A dynamic, creative investment banking partner

We strive to be a dynamic, creative investment banking partner, connecting ambitious companies and investors for mutual success

We partner with our clients to help them realise their goals effectively and efficiently. We do this by building close relationships based on trust, thinking creatively and delivering with conviction to bring companies and investors together for mutual success. When our clients succeed, we succeed.

Contents

Our distinctive strengths

Adding value through long-term **client partnerships**

See page 12

Working in an **agile and integrated** way for maximum effect

See page 14

Focusing on our people – **who make** all the difference

See page 16

Building on our **strong track record**

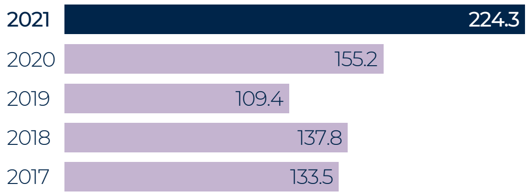
See page 18

Highlights

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

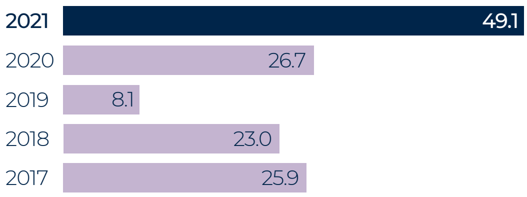
Total income (£m)

£224.3m +45%



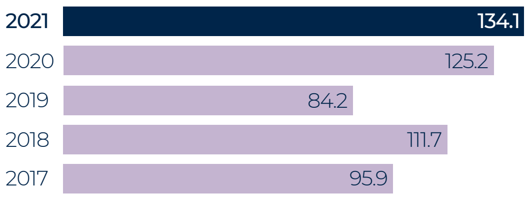
Diluted earnings per share (p)

49.1p +84%



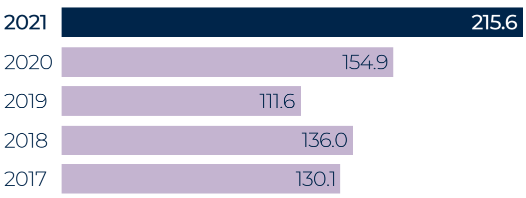
Cash balances (£m)

£134.1m +7%



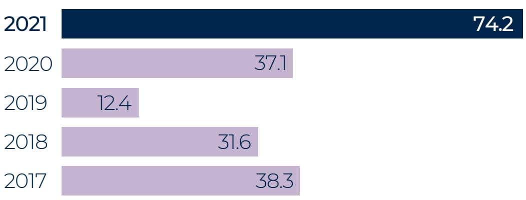
Revenue (£m)

£215.6m +39%



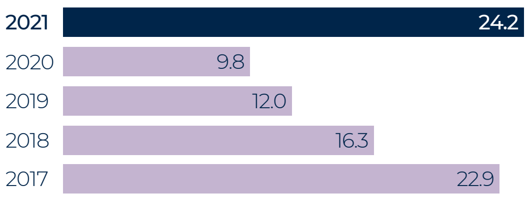
Profit before tax (£m)

£74.2m +100.1%



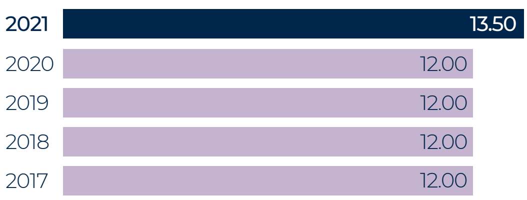
Buyback spend (£m)

£24.2m +148%



Dividend per share (p)

13.5p +12.5%



Strategic Report

We are Numis

We are here to consistently deliver value for our clients and shareholders. We are creative, connected and work with conviction for every single client. And we adhere to our core values every day: partnership, excellence, dynamism and creativity.

We have a **strong track record that translates into consistently** robust financial performance

We have **deep sector knowledge** across capital markets, equities and investment banking, with **specialist teams covering IPOs, growth capital solutions for private companies, M&A and debt advisory**

We are driven by **belief and passion for the clients we serve**, and the quality of our people and platform enable us to deliver for clients and shareholders

Group overview

We build long-term trusted partnerships with clients by focusing on their needs, devising creative solutions and delivering on them with conviction.

What we do

We advise, analyse and execute

Delivering key products and services

Investment Banking
- Corporate Broking
- Equity Capital Markets
- Mergers & Acquisitions
- Debt Advisory
- Private Placements

Equities
- Research
- Sales and Trading

For our clients

- Listed Corporates
- 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

06

Our clients

105

of our corporate clients have been with us for more than five years.

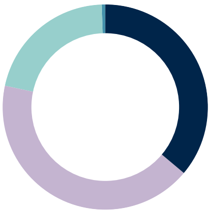
US$4.0bn

transacted in private markets.

66

The number of FTSE 350 clients has grown 47% in the past five years

182 diverse corporate clients



FTSE 350	66
Other main market	77
AIM	38
Private	1

Client size (avg. market cap £m)

2021	1,360
2020	1,075
2019	888

FTSE 350 corporate clients

2021	66
2020	62
2019	54

Our clients are in a wide range of sectors including:

- Building, construction & real estate
- Healthcare & life sciences
- FIG
- Media
- Support services
- Retail
- Technology
- Travel & leisure
- Industrials

Transaction highlights

£647m IPO
IPO of Bytes Technology Group

£300m
£300m acquisition of Dennis

£240m
£240m primary capital raise

£1.3bn
£1.3bn Buy-Out by Blackstone

Our services

We provide a comprehensive range of investment banking services across our two divisions.

Investment Banking
We help companies and owners achieve their objectives through good advice and capital sourcing – enabling them to invest in their products, services, people and success.

Corporate Broking
With a clear focus on excellent ideas, strategic advice and support, Numis is proud to be the UK's leading mid cap corporate adviser.

Equity Capital Markets
We have a proven track record of delivering bespoke and successful solutions to our corporate clients and, through the strength of our institutional investor relationships, are able to draw on our leading distribution capabilities for executing ECM transactions in the UK and internationally.

Mergers & Acquisitions
Our specialised M&A team is uniquely positioned to provide high quality advice and efficient deal execution across public and private M&A in combination with our best-in-class sector teams and capital markets platform.

Debt Advisory
Our sector expertise, long experience and successful track record across all debt financing markets, coupled with outstanding relationships with debt capital providers, means we can advise and execute dynamic financing strategies to maximum effect.

Private markets (GCS)
Dedicated to connecting the most successful high growth companies from around the world with leading growth and venture investors.

Equities
We help our clients identify, source and execute investment decisions.

Sales & Research
Our team of highly regarded and experienced research analysts, together with our first-class sales team, provides clients with high quality analysis and insights allowing them to make better informed investment decisions.

We are widely regarded as the leading UK broker, providing liquidity in corporates of all sizes. This extends to both high touch and electronic execution services.

Revenue by product (£m)

Capital markets	111.5
Advisory	30.9
Retainers	12.5
Institutional income	41.0
Trading profits	19.7

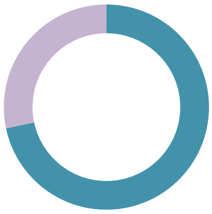
Our people

We deliver for clients through creativity and collaboration – and we empower our staff to achieve this with imaginative and empathetic challenges and support

Number of employees

Investment banking	129
Sales & Research	87
Execution	15
Technology	22
Support	66

Gender diversity



Male	229
Female	90

Where we operate

307
employees in London

12
employees in New York

92%
would recommend Numis as an employer

10
new graduates

Chairman's statement

Staying true to our distinctive way of excelling for our clients, we delivered an outstanding performance – another year of record revenues creating an even firmer foundation for continued growth and success.

We have reached a key point in the Numis journey, cementing the firm's standing as a leading independent investment bank in the UK. But in many ways, this is just the beginning as there is still a great deal more to go for. The future for the firm is very exciting.

Alan Carruthers
Chairman

Performing exceptionally well
I am pleased to say that this was an exceptional year for Numis. In challenging circumstances, the whole firm has worked together incredibly hard to achieve an extraordinary set of results.

Through the year, we performed very well on many fronts. This included significantly enhanced M&A performance for example, which has been one of our key focus areas in recent years. Across the Investment Banking space, we secured higher fees on larger transactions. We also delivered another strong year of high performance in our Equities business.

It was another record year. We increased Group revenues by over 39%, to £215.6m (2020: £154.9m). Profit before tax also increased to £74.2m compared to £37.1m in 2020. More details can be found in the financial review on page 34.

Reaching a new level
Our performance this year has ensured that the standing of Numis has been enhanced even further. Building on the achievements of previous years, we have reached a new level. We are now in a stronger market position, where we compete for, and win, larger mandates than we used to. Numis was once regarded as the leading UK small cap broker; today we believe we are a leading independent investment bank.

