value creation, and companies stay private for longer, capital markets are responding.

We deliver primary capital raises to power growth, secondary share sales to introduce new shareholders, strategic partnerships to unlock new opportunities and M&A to reshape growing markets.

### Looking ahead

2021 was a record-setting year. In 2022, macroeconomic conditions (including rising interest rates), the war in Ukraine and weaker public markets served as headwinds to private market activity. Despite the impact of this on second half revenues, 2022 revenue remained robust overall, reflecting the strength of Numis' growth capital franchise and growth in the private market ecosystem in recent years.



## Nord Security

1<sup>st</sup>

External investment round

£1.6bn

Valuation and 'unicorn' status

£100m

Fundraise

“

*By offering trusted advice, relationships with leading global investors and transaction expertise, we enable the world's leading disruptors to achieve their ambitions.”*

**David Kelnar**  
Managing Director,  
Growth Capital Solutions



We advised Nord Security, Europe's consumer security and privacy champion, on its maiden \$100m fundraise that achieved a \$1.6bn post-money valuation. Nord Security is building a radically better internet with its suite of modern internet security and privacy solutions. Bootstrapped prior to this fundraise, the Company achieved a leadership position in the market with customers in 20 countries. The fundraise, led by Novator Ventures with participation from General Catalyst and Burda Principal Investments, marked the birth of Lithuania's second ever 'unicorn'. The company is using the funds to accelerate further expansion of its product suite and geographical footprint.



New thinking. New opportunities.

## Further internationalisation: opening our Europe office

This year, Numis has announced the expansion of its international capabilities, with the official opening of a new office in Dublin, Republic of Ireland, following regulatory approval from the Central Bank of Ireland.

As a strategic gateway for public and private businesses to access investors based in the European Union (EU), the new office supports Numis' ongoing strategic objective to diversify and internationalise its client base and revenue streams. It adds to its existing presence in London and New York and will allow Numis to provide continued access to European investors for its UK issuer clients.

The expansion also allows Numis to be more agile when servicing the growing number of non-UK capital markets clients and build on its existing international track record.

In 2022, 14% of Numis' investment banking revenue came from non-UK companies, which included supporting clients in the US, Germany, Poland, Sweden and India.

The Dublin office, home to the new regulated entity, Numis Europe Limited, is led by Garret Ward, Chief Executive Officer and Head of EU Equities.



*Our European office will provide greater flexibility and an enhanced capability to target opportunities across the EU. Building on Numis' success to date, we look forward to building stronger connections with clients through our European office and supporting them on their growth ambitions."*

**Garret Ward**  
Chief Executive Officer,  
Numis Europe



*With getting the office authorised and set up, it was very much all about team work, with each of us using and relying on our knowledge and experiences from previous roles every day."*

**Geraldine Sheridan**  
Head of Compliance,  
Numis Europe



*Opening the Numis Europe office was one of the largest and most complex projects we have undertaken in recent years. Preparing for the 1st September go-live required meticulous planning, coordination and front-to-back testing from multiple departments across Numis over more than a year."*

**Tiina Winnan**  
Head of Operations,  
Numis, London



The opening of our new entity, Numis Europe Limited, supports our ongoing strategic objective to diversify and internationalise. We'll be able to achieve this by acting as a strategic gateway for public and private businesses to access investors based in the EU.

We will be offering three key services with the opening of our new office:

1. Growing our leading equities platform to reach more European institutional investors looking to gain exposure to UK equities.
2. Building on our equity capital markets to further grow our non-UK issuer clients.
3. Supporting high growth private companies looking for capital solutions.



New thinking. New opportunities.

## Committed to an inclusive workforce

To develop our business, we invest in talented individuals who are aligned with our culture and values. We care about their wellbeing and also see wide-ranging perspectives as an important aspect of our thinking, as we aim to increase the breadth of experience and backgrounds contributing to our future.

This year saw continued progress of the Inclusive Numis Network (INN), which was founded in 2021. The employee-led and Board-sponsored discussion and learning group, open to all employees, addresses challenges and opportunities around diversity and inclusivity to encourage dialogue across the firm.

INN aims to ensure Numis benefits from the existing diversity of our workforce and external partners, as well as encouraging further inclusivity. INN wants to achieve positive progress in our internal community, employees' career development and professional networking by engaging employees and external

partners on all issues of diversity, as well as encouraging our community to support, question and learn from fellow colleagues.

Four key INN events this year were:

- Women in Finance – a panel discussion that showcased some of the outstanding female leaders in the UK today.
- Neurodiversity – an evening with award-winning writer and comedian Joe Wells, with an act based on his experiences of neurodiversity.
- Pride Celebration – a summer BBQ on our terrace raising money for Kaleidoscope Trust.
- Black History Month – an evening with historian and broadcaster, David Olusoga.

Employee engagement with these events has been very strong across all departments and levels of seniority, and we are excited to continue to develop INN in 2023.

## Employee feedback

### Women in Finance:



*A very interesting set of speakers, all different and all with fascinating insights. I've no doubt that everyone in the audience will have found it extremely interesting. Thanks for all your hard work in putting this together."*

### Vicki Miller

Head of Account Management, UK Sales



*Congratulations on an excellent inaugural event. Great line up of speakers and the whole event worked very well and was super informative. Well done for all the hard work in making it happen."*

### Ben Stoop

Managing Director, Investment Banking

### An evening with David Olusoga:



*A superb talk that both educated and challenged, and definitely gave plenty of food for thought. Will be adding David Olusoga's books to my reading list."*

### James Beard

Director, Research



*Encouraging greater gender diversity is vital for Numis and the financial services industry as a whole. Hosting events like this allows us to challenge existing thinking and create a more inclusive environment."*

### Catherine James

Independent Non-Executive Director



Our first INN event focused on gender diversity. This was a great opportunity to come together to generate discussion around key topics impacting workplace culture, highlighting the importance of ensuring an inclusive and diverse culture to help drive change.



*The Inclusive Numis Network (INN) focuses on connectivity to harness inclusivity and diversity. This ensures that our meritocratic ethos is embedded within every aspect of our business and encourages employees to excel exactly as they are."*

### Robyn Hawkins

INN Chair





# Our way of creating value

## Driven by our aim

Offering strategic advice, unique insights and connectivity to the capital markets, we are the bridge between ambitious companies and the investors who want to back them. Together, we create value to support the big ideas shaping the world around us.

Already a leader within the UK market, we aspire to be the investment bank of choice for the most innovative and inspiring companies, whether public or private and anywhere in the world.

Working together, we find new ideas, new opportunities and new doors to open.



## Our resources and relationships

The strength and reputation of our brand.

A strong, well-funded balance sheet.

Client trust and depth of relationships.

Our geographic focus: firmly anchored in the financial centres of London, Dublin and New York.

The skills and expertise of our people and our shared values, which inform the way we work and how we act.



## Our distinctive strengths

Our distinctive strengths enable us to stand out and excel as a dynamic, creative investment banking partner.

*Read more on page 5.*

### Conviction

It takes conviction of ideas, approaches and anticipated outcomes to have a clear impact for our clients.

### Care

We have consistent teams with senior involvement and a client-centred approach to ensure the most successful outcome.

### Connectivity

Our seamless collaboration between our teams, clients and investors creates tight bonds and deep insights to deliver strong results.

### Creativity

New ideas, diversity of thought and lateral thinking ensure we find fresh solutions to achieve excellence.



## What we do

### Underpinned by our values

- Partnership
- Creativity
- Dynamism
- Excellence

### Delivering key products and services

#### Investment banking

- Corporate broking
- Equity capital markets
- M&A
- Debt advisory
- IPOs
- Growth capital solutions

#### Equities

- Sales and research
- Sales trading and trading (high-touch and low-touch execution)
- Investment companies

### For our clients

- Investment trusts
- Private companies
- Private equity funds
- Family offices
- Sovereign wealth funds
- Asset managers
- Hedge funds
- Private client fund managers
- Venture capital funds

### Through an integrated approach

Our teams and divisions collaborate closely with clients and each other, offering holistic services and solutions.

### Driven by our five strategic priorities

- 1 Build the corporate franchise focusing on high-quality companies
- 2 Become the leading UK equities platform
- 3 Diversify into new products and markets
- 4 Maintain operating and capital discipline
- 5 Deliver shareholder returns

*Read more on page 30*

### Supported by our ESG framework



### Our positive impact for stakeholders

#### Clients

Provide exciting and innovative products and services to help our clients achieve their goals.

.....

#### Employees

Create a compelling place to work where our 336 employees are engaged and motivated to achieve their full potential.

.....

#### Shareholders

Deliver long-term shareholder value through strong financial performance, the payment of dividends and share buybacks.

.....

#### Regulators

Promote a culture of compliance across the Group and have a positive impact on the markets in which we operate.

.....

#### Suppliers

Engage with clear communication and prompt payment, so suppliers can seamlessly deliver their expertise and high-quality products and services.

In markets characterised by extreme volatility and uncertainty, our strategic discipline, agile approach and unswerving client focus have stood us in good stead.



*Through these exceptionally volatile, uncertain market conditions, we continued to focus on implementing our five key strategic priorities: diversify into new products and markets, build the corporate franchise focusing on high-quality companies, become the leading UK equities platform, maintain operating and capital discipline, and deliver shareholder returns.”*

**Alex Ham and Ross Mitchinson**  
Co-Chief Executive Officers

**Exceptional changes and challenges**

It was another year of exceptional changes and challenges in our markets, following the post-covid resurgence in 2021, which in turn flowed from the turmoil of the pandemic in 2020.

The markets in Q1 of our financial year continued relatively undramatically, with a tapering of the post-covid relief rally that featured in 2021. But from the new calendar year onwards, not least due to the impact of the war in Ukraine, there was a rapid and marked downturn in sentiment and certainty. This gathered intensity through the year, fuelled by rising geopolitical tensions, continued post-covid stresses and strains on supply chains, stalling global growth, a strengthening US dollar, and rapidly rising inflation accompanied by inevitable escalations in interest rates and the cost of debt.

Through these exceptionally volatile, uncertain market conditions, we continued to focus on implementing our five key strategic priorities: diversify into new products and markets, build the corporate franchise focusing on high-quality companies, become the leading UK equities platform, maintain operating and capital discipline, and deliver shareholder returns. Above all, we concentrated on staying close to our clients so we can support them in tackling their challenges and in taking advantage of new opportunities. This helped us not only to weather exceptionally tough markets, limiting unavoidable downturns in parts of our business, but also to keep building for

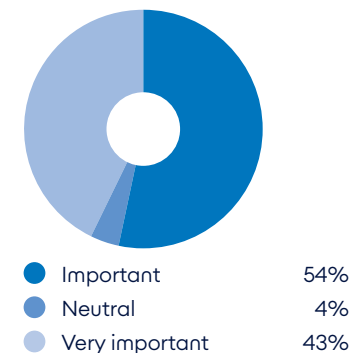
the future so we are ready and able to benefit from the future upturn in markets, together with our clients.

While the markets in the year were characterised by major upheavals and persistent fragility, a number of key underlying trends continued to play out as constants in an otherwise ever-changing environment. We highlight two here: the increasing complexities and criticality of environmental, social and governance (ESG) and the evolving impact of regulation.

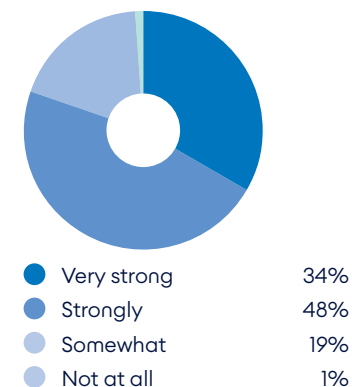
**The increasing complexities and criticality of ESG**

ESG issues are becoming ever more complex, wide-ranging and critical for both corporates and investors. The parts of ESG that are most important will vary from client to client, from situation to situation. We continue to focus on helping clients understand and act on the issues and implications, making the most of our unique position as the bridge between ambitious companies and their backers. This is a prime example of where we can provide real added value by having closer, more engaged and regular dialogue with our clients at the senior level. We can bring our experience and expertise to bear from both the corporate and investor worlds to advise each client not just on what is best-in-class but what is best for them.

**ESG is a key consideration for both corporates and investors**  
How important is ESG for Corporates' M&A strategy?



Do institutions consider ESG issues in deciding whether to support management on a potential M&A transaction?



Source: An inside-out study of UK mid-market M&A (18 May 2022).  
Chart data has been rounded up to the nearest whole number.



## Market review

### The evolving impact of regulation

Despite this year's quieter IPO markets, London still retains its status as the deepest capital pool in Europe, and one of the premier listing destinations globally for high-quality companies. Change is needed, however, to maintain this status in the face of increasing competition from other global exchanges.

It continues to be an important financial centre for domestic and international investors and issuers, being home to the deepest capital markets outside of the US and providing more than £170bn in funding per year.

Numis' track record in the UK and experience bringing companies to London's public markets – having acted on more UK IPOs than any other bank over the past decade – means we are well positioned to understand the factors that influence issuers when assessing an IPO in London.

We welcome the government and regulator's continued efforts to raise the competitiveness of London. Nevertheless, since its departure from the EU, the UK faces considerable challenges and greater competition from rival centres. Working with the industry, the UK government and regulators have an opportunity to secure our position as a leading destination for global capital markets.

We feel that the ideal outcome of the ongoing regulatory change in London,

would be a simpler and more flexible regulatory regime that both encourages existing issuers to remain listed in London, whilst also attracting successful domestic and international issuers to choose London over other listing venues.

### Equity capital markets

There was a marked lack of equity issuance in the UK through the year. IPO activity declined 83%<sup>1</sup> across the UK market, with capital raising activity declining 53%<sup>1</sup>. This contrasts with the previous year, which was characterised by an active IPO market, many of which we participated in, and strong equity capital markets volumes in general. So the market overall has reversed radically and, like all players, we have inevitably been impacted.

Despite the challenges of this year, the cycle will turn and we are well positioned to benefit when it does, thanks to our continued strong position in the market and the size and quality of our corporate client base.

Going some way towards offsetting the decline in equity issuance, UK M&A activity through the year was strong, with a market size of £280bn<sup>2</sup> consistent to the record prior year and considerable bid activity for UK companies. M&A advisory has been a key strategic focus area for the past few years, and we reaped the rewards this year – working on 12 bids and achieving our second successive year of record revenues.

Notwithstanding rising interest rates, this trend looks set to continue, with private equity and overseas strategic buyers looking to acquire more UK companies in the medium term.

### Private markets

For the past few years, we have focused strategically on private markets, through our growth capital solutions business. Private markets were relatively strong in the first half of the year, but weakened through the second half. This downturn was driven primarily by the falls in public markets, particularly for listed tech stocks, which in turn fed through to the private markets. This resulted in valuations of private companies being reviewed and revised, deals taking longer to execute, and some transactions being postponed or cancelled.

The deceleration in private markets activity does, however, increase the chances of a bounceback in the future. A significant amount of dry powder has built up among venture and growth equity investors around the world. So it is likely that investment activity will resume in the future. Indeed, there is a case to be made that the mounting pressure of not investing combined with the attractions of opportunities to buy companies at relatively depressed levels will lead to a new wave of investment.

Alongside the lull in investment, we see underlying structural changes taking place in private markets. The wider private markets system is evolving. On the one hand, the private equity world continues to grow in size. Moreover, it is also growing in duration. Companies are staying private for longer, as opposed to entering or returning to the public markets every three or four years. These days, it is not unusual for a private company to have successive rounds of investment and changes of ownership over a relatively longer period – a decade or more.

We are actively evolving our capabilities and network building on the strength and success of our growth capital solutions business and other complementary services such as debt advisory.

<sup>1</sup> Source: Dealogic

<sup>2</sup> Source: Bloomberg for dates 1 October 2021 – 30 September 2022. UK M&A market size refers to public markets only.

# Market review

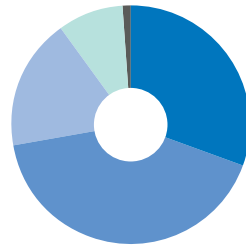
## Equities markets

Equities markets remained challenging through the year, with notable downturns in growth stocks, particularly high-tech companies.

While the FTSE 100 fared better, it was a turbulent 12 months for UK mid-cap and small companies, who form a large part of our corporate client base. Over the course of the financial year, the FTSE 250 was down 25% and the NSCI was down 20%.

UK focused fund managers also had a challenging year, with many experiencing outflows driven by the negative sentiment towards the UK.

Over 70% of institutions are positive on the outlook for M&A

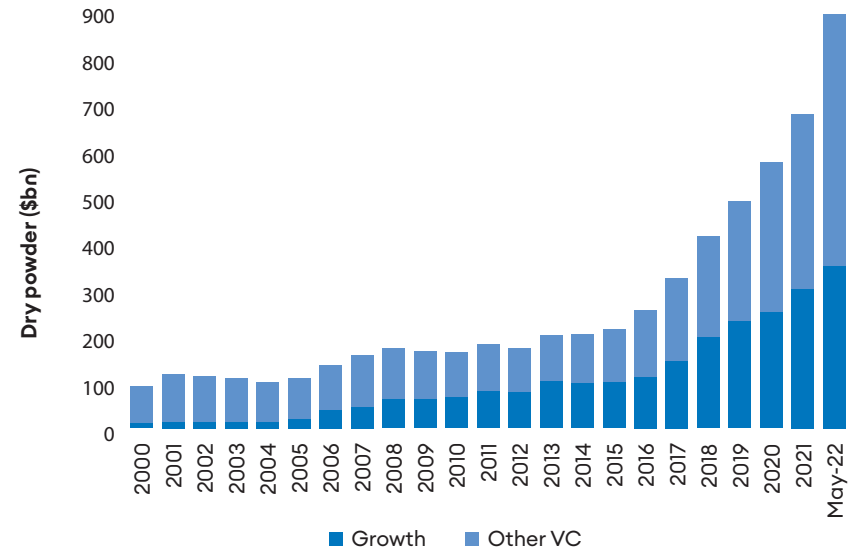


Very strong	31%
Strong	42%
Neutral	18%
Negative	9%
Very negative	1%

[Find out more in our study of UK mid-market M&A. \(18 May 2022\)](#)

Source: An inside-out study of UK mid-market M&A (18 May 2022)  
Chart data has been rounded up to the nearest whole number.

An unprecedented level of dry powder remains  
Growth investors maintain unprecedented dry power



Source: Preqin Ltd

9 in 10

investors believe private, high growth technology companies remain a source of attractive returns.<sup>1</sup>

[Find out more in our Growth Capital Investor Survey.](#)

71%

of institutional investors expect to increase their allocation to private markets in the next five years.<sup>2</sup>

<sup>1</sup> Source: Preqin; Global Venture and Growth.  
<sup>2</sup> Source: Numis proprietary research.

## Market review

### Looking ahead

Looking ahead, market volatility and uncertainty are set to continue, with numerous headwinds impacting our markets.

In the short term, we don't see a significant change in equity issuance across public markets. There is no immediate catalyst to increase the level of confidence required to drive a recovery in IPO activity. However, these markets are inherently cyclical so the question is not so much whether but when there will be another upward turn in the cycle. One thing is certain – when it happens, we will be there with our clients helping them making the most of the opportunities. Moreover, we will be there not just in the UK but also across Europe, through our new Dublin office.

While equity issuance remains predominantly on hold for the time being, in contrast we see continued M&A activity, from both overseas strategic buyers and financial sponsors. The market is generally more receptive to bids. Sterling dollar weakness persists and therefore this is an attractive time to be buying high-quality UK companies at relatively low prices.

In addition, the structural growth and evolution of private markets looks set to continue, and we will enhance and adapt our capabilities accordingly.

Our client-focused way of working is even more valuable in tumultuous, inherently uncertain times such as these. Clients are having to rethink and reset strategies, adapt and pivot. Our breadth of capabilities, our agile approach and our collaborative spirit ensure we are well positioned to support our clients through the near-term challenges that they may face.





Ross Mitchinson | Alex Ham

Our Co-Chief Executives share their review of the business through the year and their ambitions for the future.



## Message from the Co-CEOs

### 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, reflects a resilient performance. In particular, trading gains of £12.8m compared to £19.7m the previous year, represents 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.

“

*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. 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.”*

**Alex Ham**  
Co-Chief Executive Officer





## Message from the Co-CEOs

### 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 1 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.

“

*Investment banking activity continues to be focused around M&A transactions. The outlook for capital markets remains challenging with few indications that volumes will improve in the near term whilst the market digests the impact of higher interests. Despite the ongoing weakness in capital markets activity and UK investor sentiment, the near-term M&A pipeline within the UK mid-market remains strong and we are well positioned with excellent credentials to benefit from this trend”*

### Ross Mitchinson

Co-Chief Executive Officer



## Message from the Co-CEOs

### 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.



**Alex Ham**  
Co-Chief Executive Officer



**Ross Mitchinson**  
Co-Chief Executive Officer



“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.”

**Andrew Holloway**  
Chief Financial Officer



**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.



## Financial review

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.

## Financial review

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 £m	2021 £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 underlying 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 £m	2021 £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.

## Financial review

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.

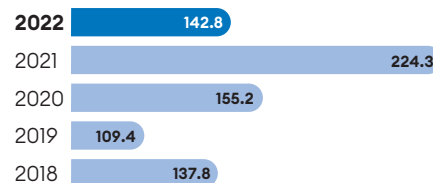


**Andrew Holloway**  
Chief Financial Officer

### Key statistics

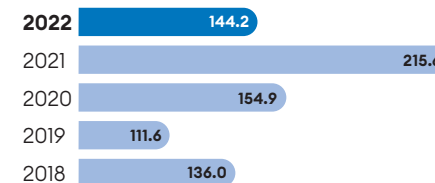
#### Total income (£m)

£142.8m



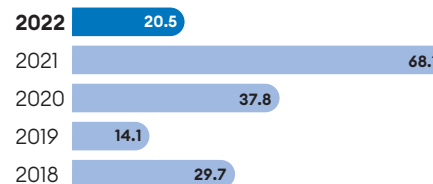
#### Revenue (£m)

£144.2m



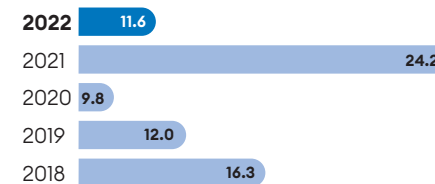
#### Underlying operating profit (£m)

£20.5m



#### Spend on share repurchases (£m)<sup>1</sup>

£11.6m



<sup>1</sup> Includes off-market share purchases by the EBT.



## Strategic priorities

We continue to focus on our five strategic priorities and measure our performance using a range of financial and non-financial indicators.

# 1

### Build the corporate franchise focusing on high-quality companies

We have a strong and growing corporate client base characterised by ambitious high-quality companies of all sizes whether public or private. We want to keep on helping our existing clients to succeed as well as welcoming new clients with exciting futures.

**Related KPIs:** Revenue per head/ Corporate client base/UK ECM market share/Advisory revenue

**Related risks:** Strategic risk/ People risk/Conduct, regulatory and legal risk/Reputational risk

# 2

### Become the leading UK equities platform

We are proud of our market-leading position in UK small and mid-cap equities. Our success is based on having the very best equity research, the largest and best distribution team and a very good execution function. Our ambition is to be No.1 across the UK irrespective of market cap.

**Related KPIs:** Equities revenue/ UK ECM market share, client numbers

**Related risks:** Strategic risk/ People risk/Conduct, regulatory and legal risk/Reputational risk

# 3

### Diversify into new products and markets

As our coverage extends across the UK and the needs and opportunities of our UK clients change we want to ensure that we can help them as much as they would like. To this end, we are developing our global capabilities and focusing on providing complementary products for our clients.

**Related KPIs:** Advisory revenue, International ECM and GCS revenues

**Related risks:** Strategic risk/ People risk/Conduct, regulatory and legal risk/ Operational risk

# 4

### Maintain operating and capital discipline

We maintain operating and capital discipline not only to meet our obligations as a regulated business but also to ensure we have the flexibility to respond to changing client needs and build the firm in line with our ambitions across a variety of market environments.

**Related KPIs:** Revenue per head/Underlying operating margin/Liquid resources/ Share count

**Related risks:** Strategic risk/ Financial risk Technology risk/ Conduct, regulatory and legal risk/Reputational risk/ Operational risk/Governance risk/Macroeconomic risk

# 5

### Deliver shareholder returns

We are committed to rewarding shareholders for their backing and the confidence they place in us. We want to ensure they share in the growth and success of Numis.

**Related KPIs:** Diluted Earnings per share

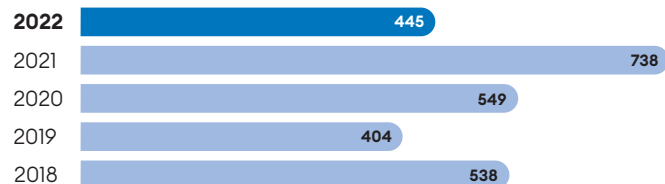
**Related risks:** Strategic risk/Financial risk/ Conduct, regulatory and legal risk/Macroeconomic risk/Reputational risk

# Key performance indicators

## Financial

### Revenue per head (£k)

1 4 £



#### Why it's important

Our aim is to ensure that sufficient productivity levels are achieved whilst acknowledging the impact that the economic cycle and weaker external market conditions can have on revenue generation opportunities.

#### 2022 performance

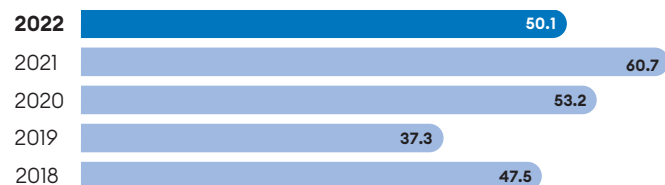
Revenue per head declined by 40%, reflecting both reduced revenue and our continued investment in headcount, including the opening of our new Dublin office this year.

#### Outlook

In this period of market uncertainty, many challenges for the UK economy lie ahead. Sustained investment in our people over many years positions the Group well for future growth.

### Equities revenue (£m)

2 £



#### Why it's important

Our aim is to leverage our equities platform, capture greater market share and fulfil our strategic ambition to become the leading UK equities business.

#### 2022 performance

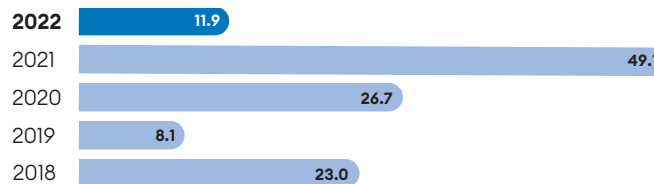
Revenue decreased 18% relative to the record revenue performance of FY21, against a market backdrop of falling equity markets and persistent outflows from UK funds.

#### Outlook

Whilst equity market conditions will influence performance over the short term, we believe our equities platform is well invested and positioned to continue achieving market share gains.

### Diluted Earnings per share (p)

5 £



#### Why it's important

Our aim is to grow earnings per share as this reflects value creation for our shareholders.

#### 2022 performance

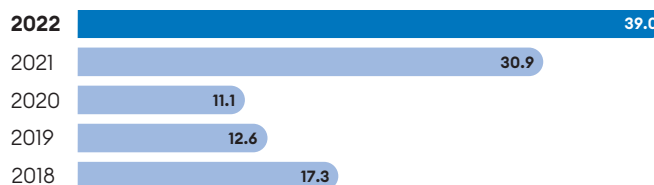
Diluted EPS decreased, reflecting reduced revenues in very challenging markets, combined with an increase in our effective tax rate attributable to the tax exposure on our share schemes and investment portfolio disposals during the year.

#### Outlook

Diluted EPS growth is a key output of our long-term strategic ambitions for the Group but given the nature of our business this metric will remain volatile.

### Advisory revenue (£m)

1 3 £



#### Why it's important

Advisory revenues primarily represent M&A fees. Growing our share of the fees available from our client base is a core element of our strategy as we aim to deliver greater diversification of revenues.

#### 2022 performance

Record advisory revenues for the second successive year, reflecting further progress against our long-term objective to diversify our investment banking business.

#### Outlook

The near-term outlook for mid-market UK M&A continues to be positive, however, the rise in interest rates may restrict the volume of larger transactions in the near term.

### Key

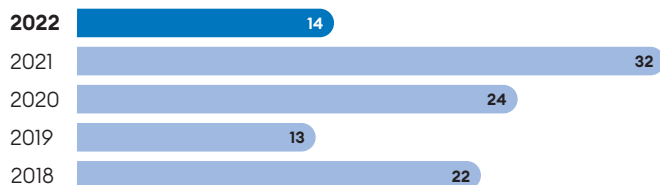
- 1 Build the corporate franchise focusing on high-quality companies
- 2 Become the leading UK equities platform
- 3 Diversify into new products and markets
- 4 Maintain operating and capital discipline
- 5 Deliver shareholder returns
- £ Link to remuneration

# Key performance indicators

## Financial continued

### Underlying operating margin (%)

4



#### Why it's important

Our underlying operating margin is a reflection of revenue performance relative to cost base. We aim to ensure the overall cost base is managed effectively and that the interests of shareholders and employees are aligned over the longer-term business cycle.

#### 2022 performance

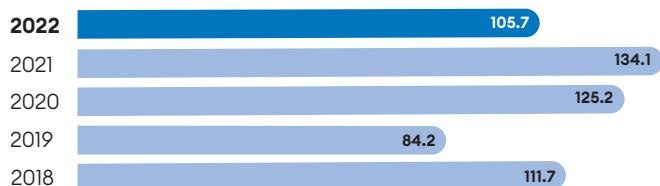
Underlying operating margin decreased to 14%, reflecting reduced revenues combined with operational gearing across the business.

#### Outlook

Revenue performance will be subject to market conditions from year to year, but we will maintain a disciplined approach to costs and compensation.

### Liquid resources (£m)

4



#### Why it's important

Our cash balance supports our trading activities and ECM capability, as well as providing a strong financial foundation to pursue our strategic initiatives across the cycle.

#### 2022 performance

Our cash position decreased 21% relative to the prior year, attributable to variable compensation payments related to the prior year, and the short-term cash movements associated with trading and settlement activities.

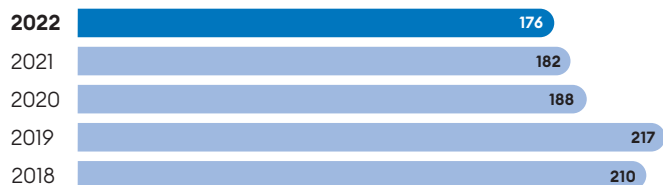
#### Outlook

Our cash position is subject to material short-term movements associated with our trading activities, although we will continue to ensure we maintain a conservative level of liquidity headroom above our regulatory and operational requirements.

## Non-financial

### Corporate client base

1 £



#### Why it's important

Our aim is to win corporate clients across a broad range of sectors, ensuring that both the number and quality of our corporate client base continues to grow. Our corporate client base provides long-term captive revenue opportunities.

#### 2022 performance

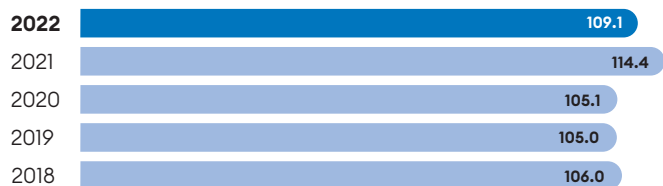
Our corporate client base reduced slightly, reflecting an increase in successful bids for listed clients. Offsetting this unavoidable reduction, we have won 18 new clients.

#### Outlook

In the absence of IPOs, we will continue to focus on winning high-quality corporate brokerships, among both FTSE 350 and small-cap companies.

### Share count (m)

4



#### Why it's important

Our aim is to mitigate the dilutive impact of share awards to staff through share repurchases. Share count excludes Treasury and EBT balances.

#### 2022 performance

Following the one-off increase in share count last year, the Board reinstated the on-market share buyback programme, resulting in a reduction to the issued share count.

#### Outlook

We expect the downward trend to continue in the near term.

### Key

- 1 Build the corporate franchise focusing on high-quality companies
- 2 Become the leading UK equities platform
- 3 Diversify into new products and markets
- 4 Maintain operating and capital discipline
- 5 Deliver shareholder returns
- £ Link to remuneration

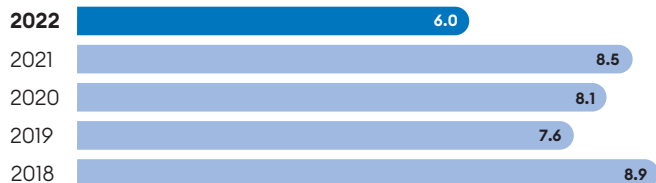


# Key performance indicators

## Non-financial continued

### UK ECM market share (%)<sup>1</sup>

1 2 £



#### Why it's important

Our aim is to leverage our equities platform, capture greater market share and fulfil our strategic ambition to become the leading UK equities business.

#### 2022 performance

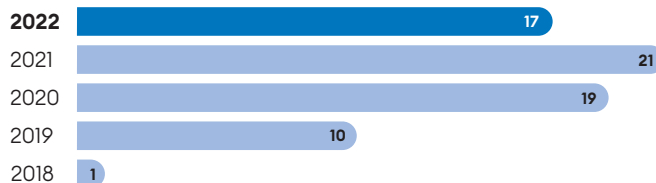
UK ECM market share reduced in a year that featured materially fewer large transactions. Numis did not participate in the largest transactions of the year in a concentrated market, therefore market share declined.

#### Outlook

ECM volumes are likely to remain low in the near term; however, we believe there is potential to achieve further gains in the UK supported by our strengthened track record and well-invested equities platform.

### Private markets and international ECM contribution (% of investment banking deal fees)

3 £



#### Why it's important

Diversifying our revenue streams beyond our traditional UK public markets heritage is important in building a high growth, and more resilient, investment bank.

#### 2022 performance

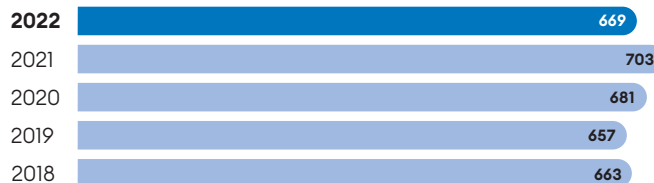
Both private markets and international ECM were impacted by market conditions. In particular, international ECM revenues were initially lower due to the weak IPO market. Private markets delivered a robust first half, but the second half was impacted by lower deal volumes.

#### Outlook

Private markets are experiencing volatility, but we expect volumes to recover. We look forward to our Dublin office enabling greater international ECM participation; however, this is likely to be linked to IPO volumes in the near term.

### Institutional client number<sup>2</sup>

2



#### Why it's important

Growing our institutional client coverage is important in both maximising the value of our equities platform and ensuring the best possible ECM distribution capability.

#### 2022 performance

Our institutional client number reduced slightly during the year due to the challenging market conditions for UK institutional investors.

#### Outlook

We aim to grow client numbers further in 2022 assisted by our international growth plans.

### Key

#### Remuneration £

Key performance indicators that are linked to remuneration are marked with this symbol. To ensure our Board and employees act in the best interests of clients and shareholders, remuneration is aligned to the strategic priorities and financial performance of the business and also takes into account specific risk management controls. The remuneration awarded to executive directors is weighted towards the delivery of long-term, sustainable performance that aligns with shareholder experience.

1 Bloomberg as at 30 September 2022

2 Institutional clients paying more than £1k in institutional income in the year

### Key

1 Build the corporate franchise focusing on high-quality companies

2 Become the leading UK equities platform

3 Diversify into new products and markets

4 Maintain operating and capital discipline

5 Deliver shareholder returns

£ Link to remuneration

## Our ESG framework

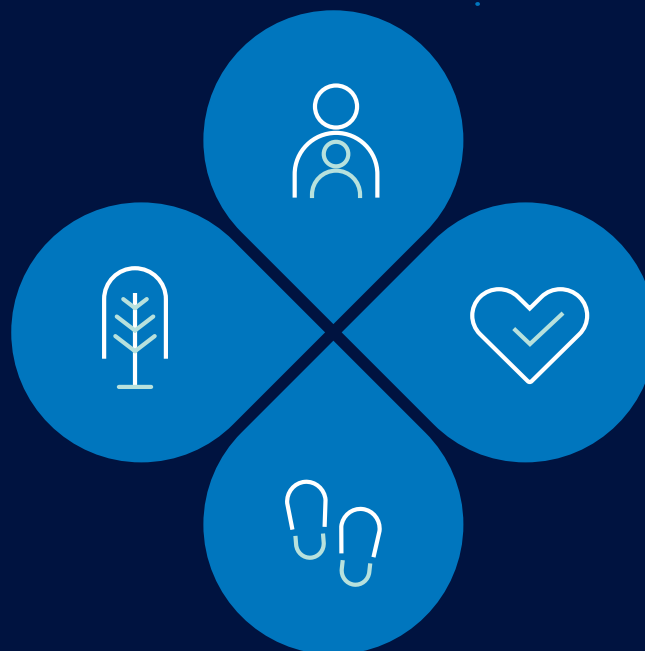
Our environmental, social and governance (ESG) vision is to support our clients in their ESG goals based on a shared ambition to manage our environmental impacts, drive social value in the wider community and create a caring and fair working environment for our employees.

**Focus area 1:**  
Supporting and  
empowering  
our employees

**Focus area 2:**  
Responsible  
governance and  
ethical business  
practices

**Focus area 4:**  
Embedding ESG  
into advisory

**Focus area 3:**  
Building our footprint  
in, and relationship  
with, our community



“

*We want to raise our sustainability ambitions and seize opportunities that arise from embedding ESG more deeply into our business – while helping our clients to do the same.”*

**Alex Ham and Ross Mitchinson**  
Co-CEOs

## Our ESG framework

### ESG commitments

ESG considerations are playing an ever-larger role in our business, as they are increasingly material to our key stakeholders – clients, shareholders, employees, suppliers and regulators.

Numis is in a unique position where we speak to a number of the world's largest investors and senior leaders of companies on a daily basis. Our ambition is to use this position to advise our clients and contribute to their conversations on the sustainability agenda.

We also want to ensure that our own Group ESG commitments go beyond a tick-box exercise to create greater long-term value that genuinely makes an impact. This year we built out our ESG capability and accountability across the Group. As set out on pages 42-43 we put in place clear governance structures to implement our ESG strategy.

### Our framework

As we reported in 2021, last year we undertook our first materiality assessment and developed an ESG framework, which we used as a roadmap this year for our ESG strategy. The ESG Executive Committee, supported by the cross-departmental ESG Taskforce, has been tasked with putting this strategy into action in the form of clear measurable KPIs, which are reported to the Board on a regular basis.

While we have historically had ESG policies and programmes in place, we now have a more strategic approach, aligned with our core business. Our framework is comprised of four ESG focus areas (set out below). It captures what we have already been doing well, as well as setting out new focus areas in a clear and comprehensive way. Given the nature of our business and impact, our priority focus area is Empowering employees, i.e. our people. We are committed to making equality, diversity and inclusion central to our culture and business practices.

We will continue to review and evolve the framework over the coming years to help ensure we constantly and effectively adapt our business in a rapidly changing market. Delivering value for our stakeholders is at the core of our ESG goals. We are pleased to share the progress we have made within the past 12 months as we continue on our ESG journey.

### Identified focus areas at the end of 2021

#### Empowering employees

Equality, diversity and inclusion; Employee health and wellbeing; Talent acquisition, development and retention.

#### Responsible governance

Culture, conduct and compliance; Climate risk governance, including energy and emissions; ESG governance.

#### Serving our community

Community support and engagement.

#### Embedding ESG into advisory

ESG integration into advisory services.

## Non-financial reporting

### Non-financial information statement

While the requirement to report against sections 414CA and 414CB of the Companies Act 2006 is not yet mandatory for AIM-listed companies, we set out below our non-financial reporting information statement. Information incorporated by cross-reference.

Requirement	Relevant policies and standards	Disclosures
<b>Environmental matters</b>	ESG (governance)	ESG: Responsible governance and ethical business practices, pages 42-43 TCFD, page 47 Emissions disclosures, page 48
<b>Employee matters</b>	Professional development and training Flexible Working Policy Grievance and disciplinary procedures Conduct guidelines Remuneration Policy Absence Policy Expenses guidelines Parental leave inc. maternity, paternity, shared, adoption Equal Opportunities Policy	Stakeholder engagement – employees, page 36 ESG: Empowering employees, pages 38-41
<b>Social matters</b>	Charity and community engagement strategy Tax strategy Sanctions	Stakeholder engagement – communities, page 36 ESG: Building our footprint in, and relationship with, our community, page 44 Tax, page 43
<b>Human rights</b>	Modern Slavery Statement	Anti-Bribery Act and Modern Slavery Act, page 43
<b>Anti-corruption and anti-bribery matters</b>	Anti-Bribery and Corruption Policy Anti-Money Laundering Policy Whistleblowing Policy	Audit Committee report, pages 70-73 Risk Committee report, pages 74-76 Risk Management, pages 49-55 Compliance training, page 43

### Relevant information

- Business model: pages 16-17
- Non-financial KPIs: pages 32-33
- Risk factors: pages 52-55
- Board diversity: pages 57 and 63

*Policies and Statements available on the Numis website*



## Stakeholder engagement

### Commitment to our stakeholders

We believe that considering our stakeholders in our decision-making is key to our long-term value creation. Under s172 of the Companies Act 2006, our directors have a duty to promote the success of the Company for the benefit of our members as a whole, with regard to the interests of all stakeholders. Below we set out how we have engaged with our key stakeholders during the year, along with examples of how the Board has had regard to stakeholder interests in making certain key decisions.

#### Why they are important

#### How we engage

#### Priorities for stakeholder group

##### Employees

Engaging closely with our employees at all levels of the organisation is important to understanding their needs and ensure that we retain and develop the best talent. It also helps the Board to ensure that the Numis culture and values are embedded throughout the business and that decisions are taken with due regard to employee views at all levels.

- Regular hybrid (virtual and in-person) town hall updates from executive directors.
- Non-executive director breakfasts with employees.
- The Co-Chief Executive Officers have an open-door policy and meet with staff for targeted discussions.
- Designated non-executive director champion for employee engagement, Catherine James.
- Sponsorship of Inclusive Numis Network and Board attendance at Inclusive Numis Network events.

- Culture and engagement in the business.
- Opportunity for learning, development and career progression.
- Support for diversity and inclusion.
- Recognition of employee contributions.

##### Shareholders

Engaging with shareholders is key to our success as a business and our aim to create long-term sustainable shareholder value.

- Meetings between the Co-Chief Executive Officers and major shareholders to hear their views on various matters or strategy changes if applicable.
- Regular Board feedback on major shareholder meetings.
- The annual general meeting gives shareholders an opportunity to meet the non-executive as well as executive directors and to ask questions.
- Investor roadshows after the interim and final results.
- The main points of contact for shareholders are the Numis investor relations team, the executive directors and the Company Secretary.

- Return on capital (short and longer term).
- Strategy.
- Robust governance structures.
- ESG considerations.

##### Clients

Our relationships with our clients are fundamental to the success of the business, and close, sustained engagement and building on these trusted relationships is crucial to understanding their priorities and goals.

- Regular and effective communication between clients and their service teams.
- Regular Board updates on client engagement by the Co-Chief Executive Officers.
- Executive directors conduct annual independent reviews of corporate client service.

- High standard of service and execution.
- Professional, timely and innovative advice in all market conditions.
- Engagement levels.

##### Suppliers

Our suppliers play an important role in providing their particular expertise and high-quality products and services, which in turn enables us to continue to meet the high expectations of our clients.

- Regular engagement by management with our key infrastructure suppliers.
- Board review of supplier applicable policies.

- Clear communication.
- Prompt payment.

##### Regulators

Regulations affect how we are able to market and provide services to our clients and it is therefore essential that we engage with our regulators to ensure they understand our products and business model, so we can remain active in multiple regions and keep growing into new markets.

- Regular Board updates from the Head of Compliance, the Head of Risk and the General Counsel on Group regulator interaction.
- Board approval of new tax strategy.

- Consistent and high-quality compliance.
- Clear policies.
- Culture of compliance across the Group.
- Management of conduct risk.

## Section 172 statement

The Board of Directors confirm that, during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

### Stakeholder considerations

Below we set out examples of how Board decisions were influenced by and impacted our stakeholders.

#### Decision

#### Stakeholder considerations

##### Operations review

The Board considered the results of an operational processes review, and approved a new operations strategy, including the streamlining of the Group custody offering.

##### Clients

The Board considered that the new operations strategy will improve our client service standard and offer a more streamlined client experience.

##### Regulators

It also considered that the new strategy ensures best-in-class compliance with our regulatory standards.

##### Brand refresh and brand strategy

The Board approved a new, refreshed brand and brand strategy for the Numis Group.

##### Clients

The Board reviewed the results of client consultations in connection with the brand refresh and considered client feedback in deciding on the new brand strategy.

##### Employees

The Board also considered the results of employee consultations and feedback in agreeing the strategy.

##### Share buyback strategy

The Board approved a new share buyback strategy, committing to an approved buyback spend in advance of the purchases in line with standard market practice.

The Board considered that the new buyback strategy would provide helpful guidance for shareholders and the broader market, particularly in a more challenging market environment.



“

*In order for our teams to excel for our clients, we must create an inclusive work environment where all staff feel supported and empowered to perform, and where diversity of thought is considered a key criteria for success.”*

**Mica Ross**  
Head of Human Resources

Our main asset is our intellectual capital – our people. We want Numis to lead the way in harnessing the power of diversity and inclusivity within our workforce to deliver strong results for our clients.



**Values**

- Partnership
- Excellence
- Dynamism
- Creativity



## Our strengths and values

### Conviction

It takes conviction to deliver the best results – conviction of ideas, approaches and anticipated outcomes. By having conviction, our actions have a clear impact for our clients.

### Care

We are committed to our clients and make sure we have consistent teams with senior involvement. Our dynamic and driven experts take a client-centred approach to ensure the most successful outcome.

### Connectivity

Collaboration is fundamental to our service. We work seamlessly between our teams, clients and investors. This ecosystem creates tight bonds and deep insights to give our clients strong results.

### Creativity

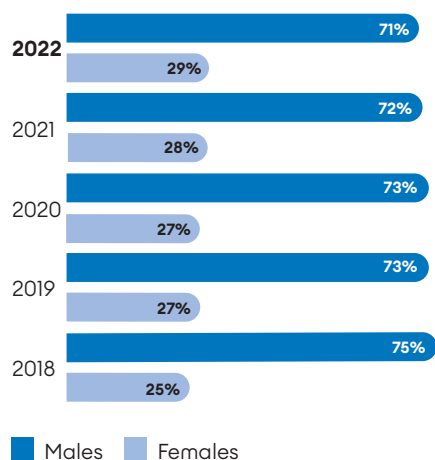
New ideas, diversity of thought and lateral thinking are crucial for success; we approach challenges from different angles and push ourselves to find fresh solutions to achieve excellence.

### Equality, diversity and inclusion

We are committed to making equality, diversity and inclusion central to our culture and business practices. We want to be more reflective of our client base and the society we serve – more diverse and inclusive companies are more effective. We are convinced that valuing, developing and enabling our people is key to our successful value creation, diversification strategy and continued growth.

### Gender diversity

Ratio of males/females 2018-2022



### INN

INN (Inclusive Numis Network), has built on the previous year’s success and is proving to be a dynamic driver in enabling our business to benefit from the power of diversity. It is an employee-led and Board-sponsored discussion and learning group, open to everyone, that addresses challenges and opportunities around diversity and inclusivity to encourage dialogue across the firm. Its main focus is to achieve more connectivity within Numis, so that every employee feels able to contribute fully and excel by being exactly who they are. INN wants to achieve positive progress in our internal community, employees’ career development and professional networking. Please see our feature on page 15 for more information.

### Junior talent

We invest in our talent from the start with our carefully curated internship and graduate programmes. It is aimed at discovering and nurturing a strong and diverse talent pipeline, with each intake reflecting society through our positive inclusion techniques. Over the longer term, this investment should drive diversity and progression for underrepresented groups from junior to senior roles. We are convinced that growing our own talent is the most effective way to achieve a more diverse workforce, as lateral hiring from within the industry rarely moves diversity numbers meaningfully.

This year has seen our most diverse internship intake to date, with 42% female (compared to 29% in 2021) and 67% of an ethnic minority background. Compounding this success, for the class of 2022 we had a 75%-plus conversion from intern to graduate roles, with best-in-class technical training.

We continue to fulfil our commitment to increase the proportion of women in our workforce, which is 29.5% female as of September 2022, up from 28.2% a year ago. This year, we have maintained our level of gender diversity in new appointments, with 40% of these being female.

Our approach is a long-term one. We are pursuing meaningful, lasting change by attracting, retaining and rewarding diverse talent. If we can ensure that new joiners better reflect our client base and society more broadly, we can create more diverse teams and realise better outcomes for clients. We aim to hire and train junior female talent to gradually change our company and the wider industry.

This strategic approach may not materially shift our gender pay data in the next few years, but we believe this approach will be far more effective than a small number of headline female hires. We also ensure we have female employees on our interview panels. Our approach is to continue with our inclusive policies, such as a more flexible working environment that is conducive to family life.

## ESG: Empowering employees



In keeping with our goal of increasing the proportion of women in senior and leadership positions, we have made two managing director appointments in FY22, both female (one internal promote and one external hire). We have also improved our gender diversity at Board level. For more information, see the Nominations Committee report on pages 66-69.

### Wellness

We have evolved a culture of care, which supports health and wellbeing, so that employees feel valued and empowered.

### Voices of Numis

Voices of Numis is a group of Numis employees who represent a broad demographic, whether by gender, ethnicity or socioeconomic background. Its aim is to take our diverse pipeline of talent and develop a programme that will support them to build their profile internally and externally; and for the next generation of talent to know there are role models they can look up to in what is often seen as a homogeneous industry. We specifically support employees through a targeted programme of training, press interviews, social media exposure and presenting at events.

### Employee engagement

We host regular town halls and fireside chats, along with our employee engagement surveys, to ensure we both inform, engage and capture all of the diverse voices across our business at all levels and in all departments. We also



ensure there are regular opportunities for staff from across Numis to network and socialise with one another and the leadership team, the launch of our Thursday Get Together being a very popular initiative in 2022.

### Work/Life balance

Our hybrid working model, adopted in response to the pandemic, takes the benefits of working from home – access to family, less commuting – and the benefits of being in a new, state-of-the-art office – collective problem solving – and supports those two elements. We believe empowering employees with flexibility, whilst never compromising on our personalised, client-focused approach,

is good for our business as a whole, and improves productivity and performance.

We also support employees with policies on childcare and shared parental leave, our sabbatical policy and we are further developing our work from anywhere policy with lessons learnt from the previous year's implementation.

### Mental health

We genuinely believe that mental wellbeing is as important as physical wellbeing, and have updated our benefits offering accordingly. We have a group of staff who are qualified mental health first aiders, and all our employees have access to InsideOut, our mental health partner, from the day they join the Company. We offer further broad support through WeCare.

# ESG: Empowering employees

## Talent and development

We aim to support the development of our employees and cultivate a high-performing workforce.

## Learning and development

Through seeking and applying employee feedback, we have made further strides to improving our wellbeing initiatives in 2022. This includes opportunities such as ESG certification, mental health positive inclusion training for all people managers, an in-house training programme to support the development of technical skills and executive coaching for emerging leaders.

We also support employees with internal mobility via our internal jobs board, and ensure sponsorship is available to achieve external qualifications.

## Growth and retention

This year, our headcount has continued to grow and this now includes our new entity in Dublin, Numis Europe, which works seamlessly alongside our New York and London offices. Turnover remained reasonably low at 15% (2021: 11.2%), which is lower than the sector average, based on industry data. This year once again saw intense hiring activity, most notably at junior levels in investment banking.

## Looking forward

We want to capitalise on 2022's successes with employee empowerment, and ensure that our aims keep up with our growth. We are committed to ensuring Numis is the investment bank of choice for ambitious and talented people to grow and develop their careers.

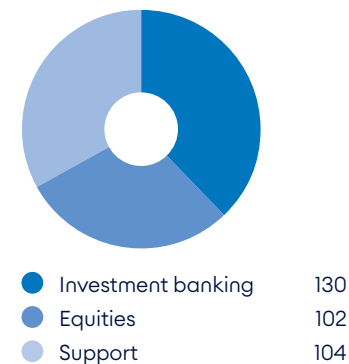


We are fully committed to supporting the development of our employees, so in October 2022 we launched a firm-wide mentoring programme. Mentoring relationships help build a strong company culture and give both mentors and mentees an opportunity to learn, grow and enjoy a sense of fulfilment. All of our NSL executive committee members are signed up to this.

Specific goals for the forthcoming year are targeted across all of our key employee empowerment areas. These include recruiting into an apprenticeship programme, reviewing the recruitment models we use to improve diversity of candidate shortlists, further upgrades to our comprehensive employee benefits offering and increasing accessibility to senior leadership.

## Number of employees

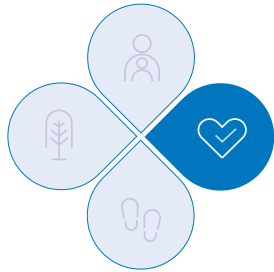
### By department group



\* Only includes permanent and fixed-term contract employees.



# ESG: Responsible governance and ethical business practices



## Governance

Clear reporting and governance structures are at the core of a consistent and accountable strategy. One of our priorities this year has been to put in place an ESG framework in line with other Group priority areas to support our strategy going forward.

## Structure

### The Board

As set out in our Governance report, the Board is ultimately responsible for promoting the success of the Company for the benefit of its members and stakeholders, which includes responsibility for ESG opportunities and risks.

The Board takes ESG (including climate-related considerations) into account as part of its decision-making and strategic planning processes when appropriate. This is reflected in the terms of reference of the Board, which were updated this year to explicitly embed ESG considerations.

The Board has delegated responsibility for the day-to-day management of the Group's ESG strategy to the ESG Executive

Committee and responsibility for oversight of the Group's ESG risks to the Risk Committee. Membership of the ESG Executive Committee includes the Chief Financial Officer and members of senior management; membership of the Risk Committee is set out on page 74.

## Management

The ESG Executive Committee meets on a monthly basis to monitor and discuss ESG issues relevant to Numis and to track the progress against the Group's ESG KPIs.

It is supported by the Numis ESG Taskforce, a cross-departmental group of employees. The ESG Taskforce is divided into four ESG focus areas: Empowering employees; Responsible governance; Serving our community; and Embedding ESG into advisory. The ESG Taskforce meets on a monthly basis, and each focus area meets more regularly as needed to progress their KPIs. Focus areas report any identified ESG issues to the ESG Executive Committee for consideration as needed.



The ESG Executive Committee sets the Group's ESG KPIs, which are divided among the four focus areas. The ESG

## Numis ESG governance structure



## ESG: Responsible governance and ethical business practices

Taskforce updates the ESG Executive Committee on KPI progress on a monthly basis. The ESG Executive Committee in turn reports in to the Board ahead of each meeting on the Group's ESG KPIs and any other relevant ESG considerations.

ESG risks are assessed by the Group risk function as part of the overall risk register, which monitors the potential size and scope of ESG risks and considers appropriate controls and mitigating actions as part of our standard risk framework.

The ESG Executive Committee provides input to Group risk on ESG risks on a monthly basis. These risks are then considered and escalated to the Risk Committee as appropriate in line with our risk processes. For more information on our risk management processes, see the Risk management section and in particular our ESG risk disclosure on page 55.

### TCFD reporting

Developing our TCFD reporting has been a priority over the past 12 months, and we are pleased for the first time to present our progress towards adoption of the TCFD recommendations on page 47.

### Anti-Bribery Act and Modern Slavery Act

We are committed to the highest standards of ethics, honesty and integrity, and have a zero-tolerance approach to modern slavery and bribery and corruption. We expect all our employees to have read and be aware of our Modern Slavery Act statement. As part of their induction, all employees are required to undertake

mandatory Anti-Bribery and Anti-Corruption online training. Numis also has a Whistleblowing Policy. Numis' Anti-bribery Act and Modern Slavery Act statements can be found on the Numis website [www.numis.com](http://www.numis.com).

### Tax

At Numis, we want to further embed sustainability in our culture, our operations and our strategy. Like any business, our success rests on maintaining a good brand reputation and we aim to find a responsible balance in the way we approach our tax obligations. We recognise that Numis has an obligation to pay all taxes required by law and regulations in each of the jurisdictions in which it operates. Numis is committed to operating with the highest integrity to comply fully with tax laws around the world and aims to maintain a co-operative and professional relationship with all tax authorities. Our Tax Strategy can be found on the Numis website [www.numis.com](http://www.numis.com).

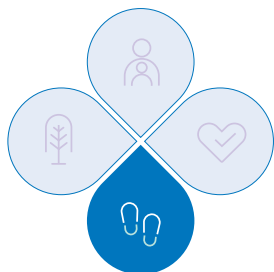
### Compliance training

We are committed to ensuring that our staff are appropriately trained to understand how financial regulation applies to their respective roles. To that end, our compliance training programme is tailored according to department and comprises either traditional face-to-face training or e-learning programmes. Additionally, all new joiners receive comprehensive compliance training as part of their induction programme.

### Looking forward

In 2023, we intend to build on 2022's foundation and further progress our ESG governance processes. We will be focusing on general ESG strategy and quantifiable metrics and targets. In particular, we are looking to further develop our compliance with the TCFD reporting framework and embed clear metrics for ESG goals across all our ESG focus areas.

# ESG: Building our footprint in, and relationship with, our community



## Community

Numis is part of the community in which we operate. Social awareness is firmly embedded into our values and is an integral component of our Company culture.

We recognise that community engagement is vital to our ability to deliver long-term returns for our stakeholders and that our communities value sustained support. We achieve this through a combination of dialogue, financial support through charitable donations and meaningful employee participation in causes they feel passionate about. The return to the office following the pandemic and our new hybrid working model have highlighted the increased importance of remaining connected with one another and our wider community.

### Diversity in our community

This year, Numis partnered with reboot., a minority-led financial services organisation looking to promote diverse role models. Gb Ladipo, a Director in Investment Banking at Numis, was interviewed by *Financial News*

and *ESG Clarity* about his own experience working in the City as a Black man. This was followed up by a CEOs roundtable to have informal and open discussions about race in the workplace, which was received very positively by employees. These important initiatives have a positive impact on both our Company and the wider industry.

### Bees at 45 Gresham Street office

As part of our ongoing commitment to ecological initiatives, we worked with our co-tenants, Evelyn Partners, to set up a beehive at our London office in September 2022. The hive is located on the roof of the building and is visited regularly by a professional beekeeper, who looks after the bees and collects the honey when it is ready. Bees are crucial to the preservation of our ecosystem and biodiversity in nature, both for plants and animals.

### Supporting charities

All our people can take part in selecting the charities that Numis supports. In 2022, our plan to boost community activity was successful, and charitable giving increased by more than 50%, feeding in to our broader ESG policy. This year, in addition to our usual charitable initiatives such as our Christmas jumper fundraiser and Christmas giving, our employee-led charitable fundraises included a bake sale to raise money for Mind, a mental health charity. The Inclusive Numis Network also sponsored a number of charitable initiatives, including clothing donations and Wear Red Day, which raised funds for Show Racism the Red Card.



### Looking forward

We want to continue with community initiatives that we already do well, such as ad hoc Company charity days, Christmas giving, sponsorship matched donations and team sports support.

2022 has seen the introduction of several new initiatives. In September 2022, we put in place a new charity and community engagement strategy for our UK operations, maintaining flexibility for employees to work with causes they care about while introducing more structure to the programme. We will report on the progress of this strategy in our 2023 Annual Report.

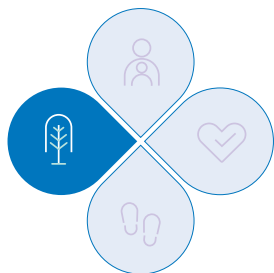


1. Beehive located on the roof of our building.
2. Our bake sale in aid of Mind, a mental health charity.
3. Gb Ladipo, Director, Investment Banking, Numis.





## ESG: Embedding ESG into advisory



### Embedding ESG into advisory

As set out in our 2021 Annual Report, this year we have sought to leverage our client relationships and expertise to create positive ESG outcomes. We have also built on our existing strengths to deliver ESG advice as an integrated part of our advisory offerings.

### Engaging with the market – thought leadership

This year we continued to engage with clients and market participants through the Numis Sustainable Series, a series of webinars that incorporate systematic ways of thinking about sustainability to promote knowledge and influence decision-making in this area. By helping to inform our stakeholders of key sustainability themes, we are seeking to address an information gap in UK financial services when it comes to sustainability and ESG matters.

### Numis Sustainable Series

This year our Numis Sustainable Series webinars have reached over 350 institutional market participants and included 19 expert guest speakers, including from the United Nations and the Global Systems Institute (University of Exeter).

#### Numis Sustainable Series (27 May 2022)

##### Positive tipping points

Numis led a discussion around climate tipping points, social tipping points, nature-based solutions, and how we need global solutions to a global problem with ESG experts Professor Tim Lenton from the Global Systems Institute, University of Exeter, Eleanor Fraser-Smith, Head of Sustainability at Victory Hill, Lindsey Stewart, Director of Investment Stewardship Research at Morningstar and Romie Goedicke, Project and Technical Manager Nature at UNEP-FI.

#### Numis Sustainable Series (22 April 2022)

##### Earth Day: Solutions

For Earth Day, we marked the occasion by hosting a Numis Sustainable Series event, in which David Carlin, TCFD and Climate Risk Program Lead for UNEP-FI, along with other leading ESG experts, Charlotte Fletcher, Associate Partner at Alvarium, and Nick Scullion, Partner at Foresight Group, discussed the challenges facing financial services on the journey to net zero.

#### Numis Sustainable Series (25 March 2022)

##### Systems thinking: Climate through the lens of financial services

In this webinar, we focused on the key material challenges facing financial services right now, from climate systems and ethical investing, to the energy transition. Numis was joined by Monica Filkova, who focuses on climate finance at Aviva, Jenn-Hui Tan, Global Head of Stewardship and Sustainable Investing at Fidelity, Dan Watson, Head of Sustainability at Amber Infrastructure, and Emma Wall, Head of Investment Analysis & Research at Hargreaves Lansdowne.

#### TCFD webinar (25 February 2022)

##### TCFD reporting: How to construct and what investors look for

Mandatory TCFD reporting for a majority of UK corporates came into force from 6 April. We hosted an ESG webinar, 'TCFD reporting: How to construct and what investors look for' with Helen Wain from IMS Consulting (Europe) Ltd, who covered how to go about putting together a best-in-class TCFD report and what investors are ultimately looking for.

## ESG: Embedding ESG into advisory

### Engaging with our employees – education and training

Our ambition is to embed ESG awareness across all departments at Numis, from risk management and corporate finance to equities. This year the members of our cross-departmental ESG Taskforce, led by the ESG Executive Committee, developed their understanding of our ESG strategy through regular meetings to hear from each Pillar on their ESG focus areas and KPIs. Across the broader business, we offered training through 'lunch and learn' sessions with the CFA Institute and gave all employees the opportunity to sit for the CFA ESG and Certificate in Climate & Investing to build our knowledge and internal capability.

ESG was also incorporated into our intern programme, as the investment banking interns conducted and presented on sector-specific summer research projects into ESG trends and themes.

### Engaging with clients – advisory

We are seeking opportunities across our business to support our clients on ESG issues and in their transition to a low carbon economy. Not only are we uniquely positioned to capitalise on these opportunities, but we already have a strong track record of doing so. In 2013, we listed the first pure-play solar fund on a major global stock exchange (the Bluefield Solar Income Fund on the LSE). Since then, we have had further IPOs across renewable investment companies, deploying in the UK, Europe and further afield.

This year, in challenging market conditions, we have conducted equity placings for Bluefield Solar Income Fund, a diversified portfolio of low carbon assets in the UK, Victory Hill Global Sustainability Energy Opportunities plc, a portfolio of direct investments in energy infrastructure that have high impact value and align with the United Nations Sustainable Development Goals, and International Public Partnerships Limited (INPP), a portfolio of social and public infrastructure projects.

Importantly, we also acted as debt adviser to Tyman, a leading international supplier of engineered components and access solutions to the construction industry, on its \$75m of innovative Sustainability Linked US Private Placement Notes. Our role included structuring the sustainability-linked components – one of the first of its kind within the US private placement market.

### Looking forward

We look forward to continuing to engage with the market and our clients on ESG issues going forward, and to developing the depth and breadth of our ESG capabilities.



## TCFD report

In our 2021 Annual Report, we committed to expanding our reporting on climate and environmental disclosures. We are therefore pleased that, this year, for the first time, we are able to present our progress towards adoption of the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations. While the requirement to report against the benchmark of TCFD is not currently mandatory for AIM-listed companies, we consider it a useful metric to assess the development of the climate and sustainability elements of our ESG strategy.

In this Annual Report, the Group makes climate-related financial disclosures against:

- Governance: all recommended disclosures
- Risk management: all recommended disclosures
- Metrics and targets: recommended disclosure (b)

We are continuing to make progress against the Strategy disclosures and remaining Metrics and Targets disclosures. We will provide an update in the 2023 Annual Report.

Recommendation	Response	Disclosure location
<b>Governance</b>		
Describe the Board's oversight of climate-related risks and opportunities	The Board is responsible for the Group's climate strategy and risks. It receives updates from the ESG Executive Committee ahead of each meeting on the Group's ESG KPIs, including those related to climate.  The Group Risk Committee exercises oversight of risks relating to climate as part of its responsibility for ESG risks.	Pages 42-43
Describe management's role in assessing and managing climate-related risks and opportunities	The ESG Executive Committee is responsible for climate-related risks and opportunities. It leads the ESG Taskforce in (i) progressing the Group's climate and other ESG KPIs and (ii) identifying and advising the Group's risk function on potential ESG risks, including those relating to climate.  The ESG Taskforce updates the ESG Executive Committee on ESG KPI progress on a monthly basis. The ESG Executive Committee, in turn, provides an update to the Board ahead of each meeting on the Group's ESG KPIs, including those related to climate.	Pages 42-43
<b>Risk management</b>		
Describe the organisation's processes for identifying and assessing climate-related risks and opportunities	The ESG Executive Committee considers and reviews Numis' ESG risks, including climate risks, each month. It also tracks progress of the ESG Taskforce against Numis' ESG KPIs on a monthly basis, and approves new KPIs. Any identified ESG risks are reported to the Group risk function and assessed as part of the overall risk register.	Pages 42-43 and 49-51
Describe the organisation's processes for managing climate-related risks and opportunities	ESG (including climate-related) risks identified by the ESG Executive Committee are assessed and managed in accordance with our standard risk processes. Potential ESG (including climate-related) opportunities are considered by the ESG Executive Committee and where appropriate incorporated into measurable KPIs.	Pages 49-51
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Identified ESG risks and relevant metrics are shared with the Group's Risk function for consideration and escalation as appropriate, along with other risks to the business, as part of our standard risk management procedures.	Pages 42-43 and 49-51
<b>Metrics and targets</b>		
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Numis tracks UK Scope 1 and Scope 2 GHG emissions.  Risks associated with Numis' emissions are considered by the ESG Executive Committee in its risk review process	Page 48

## Energy use and emissions

As a large unquoted company, Numis must report its UK energy use and emissions. This is Numis' report on carbon emissions under UK Streamlined Energy & Carbon Reporting Regulations (SECR).

Numis' current UK emissions and energy levels, and the change in relation to the previous year are:

- Emissions in 2022: 92.2 tCO<sub>2</sub>e, 40% down from the 2021 emissions.
- Energy use in 2022: 434,000 kWh, 34% down from the 2021 energy use.
- The intensity ratio in 2022: 0.298 kgCO<sub>2</sub>e/FTE, down 43% from the 2021 intensity ratio.

These reductions follow the period of the move to new premises during 2021, which resulted in the two offices being occupied concurrently for a period. Further reductions are expected given the low-energy office accommodation, reduced occupancy patterns, and the change to off-site main comms rooms.

Reducing SECR emissions with energy efficiency actions during this financial year:

- All LED lighting with automatic lighting control with management to ensure lighting off when unoccupied.
- Air conditioning management of the Numis office space to closely match occupancy.

- Further roll-out of low energy high efficiency processors and screens with hibernation.

Further emissions reduction initiatives during this financial year:

- Renewable-sourced electricity at Gresham Street. While not affecting the headline location-based emissions figure, this reduces the market-based emissions figure by 92.2 tCO<sub>2</sub>e.

## Greenhouse gas emissions

Numis SECR 2021-2022*	Emissions Scope	Energy kWh	Factor kgCO <sub>2</sub> e/kWh	Emissions tCO <sub>2</sub> e	(%)	2022 change from 2021	2021 figure
<b>Energy and emissions**</b>							
Electricity – 45 Gresham Street	Scope 2	434,088	0.21	92.2	100.0%		
Gas and transport	Scope 1	0	–	0.0	0.0%		
Total energy		434,088				-34%	655,311
<b>Total emissions</b>				<b>92.2</b>		<b>-40%</b>	<b>152.9</b>
<b>Intensity ratio: emissions per FTE***</b>							
Business metric: FTE				309.2		+6%	291.9
Intensity ratio units				kgCO <sub>2</sub> e/FTE			
Intensity ratio value				0.298		-43%	0.524
Average emission factor				0.212		-9%	0.233

\* 2020 figures are not included in the comparison as they cover a period in which Numis' UK operations were located at a different office.