Our success has not been achieved overnight. Indeed, it is the product of a focused strategy that has been set and followed over the past few years under the leadership of our Co-CEOs, Alex Ham and Ross Mitchinson. The firm wins larger, higher quality business because it applies a distinctively dynamic way of helping clients. As a result, Numis is increasingly seen as an investment bank unlike any other.

Opening up new opportunities
The firm's size and quality, its status in the market, opens up other exciting opportunities. Numis has its sights set increasingly beyond the UK, for example. Subject to regulatory approval, we plan to open our Dublin office in 2022. This will enable us to take advantage of the major growth opportunity in Europe,

notably by strengthening our capabilities to serve our European-based clients post-Brexit. More broadly, we are looking to make the most of European and other international opportunities, where we can extend our way of excelling into new geographies.

Maintaining good governance
We have always put good governance at the top of our agenda as we continue to grow the firm. Indeed, we believe our governance reinforces our growth – maintaining the highest ethical and professional standards provides the foundation for long-term success. This is driven by the Board and applied throughout the firm.

Our streamlined collegiate Board is central to our strong governance. We have a good balance of three executives, three non-executives and myself as Chairman. The focus is on robust and lively meetings where we challenge each other constructively to reach the right decisions fast. More details can be found in our Corporate Governance Report on pages 74 to 85.

Focusing on environmental, social and governance (ESG) issues
Our strong governance is clearly an important part of our overall focus on environmental, social and governance (ESG) issues as a whole. We see this as critical to the firm, not least because it is an increasingly important area where we are advising our clients. Both companies and investors need to take account of ESG in their strategies and operations and we aim to play a key role in helping both parties navigate the issues. Reflecting our commitment to ESG, this year we undertook a materiality assessment to identify the most important matters for both internal and external stakeholders. More details can be found in our ESG framework on page 38 and in our Corporate Governance Report on pages 74 to 85.

Cultivating our strong culture
Our strong one-firm culture is key and we saw it in action across the whole business through the year. We put a big focus on cultivating the distinctive Numis way, including investing in the development and wellbeing of everyone in the firm. On this note, I am pleased to say our new office space at 45 Gresham Street in 2021 is a fitting home for the firm, where we can all continue to grow and collaborate closely while making the most of the flexible home/office working accelerated by COVID-19.

Engaging with our people
We have a formal employee engagement process for the Board, led by Independent Non-Executive Director Catherine James. It continues to be a very helpful way for the Board to take the temperature of the wider firm, and for everyone in the firm to air their views directly to the Board. Last year, as a result of COVID-19, the formal engagement moved online, and we maintained the same approach through this year. I am pleased to report that employee engagement levels remain encouraging. More details can be found in our Stakeholder Engagement overview on page 44 and in the Corporate Governance Report on pages 74 to 85.

Increasing our dividend
We aim to deliver shareholder returns through a balance of dividends and share buybacks. We are proposing a final dividend of 8.0p per share (2020: 6.5p per share), which brings the total dividend for the year to 13.5p per share (2020: 12.0p per share). This reflects both the strong performance this year, and the strategic growth of the business over the past five years.

A Dividend Reinvestment Plan (DRIP) will remain in place for the 2021 final dividend. Existing shareholders are, therefore, being offered the facility to elect to use their cash dividend to buy additional shares in Numis, the main benefit being that the Company does not need to issue new shares.

Looking back
In August 2021, I announced my intention to step down as Chairman of Numis at the firm's Annual General Meeting in February 2022. It has been a great pleasure to chair the firm over the past five years – a period when Numis has been transformed from a small cap broker into a leading independent investment bank, renowned for its dynamism, creativity and client commitment. I am very proud to have contributed to this transformation and I would like to underline the instrumental leadership of our Co-CEOs, Alex Ham and Ross Mitchinson, in both setting the direction and character of the firm and driving it forward to where it is today. In so doing, Alex and Ross have established themselves as true market leaders in their respective fields. But more than this, they have been at the heart of the creation of an amazing firm with its own distinctive high-energy, high-impact way of excelling for clients. And of course, the firm is nothing without its people and I would like to take this opportunity to thank everyone in Numis for their outstanding dedication and contributions, in this and previous years. I would also like to thank the Board for all their support, and wish Luke Savage all the best as incoming Chairman.

Looking ahead
Looking ahead, the great thing is that there is a lot more the firm can achieve, and I feel confident that it will. The past five years have been transformative, the next ten years are full of exciting possibilities. There are many more ambitious companies and investors out there for Numis to help. There are many more opportunities to excel, not just in the UK but also across Europe and elsewhere. And of course, as the firm's existing clients continue to look to grow, Numis will be there, for and with them – championing and sharing in their success.

So, I leave the firm in very capable hands and in an incredibly strong position, and I look forward to watching Numis continue to grow in stature as a truly exceptional investment bank for our times.

Alan Carruthers
Chairman

Business model

How we create value

Driven by

Our aim

We strive to be a dynamic, creative investment banking partner, connecting ambitious companies and investors for mutual success.

Impacted by

Our unique market position

We operate in a highly competitive market featuring rapid change, regulatory challenges and a diverse range of players. With our distinctive strengths and integrated approach, we are uniquely positioned to grow and succeed in the market.

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 two financial centres of London 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 way of creating value

Our distinctive strengths

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

Adding value through long term client partnerships

See page 12

Working in an agile and integrated way for maximum effect

See page 14

Focusing on our people – who make all the difference

See page 16

Building on our strong track record

See page 18

Underpinned by our values

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

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

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

Excellence
We deliver with distinction and pursue ever greater impact

Read more on pages 52 to 55

What we do

We advise, analyse and execute

Delivering a range of products and services

Investment Banking
- Corporate Broking
- Equity Capital Markets
- Mergers & Acquisitions
- Debt Advisory
- Growth Capital Solutions

Equities
- Research
- Sales and Trading

For our clients

- Listed corporates
- UK private companies
- International listed companies
- Investment trusts
- Private equity funds
- Family offices
- Sovereign wealth funds
- Asset managers
- Hedge funds
- Private client fund managers
- Venture capital funds

Through an integrated approach

Our integrated approach is driven by our strategy and we measure our performance with KPIs.

Read more on pages 26 to 28

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 26

Supported by our ESG framework

Read more on pages 38 to 43

Our positive impact for stakeholders

Clients

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

US$4.0bn

Private markets transactions completed this year

Employees

Create a compelling place to work where our 319 employees are engaged and motivated to achieve their full potential.

90%

of Numis employees stated they work within a team that offers a supportive culture.

Shareholders and investors

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

Dividend of

13.5p

per share

10 year total shareholder return

563%

Read more on page 46

Adding value through long-term client partnerships

We don't just engage our clients – we go further, developing lasting partnerships based on shared ambition that add value to every step of their journey.

We place long-term partnership at the very heart of our mission as we strive to excel in providing dynamic client-focused investment banking in line with our ambitious growth strategy.

Our ambitious growth strategy means we place long-term partnership at the core of our mission as we strive to excel in providing dynamic client-focused investment banking.

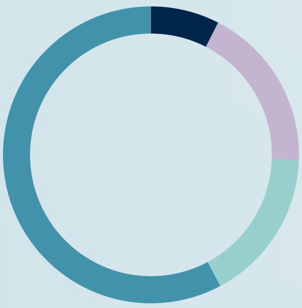
10

financial advisory roles, of which 9 were sole

12 years

Broker since September 2009

Length of client relationships



< 1 yr	14
1–3 yrs	33
3–5 yrs	30
> 5 yrs	105
Total	182

Over half of our clients have been with us for more than five years

Numis offers more than just outstanding financial and broking advice. They provide creativity, energy and have a deep knowledge of the media landscape. Moreover, with superb experience across growth companies to FTSE 100 businesses they've provided the highest quality support throughout our journey.

Zillah Byng-Thorne
CEO, Future

£235m

raised across four secondary raises

We started working with Future in 2009. In those 12 years, Future has transformed from a traditional magazine publisher into a global platform business for specialist media. We've advised the company through eight acquisitions, often on a sole basis, including GoCompare and Dennis; and on equity fundraisings totalling over £200m, which have funded acquisitions and diversified and internationalised the shareholder base. Once a £35m business, Future now has a £4.5bn market capitalisation, as at 30 September 2021.

Working in an agile and integrated way for maximum effect

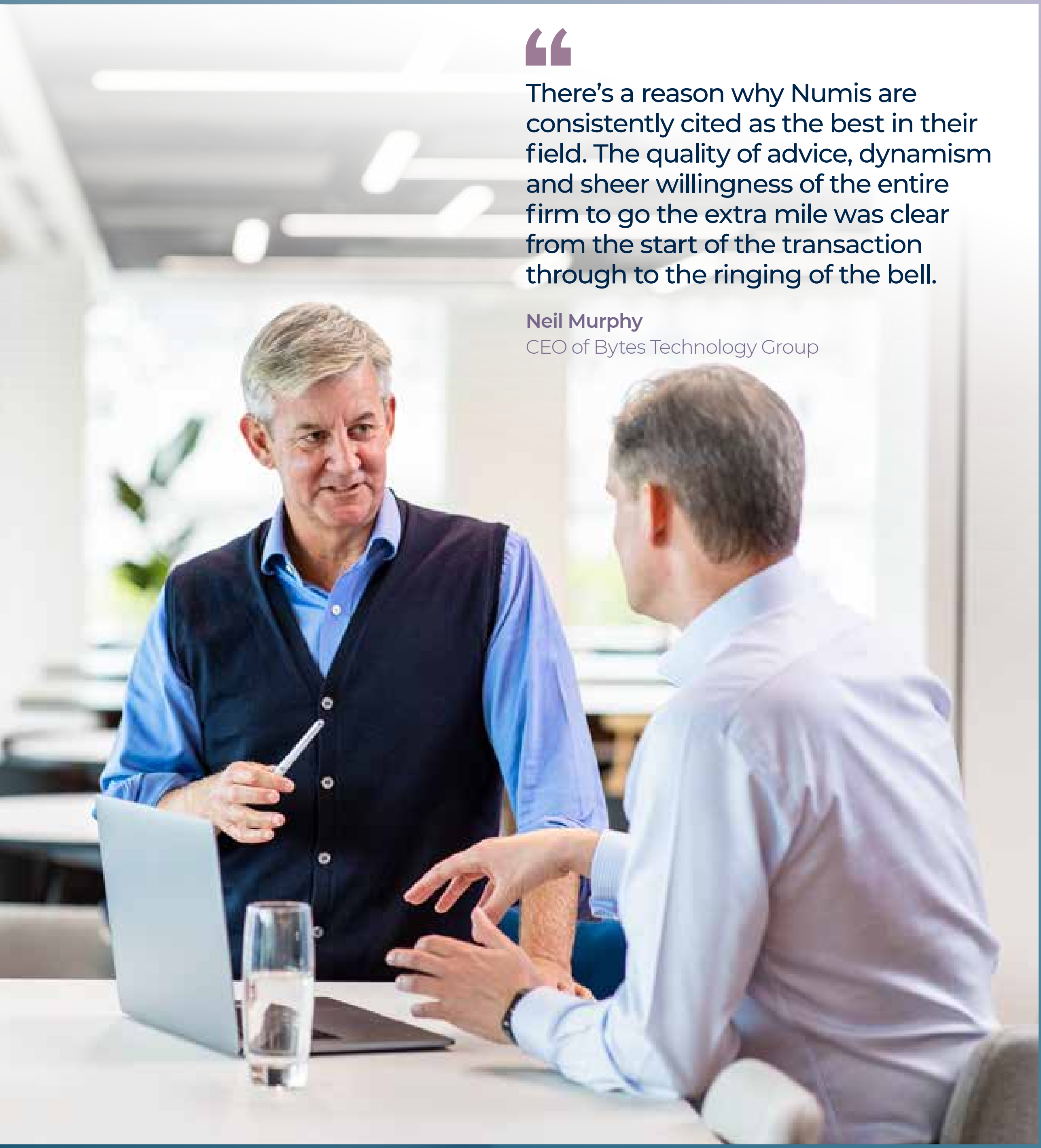
We combine the connected breadth and depth of our fully integrated firm with a highly flexible, client-focused approach.

Our objective is always to help clients tackle their challenges and make the most of the opportunities in front of them – at pace, for maximum effect.

As a cohesive, interconnected group, we provide comprehensive investment banking services and capital markets advice through our highly experienced, sector-specialist teams. Moreover, we engage with clients with conviction, creativity and agility – working closely with them to understand and anticipate their needs and target our advice to help serve their ambitions.

£650m

main market IPO at a premium valuation



There's a reason why Numis are consistently cited as the best in their field. The quality of advice, dynamism and sheer willingness of the entire firm to go the extra mile was clear from the start of the transaction through to the ringing of the bell.

Neil Murphy
CEO of Bytes Technology Group

When leading software firm Bytes Technology Group demerged from its parent company and floated on the London Stock Exchange in December 2020, it was another significant step in their corporate journey.

The £650m IPO saw Bytes' shares valued ahead of pre-launch expectations and significantly oversubscribed. Demand came from a wide range of investors, with blue-chip long only institutions driving momentum from an early stage.

As sole financial adviser, we not only assisted with structuring the transaction – we also advised the management team on new debt facilities and introduced the new Chairman and non-executive directors.

We look forward to supporting Bytes Technology Group on many more milestones as they continue on their growth journey.

Focusing on our people – who make all the difference

Our collaborative way of working – and the success it brings us and our clients – is only possible because of the quality of people who work at Numis.

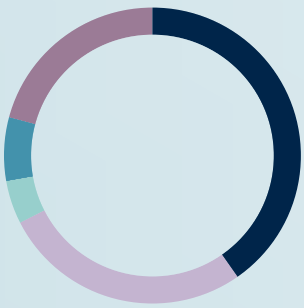
We focus on our people at all levels, but it's when people join us – especially in more junior roles – that we have the greatest opportunity to support them in their careers and empower them to deliver.

We hire bright people who are ambitious and driven, and realise the importance of diversity of thought as we strive to always offer excellence to our clients.

Beyond compensation, we reward people with interesting work, flexibility in working patterns, a wide range of benefits, objectives that stretch them reasonably, and with more access to clients than the industry average.

Junior bankers tend to stay with Numis. Our Co-CEO, Alex Ham, joined as a graduate and a sizeable proportion of the firm's leadership have also been with us since university.

Number of employees



Investment banking	129
Sales and research	87
Execution	15
Technology	22
Support	66
Total	319

10

graduates entered our graduate programme

> Numis exists because we help our clients achieve more. We can only do that if we have a diverse workforce all bringing together their ideas and ultimately innovating.

Mica Ross,
Head of Human Resources

We consistently hire around 25 junior employees each year to enrich our workforce of, currently, around 300 people. This is a strategic initiative designed not only to give us access to talented individuals, but also to shape the firm's diversity and inclusivity.

Focusing on junior talent is the most effective strategy given lateral hiring from within the industry rarely moves diversity numbers meaningfully.

Our recruitment makes use of positive inclusion techniques such as blind CVs. Whilst success will be measured over the long term, we are confident this approach is working. For example, in the first nine months of 2021 some 40% of new hires were female.

Moreover, at director and managing director levels, we now have more executives of ethnic minority – numerically and proportionately – than we did at the start of 2021.

Building on our strong track record

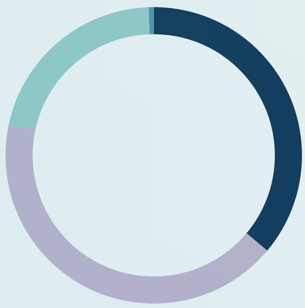
We have emerged from the pandemic with a strong client base, a robust operating model and the drive to continue pursuing our ambitious growth strategy.

We intend to build on this strength to continue growing the number and average size of the UK companies we serve. In a crowded market we stand out for our commitment and conviction across the board, this gives us the edge we need to support a growing number of underserved corporates. We will also diversify by growing our M&A business in the UK and Growth Capital Solutions for private companies globally. This reflects our entrepreneurial spirit and demonstrates our ability to innovate for clients. Moreover, we will expand our geographic footprint– especially in continental Europe – as we seek to become a European capital markets player.

> Since we started as Co-CEOs in 2016, we've been committed to transforming the business. It's clear that the acknowledged success of Numis – which is down to the hard work of everyone at the Group – is a powerful platform for future accomplishment.

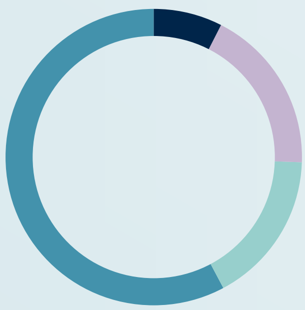
Alex Ham and Ross Mitchinson
Co-Chief Executive Officers

Diverse listed client base



FTSE 350	66
Other main market	77
AIM	38
Private	1

Length of client relationship



< 1 yr	14
1–3 yrs	33
3–5 yrs	30
> 5 yrs	105
Total	182

Transaction highlights

Growth Capital Solutions

Klarna
US$1bn
Joint Placement Agent

US$1bn capital raise at US$31bn post-money valuation
March 2021

Rapyd
US$350m
Sole Placement Agent

US$350m primary capital raise
August 2021

CAZOO
£240m
Joint Placement Agent

£240m primary capital raise
September 2020

International ECM

AUTO1 GROUP
€100m
Sole Placement Agent

€100m pre IPO private secondary placing on behalf of DN Capital
February 2021

ABOUT YOU
€4bn
Joint Bookrunner

€4bn IPO on the Frankfurt Stock Exchange
June 2021

PEPCO
£300m IPO
Independent IPO Adviser

£300m IPO on the Warsaw Stock Exchange
May 2021

M&A

Hastings
£1.7bn
Joint Broker & Joint Financial Adviser

£1.7bn recommended cash offer
November 2021

ST. MODWEN
£1.3bn
Joint Financial Adviser & Joint Broker

£1.3bn Buy-Out by Blackstone
August 2021

FUTURE
£300m
Sole Financial Adviser & Joint Broker

£300m acquisition of Dennis
August 2021

IPO/ECM

AVEVA
£2.8bn
Joint Global Co Ordinator, Joint Bookrunner, Joint Broker & Sole Sponsor

£2.8bn rights issue to fund acquisition of OSIsoft
November 2020

victorian plumbing.co.uk
£850m IPO
Joint Global Coordinator

£850m IPO of Victorian Plumbing Group, raising c.£297m
June 2021

BYTES
£647m IPO
Sole Sponsor, Financial & Debt Adviser, Sole Global Co-Ordinator & Bookrunner

£647m IPO of Bytes Technology Group
December 2020

Market review

This year saw the world at large and our markets in particular begin to emerge from the COVID-19 pandemic.