\*\* The methodology used to calculate the quantity of emissions and energy consumed is the Corporate Green House Gas Protocol aligned with the SECR guidance Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance. March 2019 (Updated Introduction and Chapters 1 and 2). The emissions factors used are from Emissions calculation factors: the UK Government GHG Conversion Factors for Company Reporting 2020.

\*\*\* The intensity ratio 'Emissions per unit FTE' is suitably relevant for the Numis operation because the Numis energy use and emissions are related to the number of people employed by the Group in the UK.



We are committed to managing our risks within a framework of tight controls, well-defined risk appetite and clear accountability to deliver long-term value.



*Close attention to risk management is more important than ever to guide behaviour and pursue our strategic objectives responsibly."*

**Charles Davidson**  
Head of Risk

## Review of risk challenges and actions for the year and future outlook

Geopolitical and economic risks have affected our business this year and are expected to continue to influence the macroeconomic outlook. We have developed a diversified strategy over time and have implemented resilient systems, processes and resources to mitigate these ongoing external risks. We have continued to control our financial risks tightly and ensure that we have the necessary level of operational resilience to avoid adverse outcomes, particularly for our clients and the market in which we operate.

This year we continued to take important steps to develop our risk management controls and grow our resilience in the face of a more challenging business environment. Important actions include:

- Implementing comprehensive risk management processes in our recently licensed EU-based office, enabling us to access institutional and corporate clients across the EEA and be in a position to deliver a high-quality investment banking service to a wider geographical audience.
- Developing and embedding processes and systems to meet the requirements of the UK Investment Firm Prudential Regime (IFPR), which came into force on 1<sup>st</sup> January 2022.

- Ensuring our overall group and individual entity capital and liquidity management is robust and our stress testing analysis continues to meet future operational and regulatory requirements.
- Delivering improvements in our operational resilience, including reviewing our important and critical business services, and making progress to reduce any risk of causing intolerable harm to our clients.
- Strengthening technology resilience and reinforcing robust data security, including reviewing those of our third-party service providers.
- Supporting effective flexible working practices to ensure we maintain our high standards of conduct and culture and provide safe, collaborative and supportive working environments.
- Developing in-depth environmental, social and governance (ESG) policies to build on our initiatives and deliver beneficial gains, particularly in relation to diversity and inclusion.
- Implementing financial system improvements to raise the quality of financial and business data for strategic planning and decision-making.
- Renewing our committed bank facility.
- Improving automation to lessen the time taken on operational processes.

## Looking to the future, key challenges and emerging risks include:

- Building our primary and secondary equity capital market services to EEA clients using the foundations of our recently licensed EU office.
- Managing the regulatory divergence between the UK and the EU.
- Further enhancing the quality of internal and outsourced technology solutions.
- Enhancing our readiness for crisis management through ongoing testing and simulations.
- Managing macroeconomic uncertainty, including an inflationary environment with geopolitical uncertainty, interest rate increases and financial market volatility.

## Managing risks

We identify and manage risks through our risk management framework, which supports an effective and strong risk culture in our pursuit of our strategic objectives. The framework sets out our risks and our risk appetite towards them, together with the key arrangements for managing the risks through effective internal controls and clear accountability.

## Our risk management framework



### Our risk appetite

Our risk appetite guides the level of risk we are willing to take across the different risk types. It sets the standards, attitudes and values that influence risk-taking, management decisions and performance evaluation. Risk appetite is set for all risk types in either quantitative or qualitative terms, or both. The level affects the decision-making processes that drive the business forward, including business planning, new product analysis and change initiatives.

We embed our risk management framework into each level of the business, with all staff being responsible for managing risks. To achieve this, we use a ‘three lines of defence’ model.

### Three lines of defence

Our risk governance is based on the principle that risk management, risk oversight and assurance are distinct activities that should each be carried out by separate individuals, committees and departments, with overall responsibility taken by a senior manager. This involves three lines of defence as follows:

- The first line of defence consists of the business front line staff who understand their risk management responsibilities and are charged with carrying them out diligently and effectively.
- The second line of defence consists of the oversight functions made up of experienced reviewers, the Risk team and the Compliance team. These teams monitor performance against

policies and oversee the business front lines in relation to risk management and compliance.

- The third line of defence consists of internal audit, which regularly reviews both the business front lines and the oversight functions to ensure that they are carrying out their tasks to the required level of competency.

Each line of defence is a means to ensure that risk management systems, processes and controls are operating effectively in line with our procedures, policies and decision-making governance. This approach is designed to guard against unwanted risks materialising beyond our risk appetite and to ensure we remain in line with our strategic objectives.

### Risk committees

In addition to our Risk Committee, our risk management framework includes a number of executive risk committees that assess and manage risk matters.

### Our responsible risk culture

The management of risk is embedded in our culture. It is the responsibility of each employee to ensure that our risk appetite is built into our working practices. Lapses below this standard are not tolerated. We promote a responsible risk culture in three main ways:

### Tailored training and development

Educating and developing our staff in relation to risk management is essential to maintain our distinctive strengths and for the long-term success of our business.

# Risk management

We provide ongoing training to all staff to build the skills, knowledge and understanding to manage the risks in our business.

## Effective senior management leadership

Senior management lead by example in the way in which they set staff objectives, listen to concerns, react to issues, and evaluate performance. This includes emphasising the importance of balancing risk with profitability and growth while ensuring compliance with risk appetite, regulatory requirements and internal policies.

Management encourages and coaches employees to be risk-aware and to take personal responsibility for identifying and helping address risk issues and escalating concerns whenever necessary.

## Reinforcing a strong risk culture and aligned incentivisation

Risk management is integral in the performance evaluation of all individuals, not only senior management and those responsible for risk oversight. The Board sets appropriate deferral periods on incentivisation rewards to align remuneration with the long-term success of the Group.

## Our key strategic priorities are:

1. Build the corporate franchise focusing on high-quality companies
2. Become the leading UK equities platform
3. Diversify into new products and markets
4. Maintain operating and capital discipline
5. Deliver shareholder returns

## Our risk assessment

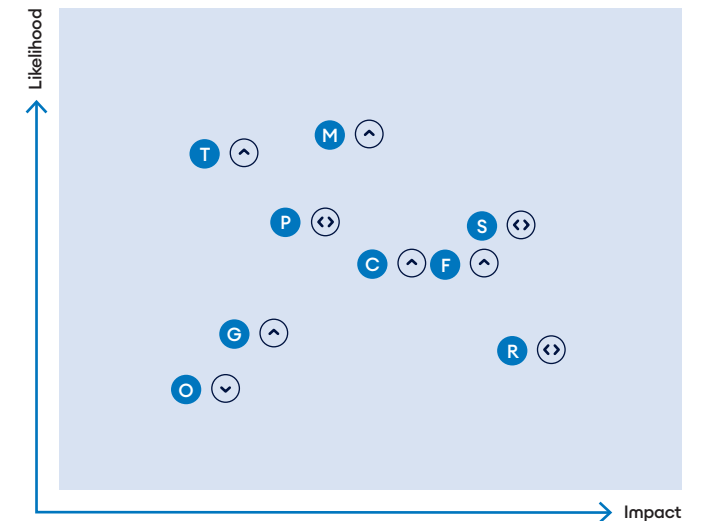
Principal risks	Key strategic priorities affected					Change in risk assessment in year
	1	2	3	4	5	
<b>S</b> Strategic risk	1	2	3	4	5	↔
<b>F</b> Financial risk			2	4	5	↑
<b>P</b> People risk			1	2	3	↔
<b>T</b> Technology risk			2	3	4	↑
<b>C</b> Conduct, regulatory and legal risk	1	2	3	4	5	↑
<b>O</b> Operational risk	1	2	3	4	5	↓
<b>G</b> Environmental, Social & Governance risk				4		↑
<b>M</b> Macroeconomic risk				4	5	↑
<b>R</b> Reputational risk	1	2	3	4	5	↔

↔ Unchanged    ↑ Increased    ↓ Decreased

## Risk Heatmap

### Our risk assessment

	Overall	Likelihood	Impact
<b>S</b>	↔	↔	↔
<b>F</b>	↑	↑	↔
<b>P</b>	↔	↔	↔
<b>T</b>	↑	↑	↑
<b>C</b>	↑	↔	↑
<b>O</b>	↓	↓	↔
<b>G</b>	↑	↑	↑
<b>M</b>	↑	↑	↔
<b>R</b>	↔	↔	↔



## Key

1 Build the corporate franchise focusing on high-quality companies

2 Become the leading UK equities platform

3 Diversify into new products and markets

4 Maintain operating and capital discipline

5 Deliver shareholder returns

# Risk management

## Risk description

### Strategic risk 1 2 3 4 5

The risk that we are not able to carry out our strategy and achieve our objectives.

## Mitigation

We recognise that continued focus on the way our strategy is executed is key to our long-term success and financial condition.

The Board and its Committees contribute to the formulation of our strategy and provide robust challenge to the executive management team on our strategic direction.

We recognise that good communication internally and externally is vital, especially in the hybrid working environment, to ensure that we are fully informed, aligned and motivated to deliver our strategy.

Our culture plays an important part to ensure that we operate within our risk appetite. We disseminate our goals and culture by meeting in person when appropriate or holding hybrid face-to-face/virtual meetings and one-on-one conversations.

## Change in the year and residual risk



Geopolitical and economic uncertainty followed in the wake of the global covid pandemic. As we adapted to these new threats, our performance remained resilient, although uncertainty in the macroeconomic environment remains heightened.

Our new European office received its licence this year enabling broader engagement with EU-based clients and enhanced diversification to our business.

No material change in residual risk after mitigating actions.

### Financial risk 2 4 5

#### Market risk

The risk of loss arising from potential adverse changes in the value of our assets and liabilities, including impact to the value of our trading book arising from volatility in equity prices.

#### Liquidity risk

The risk that we are unable to meet our contractual, regulatory, or contingent liquidity obligations, arising from, for example, crystallised underwriting obligations, short-term margin calls, and equity trading settlement delays (particularly in overseas markets).

#### Credit risk

The risk of loss from the failure of clients or counterparties to honour their obligations to us in full.

#### Capital risk

The risk that we have insufficient capital to support our business activities and to meet our regulatory capital requirements.

Control improvements made in previous years have enhanced our financial risk management. Further initiatives include:

#### Market risk

Tightening order management limits during periods of volatility.

#### Liquidity risk

Enhanced liquidity management, including SWIFT access and automating bank payments to improve payment processing.

#### Credit risk

Improving onboarding verification and credit review processes.

#### Capital risk

Analysis of the capital required under the new UK Investment Firm Prudential Regime and EU Investment Firm Directive/Investment Firm Regulations.



Financial risk is an important issue for the firm. Issues arising from the war in Ukraine, rising energy costs, inflation, interest rates and volatility in foreign exchange rates increased market and credit risk.

Enhancements to the management of liquidity risk and incremental increases to our capital resources this year mitigated financial risk.

Marginal increase in residual risk after mitigating actions.

## Key

1 Build the corporate franchise focusing on high-quality companies

2 Become the leading UK equities platform

3 Diversify into new products and markets

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5 Deliver shareholder returns



# Risk management

## Risk description

### People risk 1 2 3

Failure to attract, motivate and retain our staff is a key risk to maintaining our competitive advantage and the long-term success of our business.

Hybrid working, whereby employees work in the office for some of the week and at home for the remainder, raises people risk challenges such as managing and motivating the workforce, employee wellbeing, inclusion, and maintaining our strong culture whilst meeting employee expectations for flexible working practices.

## Mitigation

Our unique culture is vital to our success. The performance of our people remains at the top of the Board's agenda.

Care for our staff's physical and mental wellbeing continues to be a key focus, as does ensuring that we promote diversity and inclusion throughout our organisation.

We built on the work of previous years through a number of core initiatives:

### Equality, diversity & inclusion

- Supporting and promoting the Inclusive Numis Network (see page 15 for more information).
- We remain determined to continue to be a favoured choice of employer for a diverse pool of talent and therefore invest in graduate recruitment and our summer intern programme.

### Employee health & wellbeing

- Further embedding and refining our hybrid working policy.
- Continued partnership with InsideOut to ensure all staff have easy access to mental health support and training of managers on the same.

### Employee voice

- Engagement and communication is enhanced by firm-wide town hall meetings, Non-Executive Director Employee Engagement and informal social events.
- Bi-annual people survey.

### Talent & development

- Focus this year was on strengthening our in-house technical training curriculums.
- Launch of a firm-wide mentoring programme.

### Retention & succession planning

The Board maintains succession planning for key members of management and is also mitigating the risk of attrition by incentivising our employees through our remuneration policy, including considering the appropriate allocation and mix of cash and share-based schemes along with appropriate deferral periods in order to align remuneration with our long-term success. For further information see page 77.

## Change in the year and residual risk



As external concerns shift from the global pandemic to new challenges, we inevitably remain concerned over people risk issues and continue to take mitigating action.

No material change in residual risk after mitigating actions.

## Key

- 1 Build the corporate franchise focusing on high-quality companies
- 2 Become the leading UK equities platform

- 3 Diversify into new products and markets
- 4 Maintain operating and capital discipline

- 5 Deliver shareholder returns

# Risk management

## Risk description

### Technology risk 2 3 4

Technology risk can arise from the failure of core business processes undertaken within the firm, or by one of our third-party service providers, which results in:

- Risk of outages and connectivity failings
- Cyber attacks and data loss

Effective governance over information and systems allows us to deliver innovation and change.

A failure to innovate and be at the forefront of digital technology can result in increased risk and a loss of competitive advantage.

## Mitigation

Operational resilience is central to our ongoing success. We aim to sustain system operations and client service with minimum disruption. We continue to enhance the connectivity and security challenges of operating in a hybrid working environment model as well as in our offices in London, Dublin and New York.

We have continued to invest in cyber security systems to prevent and detect vulnerabilities by using best-in-breed third-party service providers. We also engage independent advisers to provide further assurance where appropriate.

We align with the ISO27001 Information Security framework and we use the ISACA Control Objectives for Information and Related Technologies (COBIT2019) governance framework to ensure we employ effective and robust controls for the management of technology.

## Change in the year and residual risk



We opened our new European office in Dublin following extensive testing of all technology systems and controls.

External geopolitical events have heightened cyber risk. We have followed the advice from NCSC and FINRA to strengthen our cyber security defences and will continue to take all proportionate steps in line with best practice to address vulnerabilities and increase resilience.

Marginal increase in residual risk after mitigating actions.

### Conduct, regulatory and legal risk 1 2 3 4 5

#### Conduct risk

The risk that inappropriate behaviour, conduct or practices result in harm to our clients' interests or to market integrity.

#### Regulatory risk

The risk that new regulations or changes to the interpretation or implementation of existing regulations adversely affects our operational and financial condition.

#### Legal risk

The risk of legal and/or regulatory action arising from failure to identify or meet legislative and/or regulatory requirements, resulting in fines, penalties, censure or other sanctions.

Our conduct risk policy sets out the standard of behaviour expected from all of our staff and is supported by appropriate management information and reporting. We promote strong communication, rigorous supervision and engagement through collaboration and mentoring of staff. Periodic conduct risk assessments are carried out by the first line of defence and reviewed/challenged by the second line of defence.

Senior management, the Board and our Committees oversee compliance with relevant regulatory and legal requirements. There is a demonstrated track record of transparency and strong relations with the key regulatory bodies.

Compliance procedures are maintained across the Group. Our compliance function supports senior management in meeting its obligations as well as carrying out risk-based monitoring of our adherence with relevant regulation.

Our legal obligations are overseen by our in-house legal team.

Tailored training and updates on specific aspects of regulatory compliance are routinely delivered throughout the year by a combination of legal and compliance personnel and external subject matter experts.



The UK Investment Firm Prudential Regime and the EU Investment Firm Regulations and Directive were introduced this year.

The set-up of our new European office in Dublin involved close cooperation with another regulator, the Central Bank of Ireland.

Ongoing divergence between UK and EU regulation is being actively tracked.

Marginal increase in residual risk after mitigating actions.

## Key

1 Build the corporate franchise focusing on high-quality companies

2 Become the leading UK equities platform

3 Diversify into new products and markets

4 Maintain operating and capital discipline

5 Deliver shareholder returns

# Risk management

## Risk description

### Operational risk 1 2 3 4 5

The risk of loss (or gain) resulting from inadequate or failed internal processes, people and systems or from external events.

## Mitigation

Our operational resilience work included defining our important business services that could cause intolerable harm to our clients or the wider market and taking steps to reduce the likelihood and impact of any harmful events. We continuously strive to improve these services to reduce any likelihood of incidents.

Our management system for operational risk incident reporting has been enhanced to manage and efficiently establish improvements.

## Change in the year and residual risk



Marginal decrease in residual risk after mitigating actions.

### Environmental, Social & Governance risk 4

The risk of ineffective, inefficient and unethical management and oversight of the ESG areas that are important to us and our clients.

Our corporate governance structure ensures that the Board has sufficient, well-articulated, consistent and timely information to enable decisions to be made. We have established a monthly ESG Executive Committee to review the nature of evolving risks.



In view of increasing engagement with ESG matters and the complexities to meet these significant and evolving challenges, we note an increase in residual risk after mitigating actions.

### Macroeconomic risk 4 5

The risk that deterioration in the business and economic environment, or an increase in political instability, could adversely affect the financial condition and prospects of our business.

The war in Ukraine, rising energy costs and inflation are all contributing factors to macroeconomic uncertainty.

We have built a diversified corporate and institutional client base and expanded our services to help mitigate severe financial stress during periods of economic downturn. Our new Dublin office enables engagement with EU issuers and institutions.



Due to the uncertain outlook as we emerge from the covid pandemic into increasing macroeconomic and geopolitical concerns, a high level of residual risk remains after mitigating actions.

Marginal increase in residual risk after mitigating actions.

### Reputational risk 1 2 3 4 5

The risk of damage to our reputation due to, for example, a reduction of trust in our integrity or competence. This could be linked to loss of revenue, regulatory censure, litigation, negative publicity, loss of client business (current or potential), reduced staff morale, and difficulty in attracting new talent to the business.

The Board sets the Group's cultural tone by demanding a strong ethical and professional culture as the only acceptable standard.

We have robust policies, procedures and controls in place to ensure our activities and behaviour are of a high standard. Our risk management framework is directed at ensuring that we understand control and report on all our risks that could cause reputational damage.

We also engage with stakeholders and market practitioners as well as monitoring media coverage to understand how our reputation is perceived.



No material change in residual risk after mitigating actions.

## Key

1 Build the corporate franchise focusing on high-quality companies

2 Become the leading UK equities platform

3 Diversify into new products and markets

4 Maintain operating and capital discipline

5 Deliver shareholder returns



# Governance

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# Board of Directors



**Alex Ham**  
Co-Chief Executive Officer  
appointed to the Board July 2016  
(appointed Co-CEO September 2016)



**Ross Mitchinson**  
Co-Chief Executive Officer  
appointed to the Board July 2016  
(appointed Co-CEO September 2016)



**Andrew Holloway**  
Chief Financial Officer  
appointed January 2018



**Luke Savage**  
Independent Non-Executive Chairman  
appointed to the Board January 2018  
(appointed Chairman February 2022)



**Kathryn Gray**  
Independent Non-Executive Director  
appointed October 2022



**Catherine James**  
Independent Non-Executive Director  
appointed May 2014

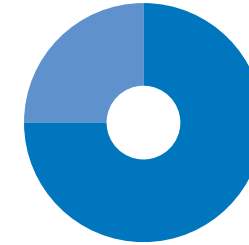


**Richard Henny**  
Independent Non-Executive Director  
appointed February 2022



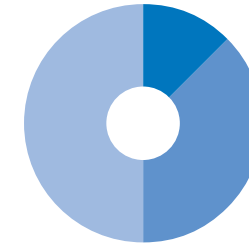
**Robert Sutton**  
Independent Non-Executive Director  
appointed May 2014

## Gender



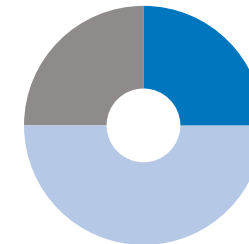
- Male 6
- Female 2

## Role



- Chairman 1
- Executive Director 3
- Non-Executive Director 4

## Length of tenure



- 0-1 yr 2
- 1-2 yrs 0
- 2-5 yrs 4
- 5-10 yrs 2
- 10+ yrs 0

# Board of Directors

## Alex Ham

Co-Chief Executive Officer appointed to the Board July 2016 (appointed Co-chief executive officer September 2016)

Alex Ham is Co-CEO of Numis.

Alex together with Ross is jointly responsible for Numis' strategic development as well as the executive management of the Group. Alex is responsible for overseeing the implementation and delivery of the business strategy and oversees management's delivery against it. Through effective leadership, combined with the support of a collaborative management team, Alex leads and motivates the Company to execute the business strategy.

### Key strengths

Alex's ability to think outside the box has encouraged Numis and its staff to be more creative and innovative in its approach to achieving its business goals, especially in regards to Investment Banking. Experience gained over a 15 year period has provided Alex with a strong background in strategy, relationship building, communication skills and execution, attributes essential to the continued success in the role as Co-CEO. This collaborative management style, which promotes creativity and new opportunities, whilst cognisant of the challenges and risks associated with new decisions, often leads to greater unforeseen opportunities. Numis is proud that its Co-CEOs have the ability to inspire and lead staff to make the most of their potential so that they have the tools to succeed and develop personally and professionally. Alex's confidence in embracing new methodologies to provide solutions to client business strategies, encourages Numis to continue to think laterally as well as logically of its business model and how to execute it.

### Background and career

Alex joined Numis Corporate Broking team in August 2005 where he has played a critical role in building and developing Numis' retained corporate client base and equity capital markets capability. He was appointed Head of Corporate Broking & Advisory in May 2015.

## Ross Mitchinson

Co-Chief Executive Officer appointed to the Board July 2016 (appointed Co-chief executive officer September 2016)

Ross Mitchinson is Co-CEO of Numis.

Ross together with Alex is jointly responsible for Numis' strategic development as well as the day-to-day management of the main trading entity, Numis Securities Limited. Ross and Alex undertake joint responsibility for overseeing the implementation and delivery of the business strategy. This is achieved through a combined collaborative and open management style for the shared purpose of promoting the business for the good of staff, shareholders and stakeholders.

### Key strengths

As a former top-rated Equity Salesperson, Ross is an experienced stock market practitioner, and is very familiar with the needs and requirements of Numis' institutional client base. As Head of Equities, Ross has day-to-day oversight responsibility for the Research, Sales, Trading, Sales-Trading and Electronic Trading functions, as well as being a director of Numis Securities Inc.

Ross' key skills include being highly numerate and analytical, holding senior-level relationships across our institutional client base, marketing our services to win and retain corporate business, overseeing trading and risk, and ensuring that the business is mindful of relevant regulation and works to the highest standards of integrity. Ross' management style and transparent open communication approach has contributed to building successful, loyal and enduring relationships with both clients and staff. Numis is proud to embrace and promote these qualities that create a healthy and collaborative work environment which inspires staff to succeed.

### Background and career

Ross joined Numis in October 2008, was appointed Head of Equities in 2015 and appointed to the PLC Board in July 2016. Ross graduated with a Law degree from Edinburgh University, before joining UBS as a Graduate in 2000. He was part of the No1 rated Pan-European Small and Mid-Cap Sales Team for six years, before spending two years helping to build a UK Institutional Broking business for Kaupthing Singer & Friedlander.

## Andrew Holloway

Chief Financial Officer appointed to the Board January 2018

Andrew Holloway is an Executive Director and Chief Financial Officer of Numis. Andrew is responsible for the preparation and integrity of the Group's financial information and effectiveness of its internal control framework. Andrew supports the CEOs in the development, implementation and oversight of the Group's strategy.

### Key strengths

Andrew has significant industry experience gained over the course of a 16 year investment banking career as well as a deep understanding of Numis, the business model and the culture of the organisation. Andrew has worked predominantly with financial services companies, supporting them in achieving their growth ambitions by providing strategic and financial intelligence. Andrew has applied data-driven analytical focus to Numis' risk management and financial and corporate operations, driving operational performance of the business and provides valuable expertise in financial risk management. By leveraging Numis' data and enhanced MIS, more accurate corporate information is assessed, which helps the Board to make better and more informed strategic decisions. This focus enables Andrew to make a strong contribution to the Board and when engaging with investors and other stakeholders.

### Background and career

Andrew qualified as a chartered accountant having spent three years with Deloitte before moving into investment banking where he spent four years in the UK Corporate Finance team at Dresdner Kleinwort. Andrew joined the Corporate Broking & Advisory team at Numis in 2009 progressing to Managing Director and head of the FIG team in 2016.

## Luke Savage

Independent Non-Executive Chairman appointed to the Board February 2019 (appointed Chairman February 2022)

Luke Savage is the Independent Non-Executive Chairman of Numis. Luke joined the Board in February 2019 and was appointed Chairman of the Board on 8 February 2022

Luke is the independent Non-Executive Chairman of Numis, responsible for leading the Board, setting the agenda and ensuring the Board discharges its role effectively through constructive relationships between Executive and Non-Executive Board members.

In his role as Chairman, Luke is responsible for ensuring that the Board's decision-making is balanced, effective and is composed of the right mix of skills and experience. This balance promotes a culture of transparency, challenge and scrutiny whilst maintaining effective communications with shareholders and stakeholders.

### Key strengths

Luke is an experienced practitioner, having over 30 years of experience across the financial services industry including substantial financial management, risk management and regulatory expertise as well as operational experience across most areas of financial services infrastructure. Luke's extensive experience of the financial services industry provides Numis with valuable independent challenge and oversight skills that complement the range of skills of the other Board members.

### Background and career

Luke was CFO of Standard Life Plc (2014-2017), CFO of Lloyd's of London Corporation (2004-2014) and held senior financial roles at Deutsche Bank (2000-2004) and Morgan Stanley (1990-1999). He was on the governing Council, and Treasurer, of Queen Mary, University of London and was a Non-Executive Director of Queen Mary, University of London Foundation (2013-2021) and was a Non-Executive Director of Liverpool Victoria Financial Services Limited (2020-April 2022).

Luke is Non-Executive Chairman of Chesnara Plc and a Non-Executive Director of DWF Group Plc.

### Committee membership

N

# Board of Directors

## Kathryn Gray

Independent Non-Executive Director appointed to the Board October 2022

Kathryn Gray is an independent Non-Executive Director of Numis and is currently a member of the Audit Committee, Risk Committee, Remuneration Committee and Nominations Committee.

Kathryn will succeed Robert Sutton as Chair of the Remuneration at the 2023 annual general meeting.

### Key strengths

Kathryn is an accomplished professional with considerable UK and international experience, with particular expertise and experience across people management and human relations at large and growing businesses. Kathryn has held a number of senior leadership positions including, most recently, as Chief People Officer for Just Group Plc, the retirement specialist FTSE 250 regulated UK financial services group. Kathryn was a member of the group's executive committee, supporting the company's remuneration and nominations committees. She has an established track-record at board-level, particularly across board effectiveness, succession and capability planning as well as remuneration. Kathryn has extensive experience in developing strong relationships at board level to help drive execution of the strategy and supporting culture.

### Background and career

Kathryn's professional experience has been gained across a range of industries and geographies (US, Europe and Asia) and has spanned the chemicals industry (AstraZeneca), retail (Tesco), telecoms (Vodafone) and the last 15 years in financial services with roles at RBS and Legal & General. Kathryn's past directorships and partnerships include, Killasser Court Management Company Ltd, Greensleeves Homes Trust, Whitegates Investments Ltd and Whitegates Retirement Home Ltd.

Kathryn is a member of the Police and National Crime Agency Remuneration Review Body.

### Committee membership

A R N Re

## Catherine James

Independent Non-Executive Director appointed to the Board May 2014

Catherine James is an independent Non-Executive Director of Numis and Chair of the Audit Committee. Catherine is also a member of the Risk Committee, Remuneration Committee and Nominations Committee.

Catherine is the nominated director to champion and lead Numis' formal employee engagement initiative so that Numis better understands and ensure staff views are aligned with the culture and strategy of the business.

### Key strengths

Catherine's broad range of experience and influence, across both external and internal communications coupled with her strategic thinking and financial expertise in the public markets, combine to make her a highly regarded director and valued contributor to the Board. Catherine's excellent communication skills are key as we continue to enhance our employee engagement responsibilities. As designated workforce employment engagement Non-Executive Director, she provides the Board with valuable insight and understanding of our employee sentiment and engagement levels. The feedback process provides the Board with a unique perspective and insight on the issues under discussion and which are important to our employees.

### Background and career

Catherine was the Head of Investor Relations of Diageo Plc where she worked for the business for ten years (1997- 2017). Prior to that Catherine worked as Finance Director of Grand Metropolitan Estates and IR Director for Grand Metropolitan (prior to the merger with Diageo in 1997).

Catherine is Treasurer to The Household of the former Prince of Wales.

### Committee membership

A R N Re

## Richard Hennity

Independent Non-Executive Director appointed to the Board February 2022

Richard Hennity is an independent Non-Executive Director of Numis and Chair of the Risk Committee. Richard is also a member of the Audit Committee, Remuneration Committee and Nominations Committee.

### Key strengths

Richard has in-depth knowledge and insight drawn from a wide variety of financial services roles, making him well placed to oversee Numis' robust risk management framework, with appropriate independent review and challenge, as well as actively contributing to our company strategy. Richard's multi-faceted career working in a number of different countries, has given him a holistic understanding of both front and back office operations and has enabled him to drive transformational strategies, embedding best practice processes, systems and controls that deliver positive change, robust governance and sustainable growth.

### Background and career

Richard is currently the Chief Legal and Risk officer at Flutter International. Prior to this, he worked at HSBC for over 20 years in a number of roles in finance, legal and risk, and was a board director on several of HSBC's main entities. Richard qualified as a UK lawyer in 1995.

### Committee membership

R A N Re

## Robert Sutton

Independent Non-Executive Director appointed to the Board May 2014

Robert Sutton is an independent Non-Executive Director of Numis and chairs the Remuneration Committee. Robert is also a member of the Audit Committee, Risk Committee and the Nominations Committee.

### Key strengths

Robert has extensive management experience and expertise in company and commercial law, particularly in the area of corporate finance, securities law and practice, takeover bids and mergers and acquisitions. Robert's keen sense of challenge and his analytical understanding of the regulatory and corporate governance environment combined with his comprehensive knowledge of legal process, provides valuable guidance to the Board and its Committees.

### Background and career

Robert was a solicitor with the City Law firm Macfarlanes from 1979 to 2013, serving as senior partner from 1999 to 2008. Robert is Chairman of Tulchan Communications LLP and a Non-Executive Director of Tulchan Communications Group Limited and Ballintober Limited.

### Committee membership

Re A R N

### Committees key

N Nominations

A Audit

R Risk

Re Remuneration

● Chairman

○ Member



*Promoting confidence and trust with shareholders, stakeholders and staff has been key to delivering on our responsibility to create sustainable growth and shareholder value."*

**Luke Savage**  
Chairman



## Dear shareholder

For the first time as Chairman, I am pleased to present the Board's Governance report for the year ended 30 September 2022.

Following a sustained period of supportive markets, the first half of the year featured growing investor caution culminating in an effective closure of global capital markets during the initial stages of the war in Ukraine. Macro events continued to overshadow markets in the second half of the year.

In this challenging environment, a strong corporate governance framework provides the foundations for Numis to achieve its ambitions for sustainable growth and shareholder value whilst also reducing or mitigating risk. I am very grateful to my Board colleagues and, in particular, to the executive leadership team, for their continued commitment and dedication to these values. Promoting confidence and trust with shareholders, stakeholders and staff has been key during these unprecedented times when extraordinary stresses and challenges, both at home and globally, have brought about uncertainty leading to volatile and unstable market conditions.

However, during this challenging year, we continued to develop our governance structures and our business.

## Succession

In February 2022, Alan Carruthers stepped down as Non-Executive Director and Chairman of the Board. As your new Chairman, I have spent the initial months of my tenure immersing myself further in the culture and strategy of the Group, and am fully committed to seeing this strategy realised going forward.

Alan led the Board for five years over a period of extensive change for the business, and on behalf of the Board I would like to thank him for his leadership and commitment to governance.

We appointed Richard Hennity to the Board as an independent non-executive director in February 2022. Richard has brought considerable industry experience to the Board, and has a particular expertise in executing complex, transformational strategies within regulated markets.

We also welcomed Kathryn Gray to the Board as an independent non-executive director in October 2022. Kathryn has expertise in remuneration, business transformation and strategy, and talent and leadership capability gained across a range of industries and geographies. Additionally, and subject to FCA approval, Kathryn will become Chair of the Remuneration Committee, when current Non-Executive Director, Robert Sutton, retires at Numis' 2023 annual general meeting.

Please see pages 58-59 for a full list of the biographies, skills and experience of the Board. Further details of the Board changes, search and appointment processes and succession planning can be found in the Nominations Committee report from page 66.

This year we also separated the role of Company Secretary from that of Finance Director as part of the continuing evolution of our governance structures. I would like to thank Andrew Holloway for his work as Company Secretary in previous years, and am pleased to welcome Rose-Marie Sexton, previously our Assistant Company Secretary, to the role.

## Numis Europe Limited

During 2022 we were excited to open our new Dublin office; as set out in the Strategic report, this new subsidiary represents an important step in our European and global ambitions.

Numis Europe Limited (NEL) received its licence from the Central Bank of Ireland in June. The incorporation of this new regulated Group entity required the Board to review our governance and risk structures to ensure they remained appropriate. The board of NEL is comprised of the independent non-executive Chairman, an independent non-executive director, two executive directors with extensive expertise in the Irish market and the Numis Group non-executive director. I look forward to working with them, and especially with the Chairman Brian Healy, going forward.



## ESG and governance

This year, as set out in the ESG section of the Strategic report, we also developed and formalised our ESG strategy and governance structures. ESG issues are playing an ever-larger role in our business, as they are of increasing materiality to clients, shareholders, employees, suppliers and regulators.

The terms of reference of the Board and the Risk Committee were updated in order to further embed environmental, social and governance considerations into our decision-making and risk assessments. These can be found on our website at [www.numis.com](http://www.numis.com).

Implementation of the Numis ESG strategy and the Numis ESG mission statement is now spearheaded by the ESG Executive Committee, which provides updates to the Board of progress against ESG our KPIs and to the Risk Committee of potential ESG risks ahead of each meeting.

*See ESG: Responsible governance and ethical business practices for more information on pages 42-43.*

## Stakeholder engagement

A priority for the Board this year has continued to be stakeholder engagement. Further detail on the Board's employee engagement is set out below. Page 36 of the Strategic report highlights how the Board has considered and engaged with shareholders and stakeholders during this financial year. In addition, environmental and community matters were also key areas of importance to the Group.

*For examples of these, see ESG: Building our footprint in, and relationship with, our community on page 44.*

## Diversity and inclusion – the Inclusive Numis Network

The Board was also pleased to sponsor the employee-led Inclusive Numis Network (INN). A discussion and learning group open to everyone at Numis, INN addresses challenges and opportunities around diversity and inclusivity to encourage dialogue across the firm. More detail on INN and its events can be found on page 15 of the Strategic report.