Through the year, our clients turned to us for advice to help them navigate a world emerging from the upheavals of the pandemic. In the previous year, we had helped them negotiate massive volatility and uncertainty. This year, the emphasis was more on managing big sector rotations, as the full implications, for example of ten years of change compressed into just a few months, played out.

Ross Mitchinson
Co-Chief Executive Officer

It was a time of recovery on a number of fronts, of underlying changes, and of continued uncertainty. A time for us to provide expert help and advice to our clients as their trusted adviser. Through this year of recovery, reawakening and resetting, we remained focused on implementing our strategy, investing in our distinctive culture and capabilities and above all, excelling for our clients long term. The markets evolve, becoming more or less active and/or favourable from year to year, but there are always opportunities for our clients. From ambitious entrepreneurial companies to the world's leading investors, we are committed to being there for and with our clients – helping them make the right moves and ultimately succeed.

A definite pick-up in activity

Beginning in the summer of 2020, the primary issuance market continued to be very well supported through the year we're reporting on, both in the UK and overseas. The reduction in risk and uncertainty surrounding COVID-19 was a key catalyst here, not least because of the remarkably quick development of effective vaccines which were then rolled-out across many countries. On top of that, there was greater clarity over who the winners and losers from the pandemic were going to be. This triggered a very productive IPO market that has continued through the year. We've seen some great companies go public in the UK and Europe, and we've been happy to be part of that.

We also saw a definite pick-up in M&A activity, and again we were beneficiaries of this, taking a healthy share of the transactions through the year. The pressure for this increase in M&A activity has been building for a number of years. All the building blocks have been in place, notably sponsors with a large amount of capital to deploy and ready access to leverage. However, their willingness to act had been suppressed, initially by uncertainties surrounding the UK general election and Brexit, quickly followed by the pandemic. This year, with the uncertainties eliminated or much reduced, the M&A floodgates opened. Both defensive inbound M&A and proactive outbound M&A increased. There was a real hunger to act, to double down on growth strategies reinforced by the impacts of the pandemic. It was a year of greater confidence and greater appetite for M&A.

The total global value of M&A deals in the first nine months of 2021 was a record-breaking

US$4.3tn

a 98% increase compared to the same period in 2020.

The rotation from public to private markets

We have also seen the continued rotation of capital from the public markets to the private markets. We see this as structural rather than cyclical and it is at the heart of our focus on building our Growth Capital Solutions (GCS) business. A huge amount of private wealth and value creation is taking place, both in Europe and the US, and in the Far East.

In our focus markets, the number of new unicorns continues to accelerate every year, the amount and speed of capital raising intensifies. Through GCS, we've been able to play a meaningful part in this and are keen to do a great deal more. To this end, we are putting even more energy and investment behind building a global private markets platform.

The age of tech-enabled businesses

Closely allied to the vigour of the private markets space, tech-enabled businesses continue to disrupt and dominate many different sectors and parts of our lives – from the way we buy now and pay later for things to the way we have all manner of goods and services delivered to our hands, often within minutes, no matter where we are or when we want them. Ambitious, entrepreneurial tech-enabled businesses are at the heart of this revolution, and we are doing everything we can to be the investment bank that's by the side of these exciting businesses, as well as their investors, so they can grow and succeed.

The increasing criticality of ESG

Environmental, social and governance (ESG) issues have firmly secured their place at the top table of our clients, both companies and investors. The turmoil of COVID-19, the urgencies surrounding climate change, the rise in consciousness concerning diversity, equity and inclusion (DEI), the mounting demand for stakeholders to have a more direct hand in corporate governance, the rise of responsible investing – many factors are driving the criticality of ESG. It is now recognised as something that must be addressed head-on when running or investing in businesses of all shapes and sizes.

In response to this ESG resurgence, we are focusing our efforts on helping both companies and investors understand and act on the issues and implications.

Public markets

The UK remains a great place to do business. Our core UK market remains very important for us and offers significant upsides. We see the return of the IPO market continuing, following a brief seasonal pause over the summer. Our IPO work is a great example of Numis working as one, with an integrated approach across our businesses to win and execute the transactions. Moreover, we know this work not only has an immediate positive impact, but is also one of the key ways we build long-term client relationships.

We also believe the increase in M&A activity will be sustained. Alongside the availability of liquidity and financing, there is greater conviction for transformational M&A.

Private markets

This is a big structural story for us, one we've been investing in for the past few years, notably through our GCS business. More ambitious, high growth companies are choosing to stay private for longer, and there is also currently a lot of money behind taking big public companies into private hands.

It's not as simple as a rise in private markets at the expense of public markets, of course. More a change in the timing and dynamic between the two over time. We are well positioned to help our clients every step of the way. We are there for the tech-enabled stars of tomorrow as they take their time to grow and mature while remaining privately owned. And when these great businesses do decide to go public, valued not at a few hundred million but at billions, we are there, too. And indeed, we can help as and when they choose to leave the public market for private ownership. For us, the priority is always developing a long-term mutually beneficial relationship with our clients, no matter which market is in play. It's about making sure we are with our clients throughout their whole journey.

- 71% of institutional investors expect to increase allocations to private markets over the next five years
- Three quarters (73%) set to increase their focus on growth capital over the next three years, with one in five (20%) suggesting the increase will be 'dramatic'
- Nearly half (45%) of institutional investors expect to invest at least 10% of their assets in private capital markets by 2030
- 65% state that their increased allocation to growth capital will be driven by a greater comfort in investing in illiquid, longer-term assets
- Institutional investors are also increasing their allocation to growth capital because more desirable companies are choosing to remain private

1. Numis commissioned the market research company Pureprofile to survey 200 institutional investors across the UK, Europe, Asia, South America, the Middle East and Israel. Interviews were conducted online during September 2021.

Equities markets

Following the extreme volatility of the previous year, markets were fairly strong from September 2020 through to April 2021, and since then have been broadly flat. But beneath the surface, there has been a lot of activity as investors tried to assess and respond to the long-term implications of the pandemic. This, in turn, has fuelled seismic shifts as investors decide which sectors to move in and out of. Overall, there has been a rotation from growth to value. But the debate is ongoing and within this trend much nuance and variation exists. This has been fertile ground for our deep expertise in Equities Sales & Research. Indeed, we continue to be very active in helping our institutional clients assess and respond to the changes.

Looking ahead

Despite the broad-based positivity across our markets in the past year, a degree of uncertainty remains. The pandemic is not entirely over. There are indications of a cooling in growth globally. Labour shortages and supply chain problems continue to prevail. In addition, there is the spectre of inflation becoming a more long-term aspect of the years ahead rather than a transitory post-COVID-19 phenomenon. These dampeners notwithstanding, we remain fundamentally positive and geared up to drive future success, for our clients and our firm.

Looking ahead, we are more broadly positioned than ever before to help our corporate and institutional clients navigate and prosper, no matter what markets they face. In good times and tough times alike, we are ready to excel as our clients' trusted adviser.

Message from the Co-CEOs

Alex Ham and Ross Mitchinson share their views on a standout year for Numis which saw the firm reach a new level of performance on many fronts.

“

This was a transformative year for the firm, where we excelled in multiple areas, reflecting the balance of strengths we now have and the broad ways in which we help our ambitious clients grow and succeed. Our aim for the past few years has been to create a truly dynamic, client-focused investment bank. We do this step by step, with intensity and at pace, and we look forward to reaching new heights as we build on another record year.

Alex Ham
Co-Chief Executive Officer

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As the trusted adviser for both ambitious corporate clients and the institutional investors keen to back them, we want to be at the centre of this interface. Successfully connecting both sides for mutual benefit is more important than ever, and puts us in an exciting place where we can make a big difference for our clients.

Ross Mitchinson
Co-Chief Executive Officer

Out-performing across the board
It was another record year for the firm, where we increased Group revenue from £154.9m to £215.6m and profit before tax from £37.1m to £74.2m. Underlining the strength of this performance, revenue per head and average deal fee in Investment Banking reached new levels, reflecting the quality of the clients we're acting for and the deals they're involved in. This was a great outcome not just in terms of the numbers but importantly because it was achieved through the breadth of performance across the whole firm.