## Dividend and share buybacks

In light of continuing macro headwinds, the Board carefully considered the suitability of the Company's current programme of dividends and share buybacks. Given the strength of the balance sheet, the Board determined that the existing programmes remained appropriate.



**Luke Savage**  
Chairman

7 December 2022

## Compliance with the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 (the 'QCA Code')

The Board of Directors continues to adhere to and measures itself against the principles of the QCA Code. The Board believes that it complied in full with all of the principles of the QCA Code this year.

QCA principle	Disclosure
<b>Deliver growth</b>	
1. Establish a strategy and business model which promotes long-term value for shareholders	See 'Business model'
2. Seek to understand and meet shareholder needs and expectations	See 'Stakeholder engagement and Section 172', 'Corporate Governance report'
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	See 'Business model', 'Stakeholder engagement and Section 172'
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	See 'Corporate Governance report: Risk management and internal control'
<b>Maintain a dynamic management framework</b>	
5. Maintain the Board as a well-functioning, balanced team led by the Chairman	See 'Corporate Governance report'
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	See 'Board of Directors', 'Corporate Governance report'
7. Evaluate Board performance based on clear and relevant objectives; seek continuous improvement	See 'Nominations Committee report: Board evaluation'
8. Promote a corporate culture that is based on ethical values and behaviours	See 'Corporate Governance report'
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	See 'Corporate Governance report'
<b>Build trust</b>	
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	See 'Corporate Governance report', 'Nominations Committee report', 'Audit Committee report', 'Risk Committee report', 'Remuneration Committee report'

## Role of the Board

The Board has collective responsibility for promoting the long-term success of the Group and setting and executing strategy. It is also responsible for establishing Numis' values, promoting its culture, overseeing its conduct and for promoting the success of the Company for the benefit of its members and stakeholders.

Day-to-day management of the Company's business is delegated to the executive directors, with the Board retaining responsibility for overseeing, guiding, and holding management to account. All key operational and investment decisions are subject to Board approval; a full list of Board reserved matters is available on the Company's website [www.numis.com](http://www.numis.com).

The Board has also delegated some of its responsibilities to its Audit Committee, Risk Committee, Remuneration Committee and Nominations Committee. Each Committee has appropriate terms of reference, which have been approved by the Board. These can be found on the Company's website [www.numis.com](http://www.numis.com).

As noted below and in our Strategic report, stakeholder engagement is also central to the Board's wider duties.

## Our values and culture

The Board believes that the Numis culture is a key strength of the business, showing through in employee engagement, retention and productivity. Our values of partnership, excellence, dynamism and creativity underpin our culture, are approved by the Board and are at the core of our strategy.

To remain relevant, successful and sustainable, the Group must demonstrate the highest possible standards of ethical conduct; the conduct and behaviour of our people is as important as the products and services we provide.

The Board sets this tone from the top, actively promoting and exemplifying the Numis culture and endorsing the values expected from all employees. Board leadership is particularly important in the areas of ethics and compliance and ensuring a culture of honesty, trust and integrity is embedded in the fabric of the business through the behaviours of staff and relations with stakeholders.

The Board works with senior management to implement this culture to ensure long-term value creation for the Group and that ethical business standards are integrated into the Group's strategies and operations.

*For more information see page 42.*

## Shareholder engagement

Engaging with shareholders is key to our success as a business and our aim to create long-term sustainable shareholder value. Shareholder engagement by executive and non-executive directors is set out on page 36 of the Strategic report.

## Employee engagement

Our people are our greatest asset and critical to the long-term success of the business. Engaging with employees at all levels and understanding their needs enables the Board to ensure that we retain and develop the best talent across the Group.

Employee engagement helps the Board ensure that the Group's culture is well embedded in the business and continues to be aligned to Numis' purpose and strategy.

As set out in our Section 172 statement, on page 37 of the Strategic report, Catherine James, Non-Executive Director, continued her important and valuable role as champion for employee engagement. In this role, Catherine has championed a new programme of employee engagement, consisting of a series of non-executive director-employee breakfasts. These informal roundtables provided the directors in attendance with insight into employees' views and feedback was reported to the Board throughout the year.

A number of key themes emerged from these conversations, including the importance of hybrid working, conduct and culture, reward, and diversity and inclusion. Management is considering new, sustainable staff benefits for 2023

and considering how to best implement reporting around ethnic diversity.

As set out above, the Board also engaged with its employees through sponsorship of the INN.

The effectiveness of our employee engagement mechanisms is subject to regular Board evaluation, to review our progress, improve oversight and ensure employees' views are integrated into the work of the Board and the strategy of the business while supporting our employees' wellbeing. For more information, see the stakeholder engagement and Section 172 statement section of our Strategic report.

## Key agenda items discussed by the Board

Some of the key strategic priorities and routine matters discussed at Board meetings this year include:

- Agreeing the strategy, governance, culture and risk appetite structure and framework for the Group.
- Launch of NEL and agreeing governance and risk structure and framework.
- Enhancing staff engagement strategy.
- Approving recommendations from each of the Committees.
- Approving director appointments.
- Group insurance.
- Buyback policy.
- Dividend policy.
- Tax Strategy.
- ESG strategy.
- Brand strategy and refresh.

## Board composition

The Board comprises the Chairman, four independent non-executive directors and three executive directors. Their respective roles are strictly delineated:

- The Chairman leads and oversees the Board, ensuring that its decision-making is balanced, effective and is composed of the right mix of skills and experience. The Chairman is also responsible for promoting a Board culture of constructive challenge, openness and scrutiny, whilst ensuring adherence to good governance and performance is maintained.
- The independent non-executive directors assess, challenge and monitor the executive directors' delivery of strategy, and review the integrity of the Company's financial information, recommend appropriate succession plans, monitor Board diversity and set the directors' remuneration.
- The executive directors are responsible for the business operations of the Group and implementing the strategy of the Board, execution of that strategy and managing the day-to-day business activities of the Company.

In addition, the Company Secretary assists the Board and the Committees in ensuring good governance, effective meetings and legal and regulatory compliance.

## Director independence

The Board reviews the independence of its non-executive directors as part of its annual Board review. This year, the Board

considered in particular the tenure of Catherine James and Robert Sutton (both having served eight years) and determined that they remained independent. Their respective roles and experience are an important constant during the Chairman transition period, however, they have each advised the Board of their intention to retire in 2023 (for more information see our Nominations Committee report).

The Chairman was considered to be independent on appointment.

## Conflicts of interest

The Company has procedures in place for managing conflicts of interest. Should a director become aware that they, or any other of their connected parties, have an interest in an existing or proposed transaction with Numis, they should notify the Board in writing. Internal controls are in place to ensure that any related party transaction involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

At the start of each Board meeting, all directors are invited to advise of any conflicts or potential conflicts in respect of any items on that meeting's agenda. No conflicts of interest were reported throughout the year.

The Board believes that there are no ongoing or situational relationships, conflicts of interest or other circumstances that are likely to affect, or could appear to affect, any director's judgement.

## Terms of appointment to the Board

The Company maintains clear records of each director's terms of service, and one third of all directors must submit themselves for re-election at each annual general meeting. The executive directors are engaged full time on rolling one-year contracts, and the non-executive directors are expected to devote sufficient time to the Company's affairs to fulfil their responsibilities and duties as statutory directors, and provide a minimum time commitment of 25 days per annum to the business. The Board is satisfied that each of the directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

## Board meetings and process

All directors are required to attend each scheduled Board and Committee meeting. The Board has a schedule of seven meetings a year to discuss the Group's ordinary course of business in accordance with a detailed annual agenda developed by the Chairman and the Company Secretary and agreed by the Board. Individual meeting attendance in 2022 is set out on page 65.

Additional ad hoc meetings were held as and when required. Non-executive directors also held meetings without the executive directors present to discuss the performance of the executive management team, amongst other matters, as required.

All directors are properly briefed to enable them to discharge their duties via regular update calls, the provision of detailed management accounts, Board papers and Board packs, which are distributed several days in advance of formal scheduled meetings. Each meeting had a planned agenda of business for consideration and discussion.

Non-executive directors also attend, by invitation and on a rotational basis, the board meetings of the main Group trading entity, Numis Securities Limited (NSL). There were seven formal meetings of the NSL board during the financial year and most meetings had a non-executive director in attendance. By attending these meetings, non-executive directors gain valuable insights into the workings of the subsidiary board and an understanding of the day-to-day business and operational challenges faced by the executives.

## Board diversity

The Company embraces diversity and is dedicated to encouraging inclusion. The Board membership is comprised of individuals who have a wide range of diverse experience and skills, and each brings a unique perspective to debate at Board level. While the Board does not have a formal board diversity policy, diversity considerations are a key aspect of appointment decisions, and we are pleased to see the results of this in recent director and senior management appointments (see the Nominations Committee report for more details).

## Director training

All directors receive regular updates and training on legal, regulatory and governance issues. External advisers and legal counsel present to the Board as required on thematic topics, providing training that is relevant to the business and to keep them abreast with developments of governance and AIM regulations.

All directors have access to the Company's nomad, Company Secretary, lawyers and auditors (internal and external), and are able to obtain independent advice from other external professionals as and when required. Internal and external training and development programmes have been designed and tailored to the specific requirements of the directors to enhance their existing skills and are periodically revised to ensure training remains current and relevant. In addition, there are regular 'deep dives' from across the business at Board and Committee level to ensure the directors' understanding of the operational aspects and challenges faced by the business remains current.

Where necessary, the Company facilitates non-executive directors obtaining specialist external advice from appropriate advisers.

## Whistleblowing

Numis has a whistleblowing policy, which is reviewed periodically. Employees may report in confidence, and anonymously if preferred, any concerns they may have about suspected impropriety or wrongdoing in any matters affecting the business. Catherine James is the Board's designated whistleblowing champion. No matters were reported during the year.

## Risk management and internal control

The Board is ultimately responsible for maintaining the Group's risk framework and system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives; as such, it can provide only reasonable, but not absolute, assurance against material misstatement or loss.

In addition, the Group has a fully independent, outsourced internal audit function (KPMG LLP), which reports into the Audit and Risk Committees. This independent third-party approach provides further assurances over the adequacy and effectiveness of the systems of internal control throughout the business, and ensures that the Group's approach to continuous improvement in its internal control and management framework is maintained.

## Governance going forward

Going forward, the Board will continue to develop the Group's governance framework by improving governance and oversight processes. The engagement of new non-executive directors with a fresh perspective will also assist in refining how the Group channels its focus, process and systems, and resource in these areas.

This report was approved by the Board on 7 December 2022 and signed on its behalf by:



**Luke Savage**  
Chairman

7 December 2022

## Focus areas for 2023

**Board**

### Governance

- Succession
- Non-executive director recruitment
- Staff engagement

### Financial

- Ongoing review of dividend and buyback strategy
- Consideration of investment portfolio transactions

### Remuneration

- Upcoming regulatory changes
- Allocation of variable compensation
- Market backdrop across investment banking sector

### Strategy

- Considering opportunities beyond the UK
- ESG
- Private markets expansion



# Corporate Governance report and Statement of Compliance 2022

## Governance framework



## Composition of the Board and Committees of the Board 2022

	Position	Board		Committee membership					
		At 30 September 2022 or retirement if earlier	Maximum possible attendance	Meetings attended	Nominations Committee	Audit Committee	Risk Committee	Remuneration Committee	Considered Independent
Alan Carruthers**	Chairman (Non-Executive)		2	2					✓
Luke Savage	Chairman (Non-Executive)		7	7	* ✓				✓
Alex Ham	Co-Chief Executive Officer		7	7					
Ross Mitchinson	Co-Chief Executive Officer		7	7					
Andrew Holloway	Chief Financial Officer		7	7					
Kathryn Gray****	Non-Executive Director		N/A	N/A	✓	✓	✓	✓	✓
Richard Hennity***	Non-Executive Director		4	4	✓	✓	* ✓	✓	✓
Catherine James	Non-Executive Director		7	7	✓	* ✓	✓	✓	✓
Robert Sutton	Non-Executive Director		7	7	✓	✓	✓	* ✓	✓

\* Chair  
 \*\* Retired in February 2022  
 \*\*\* Appointed in February 2022  
 \*\*\*\* Appointed in October 2022

### Committees of the Board

#### Audit Committee

The Audit Committee is an independent Committee of the Board of Directors responsible for the overall financial reporting of the Company and the Group (see pages 70-73).

#### Risk Committee

The Risk Committee is an independent Committee of the Board of Directors that has responsibility for the risk framework, internal control environment and for assessing the appropriateness of the risks that the Group proposes to take in executing its strategy (see pages 74-76).

#### Remuneration Committee

The Remuneration Committee reviews the compensation decisions made in respect of all other senior executives and those members of staff who are designated as Code Staff under the FCA's Remuneration Code regulations (see pages 77-85).

#### Nominations Committee

The Nominations Committee considers appointments to the Board and to the subsidiary Board and meets as necessary to consider wider succession initiatives and succession planning across the business (see pages 66-69).

Each Committee reviewed and updated its terms of reference as required during the year to ensure they remain fit for purpose at this time.



**Luke Savage**  
Chair – Nominations Committee

Director	Attendance
Luke Savage (Chair)	4/4
Alan Carruthers*	2/2
Kathryn Gray***	N/A
Richard Hennity**	2/2
Catherine James	4/4
Robert Sutton	4/4

\* Member until February 2022  
 \*\* Member from February 2022  
 \*\*\* Member from October 2022

## Dear shareholder

I am pleased to present the Nominations Committee report for the year ended 30 September 2022, summarising how the Committee has discharged its responsibilities during a busy year of activity.

Having the right balance on the Board and its Committees helps to ensure that those bodies discharge their respective duties and responsibilities effectively and deliver long-term shareholder value. The Committee believes diversity, together with the right blend of skills and experience, is an essential element of an effective Board and facilitates efficient and entrepreneurial management that can deliver stakeholder and shareholder value.

### Committee activities in 2022

In 2022, the Committee was primarily focused on Board composition and succession planning, and recruitment for the Company, Numis Securities Limited (NSL) and the new European subsidiary, Numis Europe Limited (NEL). Senior management succession and recruitment for the Group and, in particular, NSL and NEL were areas of high priority. In addition, the Committee reviewed the procedures for nominating, inducting and evaluating directors and revised the Board skills matrix.

In February 2022, I was appointed as Chairman of the Board, Richard Hennity was appointed as Non-Executive Director and Chair of the Risk Committee and Catherine James was appointed as Chair of the Audit Committee. Effective from 3 October 2022, we also welcomed Kathryn Gray as a non-executive director and Chair-designate of the Remuneration Committee.

In July 2022, Rose-Marie Sexton was appointed as Company Secretary. In May, Simon Bowler was appointed Head of Research and appointed as a director-designate of NSL, and in October 2022, Stephanie Johnston was appointed as General Counsel and a director-designate of NSL (both director appointments subject to FCA authorisation).

The search for statutory directors of NEL (as set out in our 2021 Annual Report, page 88) culminated in the appointment of CEO Garret Ward and CFO and COO Michael Byrne in January 2022. Non-Executive Chairman Brian Healy joined NEL in January 2022 and independent non-executive director Lesley Williams in July 2022. Ross Mitchinson, Group Co-CEO, was appointed Group Non-Executive Director. Each NEL director attended induction in our London office.

The Committee was pleased to see the effects of our gender diversity strategy, recruiting a number of new female senior managers. We were also delighted to promote internal talent for a number of senior management roles, demonstrating the strength of our internal succession pipeline.

### Non-executive director appointment

In respect of the non-executive director appointments, in accordance with our transparent Board appointments procedure (set out on page 68), the Committee commenced a robust detailed recruitment and selection process. The Committee worked closely with executive search agencies Odgers Berndtson (Richard Hennity) and McLean Partners (Kathryn Gray), each a signatory to the Voluntary Code of Conduct for Executive Search Firms, to compile long and shortlists of candidates from various backgrounds and industries for each role. Candidates were identified, interviewed and measured against predetermined criteria, which in particular focused on the skills required for effective Chairs of the Risk Committee and Remuneration Committee. The potential candidates' profiles were mapped against the Board skill matrix. Members of the Committee met individually with the shortlisted candidates and all the Board members met with the preferred candidates.

# Nominations Committee report

## Director development and support

The Board and its main Committees receive regular updates on legal, regulatory and governance issues throughout the year and there is a regular flow of information to the Board to keep directors up to date with the business. The Board and its Committees each have access to independent advice at the Company's expense.

The Chairman has overall responsibility for ensuring directors continually update the skills and knowledge, and familiarity with the Company needed to fulfil their role. Each of the directors is, however, also personally responsible for ensuring that any specialist skills and competencies they have remain current. Individual training needs are identified each year as part of the annual Board evaluation process and training is provided as required.

## Re-election of directors

Each year, one-third of all directors must submit themselves for re-election at the Company's annual general meeting in accordance with the Company's Articles of Association. The Committee considered the results of the individual director evaluations in determining whether to recommend re-election. It is pleased to support all directors who are standing for re-election in 2023.

## Succession planning

Succession planning for the Board, and more broadly for key senior roles across the business, remains key in Numis' strategic ambitions to drive the benefits of a diverse Board, senior management team and a wider and more inclusive workforce.

Robert Sutton has advised the Board of his intention to retire at the 2023 annual general meeting. Kathryn Gray has been appointed as Remuneration Committee Chair-designate and will succeed Robert Sutton as Chair of the Remuneration Committee.

Additionally, Catherine James has informed the Board that she will be retiring from the Board and as Chair of the Audit Committee in 2023. A search for her replacement has commenced.

## Priorities for 2023

Key focus areas for the Committee in 2023 include:

- Review of the Group talent and hiring strategy.
- Internal talent development and retention.
- Succession strategy.



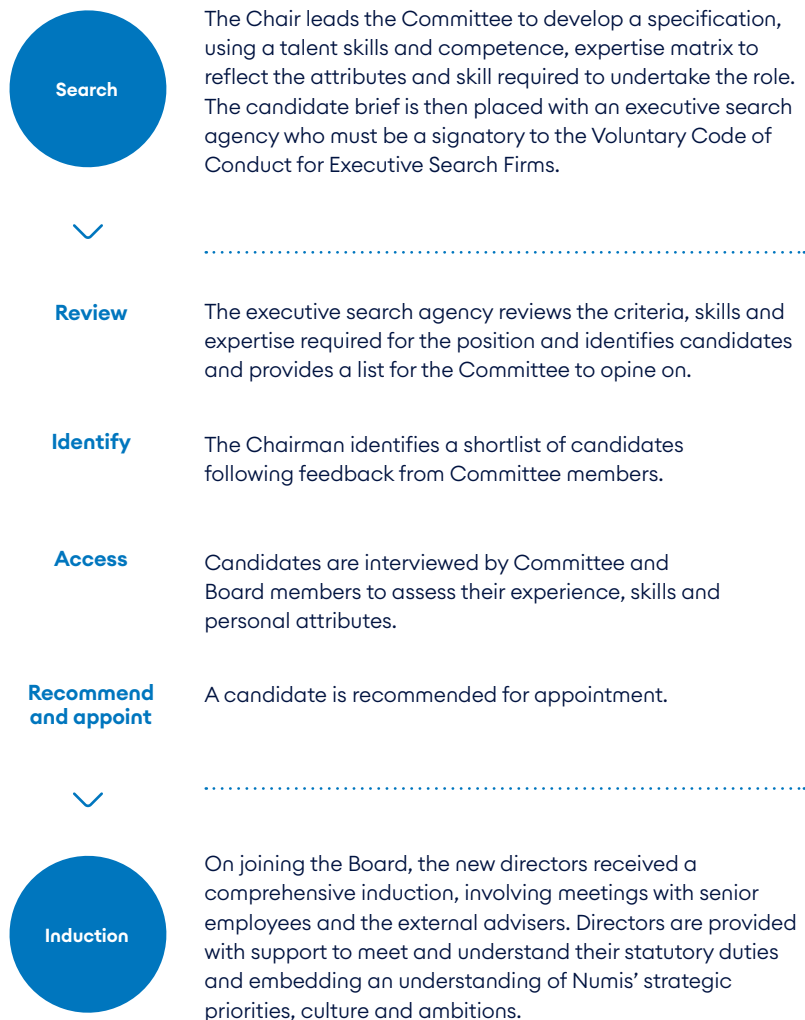
## Luke Savage

Chair – Nominations Committee

7 December 2022

# Nominations Committee report

## Director succession and induction process



### Committee role and membership

The Nominations Committee is responsible for reviewing Board composition and diversity, proposing new Board appointments and monitoring the Board's succession plans. A list of the key responsibilities of the Committee is set out below.

The Committee consists of independent non-executive directors. The Chairman of the Board is also the Chair of the Committee, and the Company Secretary acts as the Secretary of the Committee. On invitation, the Co-CEOs, CFO and Head of HR also attend meetings, but they are not involved in decisions relating to their own succession.

### Committee meetings

During the financial year, the Committee met formally four times and informally on a number of occasions to opine on candidates recommended by management for key roles.

A report on the Nominations Committee meetings and activities is provided to the Board at each scheduled meeting of the Board.

### Key responsibilities and role of the Committee

Key responsibilities of the Committee are summarised below:

- Reviewing the leadership and succession needs of the organisation and ensuring that appropriate procedures are in place for nominating, inducting and evaluating directors.
- Ensuring that the Group's governance facilitates the appointment and development of effective management that can deliver shareholder value over the longer term.
- Reviewing the balance, skill, composition in terms of competency, skills, experience, background, independence and diversity of directors under regular review in response to changing business needs.
- Making recommendations to the Board as necessary in relation to succession planning at Board level and overseeing succession planning processes for the Board and senior management.
- Supporting and challenging senior management development and succession plans to ensure the executive team is equipped to oversee governance, financial controls and risk management that are aligned to the business strategy.

- Identifying the particular competency and experience base required for a specific Board appointment and conduct the search and selection process adhering to the formal Board appointments procedure, ensuring that there is a formal, rigorous and transparent procedure for the appointments.
- Making recommendations to the Board on all proposed new appointments to the Board, elections and re-elections of directors at annual general meetings, assessing and making recommendations to the Board in relation to the independence of all directors.
- Board and Committee performance – monitoring the Board performance review process; overseeing any remedial action required as a result of the Board performance evaluation process concerning the composition of the Board and its Committees.
- Considering various governance matters, including compliance with the UK QCA Corporate Governance Code, the UK Senior Managers and Certification Regime and/or other relevant regulatory regimes.



# Nominations Committee report

## Board evaluation

In 2022, the annual evaluation of the performance of the Board, its Committees and its directors took place from March to May, in line with the Committee's Terms of Reference. The evaluation was conducted internally, with the assistance of the internal auditor and the General Counsel.

Prior to the review, the Committee considered the potential benefits of an external review, but determined that the overall benefit versus the cost is not appropriate for the Company at this time. The Board and its Committees continue to function well, with skills, balance and effectiveness all scoring high in the evaluation. Therefore, the Committee decided to conduct the evaluation internally, and will continue to regularly consider the benefits of an externally conducted evaluation and feedback its recommendations to the Board.

## Evaluation process

The evaluation process includes a written questionnaire that was designed by the Company Secretary in conjunction with the internal auditors and General Counsel taking into account regulatory guidance, Board effectiveness and consisting of both qualitative and quantitative questions. The review assesses the effectiveness of all aspects of the Board and of its Committees and includes composition, experience, dynamics, the Chairman's leadership, and the Board's role and responsibilities in connection with strategy, oversight of risk and succession planning. The questionnaires are circulated to each

Board member for completion and returned to the Company Secretary for collation. A summary report of the feedback with scoring is prepared and delivered to the Chairman.

In addition, confidential one-to-one interviews are held between the Chairman and each director. During these interviews and when completing questionnaires, directors are encouraged to provide feedback on their individual performance, as well as on the other members of the Board and their individual effectiveness.

The Chairman is responsible for assessing the feedback and reporting his findings to the Board. The outcomes and principal findings are discussed with the Board at a formal meeting and, where appropriate, an action list of objectives, targets and aspirations for the coming year is collated in order that the Board can measure its effectiveness in achieving those targets throughout the year. The performance of each Co-chief executive officer is appraised annually by the Chairman and the performance of the CFO is appraised annually by the Co-chief executive officers.

Outside the formal evaluation process, the Chairman also assesses the individual contribution of each of the members of the Board on an ongoing basis to ensure that their contribution is relevant and effective, that each director remains committed and aligned to the business strategy and its corporate values and, where relevant, that they maintain their independence.

## Board evaluation results

The internal evaluation supported the overall view that the Board and all of its Committees continue to operate in a constructive and dynamic way, which is collaborative and effective, demonstrating a passion for the business that is innovative and entrepreneurial.

The findings of the evaluation confirmed that the Committees of the Board continue to operate effectively, have the right balance of requisite skills, experience and knowledge, diversity of gender, social, cognitive and personal strengths to provide an appropriate level of constructive challenge to facilitate the Board and business to achieve its strategy. Additionally, each member of each Committee continues to devote the appropriate time requirements for unscheduled meetings to support key Board and senior management appointments during the year.

Some of the main themes and recommendations resulting from the Board evaluation include:

- After an extended period of Board attention on operational considerations, the Board's focus should be re-oriented on mid- to long-term strategy articulation and implementation.
- A renewed focus on non-executive director and Group senior management succession planning.

- More regular updates on major shareholders and stakeholder considerations.
- Board and Committee papers to be more concise with consistency in style and format.

During Q4, the Board measured progress against the above recommendations and was pleased to, in particular, see development in the area of Board and senior management succession (see page 66). It will continue to assess its effectiveness in implementing new processes to achieve the desired targets.

## Committee effectiveness

The Committee's effectiveness was assessed as part of the Board evaluation. The findings of the evaluation confirmed that the Committee continued to operate effectively and is comprised of members with the appropriate skills and knowledge for their roles.



**Catherine James**  
Chair – Audit Committee

Director	Attendance
Richard Hennity*	2/2
Catherine James	4/4
Robert Sutton	4/4
Luke Savage**	2/2
Kathryn Gray***	N/A

\* Member from February 2022  
 \*\* Member until February 2022  
 \*\*\* Member from October 2022

## Dear shareholder

As Chair of the Audit Committee, I am pleased to present the Committee’s report for the year ended 30 September 2022, outlining how the Committee discharged its responsibilities during the year.

This year, the Committee has continued to work closely with other Board committees in respect of relevant issues affecting the business, especially in the areas of operational risk, control developments, strategic developments and the assessment of external impacts on our business.

As incoming Chair of the Committee I held meetings during the year with the representatives from both our internal and external audit firms without management present. This direct access created a discussion forum where any concerns of the Committee could be raised outside of the formal meetings of the Committee.

### Committee activities in 2022

The Committee received regular updates from the Group Finance function on significant financial accounting, reporting and disclosure matters including new disclosures, and oversaw the implementation of a new financial reporting and analysis solution. It kept up to date with regulatory developments and their impact on the Group with regular briefings from management and external advisers, including in relation to the BEIS Report on Restoring Trust in Audit.

Specific areas of focus for the Committee this year included:

- Tax Governance and Tax strategy. The growth in Numis’ turnover above £200m had triggered specific obligations in respect of a number of ‘large business’ tax governance regimes in the UK. These obligations include complying with the Senior Accounting Officer regime, the requirement to publish a Tax Strategy, and the notification of uncertain Tax Treatments. The Committee oversaw and developed the high level Tax Strategy and Tax Policy adopted by the Group, which articulates Numis’ tax governance and control framework. In adhering to these tax governance regulatory regimes, Numis has ensured it has appropriate and proportionate governance, systems, and processes in place to monitor and improve visibility, oversight and assessment of tax risk and compliance. A copy of Numis’ Tax Policy is available on the Company’s website [www.numis.com](http://www.numis.com).
- Capital Reduction. The Committee oversaw a capital reduction to rectify historic distributions and unlawful buybacks. The capital reduction was approved by shareholders at the annual general meeting held on 8 February 2022.
- Financial Reporting Council (FRC) – Review Letter. For the first time, Numis’ 2021 Annual Report was reviewed by the FRC. The FRC letter contained observations rather than any substantive comments. The Committee welcomed the positive outcome.

In addition, the Committee continued to monitor the integrity of the Group’s financial reporting and the financial information contained in the interim and annual financial statements with focus on key accounting policies, appropriateness and any changes to the accounting policies of the Group, including any judgements and estimates and financial controls framework.

The Committee conducted regular reviews of the scope of the external and internal audits and agreed key areas of focus with the respective audit teams pursuant to the Internal Audit Plan, the Internal Audit Charter and the External Audit Plan.

The external audit was designed to constructively challenge management, for the benefit of the Audit Committee and the shareholders. The External Audit Plan included an analysis of External Auditor PwC’s assessment of significant audit risks and audit strategy to focus on areas requiring special audit attention. The level of testing undertaken for this year’s audit was specifically tailored to each risk, product and process, and varied depending on materiality and risk.

# Audit Committee report

## Auditor appointment and tenure

PwC has provided external audit services to the Group since 2005. The external audit partner changes every five years in accordance with professional guidance. The lead external audit partner, Mr M Wallace, has led the PwC team since 2020. There are no contractual obligations restricting the choice of external auditors.

## External audit effectiveness

Each year the Committee considers the appointment, remuneration and work of the Group's external and internal auditors, and whether audit firm rotation is required.

The Committee also monitors the Group's policy on external audit, and this year evaluated and reviewed the independence and effectiveness of PwC in its role.

No material issues were raised and the Committee was able to provide assurances to the Board that the external audit team provided constructive, robust challenge over the quality of our data and information systems. The Audit Committee is satisfied that PwC has conducted an effective audit for the year ended 30 September 2022.

The Committee, having considered the above factors is satisfied with the performance of the auditor and does not consider it necessary to put the external audit out to tender at this time. It recommends that PwC be reappointed

as auditors at the 2023 annual general meeting (AGM). PwC has agreed to offer itself for reappointment as auditors of the Group in accordance with section 487(2) of the Companies Act 2006 and a resolution requesting approval of its appointment and to authorise the directors to determine their remuneration will be proposed at the annual general meeting, scheduled for 7 February 2023.

## Internal audit

KPMG was appointed to the position of internal auditor in 2018, and continues to provide the Committee and Board with assurance that Numis' internal controls and risk management framework and operational systems are robust and appropriate for our size and complexity of business.

Internal audit provides the Company and the Committee with independent, objective assessment of ongoing risk management, providing the Committee with assurances that Numis' risk management framework, internal governance and compliance processes, and systems and controls to support the business are robust, fit for purpose and best practice. KPMG's expertise is applied where it is of most value to the business, with a focus on regulatory pressure points, regulatory hot topics and areas of key risk for the business.

Key areas of focus for internal audit during the year included:

- **Custody.** Internal Audit reviewed the Custody business to ensure that businesses systems, controls and processes were appropriate and proportionate. The review was performed in parallel with the Board's decision to streamline the Group Custody offering, which implemented the recommended proposals (see page 37 for more information).
- **Financial crime – sanctions.** KPMG assessed the design of Numis' Sanctions Compliance Framework from two of five key components set out in the Framework for OFAC Compliance Commitments guidance (OFAC). The review concluded that the in-scope components were operating effectively.
- **Legal and compliance.** Internal Audit evaluated the overall design adequacy and operating effectiveness of the key controls to mitigate legal and compliance risks. The internal audit concluded that the in-scope processes and controls are designed and operating effectively.
- **Information Security.** Internal audit used the National Institute of Standards and Technology Cyber Security Framework as a benchmark to carry out a gap analysis to evaluate the processes in place to identify, assess and manage

cybersecurity risk and to determine if any gaps exist within the current cybersecurity risk approach. The review provided assurance that Numis' cyber security framework continues to be appropriate for the size and complexity of the business.

The Committee reviewed the effectiveness of the internal audit function and all significant internal audit recommendations and oversaw progress in addressing these. The evaluation process identified that the Committee has made good progress in relation to increasing the focus on financial risk reporting.

A copy of the internal audit Charter of KPMG is available on the Company's website [www.numis.com](http://www.numis.com).

## Audit Committee report

### Committee effectiveness

The Committee's interactions with the internal and external audit functions were assessed as part of the Board evaluation. Questionnaires and face-to-face meetings covered topics such as composition, meeting effectiveness and engagement with the internal audit function and with the External Auditors PwC, were considered. The findings of the evaluation confirmed that the Committee continued to operate effectively, is comprised of appropriately skilled, experienced, knowledgeable members.

### Key focus areas in 2023

The Committee will continue to focus on enhancing the quality of the financial reporting and ensure that standards of controls and systems remain appropriate and aligned to the business strategy. Ensuring that this focus is maintained is facilitated through the delivery of the Internal Audit Plan, which is structured to align with the Group's strategic priorities and key risks. The Internal Audit Plan is reviewed periodically throughout the year to ensure that it remains relevant for new and emerging circumstances with potential to impact our business, risk profile and assurance activities. As part of the three year rolling Internal Audit Plan, focus will be on a number of business areas to appraise control functions across the Group.

Reviews will include regulatory reporting, business continuity, trade surveillance, custody and operational resilience.

The Committee will opine on the observations and recommendations arising from these focused reviews and report on the actions taken at the next Annual Report.



**Catherine James**

Chair – Audit Committee

7 December 2022



# Audit Committee report

## Committee role and membership

The Audit Committee is responsible for the review and monitoring of the Group's systems of internal control and risk management, the internal and external audit appointment and process, and the process for compliance with relevant laws.

Additionally, the Committee fulfils a vital role in the Company's governance framework, providing valuable independent challenge and oversight across the Company's financial reporting and internal control procedures. A list of the key responsibilities of the Committee is set out below.

The Chair of the Committee is Catherine James. The Committee consists entirely of independent non-executive directors, Robert Sutton, Richard Hennity and Kathryn Gray, and the Company Secretary acts as the Secretary of the Committee.

The Committee meetings are attended by the Chief Financial Officer, Head of Risk, the Head of Compliance plus the lead partner and representatives from KPMG LLP, our internal auditors and the lead partner and representatives from PwC, our external auditors. Others invited to attend Committee meetings on a regular basis include the Co-CEOs and members of senior management, for those items that are relevant to them and where they provide additional specialist technical knowledge and insight on matters under discussion.

## Committee meetings

During the financial year, the Committee met formally four times. A report on the Audit Committee meetings and activities was fed back to the Board at each scheduled meeting of the Board.

## Key responsibilities and role of the Committee

The key responsibilities of the Committee are summarised below:

### Financial reporting

- Reviewing the integrity of the annual and interim financial statements and formal announcements relating to the Group's financial performance, with a focus on considering significant financial reporting judgements.
- Considering the impact of new accounting standards and their disclosure.
- Ensuring disclosures are clear and compliant with financial reporting standards, and relevant financial and governance reporting requirements.
- Considering the impact of the financial risks arising from macroeconomic uncertainty on the financial position of the Company.

## External audit

- Considering and approving the annual External Audit Plan, the terms of reappointment, remuneration and Terms of Engagement.
- Providing oversight of the external auditors, including assessing their effectiveness, independence and objectivity and quality of the external audit during the year.
- Reviewing audit findings, including key issues, accounting and audit judgements and recommendations, guidance and observations around the Group's internal controls environment.
- Reviewing management representation letters.
- Assessing external auditor independence and reappointment of the external auditor as authorised by shareholders. The Audit Committee determines the level of remuneration for the external auditors on behalf of the Board.

## Risk management and internal control

- Considering the effectiveness of the Group's systems of risk management and internal control, including all material controls.
- Review reports from management and the audit teams on the effectiveness of the Group's system of internal financial control.

## Internal audit

- Approving internal audit's risk assessment.
- Internal audit charter and plan.
- Oversight of the Internal Auditors.
- Considering and approving the scope of each engagement and assessing progress made on internal audit recommendations in respect of internal controls and remediation.
- Reviewing the results of individual internal audit reports and considering the effectiveness of actions agreed with management and tracking of follow-up actions.
- Receiving regular summary reports from the internal auditors, including their conclusions on the changes to controls and processes made by management and monitoring and reviewing the effectiveness of the Group's internal audit function in the overall context of the Group's internal controls and risk management.

## Routine matters

- Reviewing the Committee's composition, minutes of prior meetings and its Terms of Reference.



**Richard Hennity**  
Chair – Risk Committee

Director	Attendance
Richard Hennity	3/3
Catherine James	5/5
Robert Sutton	5/5
Kathryn Gray**	N/A
Luke Savage*	2/2
Robert Sutton	4/4

\* Member until February 2022  
\*\* Member from October 2022

## Dear shareholder

I am pleased to present my report of the Risk Committee for the year ended 30 September 2022, explaining how the Committee has discharged its risk oversight responsibilities during the year.

As the incoming Chair of the Committee, I am pleased to report that risk management at Numis is approached in a collaborative, forward-thinking and prudent manner. The Group’s risk management framework is designed to support the business in actively managing existing and emerging risks to achieve our strategic objectives. The Committee plays a critical role in the firm’s approach to risk management and has been prudent, determined and thorough in its actions to promote, support and safeguard the interests of our clients, shareholders and stakeholders.

The Committee, on behalf of the Board, employs and reinforces the three lines of defence model in the management of risk. This ensures that there are clearly defined roles and responsibilities in the business to identify, control, monitor, escalate and effectively manage key risks. By maintaining this focus, the Committee can be assured that the framework to support the management of risk is robust, reinforces risk ownership and is embedded in the business and our culture.

## Committee activities in 2022

The Committee’s principal focus throughout the year was on the management and monitoring of the key and emerging risks impacting the business. The Committee considered and reviewed the nature and extent of the key risks and risk appetite of the Group, ensuring it has an appropriate and effective risk management framework that identifies and considers current and emerging risks, regulatory developments and relevant mitigants.

At each meeting, the Committee considered the risks to the business, as well as tackling ad hoc risk events and any development actions required to manage these. It tracked internal audit report recommendations to improve processes and the governance framework that supports the business and the regulated environment in which Numis operates.

Updates on key financial, operational, legal, compliance, technology and other emerging risks were delivered to the Committee by management. The Committee used these meetings to challenge management on the effectiveness of the controls in place.

The Committee was updated by management of regulatory developments, including the UK FCA Investment Firm Prudential Regime (IFPR) impact on FCA-authorized MiFID firms. The Committee considered the impact of the regulations on Numis’ business with regard to capital, liquidity, compensation policy and other relevant changes arising from the implementation of this new regulation.

This included reviewing and challenging the stress tests undertaken to calculate the capital and liquidity requirements in stressed scenario conditions.

The Committee considered the risk appetite and arising risks from strategic initiatives across the business and advised the Board accordingly. As Numis expanded its offering in the US, the Committee advised the Board of the adjusted risk profile and obtained appropriate additional insurance coverage.

During the year, the Committee was also involved in several initiatives, including the review of the strategy and management of our custody service and its operational process; and our Operational Resilience Self-Assessment report, and contingency plans in order to avoid intolerable harm to our clients and stakeholders. The Committee also provided input to the Remuneration Committee on the alignment between remuneration and risk.

## Recovery, resolution and wind-down

The Committee reviewed the Internal Capital Adequacy and Risk Assessment (ICARA) and in doing so assessed whether the Group’s risk appetite in relation to capital and liquidity management remains appropriate. It also considered the Group’s Recovery and Resolution Plans, to assess the appropriateness of both the recovery and resolution actions defined in the plans. The recovery and resolution indicators adopted are aligned to the Group’s risk appetite and ensure that there are sufficient early warning triggers of any potential deterioration in our financial position.

# Risk Committee report

## Cyber risk

The Committee worked with management to update the Group's cyber security and data protection, including overseeing the contingency arrangements implemented to ensure continuity of operations and Numis' ongoing enhancements to cyber resilience against evolving cyber threats.

## Remote and hybrid working

During H1, the Committee again focused on the risks and appropriate mitigants for covid-19 and extended periods of remote working. Once restrictions had concluded, it continued to monitor controls in relation to conduct and culture to assess conduct and culture performance whilst working remotely, reviewing these monitoring arrangements and promoting a continuously mindful risk-aware culture.

## Whistleblowing

The Committee conducted its annual review of the operation and effectiveness of the Group's whistleblowing policy and the systems and controls in place to support the policy. There were no instances of whistleblowing reported during the year and Catherine James, Non-Executive Director, was appointed as whistleblowing champion.

## Internal audit

As the third line in the three lines of defence model, the internal audit function continues to play an important role in supporting the Committee through assurances that, following in-depth reviews of business areas, material controls (including financial, operational and compliance controls) are functioning appropriately and effectively. The Committee monitors and tracks internal audit recommendations to ensure that the relevant business area has implemented the necessary actions on a timely basis. The review and monitoring of management's responsiveness to the Internal Auditor's findings and the recommendations ensures that management responds appropriately to those findings in a timely fashion.

*For more information on the internal audit function, see pages 71 and 73 of the Audit Committee report.*

## Committee effectiveness

The Committee's effectiveness was assessed as part of the Board evaluation. The evaluation found that the Committee continued to operate effectively and is comprised of members with the appropriate skills and knowledge for their roles.

## Priorities for 2023

The Committee will continue to monitor as part of its responsibilities key and emerging risks faced by the Group to ensure these are being managed effectively and in accordance with the risk appetite.

Key areas of focus include:

- Further embedding of the three lines of defence model with clear separation of responsibilities below the first and second line.
- Assessing the strategic and financial risks arising from macroeconomic uncertainty and taking appropriate action to align the business to the evolving political and regulatory changes.
- Monitoring the key risks associated with our expansion into Europe with our new Dublin office and ensuring close collaboration between our offices and effective communication with our European regulators.
- Monitoring the regulatory divergence between the UK and the EU.
- Monitoring the Group's progress around its Operational Resilience programme to ensure the Business Service Model is formalised and demonstrates our operational resilience framework and risk management protocols.

- Overseeing the ongoing initiatives in relation to conduct and culture so that staff maintain the expected standards of personal and professional conduct.
- Developing our approach to environmental, social and governance recommendations.

Effective risk management will remain central to Numis' corporate governance and achieving our strategic objectives throughout 2023. We will strive to continue to improve how we manage risk; and ensure that the standard of our controls and systems remain appropriate and aligned to the strategy of the business and is in the best interests of our shareholders and stakeholders.



**Richard Hennity**  
Chair – Risk Committee

7 December 2022

# Risk Committee report

## Committee role and membership

The Committee is responsible for the effective management of risk across the Group, providing oversight and challenge on key and emerging risks within individual business areas, determining risk appetite and ensuring that each business area has in place appropriate internal controls for which there is clear accountability aligned to the three lines of defence model. A list of the key responsibilities of the Committee is set out below.

The Chair of the Committee is Richard Hennity. The Committee consists entirely of independent non-executive directors, Robert Sutton, Catherine James and Kathryn Gray. The Company Secretary acts as the Secretary of the Committee.

Committee meetings are attended by the lead partner and representatives from the external and internal auditors. Invitations to attend the meetings on a regular basis are made to the Co-chief executive officers, CFO, Head of Risk, the General Counsel, the Head of Compliance, and members of senior management, who attend for those items that are relevant to them and where they can provide additional specialist technical knowledge and insight on matters under discussion.

## Committee meetings

During the financial year, the Committee held five scheduled meetings.

The Risk Committee reports on its meetings and activities at each scheduled meeting of the Board.

## Key responsibilities and role of the Committee

Key responsibilities of the Committee are summarised below:

### Advice to the Board

- Overseeing and advising the Board on current risk exposures and future risk strategy, including with respect to ESG risks.
- In conjunction with the Audit Committee, reviewing the Company's risk assessment processes, the parameters used and the methodology adopted, the Company's capability to identify and manage new risk types and adopt a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- Determining and assessing the appropriateness of the risks that the Group proposes to take and make recommendations to the Board as to appetite and tolerance.
- Reviewing and recommending the ICARA and Recovery and Resolution Plans.
- Recommending the extent of D&O insurance coverage.
- Conducting a regular review in respect of the monitoring of the Group's risk management and internal control systems and the effectiveness of such systems and providing a report on that review in the Company's Annual Report.

### Advice to the Remuneration Committee

- Advising on the alignment of the remuneration policy with risk appetite and recommending adjustments to remuneration if required from a risk perspective.

### Advice to the Audit Committee

- Advising on all notes to the accounts quantifying risk exposures.
- Advising on the statements to be included in shareholder documentation concerning risk management.
- Making recommendations for internal audit work.

### Internal audit

- Monitoring management's responsiveness to the Internal Auditor's findings or recommendations.

### Routine matters

- Reviewing and approving the Risk Management Framework.
- Receiving regular updates on enterprise-wide risks including financial and operational, and annually considering and approving the remit of the risk and compliance functions (including notification of material breaches).
- Reviewing and, if appropriate, approving the Group's IFPR disclosures and Group insurance coverage.

- Oversight of CASS.
- Approving appointment of, and meeting with, relevant senior risk and legal team members without management.
- Reviewing the Committee's performance, composition, minutes of prior meetings and its terms of reference.
- Identifying matters affecting culture.





**Robert Sutton**

Chair – Remuneration Committee

Director	Attendance
Robert Sutton	4/4
Catherine James	4/4
Luke Savage*	2/4
Richard Hennity**	2/4
Kathryn Gray***	N/A

\* Member until February 2022  
 \*\* Member from February 2022  
 \*\*\* Member since October 2022

## Our approach to remuneration has been to ensure that the framework is transparent and fair for staff and shareholders.

### Dear shareholder

As Chairman of the Remuneration Committee, I am pleased to present the Committee’s report for the year ended 30 September 2022.

This report provides a comprehensive picture of the structure and scale of our remuneration framework and its alignment with the business strategy. Numis is passionate about its talented staff and uses a remuneration policy that encourages and rewards the right behaviours, values and culture, whilst also seeking to retain, motivate and incentive our high-performance culture.

We continue to focus on the right balance of risk and reward with a policy that is designed to clearly align the remuneration for executive directors with Company performance after taking into account an assessment of a wide range of performance factors which include financial, non-financial and personal performance.

Our remuneration framework is simple, transparent and fair for both participants and shareholders alike. The framework is designed to reward the achievement of long-term sustained business results which support our strategy, culture and values. Conduct and how performance has been achieved forms a key part of how remuneration levels are determined.

### Performance for FY22

This has been a challenging year, with the uncertain global economic environment dampening capital markets activity.

Revenue for the full year fell by 33%, although it should be noted this compares to a record period in FY21 and so is still considered to be a good result in difficult circumstances.

Despite the continued disruption caused by covid-19 and the wider economic uncertainty, the Group was able to deliver record advisory revenue performance and maintained a strong pipeline for M&A revenues. Overall, profits were lower than FY21, down by 72%, and this is reflected in the lower bonus pool.

The executive directors have provided exemplary leadership during this volatile period and have achieved a number of milestones that support our strategy to diversify the business. This includes the regulatory approval of our Dublin office, which is operational and trading with a growing number of EU-based institutional clients. This was achieved whilst maintaining our accepted compliance and risk profile.

This financial performance resulted in individual annual bonuses which are substantially lower than those earned in the previous year. The bonuses awarded to the Co-chief executive officers decreased by more than the overall pool as a significant proportion of the pool was focused on colleagues who had developed in their roles and may otherwise be exposed to retention concerns. The Committee believes that the final outcomes set out on page 81 are fair and appropriate in light of the company, team and personal performance delivered in the year.

The first of the new in-flight long-term awards, granted to all executive directors, is not due to vest until 2024. Co-chief executive officers are required to retain at least 500% of salary in shares and currently hold substantially more than this.

### Key activities

- Continued to monitor developments in regulatory guidance and the potential impact on the Company.
- Reviewed the IFR/IFD implementation plans.
- Reviewed the approach to distribution of variable compensation to staff for FY22.
- Considered approach to all-employee pay.

### Remuneration policy changes for FY23

The Committee is reviewing the policy to include changes required for the implementation of IFR/IFD/SYSC 19G, provisions to the policy for FY23.

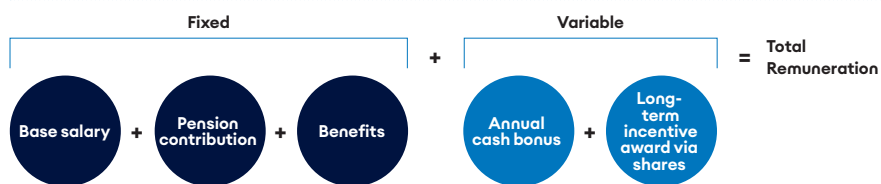
There will be no salary increases for the Co-CEOs, nor the CFO for FY23. Across the Company the average base salary increase is 6%.

As previously announced, I will be retiring at the 2023 annual general meeting, at which time Kathryn Gray will succeed me as Chair of the Remuneration Committee.

**Robert Sutton**  
 Chair – Remuneration Committee

## The Remuneration Policy

The Remuneration Committee believes strongly that total remuneration should take into account the competition for talent in an industry where successful people are rewarded and mobile. The Group compensates employees through both fixed and variable compensation.



In assessing overall remuneration, the Committee looks at appropriate benchmark data which, in the main, comprises unlisted companies as the closest comparators are typically either privately owned or divisions of larger banks. While seeking to reflect developments in good practice for listed companies, it needs, therefore, to balance this against practice in other companies with which it competes for talent. Overall, the Committee feels that it has struck an appropriate balance and that the arrangements are in the interests of shareholders due to:

- A significant proportion of pay being performance related.
- Operating a flexible bonus policy that is truly variable and linked to appropriately stretching objectives.

- A conventional LTIP which only vests for the delivery of superior absolute returns to shareholders as measured through total shareholder return (i.e. share price plus reinvestment of dividend).

Fixed compensation comprises principally:

- **Base salaries** – normally reviewed annually by the Committee taking into account the performance of the individual, comparisons with peer group companies within the industry, the experience of the individual and their level of responsibility. Information on market conditions and competitive rates of pay is provided by independent external advisers to aid the Committee's determination of fixed compensation levels but is considered as part of a broader review rather than as the driving factor in any changes.

- **Pension** – an employer contribution to a defined contribution pension saving scheme of 7% of base salary (UK employees) which is aligned with that provided to the wider workforce.
- **Benefits** – an entitlement to insured death in service benefits of four times base salary.

The policy for variable compensation is to recognise corporate performance and individual achievement of objectives through a discretionary bonus and through the use of long-term share incentives:

- **Annual bonus** – the discretionary bonus pool is determined by the Committee each financial year, with specific reference to the Group's profit before variable pay and tax, typically by capping the aggregate pool to an agreed percentage of this profit measure and reviewing the resulting compensation ratio of the Group to ensure this is acceptable with reference to the Board's parameters, historic ratios and market benchmarking. The Committee can establish clear targets when setting the aggregate pool available for variable compensation at the Group level, rather than at individual level, acknowledging that a certain degree of flexibility is required at different stages of the business cycle. The Committee has the authority to apply deferrals to the annual cash bonus. Such deferrals are expected to take the form of a share award, which requires further service in order that the award vests in full and are likely to be required in future years to ensure

compliance with IFR/IFD regulations. Clawback provisions are applied in accordance with regulatory guidelines and best practice. The executive directors and other senior executives have their individual performance assessed through clearly defined objectives and a structured process of review and feedback. In particular, the aggregate fixed and variable remuneration by individual is determined with regard to the performance of the individual, performance of the area, sector or function of the business in which the individual works or for which the individual is responsible, the profitability of the Group and levels of reward for comparable roles in the external market. Approval of the annual bonus for executive directors is made by the Remuneration Committee following input from relevant control functions on compliance and risk management activities.

- **Long Term Incentive Plan** – the LTIP covers the three executive directors and involves the annual grant of performance shares that will vest after three years subject to continued service and the achievement of suitably stretching performance conditions. The awards are subject to a further one-year holding period during which vested awards cannot be sold. Malus and clawback provisions are in place for reasons of material misstatement, error in calculation, material failure of risk management, material risk or compliance failure or serious reputational damage to the business. For FY23, the award levels

## Remuneration Committee report

will remain unchanged at 400% of salary for the Co-chief executive officers and 200% of salary for the CFO. The awards are expected to be granted in January 2023 and will be subject to challenging absolute TSR growth measures as set out below:

Performance target	% of award vesting
Below 6% p.a.	0%
6% p.a.	25%
6% – 20% p.a.	Between 25% and 100% on a straight-line basis
20% p.a.	100%

TSR growth will be calculated as the difference between the three-month average return index (which captures the share price movement plus the value of dividends reinvested on the ex-dividend date) immediately before the start of the performance period and across the final year of the performance period. The above CAGRs are, therefore, assessed over the weighted average performance period of 2 years 7.5 months.

Awards will also be subject to an underpin whereby the Committee will need to be satisfied that vesting is warranted based on financial, compliance, culture and risk performance over the performance period. The Committee retains standard discretions in terms of the ability to amend or adjust the performance conditions if an event occurs, which means the original measure is no longer appropriate.

The Committee may use alternative measures (including financial, value creation or non-financial measures) for future awards to the extent they are appropriate in terms of the strategic objectives of the business at that time.

- **Shareholding requirement** – executive directors are expected to retain at least 50% of all incentive awards that vest (net of tax) until the shareholding guideline is met. For the Co-chief executive officers this is 500% of salary and for the CFO is 200% of salary. Progress against the shareholding requirement is reviewed by the Remuneration Committee annually. The shareholding guideline will continue to apply for one-year post-cessation.

### Non-executive directors' remuneration

Remuneration of non-executive directors is set by the Board on the recommendation of the executive directors taking into account comparisons with peer group companies within the industry, and reflects the time commitment, experience of the individual and the level of responsibility of the role. Remuneration comprises an annual fee only. Non-executive directors are not eligible to participate in any form of variable compensation, be that discretionary cash bonuses or discretionary awards under the Group's share incentive schemes and are not eligible for pension benefits.

### Remuneration principles used in recruitment

The Company may compensate employees for remuneration forfeited as part of the recruitment process (where the amounts in discussion are reasonable and where written proof is provided in support of forfeiture). The Committee will consider the preferred delivery vehicle for such awards, which may include the Group's Restricted Stock Unit share plan (RSU). In the minority of cases where cash amounts may be issued as part of the award, the cash component is subject to a two-year gross clawback in the event the employee leaves our employment. We take reasonable steps to ensure remuneration commitments are not more generous in either amounts or terms than variable remuneration offered by the existing employer. In a small number of cases, where remuneration is more generous, its structure is performance dependent and is awarded on an exceptional basis after due consideration of alternative hires and anticipated benefit to the business.

### Directors' service contracts

The general policy is that executive directors should have a rolling contract of employment with mutual notice periods of at least six months. Service contracts do not contain any provision for compensation upon early termination as the parties are expected to rely on employment rights conferred by law.

Non-executive directors' appointments are subject to the re-election requirements of the Company's Articles of Association and are without a fixed term but are subject to one month's notice to terminate from either party. There are no contractual provisions for non-executive directors to receive compensation upon termination.

Letters of appointment and service contracts are available for shareholders to view at the Company's registered office and will be available at the annual general meeting.

The tables overleaf provide details of service contracts of the executive directors and non-executive directors who served during the year ended 30<sup>th</sup> September 2022.

# Remuneration Committee report

**Table 1 – Directors’ service contracts – Executive Directors**

	Date of appointment	Contract	from Company	from Director	re-election
Alex Ham	1 July 2016	Rolling	6 months	6 months	2024
Ross Mitchinson	1 July 2016	Rolling	6 months	6 months	2024
Andrew Holloway	8 January 2018	Rolling	6 months	6 months	2023

**Table 2 – Directors’ service contracts – Non-Executive Directors**

	Date of appointment	Next re-election/election	Notice period
Alan Carruthers <sup>1</sup>	21 March 2017	N/A	1 month by either party
Robert Sutton <sup>2</sup>	7 May 2014	N/A	1 month by either party
Catherine James	20 May 2014	2024	1 month by either party
Luke Savage	5 February 2019	2024	1 month by either party
Richard Henny	24 February 2022	2023	1 month by either party
Kathryn Gray <sup>3</sup>	3 October 2022	2023	1 month by either party

1 Alan Carruthers stepped down at the 2022 annual general meeting

2 Robert Sutton will step down at the 2023 annual general meeting

3 Kathryn Gray was appointed after the year-end on 3 October 2022

## Settlement agreements

The Committee may agree additional exit payments where such payments are made in good faith to discharge an existing legal obligation, or as damages for breach of such obligation, or in settlement or compromise of any claim arising on termination of a director’s office or employment. This may include the provision of outplacement support and/or legal fees reimbursement.

The introduction of IFR/IFD regulations will impact the Group for the year end 30 September 2023 and the necessary adjustments to operation of the variable incentives are under consideration by the Committee.

The Committee continues to monitor the regulatory environment and consider its impact on the Group’s remuneration policies.

## Regulatory considerations applying to the Group’s remuneration approach

The Group’s approach to remuneration takes account of relevant legislation, regulation, corporate governance standards and guidance issued by regulators and shareholder representative bodies. Remuneration policies comply with the relevant provisions of the Financial Conduct Authority’s (FCA) Remuneration Code.

FCA guidelines state that firms must be compliant with all aspects of the European Banking Authority (EBA) Guidelines, with the exception of the application of proportionality in respect of the bonus cap – the limit on awarding variable remuneration of one times fixed remuneration (or two times with shareholder approval). Numis continues to disapply the bonus cap provision on the basis of proportionality.



# Remuneration Committee report

## Annual Report on Remuneration

### Director remuneration for the year (audited)

The single total remuneration for each of the directors who held office during the year ended 30 September 2022 was as follows:

	Salaries/ fees £'000	Benefits £'000	Pension allowance £'000	Fixed remuneration £'000	Annual bonus £'000	Total remuneration £'000
<b>Executive Directors</b>						
<b>Alex Ham 2022</b>	475	1	33	509	1,450	1,959
2021	456	1	42	499	4,000	4,499
<b>Ross Mitchinson 2022</b>	475	2	33	510	1,200	1,710
2021	456	1	42	499	2,250	2,749
<b>Andrew Holloway 2022</b>	294	2	21	317	325	642
2021	265	1	22	288	625	913

#### Notes:

- Annual cash bonuses and incentive awards are awarded in accordance with Numis' remuneration policy.
- No long-term incentives were due to vest in relation to FY22. Details of the 2016 Co-chief executive officers LTIP which vested in relation to FY21 were set out in last year's report.

The Committee undertook an assessment of the executive directors' remuneration with a focus on ensuring an appropriate alignment between performance and being strategically aligned with the business. Additionally, the Committee also reviews external surveys and bespoke benchmarking data when determining remuneration for executive directors.

### Salaries and pension

The Committee considered the basic salary paid to the executive directors and took into account the levels of remuneration agreed for other key senior executive positions.

The Committee recognised the need to review benchmarking data in respect of both listed financial service companies of a comparable size and unlisted competitors who operate in the investment banking industry.

There were no salary increases for the Co-Chief Executive Officers during FY22. As set out in last year's report, the CFO salary was increased to £300,000 to reflect his expanded role which now incorporates responsibility for Operations, Communications and Marketing.

There are no planned increases for executive directors for FY23. The average increase across the wider workforce is expected to be 6% for FY23.

In line with best practice, the executive directors' pension contribution rate of 7% of salary is the same as the percentage contribution provided to all staff.

### Variable remuneration awards

The Committee determined the aggregate bonus pool as an agreed percentage of profit and with further reference to the overall compensation ratio of the Group. Thereafter, the Committee allocated a proportion of the Group's discretionary bonus pool to the executive directors based on a broad view of performance.

For the year ended 30 September 2022, this proportion was based on performance against KPIs and strategic objectives, and personal objectives underpinned by the values of Numis. In addition, the Committee considered the continued leadership displayed in navigating the business through challenging circumstances.

The total bonus pool decreased by 48% compared to the previous year. The aggregate decrease in bonus for the executive directors was 57%.

When deciding on the bonus the Committee considered the following KPIs:

- Investment banking sector revenues – including performance against budget and both FY21 and FY20 as well as market share
- Equities product revenues – including performance against budget and both FY21 and FY20

Non-financial KPIs were also reviewed, including the diversification of our revenue streams and international expansion, which focused on the timely opening of the Dublin office, the development of the senior leadership team and effectiveness of the governance bodies.

In addition to the business KPIs, the executive directors were assessed on personal KPIs and reviewed against each of the corporate values of the firm. The Committee assessed and recognised the personal contribution of the Co-chief executive officers to our largest fee earning transactions over the course of the year.

When making the final determination of bonus outcomes the Committee was mindful of stakeholder experience over the past financial year. Overall, the outcomes are considered appropriate in light of the financial performance delivered, the strategic progress of the business and the wider backdrop.

# Remuneration Committee report

## Long-term incentive awards granted in the year

Awards were granted to the executive directors in January 2022 under the Numis Corporation Long Term Incentive Plan 2021. Awards vest after three years subject to continued service and the achievement of suitably stretching performance conditions. The awards are subject to a further one-year holding period during which vested awards cannot be sold. As set out in last year's report, the award levels were 400% of salary for the Co-chief executive officers and 200% of salary for the CFO. The awards are subject to challenging absolute TSR growth measures as set out below:

Performance target	% of award vesting
Below 6% p.a.	0%
6% p.a.	25%
6% – 20% p.a.	Between 25% and 100% on a straight-line basis
20% p.a.	100%

TSR performance is measured over three years. Awards are also subject to an underpin whereby the Committee will need to be satisfied that vesting is warranted based on financial, compliance, culture and risk performance over the performance period.

**Table 2**  
Option awards under the LTIP 2021 Plan (audited)

Director		Outstanding as at 1 October 2021	Granted during the year	Lapsed during the year	Vested during the year	Outstanding as at 30 September 2022
Date of grant		No. shares under option	No. shares under option	No. shares under option	No. shares under option	No. shares under option
<b>Alex Ham</b>						
18 January 2021	LTIP 2021	567,164	–	–	–	567,164
19 January 2022	LTIP 2021	–	562,130	–	–	562,130
		<b>567,164</b>	<b>562,130</b>	<b>–</b>	<b>–</b>	<b>1,129,294</b>
<b>Ross Mitchinson</b>						
18 January 2021	LTIP 2021	567,164	–	–	–	567,164
19 January 2022	LTIP 2021	–	562,130	–	–	562,130
		<b>567,164</b>	<b>562,130</b>	<b>–</b>	<b>–</b>	<b>1,129,294</b>
<b>Andrew Holloway</b>						
21 January 2019	RSU – 1st, 2nd and 3rd anniversary	100,000	–	–	(100,000)	–
18 January 2021	LTIP 2021	164,179	–	–	–	164,179
19 January 2022	LTIP 2021	–	177,514	–	–	177,514
		<b>264,179</b>	<b>177,514</b>	<b>–</b>	<b>(100,000)</b>	<b>341,693</b>

# Remuneration Committee report

**Table 3**  
Executive Directors' share interests

	No. of shares owned outright as at 30 September 2022	Shareholding <sup>5</sup> as a % of salary
<b>Executive Directors</b>		
Alex Ham	2,423,895	912%
Ross Mitchinson	2,113,944	796%
Andrew Holloway	235,260	140%

## Non-Executive Directors' remuneration

	Board fees £'000	Chairman fees £'000	Committee Chair fees £'000	Total fees £'000 2022	Total fees £'000 2021
<b>Non-Executive Directors</b>					
Alan Carruthers <sup>1</sup>	21	41	-	62	175
Catherine James	60	-	10	70	60
Luke Savage <sup>2</sup>	60	75	5	140	75
Robert Sutton	60	-	13	73	70
Richard Hennity <sup>3</sup>	36	-	9	45	-
Kathryn Gray <sup>4</sup>	-	-	-	-	-

1 Alan Carruthers stepped down at the 2022 annual general meeting

2 Luke Savage was appointed as Chairman on 8 February 2022

3 Richard Hennity was appointed on 24 February 2022

4 Kathryn Gray was appointed after the year-end on 3 October 2022

5 Reflects share price as at 2 December 2022.

## Remuneration Committee report

Non-executive director fees were last reviewed in 2022 taking into account relevant market data and the increased time commitment devoted to the business in the year. There are no planned increases for FY23.

Non-executive directors do not participate in decisions concerning their individual fees and are not permitted to participate in any of the Company's incentive arrangements. Non-executive directors are permitted to maintain a shareholding in the business if they so wish and subject to Numis' personal dealing policy and PDMR rules. Table 5 on page 89 details the shareholding of the non-executive directors who served on the Board during the year.

### Committee effectiveness

From March to May 2022, the Board conducted an evaluation of its effectiveness, which was facilitated internally. Questionnaires and face-to-face meetings which covered topics such as composition, meeting effectiveness and engagement with the executive directors and each of the Committees of the Board were considered.

The findings of the evaluation confirmed that the Remuneration Committee continued to operate effectively, that the non-executive directors remain independent and objectively and constructively challenge management. The Committee consults with FIT on a range of agenda items, in particular executive director compensation arrangements.



**Robert Sutton**  
Chair – Remuneration Committee

7 December 2022



# Remuneration Committee report

## Membership and key responsibilities

Robert Sutton is supported in his role as Chair of the Committee by Catherine James, Richard Hennity and Kathryn Gray (and Luke Savage prior to his appointment as Chairman) all of whom are independent non-executive directors. The Committee is comprised solely of independent non-executive directors. The experience and areas of expertise of the Committee members can be viewed in the directors' biographies set out on pages 58-59 and the Terms of Reference for the Committee, which are reviewed annually and referred to the Board for approval, are available on the Company's website [www.numis.com](http://www.numis.com)

## Remuneration Committee responsibilities

The Committee is responsible for setting the remuneration policy for executive directors and other senior executives in the business and for determining the overall remuneration policy applied to the Group, including the quantum of variable remuneration and the method of delivery. In carrying out its delegated responsibilities the Committee receives advice, when it considers it to be appropriate, on remuneration, tax, accounting and regulatory issues from external advisers. The Chairman, Co-chief executive officers, CFO, Human Resources, Compliance, Risk and Finance departments may also be invited to the Committee meetings but are not present for any discussions that relate directly to their own remuneration.

In the year, the Committee took independent advice from FIT Remuneration Consultants LLP ('FIT') on executive remuneration and the implementation of the remuneration policy. FIT is a signatory to the Remuneration Consultants' Group Code of Conduct. The Committee has reviewed the nature of the services provided by FIT and is satisfied that no conflict of interest exists in the provision of these services. The Company received no other services from FIT during the year.

## Key responsibilities and role of the Committee

The Committee's key responsibilities include, but are not limited to:

- The annual review of the Group's overarching remuneration policy and principles applied to the Group and approving revisions/updates to the policy and incentive arrangements across the Group
- Setting a strategy that ensures the most talented leaders are recruited, retained and motivated to deliver results
- Considering the appropriateness of the senior remuneration framework when reviewed against arrangements throughout the rest of the organisation
- Reviewing the effectiveness of the Group remuneration framework
- Determining the terms of employment and remuneration for the Senior Executive Group including recruitment and termination arrangements
- Approving the design, targets and total payments/awards for performance-related pay schemes operated by the Group
- Assessing the appropriateness and subsequent achievement of performance targets relating to the incentive plans for senior staff of the Group
- Reviewing external survey and bespoke benchmarking data in respect of salary and total compensation
- Recommending salary levels for 2023 and bonus payments for 2022 across the Group

## Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

For and on behalf of the Board



**Andrew Holloway**  
Chief Financial Officer

7 December 2022

## Directors' report

The directors serving during the year ended 30 September 2022 and up to the date of signing the financial statements present their report on the affairs of the Company and the Group, together with the Company financial statements and audited consolidated financial statements of the Group and the associated independent auditors' report, for the year ended 30 September 2022.

Numis is a UK AIM-listed public company incorporated and domiciled in the United Kingdom.

### Parent company

The Company acts as a holding company and details of its subsidiary undertakings are shown in note 15 of the consolidated financial statements. The Group and the Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 UK-adopted International Accounting Standards.

### Dividends

The directors are recommending a final dividend of 7.5p per share (2021: 8.0p), which, together with the interim dividend of 6.0p per share already declared and paid, makes a total for the year ended 30 September 2022 of 13.5p per share (2021: 13.5p). Subject to approval at the annual general meeting, the final dividend will be paid on 10 February 2023 to shareholders on the register of members at the close of business on 16 December 2022.

### Going concern

The directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements presented in this Annual Report and Accounts.

### Country-by-country reporting

The Group's obligation to publish reportable information under Regulation 2 of the CbC Reporting Regulations is fulfilled by the Company through the publication of relevant information on a consolidated basis. The relevant information can be found on the Group's website, [www.numis.com](http://www.numis.com), within the Legal and Regulatory section.

### Post-balance sheet events

Details of post-balance sheet events are set out in note 31 to the consolidated financial statements.

### Relations with shareholders

The Co-chief executive officers communicate the Group's strategy and results to shareholders and analysts through meetings following the announcement of the Group's full year results and the announcement of the Group's interim results.

Shareholders may also attend the annual general meeting at which all members of the Board are available to answer questions.

The Group's website contains electronic versions of the latest and prior years' annual report and accounts, half-year reports, along with share price and other relevant information.

### Annual general meeting

The Company's annual general meeting will be held on 7 February 2023. Details of the resolutions to be proposed at the annual general meeting are set out on pages 129 to 134 of this Annual Report and a copy of the Notice of General Meeting is also available to view on our website [www.numis.com](http://www.numis.com)

### Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditors, and to authorise the directors to determine their remuneration, will be placed before the annual general meeting of the Company on 7 February 2023.

### Employment policy

The Group's employment policies are based on a commitment to equal opportunities from the selection and recruitment process through to training, development, appraisal and promotion.