The previous year's record performance reflected the highly unusual circumstances and demands of a world dominated by the COVID-19 pandemic. There was huge dislocation and a focus on helping our existing corporate clients either fundraise to strengthen their balance sheets or, in the case of our many tech-led clients, finance the acceleration of their businesses. So inevitably, some parts of our business, such as Equity Capital Markets, were far busier than others, notably IPOs and M&A.

This year was different and a definite step forward, reflecting the firm's long-term strategy to provide clients with a broad range of excellent services. We outperformed on many fronts. On the Investment Banking side, this included a big recovery in IPO revenue. Key IPO transactions included Bytes and Auction Technology Group in the tech sector, the consumer business Victorian Plumbing and the investment trust VH Global.

Our M&A business also performed very strongly. We saw a big uplift in M&A revenues, increasing almost threefold on the previous year. Standout M&A transactions included Cazoo, St Modwen and Hastings. This is another key strategic growth area for the business, and through the year we put more talent, resource and sector structure around our M&A product. So, our M&A business continues to gather momentum, playing a key part in broadening our capabilities and offer.

Our Growth Capital Solutions (GCS) business, which specialises in raising capital for high growth and high quality private companies, had another strong year, making a material revenue contribution. This further reinforces the firm's presence and success in the private markets, which continues to be a key focus area for us. We believe passionately in the structural growth potential of private markets around the world and are excited by the quality of the companies we are partnering with in GCS. Numis has led or been involved in primary and secondary transactions for Klarna valued at over $4.1bn since 2019, including raising over $2.1bn of new capital. We continued to build really good partnerships with companies and investors in the US, in Latin America, across Europe, and in the UK. Through the year, we acted for clients including Salt Pay, Cazoo and Rapyd. Towards the end of the year, we added talent to the team, as we continue to invest in playing a leading part in the private markets growth story.

In addition, capital raising for existing clients remained core through the year; and our Debt Advisory provided a valuable additional service for clients.

On the Equities side, we also had a very strong year. We achieved record revenue of £60.7m and continued to gain market share. We're making good progress in our ambition to be the UK's leading equities platform. This is reflected in the very strong client reviews we continue to receive, where we are regularly seen as the No.1 house by many of the large institutions investing in UK equities.

We achieve this performance by resolutely focusing on clients and investing in our people and teams. We have a very strong sales desk. On the research side we have 38 publishing analysts, many of whom are top ranked in their sector. The average experience of our analysts is 17 years, and we believe our breadth and depth of expertise here is hugely valuable for our institutional clients, and also adds to the strength of

Message from the Co-CEOs continued

our Investment Banking business. It makes a difference not only in terms of day-to-day advice but also in times of extreme volatility or dislocation. When you have lived through cycles of boom and bust, or indeed inflation, you have a different order of understanding and insight.

A key area where our help and advice is proving particularly valuable is in environmental, social and governance (ESG) issues. ESG is a critical matter for companies and investors alike and we are focusing on advising both investors and corporate clients so they can get a better picture of how companies and sectors are dealing with ESG. To this end, we have run a series of ESG seminars with expert speakers, where we bring companies and institutional investors together to talk about some of the big issues. We are right at the centre of the debate and we are trying to help both sides move up the curve.

Exploring international opportunities
As well as performing extremely well across the board for our UK-based corporate clients, we also this year moved further in helping issuers beyond the UK. We believe there is an opportunity to apply our distinctively agile, client-focused high-impact investment banking approach in new territories. Through the year, we successfully executed ECM deals in new markets. This year, 18% of Investment Banking revenue came from non-UK companies. This included executing transactions in Germany, Poland and Israel. In Germany for example, we helped Auto1 Group go public. They're a digital auto platform and we know that space very well, having acted for Cazoo and Auto Trader in the UK. We applied our distinctive approach to a similar business in a similar ecosystem but in a new geography. For us, it feels like a very natural evolution: take our expertise, our way of operating, our dedication to making a big impact on behalf of our clients and put it to work for clients in a new place. In essence, we are exporting our excellence.

The pipeline of non-UK public and private markets transactions has increased and we're looking forward to continuing to build this side of the business. Shortly after our year end, we completed an IPO in Sweden; and towards the end of 2021 we also started working on our first US capital markets deal.

Our Dublin office, which is set to open in 2022 subject to regulatory approval, will strengthen our capabilities to serve our clients in Europe. We have an excellent office in New York, who are experts at selling UK equities into North America. We are looking to create the same feel and dynamic in Dublin, focusing on European-based institutional clients.

But more broadly, we will be open to exploring international opportunities in a focused way that plays to our particular strengths. So, for example, we will look for clients and opportunities where our high-energy, entrepreneurial style of investment banking and broking can really make a difference, rather than focus on a specific geography. It's a matter of extending the Numis way beyond the UK, so we can help more of the clients we love to work for, no matter where they are.

Focusing on growth areas
Our international push is a new component of our growth strategy. We remain focused on continuing to grow the number and average size of the UK companies we serve. Around 15 years ago, we had 100 corporate clients with an average market cap of £150m. Today we have 182 clients with an average market cap of £1.4bn. Whilst the overall number has declined over the past two years we are confident the quality of the client base continues to improve. With larger clients come larger transactions and bigger, more varied opportunities. Another area of strategic focus is to continue diversifying through growing our M&A business in the UK and GCS globally, so that we excel on a broader, less cyclical front across investment banking. Together, these growth areas will help us build on our current strengths and reinforce our position as an exceptional client-focused investment bank.

Building on our difference
We tend to win mandates through the quality of our network, our partnership approach, and the willingness of both the founder-entrepreneurs and their stakeholders, predominantly their investors, to recognise that we do something a bit differently.

We have the benefit of what we call 'dedication, not delegation' – senior people dedicated to the cause rather than just delegating. Senior involvement, accountability, impact, hustle, quality of outcome – these are the core aspects of our high intensity client-focused culture, which is key to how we win and deliver on mandates. Importantly, our culture is at the heart of how we build strong long-term relationships with our clients.

We aim to apply this distinctive Numis way selectively to companies that we really understand, feel akin to and have strong relationships with. We want to help companies that are high growth, digitally enabled, disruptive, with huge ambition, and to help the investors attracted to these companies. This is where we have a particularly good cultural fit and make a bigger impact. Indeed, this helps to explain why we tend to enjoy very long-standing client relationships as well as high talent retention; we see the world in similar ways and actively want to grow and succeed together over time.

Championing our great people
The people in our firm are absolutely critical to the strength and impact of our culture – they are Numis and the difference we deliver. We're highly selective when it comes to bringing people into the firm, and super passionate about developing and supporting everyone here. From graduate trainees to senior hires – the people we look for, the ones who thrive, are incredibly hard working, upbeat, ambitious, high tempo. We talk about people with enthusiasm and intent in the way they operate. Super responsive, highly engaged people who are humble, too. Because these are the people who fit with and add to our culture – the people who build the best relationships with clients, are willing to challenge the status quo, and can really help us drive the firm forward.

Through the year, we added senior talent selectively across Investment Banking, in M&A and GCS for example, and in Equities, including a number of research teams. We also took on another 10 graduates and 14 interns this year. Through our graduate recruitment and internship programmes, we are investing in the next generation of outstanding talent. This is where we can make a real impact in broadening the diversity of talent in our firm and the industry as a whole.

Supporting Diversity and Inclusion
Our focus on Diversity and Inclusion (D&I) is a key aspect of the firm's commitment to ESG issues. This year, we undertook a materiality assessment to identify the most important ESG matters for internal and external stakeholders and we cover this in our Operating Responsibly overview on pages 58 and 59 and in our Corporate Governance Report on pages 74 to 85. But we'd like to touch here on D&I – a critical area where we can and want to make a real difference. We are working to broaden the diversity of the talent pool not just in the firm but more broadly across the industry. We believe this is both the right thing to do and a powerful way for our creative, collaborative client-focused firm to create and collaborate more effectively for our clients. We are addressing this on a number of fronts, which we highlight on pages 41 and 42.

Embracing hybrid flexible working
From everyone working remotely during the depths of the pandemic, this year we moved to a flexible hybrid home-office set up. Our people have flexibility in where they work now, with the clear and obvious proviso that the expectations and needs of their clients and teams always come first. We embrace all the many advantages of digital working. It allows us to be incredibly efficient and effective, to work together closely with each other and with clients no matter where we all physically are. But at the same time, we never forget that at our heart we are a relationship business, and that there are times when there simply is no substitute for actually being in the same place together.

On that note, the other big positive change is that we are now in our new office space at 45 Gresham Street. It is a much bigger, more modern, open collaborative space – much more reflective of Numis now and where it is heading. There's a real buzz to the office and we're excited to have it as our new home.

Alongside and indeed in service of being obsessed about helping our clients, we also obsess about creating an environment which enables our people to be as motivated, happy and successful as they can be. This is certainly helped by the new office and by giving teams more autonomy and ownership of how they work. We want people to be super motivated and happy, and feel that they have more flexibility than they had before and as ever, our clients feel that we are doing an amazing job for them. So the client-focused aim remains unchanged, and the means just got better.