The Group provides employees with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its competitive and entrepreneurial edge.

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular skills and experience. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group including making reasonable adjustments where required.

## Directors' report

If members of staff become disabled, every effort is made by the Group to ensure their continued employment and engagement with the business.

The Group encourages the involvement of employees in its performance through the use of employee share plans.

Further details on how the directors have engaged with and have regard to our employees' interests during the financial year are expanded upon in the ESG section of the Strategic report and the Corporate Governance report.

### Change of control

Directors' and employees' employment contracts do not provide for compensation for loss of office or employment as a result of a change of control. The provisions of the Company's share plans may cause options and awards granted to employees under such plans to vest on a change of control.

### Political donations

During the year, the Group made no political donations (2021: nil).

### Engagement with suppliers and customers

How the directors have fostered business relationships with stakeholders is outlined on page 36.

### Energy efficiency and carbon emissions

*For disclosures, please see environment section on page 47.*

### Indemnities and insurance

Directors' and officers' liability insurance is maintained by the Group for all directors and officers of the Company and the Group. To the extent permitted by law, and in accordance with its Articles of Association, the Company indemnifies its directors in respect of any loss, liability or expense they incur in relation to the Company or any associated company of the Company. The indemnity was in force during the year and up to the date of approval of the financial statements.

### Share capital and share premium

The Company has one class of shares in issue, Numis ordinary shares of 5p each and the total number of shares in issue is 114,367,448 with each ordinary share carrying the right to one vote. The figure of 111,303,459 (excluding shares held in treasury) may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

The total number of shares held in treasury is 3,063,989 (2.75%). The total number of voting rights in Numis is 111,303,459 ordinary shares of 5p each.

Further details of the Company's share capital is set out in note 24 to the consolidated financial statements.

### Financial instruments

Details of the financial risk management objectives and policies of the Group and risk exposures of the Group are included on pages 119 to 126 of the financial statements.

### Purchase of shares

The Company has an established Employee Benefit Trust (the Trust) in respect of the Group's share plans, which is funded by the Group and has the power to acquire ordinary shares from the Company or in the open market to meet the Group's future obligations under these schemes. During the year ended 30 September 2022, the Trust purchased an aggregate of 1,058,203 (2021: 6,285,869) ordinary shares of the Company having a nominal value of £52,910 (2021: £314,293).

The number of shares purchased represented 0.95% of the Company's issued share capital as at 30 September 2022 (2021: 5.50%) for an aggregate consideration of £3,391,327 (2021: £22,663,000).

In accordance with shareholder authority, during the year 3,063,989 (2021: 500,000) ordinary shares with an aggregate nominal value of £153,199 (2021: £25,000) were purchased into treasury. The aggregate consideration paid was £8,183,299 (2021: £1,555,000). During the year nil shares (2021: 3,200,000) were transferred out of treasury to the Trust. The number of shares held in treasury, as at 30 September 2022, totals 3,063,989 (2021: 10,671,088).

### Directors and their interests

The directors serving during the year ended 30 September 2022 together with their interests in the ordinary shares of 5p each (ordinary shares) of the Company, excluding share incentive plan awards granted but not yet vested are detailed in Table 2 on page 84. There have been no changes in the interests of the serving directors in ordinary shares or options over ordinary shares during the period 30 September 2022 to 8 December 2022.

### Substantial shareholders

Information provided to the Company by major shareholders pursuant to the Financial Conduct Authority (FCA) and Disclosure Guidance and Transparency Rules (DTR) is published via a Regulatory Information Service, and is available on our website. The information in Table 6 has been received in accordance with information made available to the Company and in accordance with DTR5, from holders of notifiable interests in the Company's issued share capital as at 30 September 2022. The lowest threshold is 3% of the Company's voting rights, and holders are not required to notify us of any change until this, or the next applicable threshold, is reached or crossed.

# Directors' report

**Table 4**

**Directors and their interests**

	30 September 2022 ordinary shares	30 September 2021 ordinary shares
<b>Executive Directors</b>		
Alex Ham	<b>2,423,895</b>	2,423,895
Ross Mitchinson	<b>2,113,944</b>	2,113,944
Andrew Holloway	<b>235,260</b>	182,260
<b>Non-Executive Directors</b>		
Alan Carruthers*	<b>nil</b>	25,000
Kathryn Gray**	<b>nil</b>	n/a
Richard Hennity***	<b>nil</b>	n/a
Catherine James	<b>12,000</b>	12,000
Luke Savage	<b>10,000</b>	10,000
Robert Sutton	<b>12,500</b>	12,500

\* Resigned 8 February 2022  
 \*\* Appointed 3 October 2022  
 \*\*\* Appointed 24 February 2022

Section 414C(11) of the Companies Act 2006 allows the Board to include in the Strategic report information that it considers to be of strategic importance that would otherwise need to be disclosed in the Directors' report. The information set out below, which would otherwise be required to be contained in the Directors' report, has been included in the Strategic report.

Information required in the Directors' report	Strategic report section
Employee involvement and engagement	ESG: Empowering employees
Relationships with customers, suppliers and others	Stakeholder engagement and s172
Emissions disclosures	Climate reporting/TCFD disclosures

**Table 5**

**Substantial shareholders as at 30 September 2022**

Executive Directors	Registered holding of ordinary shares	% of remaining number of ordinary shares in issue <sup>1</sup>
Anders Holch Povlsen	<b>25,078,486</b>	22.52%
Unicorn Asset Management	<b>5,440,000</b>	4.88%
Aviva Investors	<b>4,408,945</b>	3.96%
Marcus J Chorley	<b>3,722,245</b>	3.34%
Kayne Anderson Rudnick Investment LLC	<b>3,422,561</b>	3.07%
IPGL Limited	<b>6,514,359</b>	5.85%
Polar Capital	<b>4,528,736</b>	4.07%
J O Hambro Capital Management	<b>4,815,955</b>	4.42%
Hargreaves Lansdown	<b>4,999,525</b>	4.49%
BlackRock	<b>3,440,207</b>	3.09%

<sup>1</sup> Excludes ordinary shares held in Treasury

This report was approved by the Board on 7 December 2022 and signed on its behalf by:



**Rose-Marie Sexton**  
 Company Secretary

Numis Corporation Plc  
 45 Gresham Street  
 London EC2V 7BF



# Financial statements

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# Independent auditors' report to the members of Numis Corporation Plc

## Report on the audit of the financial statements

### Opinion

In our opinion, Numis Corporation Plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2022 and of the Group's profit and the Group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 30 September 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6 "Administrative expenses", we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

### Our audit approach

#### Context

The Group is composed of three operating entities – Numis Securities Limited (UK) ("NSL"), Numis Securities Inc (US) ("NSI") and Numis Europe Limited (Ireland) ("NEL") which are subsidiaries of the Company, which is itself a holding company.

### Overview

#### Audit scope

- We performed a full scope audit of the Company and NSL, both of which we considered financially significant to the Group.
- We also concluded that NSI was financially significant, and instructed a PwC member firm in the United States to perform a full scope audit on our behalf. We performed a review of their working papers and evaluated the results of their audit procedures.
- NEL commenced its trading operations in September 2022 and we tested the material financial statement line items.

#### Key audit matters

- Timing of revenue recognition in relation to advisory and capital market fees
- Valuation of strategic unlisted investments

Our key audit matters relate to the audit of the Group. There are no key audit matters related to the Company.

#### Materiality

- Overall Group materiality: £2,201,000 (2021: £2,022,000) based on 5% of average 3-year profit before tax.
- Overall Company materiality: £1,419,000 (2021: £1,344,000) based on 1% of total assets.
- Performance materiality: £1,651,000 (2021: £1,500,000) (Group) and £1,065,000 (2021: £1,000,000) (Company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

# Independent auditors' report to the members of Numis Corporation Plc

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Timing of revenue recognition in relation to advisory and capital market fees (Group)</b></p> <p>Refer to note 4 "Revenue" to the financial statements.</p> <p>In accordance with the accounting policies set out in Note 1c, advisory and capital market fees are only recognised once all performance obligations have been met, which is upon deal completion. Total revenue from advisory fees and capital market fees was £82 million (2021: £142 million), which represents 57% of total revenue for the year ended 2022 (2021: 66%).</p> <p>The current year has been challenging for the business and there is a potential incentive for management to book revenue in the current period which relates to the future period. There is opportunity to do this as the performance obligation is not always publicly available and judgement can be required for more complex deals. Revenue could therefore be booked into the wrong period either fraudulently or in error.</p> <p>We therefore concluded that it was appropriate to focus the audit on the cut-off of revenue recognition from advisory and capital markets fees.</p>	<p>Performed a walkthrough to understand and assess the controls in place over revenue recognition of advisory and capital market fees and concluded that the most effective audit approach to be substantive.</p> <p>For a sample of fees, obtained contracts to determine whether management has appropriately identified the correct event that triggers the performance obligation, based on contractual terms.</p> <p>Where the date of the performance obligation was publicly available, compared the date to external evidence.</p> <p>Where the performance obligations were not clear from the contract for advisory deals, and where the event was not public, obtained independent confirmations from the customers or other appropriate audit evidence to confirm the timing and ensure that it was consistent with the timing of revenue recognition.</p> <p>For the selected sample of contracts, verified the cash receipts to provide corroborative audit evidence that the performance obligation per the contract was completed.</p> <p>Based on the tests performed, we found no material misstatements, or evidence of management bias, related to the cut-off of revenue recognition in relation to advisory fees and capital market fees.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of strategic unlisted investments (group)</b></p> <p>Refer to note 18 "Trading Investments" to the financial statements.</p> <p>In accordance with the accounting policies set out in Note 1h, for unlisted trading investments where no independent prices are quoted in active markets, fair values are determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.</p> <p>Total unlisted investments were £18.4 million as at 30 September 2022 (30 September 2021: £13.4 million).</p> <p>Management makes significant judgements over the valuation of unlisted trading investments when using valuation techniques and forming valuation estimates. We identified three investments that we considered a significant risk due to the magnitude and estimation uncertainty in the valuation.</p> <p>Our audit work therefore focussed on the risk that the valuation of these positions, for which there are no quoted equivalent or recent transactions upon which to base valuations, is materially misstated.</p>	<p>Performed a walkthrough to understand and assess the controls in place over the valuation of strategic unlisted investments and concluded that the most effective audit approach for the significant risk related to valuation to be substantive.</p> <p>For the selected investments: With the assistance of our valuation experts, we assessed the reasonableness and consistency of the valuation techniques used and, using our experts' experience of the industry and independently sourced data inputs, determined whether those valuations are within a reasonable range.</p> <p>Using our experts' market knowledge and experience, challenged management on those inputs where a reasonable alternative could have a material impact, as described in note 29. We concluded that these inputs were within reasonable ranges.</p> <p>Tested a sample of valuation inputs used by management by obtaining audit evidence including investee financial information and publicly available information, where available.</p> <p>Evaluated the valuation approach taken by management for consistency, both across investments and year on year.</p> <p>Performed our own searches for relevant Company news or events (such as new rounds of financing) and assessed how management has considered these factors.</p> <p>Based on the tests performed, we found no material misstatements relating to the valuation of unlisted investments.</p>

# Independent auditors' report to the members of Numis Corporation Plc

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The scope of the audit and the nature, timing and extent of audit procedures were determined by our risk assessment, the financial significance of financial statement line items and qualitative factors (including history of misstatement through fraud or error).

The Group operates in the UK, US and Ireland, with the UK being the most significant territory. The Group is composed of three operating entities – NSL, NSI and NEL – which are subsidiaries of the Company. We considered that NSL, NSI and the Company are financially significant components and we performed work on NEL for material balances.

We performed a full scope audit over the Company and NSL, both which we considered financially significant to the Group.

We also considered that the Group's US subsidiary, NSI, was financially significant to the Group. We issued instructions to our PwC member firm in the United States to perform a full scope audit on our behalf. We performed a review of their working papers and evaluated the results of their audit procedures. This included reviewing key working papers and discussing and challenging the results of the work in higher risk areas of the audit. We concluded that the procedures performed over NSL were sufficient for the purposes of issuing our opinion.

This approach gave us coverage of over 95% of total assets and profit before tax in the Group financial statements.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
<b>Overall materiality</b>	£2,201,000 (2021: £2,022,000).	£1,419,000 (2021: £1,344,000).
<b>How we determined it</b>	5% of average 3-year profit before tax	1% of total assets
<b>Rationale for benchmark applied</b>	We believe profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. We have used the average 3-year profit before tax given the fluctuation year on year. The benchmark is consistent with the prior year.	Total assets is an appropriate benchmark as the primary purpose of the entity is to act as a holding company. The benchmark is consistent with the prior year.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £450,000 to £2,091,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £1,651,000 (2021: £1,500,000) for the Group financial statements and £1,065,000 (2021: £1,000,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £110,000 (Group audit) (2021: £101,000) and £71,000 (Company audit) (2021: £67,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- A detailed risk assessment to identify factors that could impact the going concern basis of accounting;
- Understanding and evaluating the Group and Company's current financial position and financial forecasts;
- Obtaining and evaluating management's going concern assessment;
- Understanding and evaluating the Group's current and forecast capital and liquidity positions. This included reviewing the results of stress testing performed by management of both liquidity and regulatory capital, including considering the severity of the stress scenarios that were used; and
- Evaluating the adequacy of the disclosures made in the Financial Statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

# Independent auditors' report to the members of Numis Corporation Plc

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Directors' Remuneration

In our opinion, the part of the Remuneration Committee Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate recording of journals and management bias in accounting estimates.



## Independent auditors' report to the members of Numis Corporation Plc

The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiries of management, internal audit and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of correspondence with regulators and internal audit reports in so far as they are related to the Financial Statements;
- Identifying and testing journal entries and period end adjustments, including those posted by senior management or with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, specifically in relation to the valuation of unquoted investments; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Remuneration Committee Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



#### Mike Wallace (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

7 December 2022

## Consolidated Income Statement

For the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
Revenue	4	144,229	215,582
Other operating income/(loss)	5	(1,432)	8,715
<b>Total income</b>		<b>142,797</b>	224,297
Administrative expenses	6	(123,716)	(147,859)
<b>Operating profit</b>		<b>19,081</b>	76,438
Finance income	8	3,906	1
Finance costs	9	(2,131)	(2,289)
<b>Profit before tax</b>		<b>20,856</b>	74,150
Taxation	10	(7,153)	(16,303)
<b>Profit for the year</b>		<b>13,703</b>	57,847
<b>Attributable to:</b>			
Owners of the parent		13,703	57,847
<b>Earnings per share</b>			
Basic	27	12.4p	54.2p
Diluted	27	11.9p	49.1p

All income is derived from continuing operations. The notes on pages 102 to 127 form an integral part of these financial statements.

## Consolidated Statement of Comprehensive Income

For the year ended 30 September 2022

	2022 £'000	2021 £'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	-
<b>Other comprehensive income for the year, net of tax</b>	<b>6,109</b>	10
<b>Total comprehensive income for the year, net of tax, attributable to owners of the parent</b>	<b>19,812</b>	57,857

All comprehensive income is derived from continuing operations. The notes on pages 102 to 127 form an integral part of these financial statements

# Consolidated Balance Sheet

As at 30 September 2022

	Note	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Property, plant and equipment	12	9,458	10,044
Intangible assets	13	275	558
Right-of-use assets	14	35,400	38,033
Deferred tax asset	16	1,354	4,006
		<b>46,487</b>	52,641
<b>Current assets</b>			
Trade and other receivables	17, 29	403,416	467,799
Trading investments	18	36,071	58,972
Stock borrowing collateral	19	20,354	18,623
Current income tax receivable		10,792	3,171
Derivative financial instruments	20	22	629
Cash and cash equivalents	21	105,653	134,125
		<b>576,309</b>	683,319
<b>Current liabilities</b>			
Trade and other payables	22, 29	(385,720)	(481,946)
Trading investments	18	(10,340)	(27,217)
Lease liabilities	23	(605)	(491)
		<b>(396,665)</b>	(509,654)
<b>Net current assets</b>			
		<b>179,644</b>	173,665
<b>Non-current liabilities</b>			
Lease liabilities	23	(40,910)	(39,580)
<b>Net assets</b>			
		<b>185,221</b>	186,726
<b>Equity</b>			
Share capital	24	5,718	6,252
Capital redemption reserve	24	534	-
Other reserves	24	10,641	9,037
Retained earnings		168,328	171,437
<b>Total equity</b>		<b>185,221</b>	186,726

The notes on pages 102 to 127 form an integral part of these financial statements.

The Financial Statements on pages 96 to 127 were approved and authorised for issue by the Board on 7 December 2022 and signed on its behalf by:



**Alex Ham and Ross Mitchinson**  
Co-Chief Executive Officers

Numis Corporation Plc  
Registration No.2375296

# Company Balance Sheet

## As at 30 September 2022

	Note	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Investment in subsidiary undertakings	15	110,695	97,883
		<b>110,695</b>	97,883
<b>Current assets</b>			
Trade and other receivables	17	31,337	36,469
		<b>31,337</b>	36,469
<b>Current liabilities</b>			
Trade and other payables	22	(99)	-
		<b>(99)</b>	-
<b>Net current assets</b>			
		<b>31,239</b>	36,469
<b>Net assets</b>			
		<b>141,934</b>	134,352
<b>Equity</b>			
Share capital	24	5,718	6,252
Capital redemption reserve	24	534	-
Other reserves	24	8,215	7,662
Retained earnings		127,467	120,438
<b>Total equity</b>		<b>141,934</b>	<b>134,352</b>

The notes on pages 102 to 127 form an integral part of these financial statements.

As provided by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial year amounted to £25,000,000 (2021: £56,790,000).

The Financial Statements on pages 96 to 127 were approved and authorised for issue by the Board on 7 December 2022 and signed on its behalf by:



**Alex Ham and Ross Mitchinson**  
Co-Chief Executive Officers

# Consolidated Statement of Changes in Equity

## For the year ended 30 September 2022

	Note	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
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>1,051</b>	<b>18,761</b>	<b>19,812</b>
Treasury shares cancelled		(534)	534	-	-	-
Dividends paid	11	-	-	-	(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	16	-	-	-	(549)	(549)
<b>Transactions with shareholders</b>		<b>(534)</b>	<b>534</b>	<b>553</b>	<b>(21,870)</b>	<b>(21,317)</b>
<b>Balance at 30 September 2022</b>		<b>5,718</b>	<b>534</b>	<b>10,641</b>	<b>168,328</b>	<b>185,221</b>
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	11	-	-	-	(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	16	-	-	-	(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

The notes on pages 102 to 127 form an integral part of these financial statements.



## Company 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	-	7,662	120,438	134,352
Profit for the year	-	-	-	25,000	25,000
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>25,000</b>
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	5,792	6,345
Transactions with shareholders	(534)	534	553	(17,970)	(17,417)
<b>Balance at 30 September 2022</b>	<b>5,718</b>	<b>534</b>	<b>8,215</b>	<b>127,467</b>	<b>141,934</b>
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 October 2020</b>	5,922	-	21,056	55,284	82,262
Profit for the year	-	-	-	56,790	56,790
Total comprehensive income for the year	-	-	-	56,790	56,790
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)	13,913	519
Transactions with shareholders	330	-	(13,394)	8,364	(4,700)
Balance at 30 September 2021	6,252	-	7,662	120,438	134,352

The notes on pages 102 to 127 form an integral part of these financial statements.

As provided by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial year amounted to £25,000,000 (2021: £56,790,000).

The Financial Statements on pages 96 to 127 were approved and authorised for issue by the Board on 7 December 2022 and signed on its behalf by:



**Alex Ham and Ross Mitchinson**  
Co-Chief Executive Officers

## Consolidated Statement of Cash Flows

For the year ended 30 September 2022

	Note	2022 £'000	2021 £'000
<b>Operating activities</b>			
Cash flows generated from operating activities	25	7,902	77,115
Taxation paid		(7,164)	(17,599)
Interest received in relation to operating activities	8	436	1
Interest paid in relation to operating activities	9	–	(1,187)
<b>Net cash generated from operating activities</b>		<b>1,174</b>	58,330
<b>Investing activities</b>			
Purchase of property, plant and equipment	12	(1,114)	(8,881)
Purchase of intangible assets	13	(19)	(310)
<b>Net cash used in investing activities</b>		<b>(1,133)</b>	(9,191)
<b>Financing activities</b>			
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	11	(15,580)	(12,726)
<b>Net cash used in financing activities</b>		<b>(28,240)</b>	(39,857)
<b>Net movement in cash and cash equivalents</b>		<b>(28,199)</b>	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)
<b>Closing cash and cash equivalents</b>	21	<b>105,653</b>	134,125

The notes on pages 102 to 127 form an integral part of these financial statements.

## Company Statement of Cash Flows

For the year ended 30 September 2022

	2022 £'000	2021 £'000
<b>Financing activities</b>		
Amounts received from subsidiary	8,183	–
Purchases of own shares – Treasury	(8,183)	–
<b>Net movement in cash and cash equivalents</b>	<b>–</b>	<b>–</b>
Opening cash and cash equivalents	–	–
Net movement in cash and cash equivalents	–	–
<b>Closing cash and cash equivalents</b>	<b>–</b>	<b>–</b>

The notes on pages 102 to 127 form an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Accounting policies

Numis Corporation Plc is a UK AIM-listed public company incorporated and domiciled in the United Kingdom. The address of its registered office is 45 Gresham Street, London EC2V 7BF. The principal accounting policies applied in the preparation of the Annual Report and Financial Statements of the Group and the Company are described below. These policies have been consistently applied to the years presented, unless otherwise stated.

### (a) Basis of preparation

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 financial statements of the Group and the Company have 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.

These Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss. In publishing the Company Financial Statements together with those of the Group, the Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes.

The Financial Statements of the Group and the Company have been prepared on a going concern basis as the directors have satisfied themselves that, at the time of approving the Financial Statements and having taken into consideration the strength of the Group and Company Balance Sheet and the Group's cash balances, the Group and the Company have adequate resources to continue in operational existence for at least the next 12 months.

No new standards or amendments to existing standards have been early adopted by the Group or the Company during the accounting year ended 30 September 2022. Minor amendments to IFRSs effective for the Group from 1 October 2021 have been issued by the IASB. These amendments are expected to have no or an immaterial impact on the Group.

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

### (b) Basis of consolidation

The Group's Financial Statements consolidate the Financial Statements of the Company and all its subsidiary undertakings. Subsidiaries are all entities (including special purpose vehicles) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The existence and effect of potential voting

rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All intra-Group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of consolidation.

### (c) Revenue from contracts with customers

In accordance with IFRS 15, revenue is recognised in the reporting period in which performance obligations are satisfied, or partly satisfied, by the Group. No revenue has been recognised for performance obligations satisfied in other periods. Revenue comprises institutional income from net trading gains or losses, institutional commissions and research fees, corporate retainers, advisory fees and capital markets deal fees.

- Net trading gains or losses are the realised and unrealised profits and losses from market-making long and short positions on a trade date basis, i.e. the date the trades are executed, and comprise all gains and losses from changes in the fair value of financial assets and liabilities through profit and loss, together with any related dividend on positions held. Net trading gains or losses also include gains and losses arising on equity options and warrants received in lieu of corporate finance fees.
- Institutional income comprises institutional commissions and research fees. Institutional commissions due are recognised on the date the trade is executed, i.e. trade date, and are calculated as a percentage of the trade value. The commission percentage is contractually determined in advance with the respective client and only recognised when the trade is completed. Research fees are recorded in the period that the performance obligations relate to, and the contract price can be variable from period to period based on the level or standard of research provided. Contracts are in place between the Group and each of its research clients and amounts recorded are either over the period for which the performance obligation relates to, or where discretionary, based on variable considerations derived from the most recent level of research provided, updated for recent events or communications with the client.
- Corporate retainers are accrued over the period for which the performance obligation relates to and are based on a contract between the Group and the client, which is typically renewed annually with a notice period.
- Advisory fees and capital markets deal fees are only recognised when the full performance obligations have been met, which is upon deal completion.

### (d) Segment reporting

The Group is managed as an integrated investment banking business and is considered one segment. Although there are different revenue types, there is no separate profitability information produced in relation to the different revenue types. Consequently, the Group is managed as a single business unit. The chief operating decision-makers, who are responsible for allocating resources and assessing performance, have been identified as the Co-Chief Executive Officers.

# Notes to the Financial Statements

## 1. Accounting policies continued

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided for on a straight-line basis at the following rates:

Office and computer equipment	3 years
Furniture and fittings	5 years

Leasehold improvements are depreciated on a straight-line basis over the remaining term of the lease or estimated useful economic life, whichever is shorter.

### (f) Intangible assets

Purchased computer software costs are capitalised where it is probable that future economic benefits that are attributable to the asset will flow to the Group or Company and the cost of the assets can be reliably measured. Software is stated at cost, including those costs incurred to bring to use the specific software, less amortisation and provisions for impairment, if any. Costs are amortised on a straight-line basis over the estimated useful life of the software, which is typically three years. Costs associated with maintaining the software are recognised as an expense when incurred.

### (g) Impairment of assets

The carrying value of property, plant and equipment and intangibles is reviewed for impairment on an annual basis or when events or changes in circumstance indicate the carrying value may be impaired. If such an indication exists, the recoverable amount of the asset is compared to the carrying value to determine impairment loss.

### (h) Financial assets and liabilities

The Group classifies its financial assets and liabilities depending on the purpose for that the assets and liabilities were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

#### Financial assets

The Group's financial assets comprise trade and other receivables (excluding prepayments), trading investments, stock borrowing collateral, derivative financial instruments, and cash and cash equivalents. Financial assets are initially recognised at transaction price on trade date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Trade and other receivables, stock borrowing collateral and cash and cash equivalents are measured at amortised cost using the effective interest method. Trading investments and derivative financial instruments are measured at fair value through profit or loss.

Financial assets that are classified as held at amortised cost using the effective interest method are subsequently carried at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and expected credit loss allowance.

Financial assets that are classified as fair value through profit or loss are subsequently carried at fair value and the changes in fair value are recognised in profit or loss. For trading investments that are quoted in active markets, fair values are determined by reference to the last quoted price. For trading investments that are not quoted in active markets and independent prices are not available, fair values are determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants. For assets where there are unobservable inputs, the best information available in the circumstances is used, which may include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

#### Financial liabilities

The Group's financial liabilities comprise trade and other payables, trading instruments and lease liabilities. Financial liabilities are initially recognised at transaction price on trade date and are derecognised when they are extinguished. Trading instruments comprise short market-making positions represented by securities listed on the LSE Main and AIM markets as well as overseas exchanges.

Trade and other payables and lease liabilities are measured at amortised cost using the effective interest method. Trading instruments are measured at fair value through profit or loss.

Financial liabilities that are classified as held at amortised cost using the effective interest method are subsequently carried at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. Financial liabilities that are classified as fair value through profit or loss are subsequently carried at fair value and the changes in fair value are recognised in profit or loss. Trading instruments are quoted in active markets and their fair values are determined by reference to the last quoted price)

# Notes to the Financial Statements

## 1. Accounting policies continued

### (i) Trade and other receivables and expected credit losses

Trade and other receivables comprise of receivables from clients, brokers and other counterparties, loans to employees, other receivables including corporate finance receivables, and prepayments. In accordance with IFRS 9, trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. For all trade and other receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure expected credit losses, receivables have been grouped based on days past due, with a higher credit risk associated with receivables longer past due. Corporate finance receivables by payment profile have been assessed based on corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the corporate finance receivables. The Group considers the general economic outlook of the countries in which it operates and is owed monies, and accordingly determines whether an adjustment is required to the historical loss rates.

Prepayments arise where the Group pays cash in advance of services being provided to the Group. As the service is provided, the prepayment is reduced, and the expense recognised in the income statement. Accrued income includes fees or other amounts where the Group has achieved its performance obligations but have yet to be either invoiced or received at the reporting date.

### (j) Stock borrowing collateral

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

The securities borrowed 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.

No expected credit losses are anticipated for stock borrowing collateral, due to the balances being fully collateralised and there being no history of any material credit losses in respect of these balances.

### (k) Derivative financial instruments

The Group occasionally utilises forward foreign exchange contracts to manage the exchange risk on actual transactions related to amounts receivable, denominated in a currency other than the functional currency of the business. The Group has not sought to apply hedge accounting.

The Group's forward foreign exchange contracts do not subject the Group to risk from exchange rate movements because the gains and losses on such contracts offset losses and gains, respectively, on the underlying foreign currency transactions to which they relate. The forward contracts are recorded at fair value at each period end. Fair value is calculated using the forward foreign exchange rates prevailing at the period end.

All gains and losses resulting from the settlement of the contracts are recorded within other income/expense in the income statement.

The Group does not enter into forward foreign exchange contracts for the purpose of hedging future anticipated transactions.

Equity options and warrants are initially accounted for and measured at fair value on the date the Company or Group becomes a party to the contractual provisions of the derivative contract and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement within revenue, as part of net trading gains or losses. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions and valuation techniques including discounted cash flow models and option pricing models as appropriate. All derivatives are recognised as assets when their fair value is positive and liabilities when their fair value is negative.

### (l) Deferred tax

Deferred tax assets and liabilities mainly represent amounts of tax that will become recoverable and payable in future accounting periods. Generally, they arise as a result of temporary differences where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the Financial Statements. A deferred tax asset represents a tax reduction that is expected to arise in a future period. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction.

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

### (m) Cash and cash equivalents

Cash comprises cash and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### (n) Trade and other payables

Trade and other payables are recognised initially at fair value, which is the agreed market price at the time goods or services are provided and are subsequently recorded at amortised cost using the effective interest method. The Group accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value. Client, broker and other counterparty balances represent unsettled purchased securities transactions and are recognised on a trade date basis.



# Notes to the Financial Statements

## 1. Accounting policies continued

Deferred income represents fees received in advance of performance obligations being met. This can be in relation to corporate retainers, which are usually received in advance and accrued over the period for which the service is provided, or in relation to other fees received prior to the performance obligations being met.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the inception of the respective leases.

### (o) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated. Provisions where the probable transfer of economic benefit is expected to occur more than 12 months from the balance sheet date are discounted to the net present value using an effective discount rate that reliably calculates the present value of the future obligation.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the Financial Statements; however, they are disclosed unless their likely occurrence is remote.

### (p) Clients' assets and deposits

All assets and money held on behalf of clients has been excluded from the balances of cash and cash equivalents and amounts due to clients, brokers and other counterparties. Client money is not held directly but is placed on deposit in segregated bank accounts with a financial institution.

### (q) Pension costs

The Group has a Group Personal Pension Plan and death in service benefits that are available to eligible employees of the Group. The plan is a defined contribution scheme and costs of the scheme are charged to the income statement in the period in which they arise.

### (r) Leases

The Group leases offices in London, New York and Dublin. Leases are accounted for in accordance with IFRS 16 and the Group recognises a right-of-use asset and a corresponding lease liability. The lease liability is initially measured at the present value of the lease payments discounted using the Group's weighted average borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is measured at amortised cost and depreciated on a straight-line basis over the length of the lease term.

### (s) Foreign currency translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements of the Group are presented in Sterling, which is the Group's and Company's functional currency and the Group's presentation currency.

In individual entities, transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken to other comprehensive income. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

On consolidation, the results of overseas businesses are translated into the presentation currency of the Group at the average exchange rates for the period where these approximate to the rate at the date of transaction. If the average exchange rates for the period do not approximate to the rate at the date of transaction, income and expenses are translated at the rate on the dates of the transactions. Assets and liabilities of overseas businesses are translated into the presentation currency of the Group at the exchange rate prevailing at the balance sheet date. Exchange differences arising are taken to other comprehensive income and then classified as other reserves. Cumulative translation differences arising after the transition to IFRS are taken to the income statement on disposal of the net investment.

### (t) Taxation

Taxation on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted, by the balance sheet date.

### (u) Employee share ownership plans

The Group has a number of Employee Share Ownership Plans (ESOP), as set out in note 26, which provide a mechanism for the Board to reward employees of the Group with share-based payments on a discretionary basis. An Employee Benefit Trust established by the Company acquires ordinary shares in the Company to be held on trust for the benefit of, and ultimately distributed to, employees either on the exercise of share options or other remuneration arrangements.

# Notes to the Financial Statements

## 1. Accounting policies continued

The ESOP arrangements currently in place are all equity-settled plans. In the case of equity-settled awards, the cost of share awards made under employee share ownership plans, as measured by the fair value of awards at the date of granting, are taken to the income statement over the vesting period (if any) and disclosed under staff costs with a corresponding increase in equity. Fair value is based on the market value of the shares on the grant date. Where awards provide no entitlement to dividends over the vesting period, the market value of the shares on grant date is discounted by the dividend yield over the expected life of the award. Where awards have certain vesting assumptions or conditions, the accounting policy is described in (w) Critical judgements and estimates.

On consolidation, the cost of shares held by the Employee Benefit Trust is deducted as an adjustment to equity. Gains and losses arising on Employee Benefit Trust related transactions are taken directly to equity.

### (v) Dividends

Dividend distribution is recognised in equity in the Financial Statements in the period in which dividends are approved. Final dividends are recognised at the date they are approved by shareholders at the annual general meeting.

### (w) Critical judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates. The judgements and estimates which might have a significant effect on the carrying amounts of assets and liabilities over the next 12 months are set out below:

### Valuation of financial assets and liabilities held at fair value where there is no quoted price

Such assets principally comprise minority holdings in unlisted investments and are valued with reference to financial information and non-financial information available at the time of original investment updated to reflect all relevant changes to that information at the reporting date. This determination may require significant judgement in determining changes in fair value since the last valuation date. In making this judgement the Group evaluates among other factors recent offerings or transaction prices, changes in the business outlook affecting a particular investment since purchase, performance of the underlying business against original projections, valuations of similar quoted companies and relevant industry valuation techniques, for example, discounted cash flow or market approach. A sensitivity analysis has been prepared and disclosed in note 29.

### (x) Treasury shares

Treasury shares are recorded by the Group when ordinary shares are acquired by the Company. The main reason for acquiring shares in this way is to meet share-based remuneration awards to employees in the form of shares in a way that does not dilute the percentage holdings of existing shareholders. Treasury shares are held at cost and reduce the Group's net assets by the amount spent.

In addition to the above accounting policies, the following relate specifically to the Company:

### (y) Investment in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment. Where the Company makes equity-settled awards for the benefit of its subsidiaries, the value of such awards is treated as an additional cost of investment in these subsidiaries.

### (z) Share-based payments

In determining the fair value of equity-settled share-based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions. In particular, an estimate must be formed as to the likely number of shares that will vest along with the fair value of each award granted. Where relevant, the fair value is determined by using the Black-Scholes valuation model or, for certain awards, a stochastic valuation model, both of which are dependent on estimates relating to the Group's future dividend policy, the timing of prospective option exercises and the future volatility in the price of the Company's shares. Certain awards contain non-market conditions such as personal and share price performance measures. A sensitivity analysis has been prepared and disclosed in note 26.

## Notes to the Financial Statements

### 2. Profit of the parent company

As provided by section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these Financial Statements. The parent company's profit after tax for the financial year amounted to £25,000,000 (2021: £56,790,000).

### 3. Geographical information

The Group earns its revenue in the following geographical locations:

	2022 £'000	2021 £'000
United Kingdom	137,056	207,200
United States of America	7,141	8,382
Ireland	32	-
	<b>144,229</b>	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 £'000	2021 £'000
United Kingdom	42,225	46,109
United States of America	2,584	2,526
Ireland	323	-
	<b>45,132</b>	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.

### 4. Revenue

	2022 £'000	2021 £'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 income	94,151	154,871
Revenue	<b>144,229</b>	215,582

### 5. Other operating income/(loss)

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

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.

## Notes to the Financial Statements

### 6. Administrative expenses

Administrative expenses comprise the following:

	2022 £'000	2021 £'000
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
Staff costs (see note 7)	81,290	108,614
Other non-staff costs	36,736	34,191
<b>Auditors' remuneration</b>		
<i>Audit services</i>		
Audit fee for the Company's Financial Statements and Annual Report	50	38
Statutory audit services provided to UK subsidiaries of the Company	247	209
Statutory audit services provided to a US subsidiary	123	126
Statutory audit services provided to an Irish subsidiary	21	-
<i>Other services</i>		
Audit-related assurance services	153	108
	<b>123,716</b>	<b>147,859</b>

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. Other than non-audit related services above there were no fees payable to the auditors for any taxation or non-audit services in 2022 or 2021.

### 7. Staff costs

Amounts in relation to employees (including executive directors) are as shown below.

	2022 £'000	2021 £'000
Wages and salaries	62,089	81,968
Social security costs	9,204	14,686
Pension costs (see note 28b)	2,106	1,792
Share-based payments	6,345	9,634
Other staff costs	1,547	534
	<b>81,290</b>	<b>108,614</b>

Compensation costs as a percentage of revenue have increased to 56% (2021: 50%).

The share-based payment award costs shown above are in respect of share-based payment transactions which are accounted for as equity-settled awards. The share-based payment charge arises from the combined impact of all historic invested awards.

Number of staff employed:

	2022 Number	2021 Number
Monthly average for the year		
Front office	226	213
Support functions	98	79
Total monthly average for the year	324	292
At the year end	336	319

Details of directors' emoluments are presented in the Remuneration report on page 81.

### 8. Finance income

	2022 £'000	2021 £'000
Interest income	477	1
Net foreign exchange gains	3,429	-
	<b>3,906</b>	<b>1</b>

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.

### 9. Finance costs

	2022 £'000	2021 £'000
Interest expense	495	439
Interest expense on lease liabilities	1,636	1,102
Net foreign exchange losses	-	721
Other finance costs	-	27
	<b>2,131</b>	<b>2,289</b>

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. Net foreign exchange losses related to activities in the normal course of business and investments held in foreign currencies, such as USD.

## Notes to the Financial Statements

### 10. Taxation

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

	2022 £'000	2021 £'000
<b>Current tax</b>		
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
<b>Deferred tax</b>		
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 £'000	2021 £'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
Effects of:		
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 in period	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 standard rate of corporation tax in the UK was 19% (2021: 19%) during the reporting period. The Group was subject to UK banking surcharge tax in the period, levied at 8% on annual UK profits chargeable to corporation tax in excess of £25m. From 1 April 2023, the corporation tax rate will increase to 25% and the threshold of taxable profits at which banking surcharge tax will apply will be increased to £100m. The Group has used 27% (19% corporation tax, plus 8% UK banking surcharge) for the calculation of the deferred tax likely to crystallise before April 2023 and 25% in respect of the portion of the deferred tax assets and liabilities likely to crystallise after that date. 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 £2.6m in the period related to prior period share-based remuneration vesting at the end of FY21 (a further benefit of £4.9m has also been taken to equity in this regard). A further one-off prior year adjustment of £2.49m has been made regarding deferred tax liabilities arising in respect of unrealised gains in the non-trading investment portfolio as at FY21, of which £1.76m has been released in the current period.

### 11. Dividends

	2022 £'000	2021 £'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

Dividends declared on shares held by the Employee Benefit Trust that have not been purchased by or vested in employees are waived under the terms of the employee share ownership plan arrangements.



## Notes to the Financial Statements

### 12. Property, plant and equipment

#### Group

The movement during the year and the prior year was as follows:

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 October 2021	1,785	7,142	3,454	12,381
Additions	780	90	244	1,114
Disposals	(8)	-	(3)	(11)
Foreign exchange	35	46	78	160
<b>At 30 September 2022</b>	<b>2,592</b>	<b>7,278</b>	<b>3,773</b>	<b>13,643</b>
<b>Accumulated depreciation</b>				
At 1 October 2021	358	499	1,480	2,337
Charge for the year	453	470	808	1,731
Disposals	(1)	-	-	(1)
Foreign exchange	24	20	76	119
<b>At 30 September 2022</b>	<b>833</b>	<b>989</b>	<b>2,363</b>	<b>4,185</b>
<b>Net book value</b>				
At 30 September 2021	1,427	6,643	1,974	10,044
<b>At 30 September 2022</b>	<b>1,759</b>	<b>6,289</b>	<b>1,410</b>	<b>9,458</b>

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 October 2020	588	5,406	2,514	8,508
Additions	1,328	6,465	1,088	8,881
Disposals	(131)	(4,729)	(148)	(5,008)
At 30 September 2021	1,785	7,142	3,454	12,381
<b>Accumulated depreciation</b>				
At 1 October 2020	301	4,400	1,211	5,912
Charge for the year	128	600	426	1,154
Disposals	(71)	(4,501)	(157)	(4,729)
At 30 September 2021	358	499	1,480	2,337
<b>Net book value</b>				
At 30 September 2020	287	1,006	1,303	2,596
At 30 September 2021	1,427	6,643	1,974	10,044

## Notes to the Financial Statements

### 13. Intangible assets

#### Group

The movement during the year and the prior year was as follows:

	2022 £'000	2021 £'000
Purchased software		
<b>Cost</b>		
At 1 October	1,303	993
Additions	19	310
Disposals	-	-
<b>At 30 September</b>	<b>1,322</b>	1,303
<b>Accumulated amortisation</b>		
At 1 October	745	587
Charge for the year	302	158
Disposals	-	-
<b>At 30 September</b>	<b>1,047</b>	745
<b>Net book value</b>		
At 1 October	558	406
<b>At 30 September</b>	<b>275</b>	558

### 14. Right-of-use assets

#### Group

The Group's right-of-use assets were as follows:

	2022 £'000	2021 £'000
<b>Asset</b>		
At 1 October	38,033	4,020
Additions	-	37,408
Depreciation	(3,063)	(3,262)
Foreign exchange	430	(133)
<b>At 30 September</b>	<b>35,400</b>	38,033

Right-of-use assets primarily relate to existing property leases in London, New York and Dublin. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet.

### 15. Investment in subsidiary undertakings

#### Company

##### a) Company investment in subsidiaries

	2022 £'000	2021 £'000
At 1 October	97,883	88,835
Capital contribution into Numis Europe Limited	6,467	-
Additions in respect of equity settled share scheme awards	6,345	9,048
<b>At 30 September</b>	<b>110,695</b>	97,883

Additions in respect of equity settled share scheme awards relate to awards made under the Group's share plans to employees in subsidiaries.

##### b) Subsidiaries

The Company beneficially owns the entire issued ordinary share capital of the companies listed below, there being no other class of share. All shares have identical voting rights. All companies listed operate in their country of incorporation and have financial year ends that are coterminous with the Company:

Subsidiary	Country of incorporation	Principal activity	Proportion of shareholding
Numis Securities Limited	United Kingdom	Financial services	100%
Numis Securities Inc.*	United States of America	Financial services	100%
Numis Europe Limited	Ireland	Financial services	100%
Numis Asset Management Limited	United Kingdom	Dormant	100%
Numis Nominees (Client) Limited	United Kingdom	Dormant	100%
Numis Nominees (NSI) Limited*	United Kingdom	Dormant	100%
Numis Nominees Limited*	United Kingdom	Dormant	100%

\* Held through a subsidiary of the Company

The Companies incorporated in the United Kingdom have their registered office at 45 Gresham Street, London EC2V 7BF, England. Numis Securities Inc. has its registered office at 25th Floor, 575 Fifth Avenue, New York, NY 10017, USA and Numis Europe Limited has its registered office at Riverview House, 21-23 City Quay, Dublin 2, Ireland.

## Notes to the Financial Statements

### 16. Deferred tax

The movement in the deferred tax balance is as follows:

Group	2022 £'000		2021 £'000	
At 1 October	4,006		5,617	
Prior year adjustment recognised in the income statement	(2,486)		-	
Other current year amounts recognised in the income statement	229		(543)	
Amounts recognised in equity	(395)		(1,068)	
<b>At 30 September</b>	<b>1,354</b>		<b>4,006</b>	

	Share plan arrangements £'000	Capital allowances £'000	Investment Portfolio £'000	Other £'000	Total £'000
At 1 October 2021	3,313	(266)	-	959	4,006
Prior year adjustment recognised in the income statement	-	-	(2,486)	-	(2,486)
Other amounts recognised in the income statement	(893)	79	1,758	(715)	229
Amounts recognised in equity	(548)	-	-	154	(395)
<b>At 30 September 2022</b>	<b>1,870</b>	<b>(187)</b>	<b>(728)</b>	<b>398</b>	<b>1,354</b>

Deferred tax assets have been recognised reflecting management's confidence that there will be sufficient levels of future taxable gains arising from the Group's normal course of business against which the deferred tax asset can be utilised. Of this balance £806,000 (2021: £1,738,000) is expected to be recovered within 12 months. The amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet was \$5.5m (2021: nil), which has no expiry date. A one-off prior year adjustment of £2.49m has been made regarding deferred tax liabilities arising in respect of unrealised gains in the non-trading investment portfolio as at FY21.

### 17. Trade and other receivables

The following amounts are included within trade and other receivables:

Group	2022 £'000		2021 £'000	
Due from clients, brokers and other counterparties (excluding corporate finance receivables)	365,757		440,420	
Loans to employees	5		31	
VAT receivable	-		234	
Other receivables, including corporate finance receivables	31,517		22,268	
Prepayments	5,638		4,403	
Accrued income	499		443	
	<b>403,416</b>		<b>467,799</b>	

Company	2022 £'000		2021 £'000	
Amounts due from subsidiaries	31,337		36,469	

Trade and other receivables principally comprise amounts due from and due to clients, brokers and other counterparties. Such amounts represent unsettled sold securities transactions and are stated gross. The magnitude of such balances varies with the level of business being transacted around the reporting date. Loans to employees principally comprise season ticket loans.

Trade and other receivables are stated net of expected credit losses. The movement in expected credit losses during the year shown below relates solely to corporate finance receivables and is recorded in the income statement within administrative expenses.

Expected net credit losses:

Group	2022 £'000		2021 £'000	
At 1 October	73		80	
Movement to level of expected credit losses	18		(7)	
At 30 September	91		73	

Due to the immaterial nature of the Group's provision for expected credit losses, trade and other receivables are shown net of this provision on the balance sheet.

For amounts due from clients, brokers and other counterparties and loans to employees, expected credit losses are nil due to the nature of the counterparties, the short-term nature of the receivables and the recent historical loss rates of zero.

## Notes to the Financial Statements

### 18. Trading investments

Group	2022 £'000	2021 £'000
<b>Long positions:</b>		
Listed on the LSE main market	14,263	38,897
Listed on AIM	2,964	5,270
Listed overseas	410	1,368
Unlisted UK investments	5,434	5,873
Unlisted overseas investments	13,000	7,564
	<b>36,071</b>	58,972

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.

Group	2022 £'000	2021 £'000
<b>Short positions:</b>		
Listed on the LSE main market	9,654	24,526
Listed on AIM	686	2,645
Listed overseas	–	45
	<b>10,340</b>	27,217

### 19 Stock borrowing collateral

Group	2022 £'000	2021 £'000
Stock borrowing collateral	20,354	18,623

The Group enters stock borrowing arrangements with a small number of counterparties, which are entered into on a collateralised basis with cash advanced as collateral. The asset recorded on the balance sheet relates to the amount of cash collateral advanced. The expected credit losses in relation to stock borrowing collateral are £nil (2021: £nil), due to these balances being fully collateralised.

### 20. Derivative financial instruments

Group	2022 £'000	2021 £'000
Options and warrants		
At 1 October	629	18
Exercised	–	–
Revaluation to fair value in the year recognised in the income statement	(607)	611
<b>At 30 September</b>	<b>22</b>	629

The Group holds equity options and warrants over certain securities. Although the options and warrants themselves are not listed the underlying securities may be listed or otherwise. In the information presented above the listed distinction relates to the underlying security.

### 21. Cash and cash equivalents

Group	2022 £'000	2021 £'000
Cash and cash equivalents included in current assets	105,653	134,125

Cash and cash equivalents comprise cash and deposits held at call with banks and other institutions.

The balances exclude deposits of clients' monies placed by the Group with banks on an agency basis. All such deposits are designated by the banks as clients' funds and are not available to the banks to satisfy any liability the Group may have with them at that time.

## Notes to the Financial Statements

### 22. Trade and other payables

Group	2022 £'000	2021 £'000
Amounts due to clients, brokers and other counterparties	347,895	415,460
VAT payable	1,563	-
Social security and PAYE	1,689	1,794
Other payables	1,200	3,189
Deferred income	1,325	3,135
Accruals	32,048	58,368
	<b>385,720</b>	481,946

As a result of their short-term nature, the fair value of trade and other payables held at amortised cost approximates to their carrying value. All deferred income from the previous financial year was recognised as income in the current financial year.

Company	2022 £'000	2021 £'000
Amounts due to subsidiaries	99	-

### 23. Lease liabilities

The Group's lease liabilities were as follows:

Group	2022 £'000	2021 £'000
<b>Liabilities</b>		
At 1 October	40,071	4,605
Additions	-	37,408
Cash paid in respect of lease arrangements	(655)	(2,913)
Unwind of discount	1,606	1,102
Foreign exchange	492	(131)
<b>At 30 September</b>	<b>41,515</b>	40,071
<b>Of which:</b>		
Current liabilities	605	491
Non-current liabilities	40,910	39,580
Total	41,515	40,071

At 30 September 2022, the Group had the following commitments in respect of leases:

	2022 £'000	2021 £'000
<b>Outstanding commitments</b>		
Within one year	700	665
One to two years	3,562	645
Two to five years	14,291	12,663
Five to ten years	20,417	21,412
Over ten years	15,765	19,488
	<b>54,735</b>	54,873

### 24. Share capital and other reserves

#### Share capital

Group and Company	2022 £'000	2021 £'000
Authorised		
140,000,000 (2021: 140,000,000) 5p ordinary shares	7,000	7,000
Allotted, issued and fully paid		
114,367,448 (2021: 125,038,536) 5p ordinary shares	5,718	6,252

During the year there were no ordinary shares issued (2021: 6,600,000). During the year 3,063,989 (2021: 500,000) ordinary shares of 5p with an aggregate nominal value of £153,000 (2021: £25,000) were purchased by the Company into Treasury shares. Retained earnings have been reduced by £8,183,000 (2021: £1,555,000) being the consideration paid for these shares. During the year there were no ordinary shares of 5p transferred from Treasury shares to the Group's Employee Benefit Trust. For the year ended 30 September 2021, 3,200,000 ordinary shares of 5 were transferred at a weighted average cost of £2.73 per share). The number of shares held in Treasury at 30 September 2022 totals 3,063,989 (2021: 10,671,088).

The Company reduced its capital by the cancellation of 10,671,088 ordinary shares of £0.05 purchased by the Company as Treasury shares 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



## Notes to the Financial Statements

### 24. Share capital and other reserves continued

#### Treasury shares

Group and Company	2022 Number of shares	2021 Number of shares
At 1 October	10,671,088	13,371,800
Cancelled	(10,671,088)	-
Purchased	3,063,989	500,00
Transferred to EBT	-	(3,200,000)
At 30 September	3,063,989	10,671,088

#### Other reserves

Group	Foreign exchange translation £'000	Equity-settled share plans £'000	Total other reserves £'000
Balance at 1 October 2021	1,375	7,662	9,037
Exchange difference on translation of foreign operations	1,051	-	1,051
Employee share plans: value of employee service	-	6,345	6,345
Employee share plans: transfer to retained profit on vesting of awards	-	(5,792)	(5,792)
<b>Balance at 30 September 2022</b>	<b>2,426</b>	<b>8,215</b>	<b>10,641</b>

Group	Foreign exchange translation £'000	Equity-settled share plans £'000	Total other reserves £'000
Balance at 1 October 2020	1,365	21,056	22,421
Exchange difference on translation of foreign operations	10	-	10
Employee share plans: value of employee service	-	9,250	9,250
Employee share plans: transfer to retained profit on vesting of awards	-	(22,644)	(22,644)
Balance at 30 September 2021	1,375	7,662	9,037

Company	Equity-settled share plans £'000
Balance at 1 October 2021	7,662
Employee share plans: value of employee service	6,345
Employee share plans: transfer to retained profit on vesting of awards	(5,792)
<b>Balance at 30 September 2022</b>	<b>8,215</b>

Company	Equity-settled share plans £'000
Balance at 1 October 2020	21,056
Employee share plans: value of employee service	9,250
Employee share plans: transfer to retained profit on vesting of awards	(22,644)
Balance at 30 September 2021	7,662

### 25. Cash flows generated from operating activities

Reconciliation of profit before tax to cash flows generated from operating activities:

Group	2022 £'000	2021 £'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 plan charges	6,345	9,634
(Increase)/decrease in trading investments	7,050	(20,883)
(Increase)/decrease in trade and other receivables	72,571	(141,643)
(Increase) in stock borrowing collateral	(1,731)	(401)
Increase/(decrease) in trade and other payables	(101,129)	149,728
(Increase)/decrease in derivatives	606	(611)
Cash flows generated from operating activities	7,902	77,115

# Notes to the Financial Statements

## 25. Cash flows generated from operating activities continued

### Company

The Company does not typically hold any cash balances, and cash-based transactions are carried out on its behalf by Numis Securities Limited, a wholly owned subsidiary. The operating profit of the Company includes dividends from subsidiary companies of £25,000,000 (2021: £57,000,000) that passed through intercompany accounts.

## 26. Employee share plans

The Company has established an Employee Benefit Trust in respect of the Group share plans which is funded by the Group and has the authority to acquire shares from the Company or in the open market to meet the Group's future obligations under these plans. At 30 September 2022, the Trust owned 2,199,436 ordinary shares at 5p in the Company (2021: 3,400,981) with a market value of £5.1m at 30 September 2022 (2021: £12.2m).

	2022 Number of shares	2021 Number of shares
At 1 October	3,400,981	616,537
Acquired during the year	1,058,203	6,358,397
New issuance of shares	–	6,600,000
Transferred from treasury	–	3,200,000
Shares vested in employees	(2,259,748)	(11,264,299)
Shares used to satisfy option exercises	–	(2,109,654)
At 30 September	2,199,436	3,400,981

The figures in the above table are presented on a trade date basis.

At 30 September 2022, the number of shares held by the Trust in respect of awards made to, but not yet vested in, employees was nil (2021: nil shares).

A description of the Group's active share plans and their operation is set out below:

### Long Term Incentive Plan 2021

The Board approved this plan on 7 December 2020.

#### Eligibility

Any director or employee of the Company, or a Group company, may be invited to participate in the plan.

#### Nature of plan

The plan is designed to increase the interest of participant(s) in the Company's long-term business goals and performance. Vesting can occur no earlier than the third anniversary of grant and are subject to a further one-year holding period.

The new LTIP awards issued under the 2021 LTIP Plan are subject to target performance conditions measured over the three-year vesting period and similar personal performance conditions as set out under the 2016 LTIP Plan. The fair value calculations have been undertaken by specialist independent remuneration consultants who were engaged in advising on the formulation and valuation of the plan.

Awards under this plan have been made through the granting of options which lapse on the tenth anniversary of the grant date.

Awards granted under this plan are equity settled.

### Restricted Stock Unit (RSU) 2017 Plan

The Board approved this plan on 7 November 2017.

#### Eligibility

Any director or employee of the Company, or a Group company, may be invited to participate in the plan.

#### Nature of plan

The plan was devised broadly to follow the terms of the earlier Restricted Stock Unit (RSU) 2008 Plan and was put in place as no awards could be made under this plan after the tenth anniversary of the adoption on 29 January 2008.

The plan is open to both UK and US directors and employees as a deferred bonus payment in the form of shares. Awards vest in the hands of the participant in three equal tranches no earlier than at the end of the first, second and third anniversaries following the award date if they continue to be employed by the Group on those dates.

Awards granted under this plan are equity settled.

In 2021, the following plans were also active. These were fully settled by 30 September 2021:

### Restricted Stock Unit (RSU) 2008 Plan

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

#### Eligibility

Any director or employee of the Company, or a Group company, may be invited to participate in the plan.

## Notes to the Financial Statements

### 26. Employee share plans continued

#### Nature of plan

This plan is open to both UK and US directors and employees and operates as a deferred bonus payment in the form of shares. Awards vest in the hands of the participant in three equal tranches no earlier than at the end of the first, second and third anniversaries following the award date if they continue to be employed by the Group on those dates. Awards granted under this plan are equity settled.

#### Long Term Incentive Plan 2016

The Board approved this plan on 5 September 2016.

#### Eligibility

Any director or employee of the Company, or a Group company, may be invited to participate in the plan.

#### Nature of plan

The plan is designed to increase the interest of participant(s) in the Company's long-term business goals and performance. The vesting conditions require not only a five-year service condition to be fulfilled but also the achievement of performance conditions as specified by the Group's Remuneration Committee. Vesting can occur no earlier than the fifth anniversary of grant but, in certain circumstances, a holding period extending beyond the fifth anniversary of grant may also be applied.

Awards under this plan have been made through the granting of options which lapse on the tenth anniversary of the grant date.

Awards granted under this plan are equity settled.

#### Long Term Incentive Plan (US) 2017

The Board approved this plan on 6 January 2017.

#### Eligibility

Any director or employee of Numis Securities Inc. (NSI), the wholly owned subsidiary of Numis Securities Limited (NSL), itself a wholly owned subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

#### Nature of plan

The plan operates in the same way as the LTIP 2016 Plan other than differences which arise in the treatment of awards under differing tax jurisdictions and in that vesting can occur no earlier than the fourth anniversary of grant but, in certain circumstances, a holding period extending beyond the fourth anniversary of grant may also be applied.

Awards under this plan have been made through the granting of options which lapse on the tenth anniversary of the grant date. Non-market conditions are disclosed in the Remuneration report on page 82.

Awards granted under this plan are equity settled.

The movement in award shares for each share incentive award plan, other than awards made by way of options, together with the number of granted but unvested share awards outstanding at 30 September 2022 is detailed in the tables below:

	RSU 2017 Number of shares	Total Number of shares
Award shares at 1 October 2021	4,521,724	4,521,724
New awards	1,840,873	1,840,873
Vesting of awards	(2,259,748)	(2,259,748)
Forfeiture of awards	(75,343)	(75,343)
<b>Award shares at 30 September 2022</b>	<b>4,027,506</b>	<b>4,027,506</b>

	RSU 2008 Number of shares	RSU 2017 Number of shares	Total Number of shares
Award shares at 1 October 2020	21,150	5,320,256	5,341,406
New awards	–	1,661,181	1,661,181
Vesting of awards	(21,150)	(2,334,817)	(2,355,967)
Forfeiture of awards	–	(124,896)	(124,896)
<b>Award shares at 30 September 2021</b>	<b>–</b>	<b>4,521,724</b>	<b>4,521,724</b>

Under the share plans shown above, awards of 1,840,873 shares (2021: 1,661,181 shares) were granted during the year at a weighted average fair value of 295.5p (2021: 316.2p). The weighted average market price on grant date for all awards made during the year was 323.6p (2021: 341.1p).

#### Option plans

The Group may grant options under two different plans – the Long-Term Incentive Plan 2021 and an employee option plan, which was originally formulated and approved in 2001, which was the main basis of share-based remuneration prior to the other plans being set up. It was open to any director or employee of the Company, or Group company, and the plan allowed the Group to grant options to employees at its discretion, which were exercisable within a 3- and 10-year period after the grant date.

## Notes to the Financial Statements

### 26. Employee share plans continued

Movements in the number of outstanding share options during the year and their weighted average exercise prices are as follows:

Group	2022		2021	
	Average exercise price (pence per share)	Outstanding options	Average exercise price (pence per share)	Outstanding options
At 1 October	14.52	1,377,557	3.98	11,295,016
Granted	-	1,301,774	-	1,298,507
Forfeited	-	-	-	(1,384,384)
Exercised	-	-	2.54	(9,831,582)
<b>At 30 September</b>	<b>7.46</b>	<b>2,679,331</b>	14.52	1,377,557

The date range over which the above options may be exercised is set out in the table below.

The overall weighted average life of the remaining options is 8.58 years (2021: 8.90 years).

There were no options exercised during the year. The weighted average share price at the exercise date of options exercised during 2021 was 334.8p.

At 30 September 2022, the following options granted to directors and employees to acquire ordinary shares in the Company were outstanding:

Grant date	Number of options outstanding	Exercise price	Earliest exercise date	Latest exercise date
16 December 2013	19,762	253.0p	16 December 2016	16 December 2023
16 December 2013	59,288	253.0p	16 December 2016	16 December 2023
18 January 2021	1,298,507	0.0p	18 January 2024	18 January 2031

Options granted after 7 November 2002 are measured at fair value at the date of grant. The fair value determined is expensed on a staged basis over the vesting period, based on the Group's estimate of options that will eventually vest. Fair value is measured by use of a Black-Scholes valuation model or a stochastic valuation model dependent on the type of performance conditions applied to the award. The expected life used in the Black-Scholes model is adjusted, based on management's best estimate and behavioural considerations. Expected volatility is estimated with reference to the share price of the Company over a period commensurate with the expected life of the option.

Certain awards contain non-market conditions such as personal and share price performance measures. In the event that the assumption made for the measurable non-market condition (staff turnover) was increased or decreased by 5%, the impact on the associated compensation cost for the financial year would have been an increase or decrease of £9,000 respectively.

### 27. 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 plan 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 per share or increase the 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 Number Thousands	2021 Number 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

# Notes to the Financial Statements

## 28. Guarantees and other financial commitments

### a) Guarantees

The Company currently has in place unlimited guarantees to the Company's bankers, Barclays Bank plc, for the debts of Numis Securities Limited and Numis Securities Inc., an indirect wholly owned subsidiary of the Company. At 30 September 2022, the Group did not have any indebtedness to Barclays Bank plc (2021: nil).

### b) Pension arrangements

A defined contribution Group Personal Pension Plan has been in operation since 6 April 1997 for all eligible employees of the Group. The Group Personal Pension Plan is funded through monthly contributions. The Group contributes 7% of members' salaries, with members separately contributing at least 2.5% of their salary. Employees are also eligible for death-in-service benefits. The pension cost charge for the year is disclosed in note 7.

### c) Revolving credit facility

At 30 September 2022, a revolving credit facility of £35m was in place with the Group's banks, should the Group be required to temporarily fund any short-term settlement obligations. The facility was committed until May 2023. Subsequent to year end, a new revolving credit facility of £50m was put in place which replaces the existing facility. The new facility is committed until November 2025.

### d) Employment arrangements

In the ordinary course of business, at the period end, the Group had entered into new employment arrangements that are conditional upon the employee starting in the subsequent period.

## 29. Financial instrument risk management

### Group

#### Accounting treatment

The categorisation of the Group's assets and liabilities analysed by accounting treatment is summarised below:

At 30 September 2022:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments £'000	Total £'000
<b>Assets</b>				
Property, plant and equipment	-	-	9,458	9,458
Intangible assets	-	-	275	275
Right-of-use assets	-	-	35,400	35,400
Deferred tax	-	-	1,354	1,354
Trade and other receivables	397,778	-	5,638	403,416
Trading investments	-	36,071	-	36,071
Stock borrowing collateral	20,354	-	-	20,354
Current income tax receivable	-	-	10,792	10,792
Derivative financial instruments	-	22	-	22
Cash and cash equivalents	105,653	-	-	105,653
<b>Total assets</b>	<b>523,785</b>	<b>36,093</b>	<b>62,918</b>	<b>622,796</b>
<b>Liabilities</b>				
Trade and other payables	(379,943)	-	(5,777)	(385,720)
Trading instruments	-	(10,340)	-	(10,340)
Lease liabilities (current)	(605)	-	-	(605)
Lease liabilities (non-current)	(40,910)	-	-	(40,910)
<b>Total liabilities</b>	<b>(421,458)</b>	<b>(10,340)</b>	<b>(5,777)</b>	<b>(437,575)</b>
<b>Total equity</b>	<b>102,327</b>	<b>25,753</b>	<b>57,141</b>	<b>185,221</b>



## Notes to the Financial Statements

### 29. Financial instrument risk management continued

#### Group

At 30 September 2021:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments £'000	Total £'000
<b>Assets</b>				
Property, plant and equipment	-	-	10,044	10,044
Intangible assets	-	-	558	558
Right-of-use assets	-	-	38,033	38,033
Deferred tax	-	-	4,006	4,006
Trade and other receivables	463,396	-	4,403	467,799
Trading investments	-	58,972	-	58,972
Stock borrowing collateral	18,623	-	-	18,623
Current income tax receivable	-	-	3,171	3,171
Derivative financial instruments	-	629	-	629
Cash and cash equivalents	134,125	-	-	134,125
<b>Total assets</b>	<b>616,144</b>	<b>59,601</b>	<b>60,215</b>	<b>735,960</b>
<b>Liabilities</b>				
Trade and other payables	(473,828)	-	(8,118)	(481,946)
Trading instruments	-	(27,217)	-	(27,217)
Lease liabilities (current)	(491)	-	-	(491)
Lease liabilities (non-current)	(39,580)	-	-	(39,580)
<b>Total liabilities</b>	<b>(513,899)</b>	<b>(27,217)</b>	<b>(8,118)</b>	<b>(549,234)</b>
<b>Total equity</b>	<b>102,245</b>	<b>32,384</b>	<b>52,097</b>	<b>186,726</b>

#### Risk management

Effective risk management is key to the successful achievement of the Group's strategic objectives. A risk management framework sets out the inherent risks of our strategic objectives, clear articulation of risk appetite, effective internal controls, allocation of roles and responsibilities, and ongoing assessment of risk. The framework is documented and designed so that risk exposures are understood, limited, monitored, reported and escalated appropriately. The effective control of risk depends upon all employees being conscientious, taking responsibility and upholding a culture of risk awareness.

#### Risk governance

Our risk governance is based on the principle that risk management, risk oversight and assurance should be carried out by individuals, committees and functions which are designed to manage risk effectively. Risk exposures are monitored, controlled and overseen using the three lines of defence model. The first line of defence consists of the business front line employees and committees that understand their responsibilities and carry them out in accordance with our risk appetite. The second line is the independent oversight of the Risk and Compliance functions, who set and monitor policies and risk appetite, define work practices and oversee the business front line. The third line of defence is the internal auditors who regularly review both the business front line and the oversight functions to ensure that they are carrying out their tasks to the required level of competency. All risk management functions ultimately report to the Board.

The Risk Committee consists of non-executive directors and is responsible for the evaluation and maintenance of the Group's control framework and ensuring that policies are in place and operating effectively to identify, assess, monitor and control risk throughout the Group. The Risk Committee receives risk updates which detail the Group's exposure to market, credit, liquidity and operational risks. The Risk and Compliance functions have day-to-day responsibility for monitoring and reporting financial risk exposures within the Group and escalation of issues to senior management. Independent assurance of the suitability and effectiveness of the Group's risk management framework and controls is provided to the Risk Committee by the utilisation of an outsourced, independent internal audit function.

#### Market risk – equity risk

The Group is affected by conditions in the financial markets and the wider economy through its holdings of equity investments arising through the normal course of its market-making, trading and investing activities. Equity risk arises from the exposures of these holdings to changes in equity prices and their volatilities. An adverse movement in the fair value of our holdings has consequences for the capital resources of the Group and therefore it is important for management to monitor and control the potential impact of such movements.

The Group utilises a VaR model to measure market risk. VaR is a statistical estimate of the potential loss from adverse market movements over a specified time horizon within a specified probability. The model uses a historical simulation approach which shocks market risk positions by the actual experienced daily market moves observed over the most recent rolling 256 business day window, which approximately represents a calendar year. The sum of the simulated returns for each of the 256 days is calculated and the VaR is defined as being the third worst loss of these 256 days. This approach is an accepted industry standard and gives the Group an understanding of the market risks on the equities held.

## Notes to the Financial Statements

### 29. Financial instrument risk management continued

VaR limits are set at both individual stock level and portfolio level and are approved by the Board. These limits are incorporated into the Group's front office trading system so that real time monitoring of VaR exposures is available to both front office staff and the Risk function. On a daily basis the Risk function computes the VaR risk measure based on the end of day portfolio of holdings. The results are reported to senior management at the end of each day and compared to the daily trading performance. Alongside the use of VaR limits on individual and overall portfolio holdings there are absolute monetary trading book limits at gross and net position level.

The Group also utilises a Break Loss model for its positions on its Event Driven book. Break Loss is a model that estimates the anticipated loss following the break of a merger/acquisition deal.

The following table shows the highest, lowest and average total long, short, gross and net position in listed securities during the year, together with positions at year end. These are reported daily to senior management.

	2022			
	Long £'000	Short £'000	Gross £'000	Net £'000
Highest position	54,528	(46,602)	99,265	25,926
Lowest position	16,407	(8,231)	27,651	(10,047)
Average position	35,786	(27,519)	63,306	8,267
<b>At 30 September 2022</b>	<b>17,637</b>	<b>(10,340)</b>	<b>27,651</b>	<b>6,916</b>
	2021			
	Long £'000	Short £'000	Gross £'000	Net £'000
Highest position	44,607	(40,897)	85,504	15,328
Lowest position	12,301	(10,280)	23,481	(13,691)
Average position	28,994	(25,394)	54,388	3,600
At 30 September 2021	35,824	(25,713)	61,537	10,111

The table below shows the highest, lowest, average and year end equity VaR.

	2022 £'000	2021 £'000
Highest VaR	586	924
Lowest VaR	146	179
Average VaR	278	370
<b>At 30 September</b>	<b>159</b>	<b>281</b>

### Trading investments

Equity risk on the trading investments held within the market-making book is the day-to-day responsibility of the Head of Trading, whose decision-making is independently monitored by the Risk function. Trading investments held outside the market-making activities are monitored by the Co-CEOs, CFO and senior management. The Group holds positions totalling £18,434,000 (2021: £13,437,000) in unlisted securities.