Looking ahead
Looking ahead, we will maintain a resolute focus on broadening our product offering to our clients. We want to give our clients genuine breadth and depth in the services that matter to them – from M&A to capital markets fundraising, from expertise in private markets to exceptional in-depth research in equities.

We will continue to focus on entrepreneur-led high growth companies in the public and the private markets, together with the investors who want to back them. Increasingly, this will take us beyond the UK to exciting opportunities across Europe and beyond. Whenever and wherever clients need an ambitious, agile, inventive investment bank, we want to be there too.

Alex Ham
Co-Chief Executive Officer

Ross Mitchinson
Co-Chief Executive Officer

Our strategy and key performance indicators

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 & 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 & 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 & 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 & legal risk/Reputational risk/Operational risk/Governance risk/ Macroeconomic risk

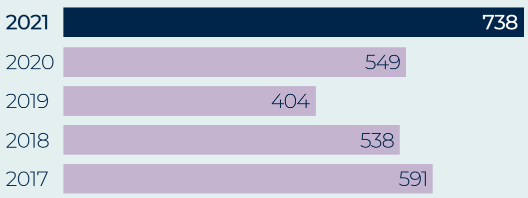
5 Deliver shareholder returns

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: Earnings per share
Related risks: Strategic risk/Financial risk/Conduct, regulatory & legal risk/ Macroeconomic risk/Reputational risk

Financial

Revenue per head (£k)

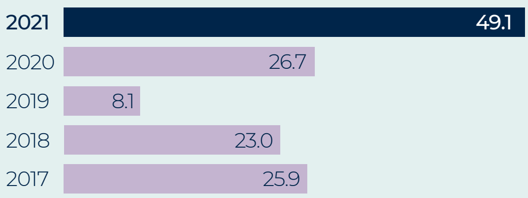


Why it's important
Our aim is to ensure that sufficient productivity levels are achieved whilst acknowledging the impact that the economic cycle and weaker external market conditions can have on revenue generation opportunities.

2021 performance
Revenue per head increased due to improved revenue performance across the business, in particular higher average deal fees and limited growth in average headcount.

Outlook
The new financial year has started positively but many challenges for the UK economy lie ahead. Sustained investment in our people over many years positions the Group well for future growth.

Earnings per share (p)

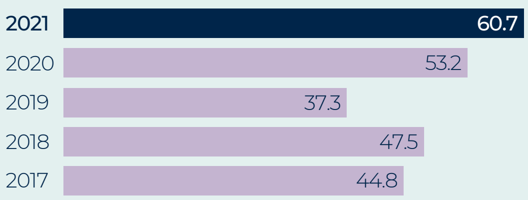


Why it's important
Our aim is to grow earnings per share as this reflects value creation for our shareholders.

2021 performance
EPS increased significantly as a result of record revenue performance and operational gearing in the business more than offsetting the increase in share count.

Outlook
EPS growth is a key output of our long-term strategic ambitions for the Group.

Equities revenue (£m)

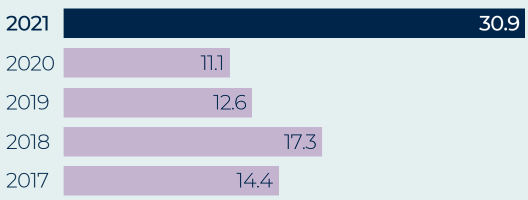


Why it's important
Our aim is to leverage our equities platform, capture greater market share and fulfil our strategic ambition to become the leading UK equities business.

2021 performance
Revenue increased 14% as a result of strong trading and execution revenues in a generally favourable market environment.

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.

Advisory revenue (£m)

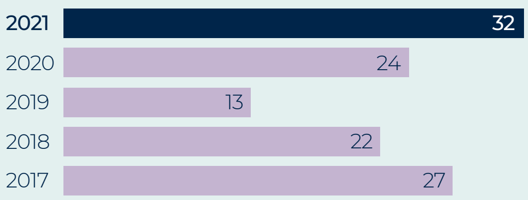


Why it's important
Advisory revenues primarily represent M&A fees. Growing our share of the fees available from our client base is a core element of our strategy as we aim to deliver greater diversification of revenues.

2021 performance
M&A revenues increased strongly following the impact of COVID-19 on the prior year.

Outlook
The outlook for UK M&A continues to be positive.

Operating margin (%)

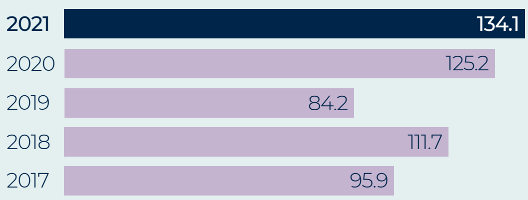


Why it's important
Our operating margin is a reflection of revenue performance relative to cost base. We aim to ensure the overall cost base is managed effectively and that the interests of shareholders and employees are aligned over the longer-term business cycle.

2021 performance
Operating margin increased to 32% as a result of the strong business performance more than offsetting the increased cost of our operating platform and higher variable compensation.

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)



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.

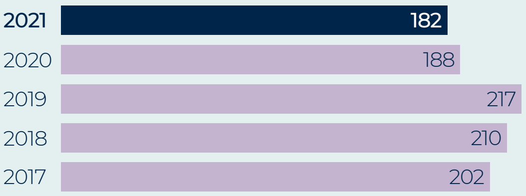
2021 performance
Our cash position increased. The strong profitability of the business over the year was offset by capex associated with the office move, share buyback spend and larger trading books.

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 whilst investing in our international growth plans.

Our strategy and key performance indicators continued

Non-financial

Corporate client base (1) (£)

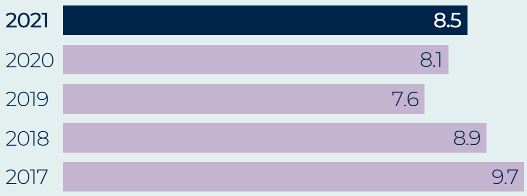


Why it's important
Our aim is to win corporate clients across a broad range of sectors ensuring that both the number and quality of our corporate client base continues to grow. Our corporate client base provides long-term captive revenue opportunities.

2021 performance
Our corporate client base reduced slightly reflecting an increase in successful bids for listed clients and the completion of our exit from the natural resources sector.

Outlook
The increase in IPO activity presents opportunities for new client wins.

UK ECM market share (%)[1] (1) (2) (£)

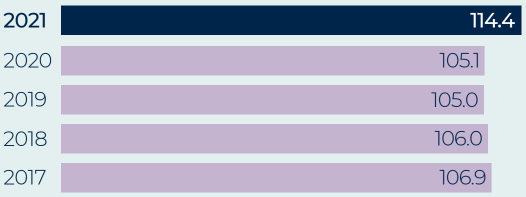


Why it's important
Our aim is to leverage our equities platform, capture greater market share and fulfil our strategic ambition to become the leading UK equities business.

2021 performance
Our success in being appointed on many IPOs this year underpinned market share gains.

Outlook
Whilst equity market conditions will evolve, we believe there is potential to achieve further gains in the UK supported by our strengthened track record and well invested equities platforms.

Share count (m) (4)

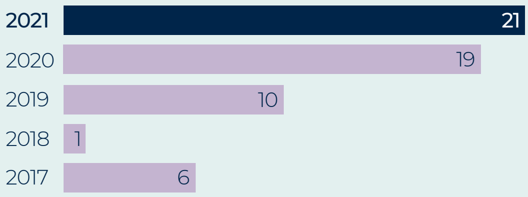


Why it's important
Our aim is to grow earnings per share as this reflects value creation for our shareholders.

2021 performance
EPS increased significantly as a result of record revenue performance and operational gearing in the business.

Outlook
EPS growth is a key output of our long-term strategic ambitions for the Group.

Private markets and International ECM contribution (% of IB deal fees) New (3) (£)

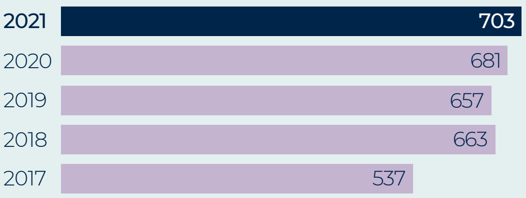


Why it's important
Diversifying our revenue streams beyond our traditional UK public markets heritage is important in building a high growth, and more resilient, investment bank.

2021 performance
Both private markets and international ECM delivered a strong contribution to investment banking revenues in FY21.

Outlook
Private markets continue to be active and we look forward to our Dublin office enabling greater international ECM participation.

Institutional client number (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.

2021 performance
Despite the headwinds of Brexit we increased our client number, with growth from UK and US-based accounts.

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

1 Source: Bloomberg

Key

New **New KPI this year**

(£) **Link to remuneration**

Performance-focused pay
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.

Business review

Building on our strengths and strategic focus, we had another outstanding year.

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

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

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

> Investment Banking had a stellar year across the board. This was driven by strong performance in Capital Markets and Advisory – reflecting a recovery in IPO volumes and M&A.
>
> **James Taylor**
> Head of Investment Banking

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

Business review continued

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

“The UK M&A market continues to be active and we are reaping the rewards of our strategic focus on this service, with 177% growth year on year.

Stuart Ord
Head of M&A

“We continued to help ambitious, high growth companies make the most of private markets through our GCS business, which has delivered annual revenue growth of 44% over three years.

David Kelnar
Head of GCS

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

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

For many years we have been focused on raising our profile with private equity funds and leveraging our growing sector expertise across both Investment

Banking and Research. These relationships, alongside our strong track record and market insight enabled us to secure leading roles on numerous financial sponsor-backed IPOs. This year we acted on 12 IPOs, which compares to only one in the prior year when market conditions were not conducive to IPOs. Overall we achieved market share gains in UK ECM and ranked in the top 3 for the year.

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

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

Equities

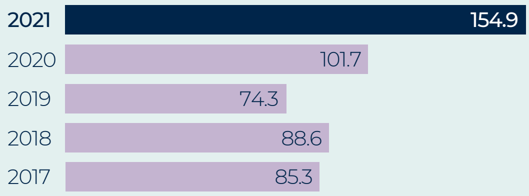
Our Equities business achieved another year of market share gains and strong trading returns as well as making a significant contribution to the high volume of IPOs completed during the year.

Volatility was still prevalent for periods during the year but UK markets, in particular the small and mid cap, performed well which both supported deal flow and provided a favourable backdrop for execution and trading. Throughout the pandemic we prioritised engaging with our institutional clients and strengthening those relationships across all teams within the Equities business. This provided a strong foundation for the market share gains we achieved this year, in particular with leading long-only institutional investors who are key participants in our Investment Banking deals. Our careful, client-led internationalisation of the business will continue to be the focus of investment in our US operations and the establishment of an EU presence via our investment in Dublin.

Key statistics

Investment Banking revenue (£m)

£154.9m

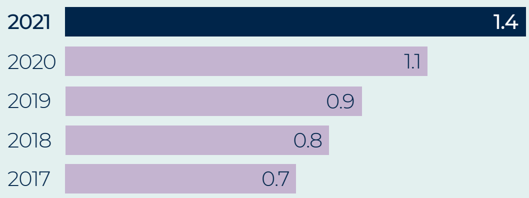


Revenue share (%)

72%

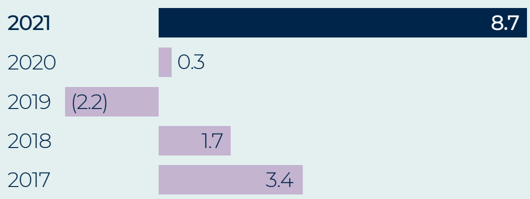
Average market cap of our client base (£bn)

£1.4bn



Investment income (£m)

£8.7m



Business review continued

"We delivered another strong year in our Equities business, achieving record revenue and continuing to gain market share.

Nick Stockman
Head of Sales

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

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

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

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

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

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

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

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

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

Commitment to ESG

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

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

By raising our sustainability ambitions and identifying the ESG areas that are most important to us, we will be better placed to lead or respond to ESG issues – and also to extract value from opportunities that arise from embedding ESG more deeply into our business. For more information please see Our ESG framework on pages 38 to 43.

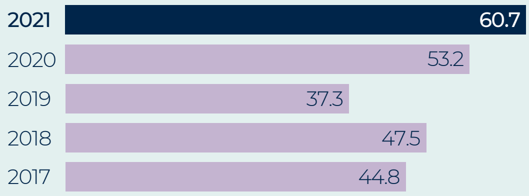
Current trading and outlook

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

Key statistics

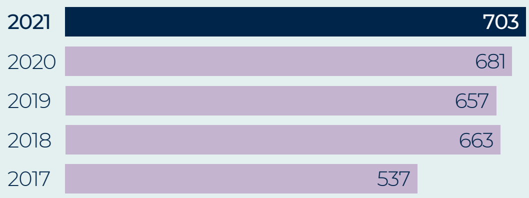
Equities revenue (£m)

£60.7m



Institutional clients

703



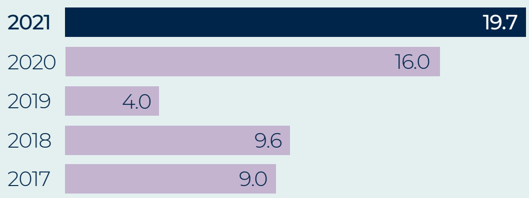
UK equities market share

4.1%

+50bps on prior year

Trading gains (£m)

£19.7m



Financial review

We delivered an exceptionally strong performance across both Investment Banking and Equities.

Our consistent investment in the business has enabled the firm to achieve a long track record of growth across multiple cycles.

Andrew Holloway
Chief Financial Officer

Revenue performance

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

	2021 £m	2020 £m	% change
Investment Banking	**154.9**	101.7	52.3%
Equities	**60.7**	53.2	14.1%
Revenue	**215.6**	154.9	39.2%
Investment income	**8.7**	0.3	n.m.
Total Income	**224.3**	155.2	44.5%

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

Investment Banking

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

The Investment Banking division delivered record revenue of £154.9m (2020: £101.7m), representing an increase of 52% on the prior year which benefitted from a significant volume of COVID-19 related equity issuance. This year has seen a broad based recovery in deal activity with the increase in IPOs and M&A deals more than offsetting a normalisation of fund raisings for corporate clients. Whilst deals volumes were slightly up on the prior year, the main growth driver has been an increase in average deal fees, which has been the consistent feature of our

Investment Banking revenue growth over the past three years. Average deal fee growth is a product of working with larger corporate clients on larger transactions and earning a greater share of the fee pool. The average deal fee for FY21 was more than double the level achieved two years ago in FY19.

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

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

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

Equities

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

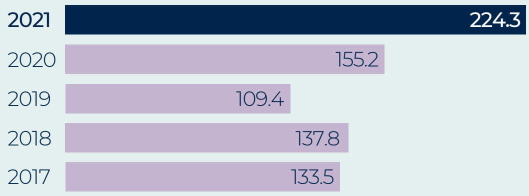
Equities delivered a record revenue performance of £60.7m (2020: £53.2m), representing growth of 14%. Institutional income increased 10% against the prior year, reflecting both market share gains and an increase in the aggregate value of commission payments across UK equities this year. There were periods of heightened volatility earlier in the year which prompted a particularly strong performance in the first half. Whilst this was not repeated in the second half, the full year performance was nevertheless very good.

Our research income was consistent with the prior year but our market share in payments for research from institutions increased. Overall we believe the market for research payments has generally

Key statistics

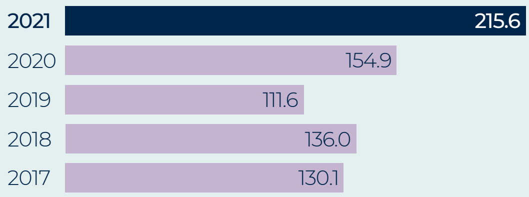
Total income (£m)

£224.3m



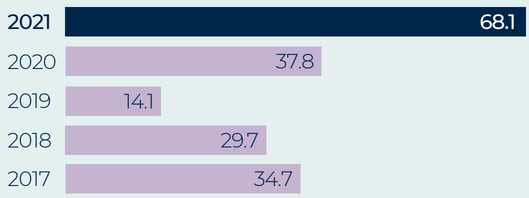
Revenue (£m)

£215.6m



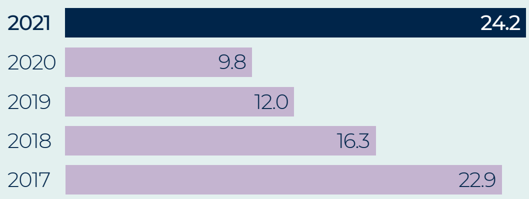
Underlying operating profit (£m)*

£68.1m



Spend on share repurchases (£m)

£24.2m



* The non-GAAP alternative performance measures shown here are described on the inside back cover.

Financial review continued

stabilised following the introduction of MIFID II and this revenue line is expected to be relatively consistent going forward, underpinned by the quality of our analysts and high levels of engagement with institutions.

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

Administrative expenses

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

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

Given the very strong operating performance of the business, variable compensation is materially higher than the prior year. As a result, staff costs are 30% above the prior year. Consistent with prior years, Investment portfolio performance does not impact the variable compensation pool. Our share-based payment charge, which relates to equity awarded to staff as part of their annual compensation, was in line with the prior year at £9.6m (2020: £10.0m). We expect the share-based payment charge to decline next year given the vesting of a number of long term awards during FY21. Our compensation model will be impacted by the introduction of a new regulation, Investment Firm Prudential Regime 9 ("IFPR"), which will influence the pay structure for certain senior individuals across the business requiring a greater proportion of their total compensation to be deferred, and delivered in equity. This regulation will impact Numis in FY23.