A sensitivity analysis based on a 10% increase/decrease in underlying equity prices on the listed trading investments held in the market-making portfolio at 30 September 2022, indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £1,764,000 (2021: £4,554,000).

### Trading instruments

Trading instruments comprise short positions in quoted stocks arising through the normal course of business in facilitating client order flow. Equity risk on trading instruments is the day-to-day responsibility of the Head of Trading. Exposures of this nature are monitored in the same way as trading investments above as these positions form part of the trading book.

A sensitivity analysis based on a 10% increase or decrease in underlying equity prices on the trading instruments held at 30 September 2022, indicates that the impact of such a movement would be to decrease/increase respectively profit in the income statement by £1,034,000 (2021: £2,722,000).

### Derivative financial instruments

Derivative financial instruments primarily comprise equity options and warrants over listed equity securities and are predominantly received by the Group as non-cash consideration for advisory and other services.

Equity risk arising on derivatives is the day-to-day responsibility of the Head of Trading. A detailed inventory of options and warrant holdings is reported to senior management daily and risk is measured and reported using VaR methodology.

A 10% increase/decrease in the relevant underlying equity price relating to the derivative financial instruments held at 30 September 2022, indicates that the impact of such a movement on the profit in the income statement would be an increase of £7,250 (2021: £274,000) and a decrease of £7,250 (2021: £274,000) respectively.

### Market risk – currency risk

Currency risk arises from the exposure to changes in foreign exchange spot and forward prices and volatilities of foreign exchange rates. The Group is exposed to the risk that the Sterling value of the assets, liabilities or profit and loss could change as a result of foreign exchange rate movements.

## Notes to the Financial Statements

### 29. Financial instrument risk management continued

There are three sources of currency risk to which the Group may be exposed: foreign currency denominated financial assets and liabilities arising as a result of trading in foreign securities; foreign currency financial assets and liabilities as a result of either foreign currency denominated corporate finance fees, supplier payments or Treasury activities; and foreign currency denominated investments in subsidiaries of the Group. The Risk function is responsible for monitoring the Group's currency exposures which are reported to senior management daily.

Currency risk is measured using a similar VaR methodology as that used for the Group's measurement of equity risk. The table below shows the highest, lowest and average foreign currency VaR.

	2022 £'000	2021 £'000
Highest VaR	284	330
Lowest VaR	101	105
Average VaR	168	186
At 30 September	284	148

The Group's net assets by currency at 30 September were as follows:

	Sterling £'000	US\$ £'000	Euro £'000	Other £'000	Total £'000
2022					
Sterling equivalent	146,750	24,338	10,557	3,576	185,221
2021					
Sterling equivalent	160,582	21,571	4,733	(160)	186,726

The Group hedges any significant transactional currency exposures arising from trading activities using spot or forward foreign exchange contracts. At 30 September 2022 there were no material transactional currency exposures (2021: nil) and the fair value of derivative financial instruments held to manage such currency exposure at 30 September 2022 was £nil (2021: £nil). The Group does not hedge future anticipated transactions. Currency exposure to foreign currency denominated corporate finance receivables and supplier payables at the period end is not considered material.

The table below shows the impact on the Group's results of a 10 cent movement in the US Dollar and Euro in terms of transactional and translational exposures.

10 cent increase (strengthening £):

	2022		2021	
	US\$ £'000	Euro £'000	US\$ £'000	Euro £'000
Profit before tax	(2,018)	(857)	(1,636)	(468)
Equity	(2,018)	(857)	(1,636)	(468)

10 cent decrease (weakening £):

	2022		2021	
	US\$ £'000	Euro £'000	US\$ £'000	Euro £'000
Profit before tax	2,419	1,024	1,899	556
Equity	2,419	1,024	1,899	556

#### Market risk – concentration risk

The Group does not have any significant concentration risk in relation to its trading investments or trading instruments.

#### Market risk – interest rate risk

Interest rate risk arises as a result of changes to the interest yield curve and the volatilities of interest rates.

The Group's interest-bearing assets are predominantly cash or cash equivalents. Excess cash funds may be held on short-term floating rate terms or placed on overnight or short-term deposit. Investment of excess funds into cash equivalent instruments may occur from time to time depending on management's view of yields on offer, liquidity requirements and credit risk considerations. In addition to cash and cash equivalents, the Group's cash collateral and stock borrowing collateral balances are also subject to daily floating rate interest. The Group does not use derivative instruments to hedge interest rate risk.

## Notes to the Financial Statements

### 29. Financial instrument risk management continued

The table below shows the interest rate profile of the Group's balances that are subject to daily floating rate interest.

Currency	2022				2021			
	Cash and cash equivalents £'000	Cash collateral £'000	Stock borrowing collateral £'000	Total £'000	Cash and cash equivalents £'000	Cash collateral £'000	Stock borrowing collateral £'000	Total £'000
Sterling	90,587	18,898	17,549	127,034	120,159	17,035	18,623	155,817
US dollar	3,946	-	-	3,946	10,281	-	-	10,281
Euro	7,743	-	2,805	10,548	3,959	-	-	3,959
Other	3,377	-	-	3,377	(274)	-	-	(274)
At 30 September	105,653	18,898	20,354	144,905	134,125	17,035	18,623	169,783

### Fair value estimation and hierarchy

Disclosure of financial instruments that are measured on the balance sheet at fair value is based on the following fair value measurement hierarchy:

Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and

Level 3: Inputs for the asset or liability which are not based on observable market data.

The Group's financial instruments held at fair value are analysed as follows:

At 30 September 2022:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	17,637	-	18,434	36,071
Derivative financial instruments	-	22	-	22
Assets	17,637	22	18,434	36,093
Trading instruments	(10,340)	-	-	(10,340)
Liabilities	(10,340)	-	-	(10,340)

At 30 September 2021:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	45,535	-	13,437	58,972
Derivative financial instruments	-	629	-	629
Assets	45,535	629	13,437	59,601
Trading instruments	(27,217)	-	-	(27,217)
Liabilities	(27,217)	-	-	(27,217)

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation at the end of each reporting year. There were no transfers from level 3 to level 1 during the year (2021: one).

Movements in financial assets categorised as level 3 during the year were:

	2022 £'000	2021 £'000
At 1 October	13,437	14,701
Additions	3,974	3,400
Net (losses)/gains included in other operating income in the income statement	(684)	8,715
Disposals	(418)	(5,125)
Transfer to level 1	-	(8,346)
Foreign exchange	2,125	92
<b>At 30 September</b>	<b>18,434</b>	<b>13,437</b>

Level 3 financial instruments comprise minority equity holdings in unquoted companies. The determination of fair value requires judgement, particularly in determining whether changes in fair value have occurred since the last observable transaction in the investee company's shares. In making this judgement the Group evaluates amongst other factors the materiality of each individual holding, the stage of the investee company's development, financial information pertaining to each investee company and relevant discussions with the investee company's management.

## Notes to the Financial Statements

### 29. Financial instrument risk management continued

A sensitivity analysis based on a 5% increase/decrease in the underlying level 3 investment companies within the Company's investment portfolio, would increase/decrease respective profit in the income statement by £922,000 (2021: £672,000). There are a number of unobservable inputs used to value the Company's investment portfolio. The most significant of these are:

- discounts to peer group price or movements in multiples. The impact of increasing these discounts by 5% for the most significant investments would be to decrease the value of these investments by £602,500.

The carrying value of assets and liabilities not held at fair value (cash and cash equivalents, trade and other receivables, trade and other payables and stock borrowing collateral) are not materially different from fair value.

#### Credit risk – counterparty risk

Credit risk is the potential loss that the Group would incur if a counterparty fails to settle its contractual obligations, or there is a failure of a deposit-taking institution. Credit risk exposure therefore arises as a result of trading, investing and financing activities. The primary source of credit risk faced by the Group is that arising from the settlement of equity trades carried out in the normal course of business. Expected credit losses are immaterial to the Group due to the quality of counterparties and negligible historic loss rate.

The credit risk on a particular equity trade receivable is measured by reference to the original amount owed to the Group less any partial payments less any collateral to which the Group is entitled. For example, in accordance with the delivery versus payment principle, the potential exposure at default sustained by the Group would not be the amount of the outstanding receivable balance, but rather the amount representing commission due to the Group and any residual exposure from market risk on the underlying equity after a sell-out (or buy-in) has been carried out.

An internal stress test is employed in order to measure the credit risk exposure faced by the Group. This is a historical 20-day VaR methodology and a conservative judgement of the likelihood of counterparty default. This assessment is applied to the end-of-day equity trade receivable and payable balances and the results are reported to senior management on a daily basis.

Credit risk exposures are also managed by the use of individual counterparty limits applied on the categorisation of the counterparty (for example, hedge fund, long only fund, broker, etc.) and assessed further according to relevant financial indicators and/or news flow. Individual counterparty exposures are monitored against assigned limits by the Risk function to ensure appropriate escalation and mitigation action is taken.

Trade receivables relating to fees due on the Group's corporate finance and advisory activities are monitored on a weekly basis and other receivable balances are monitored at least monthly. As the vast majority of the Group's corporate finance receivables are due from existing customers with ongoing contracts with the Group continuing to provide services to them, expected credit losses remain low and immaterial to the Group as a whole. The Group continually monitors its corporate finance receivables balances and liaises with client directors within the Group to ascertain recoverability of overdue receivables and to assess any risk of default.

Stock borrowing collateral fluctuates on a daily basis depending on the value of stock borrowed.

Cash and cash equivalents are with large banks with a strong UK presence all of whom have had credit ratings at or above Fitch investment grade A throughout the year. Credit exposures may be further reduced by diversification of deposits across a number of institutions.

The Group's financial assets are analysed by their ageing in the table below and represent the maximum exposure to credit risk at 30 September 2022 of balance sheet financial instruments before taking account of any collateral held or other credit enhancements. Except for stock borrowing collateral, there were no collateral amounts held by the Group as security against amounts receivable at 30 September 2022 (2021: £nil).

At 30 September 2022 (£'000):

	Not Overdue	0 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Trade and other receivables	<b>396,328</b>	<b>1,326</b>	<b>64</b>	<b>60</b>	–	<b>397,778</b>
Trading investments	<b>36,071</b>	–	–	–	–	<b>36,071</b>
Stock borrowing collateral	<b>20,354</b>	–	–	–	–	<b>20,354</b>
Derivative financial instruments	<b>22</b>	–	–	–	–	<b>22</b>
Cash and cash equivalents	<b>105,653</b>	–	–	–	–	<b>105,653</b>
	<b>558,428</b>	<b>1,326</b>	<b>64</b>	<b>60</b>	–	<b>559,878</b>



## Notes to the Financial Statements

### 29. Financial instrument risk management continued

At 30 September 2021 (£'000):

	Not Overdue	0 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Trade and other receivables	461,080	1,498	348	420	50	463,396
Trading investments	58,972	-	-	-	-	58,972
Stock borrowing collateral	18,623	-	-	-	-	18,623
Derivative financial instruments	629	-	-	-	-	629
Cash and cash equivalents	134,125	-	-	-	-	134,125
	673,429	1,498	348	420	50	675,745

#### Credit risk – concentration risk

Concentration risk is the risk arising from exposures to groups of connected parties, counterparties in the same sector, or counterparties undertaking the same activity. Concentration risk arises, in particular, with respect to the Group's exposures to unsettled securities trades. These exposures are monitored intra-day using the credit risk exposure reports and process outlined above. In addition, as orders are taken, system-generated warnings are given of any counterparties whose order is likely to grow above £5m in size.

Concentration of credit risk to a particular counterparty or issuer may also arise from deposits placed with UK licensed banks, and cash collateral placed with stock lenders and Central Counterparties, such as the London Clearing House. The credit quality of these counterparties is kept under review by management. Expected credit losses are assessed on a regular basis based on historic credit losses and future economic outlook. Expected credit losses on trade and other receivables are disclosed in note 17 and concentration of trading investments by market is disclosed in note 18.

#### Liquidity risk

Liquidity risk is the risk that funds are either not available to service day-to-day funding requirements or are only available at a high cost or need to be arranged at a time when market conditions are unfavourable and consequently the terms are onerous. Liquidity is of vital importance to the Group to enable it to continue operating in even the most adverse circumstances.

The Group assesses its liquidity position on a daily basis and computes the impact of various stress tests to determine how liquidity could be impacted under a range of different scenarios. The liquidity position is also monitored against regulatory requirements.

The undiscounted cash flows relating to Group's financial liabilities are expected to occur in the following periods based on the remaining time to contractual maturity date at the balance sheet date:

At 30 September 2022 (£'000):

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	379,943	-	-	-	379,943
Trading instruments	10,340	-	-	-	10,340
Lease liabilities (current)	194	522	-	-	716
Lease liabilities (non-current)	-	-	17,853	36,181	54,034
	390,477	522	17,853	36,181	445,033

At 30 September 2021 (£'000):

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	473,828	-	-	-	473,828
Trading instruments	27,217	-	-	-	27,217
Lease liabilities (current)	139	420	-	-	559
Lease liabilities (non-current)	-	-	12,920	41,009	53,929
	501,184	420	12,920	41,009	555,533

At 30 September 2022, a revolving credit facility of £35m was in place with the Group's banks, should the Group be required to temporarily fund any short-term settlement obligations. The facility was committed until May 2023. Subsequent to year end, a new revolving credit facility of £50m was put in place which replaces the existing facility. The new facility is committed until November 2025.

#### Capital risk

Capital risk is the risk that there is insufficient Own Funds to support our business activities and to meet our regulatory capital requirements. It could principally arise from reductions in capital resources caused by, for example, operating losses, or increases in capital requirements caused by, for example, larger trading book positions. The Firm monitors its capital and seeks to maintain a healthy capital excess by analysis of the impact of various stress tests to determine how capital could be impacted under a range of different scenarios.

# Notes to the Financial Statements

## 29. Financial instrument risk management continued

Numis Securities Limited's, the main trading entity, capital resources are comprised only of Common Equity Tier 1 (CET1) capital for the year ended 30 September 2022 totalling £131.1m. Numis Securities Limited CET1 includes ordinary share capital and retained earnings less declared dividends, intangible assets, investments in financial sector entities (including its subsidiary in Numis Securities Incorporated) and deferred tax assets. The new prudential regime for MiFID Investment Firms came into effect in 2022 and therefore no comparatives have been provided.

The Group manages its capital resources with reference to the requirements of the business and also through consideration of the local regulatory requirements in the UK, EU and USA. This process ensures that there is either sufficient capital and liquidity to absorb potential losses or that there is enough capital and liquidity to ensure an orderly wind-down.

### Operational risk

Operational risk is the risk of loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can be impacted by factors such as the loss of key staff, the quality of execution of client business, the maintenance of performance management controls, and a major infrastructural failure and/or terrorist event.

The Group takes steps to avoid or mitigate operational risk wherever possible. Continuously evolving control standards are applied by suitably trained and supervised individuals and senior management is actively involved in identifying and analysing operational risks to find the most effective and efficient means to mitigate and manage them. A rolling programme of control assessments, enhancements to staff training programmes and internal audits occur throughout the year.

### Company

The risk management processes for the Company are aligned with those of the Group and integrated into the risk management framework, processes and reporting outlined within the Corporate Governance report on page 64 and in the Group section of this note starting on page 119. The Company's specific risk exposures are explained below:

### Equity risk

The Company is only exposed to equity risk in relation to its investments in Group subsidiaries.

### Currency risk

The Company has no material exposure to transactional or translational foreign currency risk as it rarely undertakes transactions in currencies other than Sterling and consequently rarely has financial assets or liabilities denominated in currencies other than Sterling.

### Interest rate risk

The Company has no material exposure to interest rate risk as it has no interest-bearing assets and liabilities.

### Credit risk

The Company has exposure to credit risk from its normal activities where there is a risk that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are only its subsidiaries, as it has no client or other business other than being a holding company. There is therefore minimal external credit risk exposure.

### Liquidity risk

The Company has no cash and cash equivalent balances. The management of the Group's ability to meet its obligations as they fall due is set out in the Group section of this note. The Company manages its liquidity risk by utilising surplus liquidity within the Group through transactions which pass through intercompany accounts when it is required to meet current liabilities.

### Fair value estimation and hierarchy

The Company does not hold any trading investments or derivative financial instruments.

There is no material difference between the carrying value and fair value of the Company's financial assets and liabilities.

## 30. Related party transactions

Transactions between related parties are carried out at an arm's length basis.

### Group

#### a) Intra-group trading

Transactions or balances between Group entities have been eliminated on consolidation and, in accordance with IAS 24, are not disclosed in this note.

#### b) Key management compensation

The compensation paid to key management is set out below. Key management has been determined as the directors of the Company (executive and non-executive) and the executive management teams of the Group's operating subsidiaries, who are also directors of those subsidiaries:

	2022 £'000	2021 £'000
Short-term employment benefits	7,931	12,839
Post-employment benefits	55	55
Gains on option exercises	–	26,234
Share-based payments	1,588	2,763
	<b>9,574</b>	<b>41,891</b>

The above amounts include those paid to Directors of the Company.

# Notes to the Financial Statements

## 30. Related party transactions continued

### Company

#### a) Transactions between related parties

Details of balances between the Company and its subsidiaries, which are related parties of the Company, are set out as follows: amounts owed to the Company from subsidiaries are disclosed in note 17 and amounts owed by the Company to subsidiaries are disclosed in note 22.

#### b) Key management compensation

The compensation paid to key management is set out below:

	2022 £'000	2021 £'000
Short-term employment benefits	4,684	8,528
Post-employment benefits	14	16
Gains on option exercises	–	26,234
Share-based payments	902	2,113
	<b>5,600</b>	<b>36,891</b>

Details of the remuneration of each director, including the highest paid director, can be found within the Remuneration report on page 81. The compensation in the above table has been paid on the Company's behalf by a subsidiary of the Company.

## 31. Post-balance sheet events

### Final dividend

A final dividend of 7.5p per share (2021: 8.0p) was proposed by the directors at their meeting on 7 December 2022. These Financial Statements do not reflect this dividend payable, as it has not been approved by the shareholders. Based on the number of shares in issue at the year end, the total amount payable would be £8,183,000.

# Other information

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# Notice of Annual General Meeting 2023

## Please see the explanatory notes attached to this notice.

NOTICE is hereby given that the Annual General Meeting of Numis Corporation Plc (the “Company”) will be held at the offices of Numis Corporation Plc, 45 Gresham Street, London EC2V 7BF on Tuesday 7 February 2023, at 12:30pm to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions.

### Ordinary Resolutions

1. To receive and adopt the Company’s annual accounts for the financial year ended 30 September 2022, together with the Directors’ report and Auditors’ report.
2. To declare a final dividend for the year ended 30 September 2022 of 7.5p per ordinary share payable on 10 February 2023 to shareholders on the register at 6:00pm on 16 December 2022.
3. To reappoint as a director Mr Andrew Holloway (CFO), who is retiring by rotation in accordance with the Company’s Articles of Association and, being eligible, offers himself for re-election.
4. To reappoint as a director Mr Richard Hennity (Independent Non-Executive Director), who was appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.
5. To reappoint as a director Ms Kathryn Gray (Independent Non-Executive Director), who was appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers herself for election.
6. To reappoint PricewaterhouseCoopers LLP as Auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.
7. To authorise the Audit Committee to determine the remuneration of the Auditor on behalf of the Board.
8. THAT in accordance with sections 366 and 367 of the Companies Act 2006 (the “Act”), the Company is, and all companies that are, at any time during the period for which this resolution has effect, subsidiaries of the Company (as defined in the Act), are hereby authorised in aggregate to:
  - (i) make political donations as defined in section 364 of the Act, to political parties and/or independent election candidates, as defined in section 363 of the Act, not exceeding £50,000 in total;
  - (ii) make political donations to political organisations other than political parties, as defined in section 363 of the Act, not exceeding £50,000 in total; and
  - (iii) incur political expenditure, as defined in section 365 of the Act, not exceeding £50,000 in total,in each case during the period commencing on the date of passing this resolution and ending on the date of the next Annual General Meeting of the Company to be held in 2024 or at 6:00pm on 1 May 2024, whichever is sooner. In any event, the aggregate amount of political expenditure made or incurred under this authority shall not exceed £100,000.

9. THAT the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Relevant Securities”):
  - (a) up to an aggregate nominal amount equal to £1,906,124 (equivalent to 38,122,482 ordinary shares); and
  - (b) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount equal to £1,906,124 (equivalent to 38,122,482 ordinary shares) in connection with an offer by way of a rights issue to:
    - (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) holders of other equity securities as required by the rights of those securities or, subject to such rights as the directors otherwise consider necessary,and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

The authorities conferred on the directors under paragraphs (a) and (b) to allot Relevant Securities shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2024, or, if earlier, at 6:00pm on 1 May 2024, unless previously revoked, varied or renewed by the Company in a general meeting. The Company shall be entitled to make, prior to the expiry of such authorities, any offer or agreement which would or might require Relevant Securities to be allotted after the expiry of these authorities and the directors may allot Relevant Securities pursuant to such offer or agreement as if these authorities had not expired. All prior authorities to allot Relevant Securities shall be revoked but without prejudice to any allotment of Relevant Securities already made thereunder.



# Notice of Annual General Meeting 2023

## Special Resolutions

10. THAT, subject to and conditional upon the passing of resolution 9 set out in the notice of this meeting, the directors be generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the “Act”) to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution 9 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 9 above, by way of a rights issue only) to:
  - (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) holders of other equity securities as required by the rights of those securities or, subject to such rights as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash having an aggregate nominal amount not exceeding £285,918 (equivalent to 5,718,372 ordinary shares),

such authorities to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2024 or, if earlier, at 6:00pm on 1 May 2024, unless previously revoked, varied or renewed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

11. THAT, subject to the passing of resolution 9, the directors be given powers pursuant to sections 570 and 573 of the Companies Act 2006 (the “Act”) and in addition to any authority granted under resolution 10, to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by resolution 9 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) to (6) of section 562 of the Act did not apply to any such allotment, provided that such power be:

- (a) limited to the allotment of equity securities up to a nominal amount of £285,918; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group’s Statement of Principles most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2024 or at 6:00pm on 1 May 2024, whichever is sooner (unless previously renewed, varied or revoked by the Company at a general meeting). The Company may before this authority expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

12. THAT the Company be generally authorised pursuant to section 701 of the Companies Act 2006 (the “Act”) to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company on such terms and in such manner as the directors shall determine, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is limited to an aggregate of 11,436,744 ordinary shares (equivalent to £571,837);
- (b) the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 5p;
- (c) the maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company as derived from the AIM Appendix to the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased;
- (d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2024, or, if earlier, 1 May 2024, unless previously revoked, varied or renewed; and
- (e) the Company may make a contract to purchase ordinary shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract as if such authority had not expired.

By order of the Board

### R-M Sexton

Company Secretary

7 December 2022

Registered in England & Wales  
Company Registered No: 2375296  
Registered Office  
45 Gresham Street  
London  
EC2V 7BF

# Notice of Annual General Meeting 2023

## Notes to the Notice of the 2023 Annual General Meeting

### Right to appoint a proxy

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
2. A proxy form which may be used to make such appointment and give proxy directions accompanies this Notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC, on 0370 707 1203.

### Procedure for appointing a proxy

3. To be valid, the proxy form must be received by post or (during normal business hours only) by hand at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, no later than 3 February 2023 at 12:30pm (or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting). It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the CREST Manual (available from <https://my.euroclear.com/users/en/login>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ("CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 3RA50) by 3 February 2023 at 12:30pm. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or the transmission of a CREST Proxy Instruction as described above, will not preclude a member from attending the Annual General Meeting and voting in person if he or she wishes to do so.
8. Shareholders may appoint a proxy online by logging on to [www.eproxyappointment.com](http://www.eproxyappointment.com) and following the on-screen instructions. You will need the Control Number, PIN and Shareholder Reference Number (SRN) printed on the form of proxy.

### Record date

9. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company as at 6:00pm on 3 February 2023 or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.

### Corporate representatives

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

### Communications

11. Members who have general enquiries about the meeting should use the following means of communication. No other means of communication will be accepted. You may:
  - call our members' helpline on 0370 707 1203
  - write to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE

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## Total Voting Rights

12. As at 5 December 2022, being the latest practicable date prior to the date of this Notice, the Company's total issued share capital consisted of 114,367,448 ordinary shares, carrying one vote each, and 3,513,989 (3.17 per cent.) treasury shares. Therefore, the total number of voting rights in the Company as at 5 December 2022 was 110,853,459.
13. As soon as practicable following the conclusion of the meeting, the results of the voting on resolutions proposed at the meeting will be announced via an RNS and copy of the RNS placed on the Company's website [www.numis.com](http://www.numis.com).
14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. However, members should note that no answer need be given in the following circumstances:
  - if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;
  - if the answer has already been given on a website in the form of an answer to a question; or
  - if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

## Documents available for inspection

15. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), and for at least 15 minutes prior to and during the Annual General Meeting, copies of:
  - the Service Contract of each Executive Director; and
  - the Letters of Appointment of each Non-Executive Director.

## Explanatory Notes to the Notice of 2023 Annual General Meeting

### Resolution 1 – To receive the Report and Accounts

The Board asks that shareholders receive the reports of the directors and the financial statements for the year ended 30 September 2022, together with the report of the auditors.

### Resolution 2 – Declaration of final dividend

A final dividend can only be paid if it is recommended by the directors and approved by the shareholders at a general meeting. The directors propose that a final dividend of 7.5p ordinary shares be paid on 10 February 2023 to ordinary shareholders who are on the Register of Members at 6:00pm on 16 December 2022 (the "Final Dividend").

Pursuant to the Dividend Investment Plan ("DRIP"), shareholders will again be offered the opportunity to elect to use their cash dividend to buy additional shares in the Company instead of any cash dividend to which they would otherwise have been entitled. The DRIP allows shareholders to increase their shareholdings in the Company in a simple and cost-effective way. Once a shareholder has elected to participate in the DRIP, any cash dividend will be reinvested in ordinary shares in the Company bought on the London Stock Exchange through a specially arranged share dealing service. As the DRIP does not require the creation of any new ordinary shares in the Company and therefore does not lead to dilution of the value of the existing ordinary shares in the Company, the directors believe that the DRIP is beneficial to the shareholders as a whole.

If you have already joined, or choose to join the DRIP, the Final Dividend will be used to buy ordinary shares in the Company, there are no fees for joining the Plan. A dealing commission of 0.75 per cent. of the value of the ordinary shares purchased will be charged (subject to a minimum of £2.50) and deducted from the amount of the Final Dividend. Purchases will not be subject to stamp duty reserve tax of 0.50%.

If you have not already joined the DRIP and wish to do so, you should either apply online at [www.investorcentre.co.uk](http://www.investorcentre.co.uk) or, alternatively, contact the Company's registrar Computershare on 0370 707 1203 to request the terms and conditions of the DRIP and a printed mandate form, which must be returned to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to arrive no later than 6:00pm on 20 January 2023. If you have already joined the DRIP and wish to continue receiving dividends in shares, or if you have not already joined the DRIP and wish to continue receiving dividends in cash, you need take no further action.

### Resolutions 3 to 5 – Election and re-election of directors

The Articles of Association of the Company require the nearest number to one third of the directors to retire at each Annual General Meeting.

Mr Andrew Holloway (CFO) is required to retire by rotation and offer himself for re-election in accordance with the Articles of Association of the Company.

Mr Richard Hennity and Ms Kathryn Gray are both Independent Non-Executive Directors who were appointed to the Board of the Company since the last Annual General Meeting and being eligible, both offer themselves for election.

The directors believe that the Board continues to maintain an appropriate balance of experience, skills, personal qualities and capabilities and that all the Non-Executive Directors are independent in character and judgement. Biographical details of all our directors can be found on pages 58-59 of the 2022 Annual Report and on Numis' corporate website.

### Resolutions 6 and 7 – Reappointment and remuneration of Auditor

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. Resolution 6 proposes the reappointment of the Company's existing auditors, PricewaterhouseCoopers LLP.

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Resolution 7 proposes that the Audit Committee be authorised to determine the level of the auditors' remuneration on behalf of the Board.

### Resolution 8 – Authority to make Political Donations

The Act prohibits companies from making any political donations to political organisations, independent candidates or incurring political expenditure unless authorised by shareholders in advance. The Company does not make and does not intend to make donations to political organisations or independent election candidates, nor does it incur any political expenditure.

However, the definitions of political donations, political organisations and political expenditure used in the Act are very wide. As a result this can cover activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform. Shareholder approval is being sought on a precautionary basis only, to allow the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, to continue to support the community and put forward its views to wider business and government interests without running the risk of inadvertently breaching the legislation.

The Board is therefore seeking authority to make political donations to political organisations and independent election candidates not exceeding £50,000 in total and to incur political expenditure not exceeding £50,000 in total. In line with best practice guidelines published by the Investment Association, this resolution is put to shareholders annually rather than every four years as required by the Act. For the purposes of this resolution, the terms 'political donations', 'political organisations', 'independent election candidate' and 'political expenditure' shall have the meanings given to them in sections 363 to 365 of the Act.

### Resolution 9 – Authority to allot relevant securities

Resolution 9 is proposed to renew the directors' powers to allot shares. The directors' existing authority, which was granted (pursuant to section 551 of the Act) at the Annual General Meeting held on 8 February 2022, will expire at the end of this year's Annual General Meeting. Accordingly, paragraph (a) of resolution 9 would renew and increase this authority by authorising the directors (pursuant to section 551 of the Act) to allot relevant securities up to an aggregate nominal amount equal to approximately one third of the current issued share capital of the Company.

In accordance with The Investment Association's Share Capital Management Guidelines, resolution 9(b) seeks to grant the directors authority to allot ordinary shares equal to a further one third of the Company's issued share capital in connection with a rights issue in favour of ordinary shareholders. If the directors were to use this additional authority, then all of the directors would submit themselves for re-election at the following Annual General Meeting.

Save in respect of the issue of new ordinary shares pursuant to the Company's share incentive schemes or as a result of scrip dividends, the directors currently have no plans to allot relevant securities, but the directors believe it to be in the interests of the Company for the Board to be granted this authority, to enable the Board to take advantage of appropriate opportunities which may arise in the future.

The authorities sought under paragraphs (a) and (b) of this resolution will expire at the conclusion of the Annual General Meeting of the Company to be held in 2024, or at 6:00pm on 1 May 2024, whichever is sooner, unless renewed or revoked prior to such time.

### Resolutions 10 and 11 – Disapplication of statutory pre-emption rights

Resolutions 10 and 11 are to approve the disapplication of pre-emption rights. The passing of these resolutions would allow the directors to allot shares for cash and/or sell treasury shares without first having to offer such shares to existing shareholders in proportion to their existing holdings.

The authority under resolution 10 would be limited to:

- (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board considers necessary; and
- (b) allotments or sales (otherwise than pursuant to (a) above) up to an aggregate nominal amount of £285,918 (equivalent to 5,718,372 ordinary shares), being an amount equal to approximately 5 per cent. of the current issued share capital of the Company as at 5 December 2022 (being the latest practicable date prior to the publication of this Notice).

Resolution 11 would give the directors authority to allot a further 5 per cent. of the issued ordinary share capital of the Company as at 5 December 2022 (being the latest practicable date prior to the publication of this Notice) for the purposes of financing a transaction which the directors determine to be an acquisition or other capital investment contemplated by the Pre-Emption Group's Statement of Principles most recently published by the Pre-Emption Group prior to the date of this Notice (the "Statement of Principles").

The disapplication authorities under resolutions 10 and 11 are in line with guidance set out in the Statement of Principles. The Statement of Principles allow a board to allot shares for cash otherwise than in connection with a pre-emptive offer (i) up to 5 per cent. of a company's issued share capital for use on an unrestricted basis, and (ii) up to a further 5 per cent. of a company's issued share capital for use in connection with an acquisition or specified capital investment announced either contemporaneously with the issue, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

In accordance with the Statement of Principles, the directors confirm that they do not intend to issue shares for cash representing more than 7.5 per cent. of the Company's issued ordinary share capital in any rolling three-year period (save in accordance with resolution 11) without prior consultation with shareholders. The authorities contained in resolutions 10 and 11 will expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 or at 6:00pm on 1 May 2024, whichever is sooner.

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### **Resolution 12 – Authority to purchase Company’s own shares**

Resolution 12 seeks to grant the directors authority (until the next Annual General Meeting to be held in 2024 or, if earlier, 1 May 2024, unless such authority is revoked or renewed prior to such time) to make market purchases of the Company’s own ordinary shares, up to a maximum of 11,436,744 ordinary shares (equivalent to £571,837), being an amount equal to approximately 10 per cent. of the current issued share capital of the Company. The maximum price payable would be an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company for the five business days immediately preceding the date of purchase and the minimum price would be the nominal value of 5p per ordinary share.

The directors intend to continue to purchase shares to offset the dilutive impact of share awards granted to staff, subject to prevailing market conditions, financial position and the outlook for the business generally. The directors believe it is in the interests of shareholders to mitigate the potential dilution arising from our strategy to use equity to incentivise and reward staff. Furthermore, the authority will only be exercised if the directors believe the purchase would enhance earnings per share and be in the best interests of shareholders generally. The Company may hold in treasury any of its own shares that it purchases in accordance with the authority conferred by this resolution. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with greater flexibility in the management of its capital base.

### **Board Recommendation**

Your directors consider that all resolutions being proposed to the meeting are in the best interests of the Company and its shareholders as a whole, and unanimously recommend shareholders to vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.



# Information for shareholders

## Financial calendar

2022-2023

December	Year end results announced
December	Annual report issued
February	Annual General Meeting
February	Final dividend paid
May	Half year results announced and half year report issued
July	Interim dividend paid

## Company information

**Company registration number**  
2375296

**Registered office**  
45 Gresham Street  
London  
EC2V 7BF  
[mail@numis.com](mailto:mail@numis.com)  
[www.numis.com](http://www.numis.com)

**Broker**  
Numis Securities Limited  
45 Gresham Street  
London  
EC2V 7BF

**Nominated adviser**  
Grant Thornton LLP  
30 Finsbury Square  
London  
EC2P 2YU

## Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

## Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

## Bankers

Barclays Bank plc  
Level 28  
1 Churchill Place  
London  
E14 5HP

## Numis Corporation Plc

45 Gresham Street  
London  
EC2V 7BF  
[mail@numis.com](mailto:mail@numis.com)  
[www.numis.com](http://www.numis.com)

## Alternative performance measures

The Group uses the following non-GAAP alternative performance measures:

### Underlying operating profit

**Measure:**

Profit before investment income/losses, net finance income, non-recurring items and tax.

**Reconciliation:**

See page 26.

**Why we use this measure:**

Provides a consistent measure of the performance of the core business, excluding the impact of non-core activities and one-off items.

### Underlying operating margin

**Measure:**

Underlying operating profit dividend by revenue.

**Reconciliation:**

See page 26.

**Why we use this measure:**

Provides a measure of the profitability of the core business activities of the Group, identifying the operating gearing within the business.



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