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

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

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

Profit

	2021 £m	2020 £m	% change
Statutory Profit before tax	**74.2**	37.1	100.1%
Adjustments:			
Investment (income)/losses	**(8.7)**	(0.3)	
Relocation expenses	**0.4**	1.3	
Net finance income	**2.3**	(0.3)	
Underlying operating profit	**68.1**	37.8	80.1%
Operating margin	**31.6%**	24.4%	+7.2ppts

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

Profit before tax for the year was £74.2m, representing an increase of 100% compared to the prior year. This included the impact of gains of £8.7m in relation to the investment portfolio, which was materially higher than the gain of £0.3m reported in the prior year. Our effective tax rate for the year was 22.4% (2020: 15.4%) resulting in profit after tax of £57.8m (2020: £31.4m), an increase of 84.5%.

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

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

Balance sheet

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

Investment portfolio

At 30 September 2021 our investment portfolio was valued at £21.7m (2020: £14.7 m). We recorded fair value gains of £6.8m in the second half compared to £1.2m in the first half. We completed two disposals and a partial exit during the year, realising total proceeds of £5.1m. These proceeds were reinvested across three new investments into high growth, international fintech and technology businesses in accordance with our intention to realign the portfolio. We continue to seek liquidity events for our legacy holdings whilst maximising the strategic value and network benefits of more recent portfolio investments. Since the year end we have exited our position in Oxford Nanopore Technologies plc.

Capital and liquidity

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

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

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

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

Dividends and shareholder returns

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

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

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

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

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

Andrew Holloway
Chief Financial Officer

Our ESG framework

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

"We are committed to becoming a more sustainable and resilient business.

Noreen Biddle Shah
Head of Marketing and Communications

The importance of ESG

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

At Numis, sustainability has always been an important consideration for our business – it is a Board-level priority and part of our overall strategy and vision. As we navigate today's societal challenges, we want to make sure we minimise negative impacts and maximise positive outcomes by further embedding sustainability in our culture, our operations and our strategy.

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

A fast-changing marketplace – with the transition to a low carbon economy and the growth of sustainable finance being key themes – creates opportunities that the firm can capitalise on. At the same time, the COVID-19 pandemic has placed stresses on the corporate sector and emphasised the importance of business resilience. We are following these trends closely in order to build a more responsible, sustainable and resilient business.

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

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

Materiality process

Key topics identification

- Preliminary desktop review, including a peer analysis and a media analysis.
- Based on the insights gathered, a long list of topics is identified.

Internal prioritisation

- The long list of topics is assessed against the inputs of an internal team, each member representing one of our stakeholder groups.
- This process drills down further to create a shortlist to test externally.

External prioritisation

- The shortlist is sent to a wider external and internal group representing all key stakeholders.
- Importance is determined based on two dimensions: impact on and by Numis and importance to stakeholders.

Outcome validation

- Inputs from each stakeholder group will be plotted on a matrix that will be validated with the core internal group.
- Material issues are then identified and embedded into decision-making actions and communications focus.

Materiality assessment
Our first materiality assessment was designed to take advantage of our ability to innovate and advance our approach to ESG. We conducted it in early 2021 by partnering with an external consultancy, ERM.

Material topics
Material topics are those that have the potential to significantly erode or enhance the value of a business considering its commercial strategy, operational assets and reputation. Monitoring evolving ESG risks and opportunities enables us to make more informed business decisions, identify opportunities for value creation within our corporate strategy, increase transparency, and strengthen relationships with stakeholders.

> We are focusing on our most material issues in order to have the biggest positive impact.
>
> **Noreen Biddle Shah**
> Head of Marketing and Communications

The process
We followed a process aligned with good industry practice to help identify the most material ESG topics for the business and our stakeholders.

The methodology followed the Global Reporting Initiative (GRI) principles for materiality and included reviews of emerging industry standards, a peer benchmark assessment, and direct input across our value chain – including clients, prospects, vendors and employees.

Our materiality assessment process consisted of three key phases.

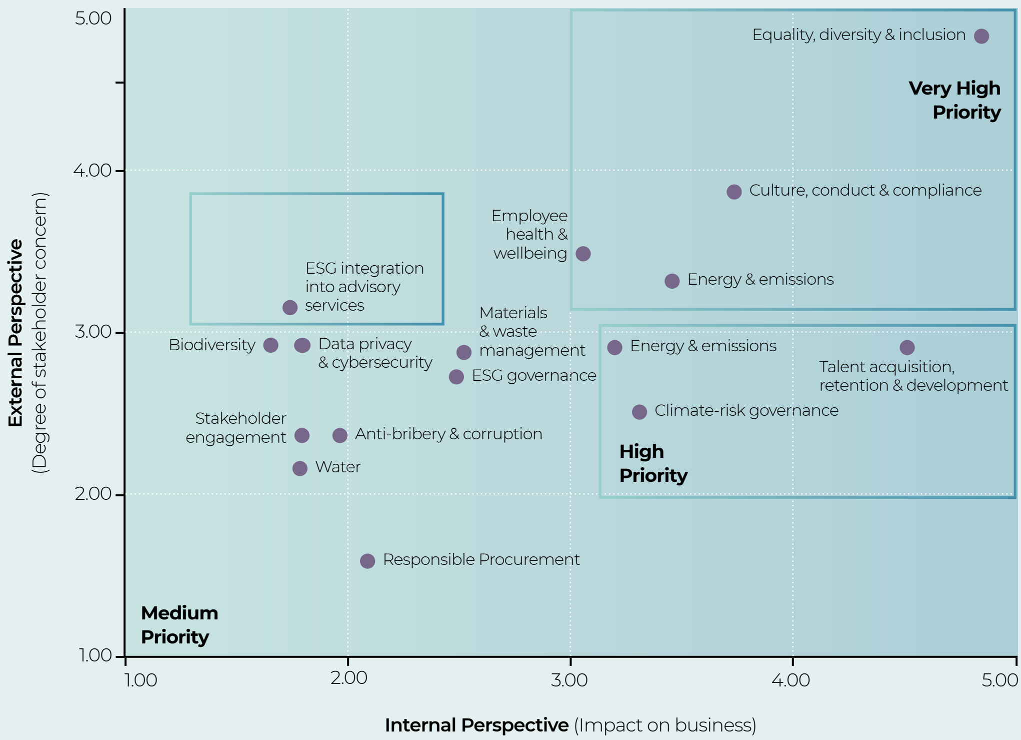
(1) Analyse the external sustainability landscape impacting our industry, including sector and industry specific trends, and a review of relevant sustainability frameworks such as the GRI standards and the Sustainability Accounting Standards Board (SASB)

(2) Engage with both internal and external stakeholders to gather insights on key ESG topics

(3) Rank and prioritise ESG topics to assess their relative importance, in relation to their impact on the business (x axis) and the relevance to our external stakeholders (y axis).

Our ESG framework continued

Materiality issues



Issues identified

The assessment initially identified 19 material topics. These are shown in the matrix above. All issues in the matrix are important to Numis and we are working on appropriate governance and oversight for each. This will necessitate channelling focus and resource to the highest priority topics to our business and our stakeholders. We have identified eight priority topics, illustrated below, grouped into four key focus areas that will form the basis of our disclosures. We are committed to implementing the results, with the right governance structures in place, to deliver value for our stakeholders.

- Focus area 1: Employee topics (Equality, diversity & inclusion, Employee health and wellbeing, Talent acquisition, development and retention)
- Focus area 2: Responsible governance and ethical business practices (Culture, conduct & compliance; Climate risk governance including energy and emissions; and ESG governance)
- Focus area 3: Serving the community (Community support and engagement)
- Focus area 4: Contributing to a sustainable economy (ESG integration into advisory services)

Our ESG framework

This framework aligns our four ESG focus areas to our corporate strategy. We will evolve it over the coming years to help ensure we constantly and effectively adapt our business in a rapidly changing market. This is a major initiative which will enable us to turn the Numis ESG vision into effective operational and tactical implementation plans, measured against key performance indicators.

While we have always had ESG policies and programmes in place, we now have a more strategic approach, aligned with our core business. The ESG framework captures the full scope of what we already do as well as builds out new focus areas in a clear and comprehensive way.

Our ESG framework

Providing innovative solutions to our clients based on a shared ambition to manage our environmental impacts, drive value in the wider community, and create a fair working environment for our employees.

Four key focus areas

1 Supporting and empowering employees

Our highlights

- A partnership with a diversity and inclusion consultancy
- Development of the employee-led Inclusive Numis Network
- Positive inclusion training across the firm, including at Board level
- Engagement with recruitment partners to ensure diverse shortlists and inclusive assessment processes
- Appointment of an Early Talent Manager to ensure we are future-proofing our talent pipeline with particular focus on diversity
- Mental health support for all staff through partnership with a dedicated consultancy
- Training all managers and employees, including the Board, on mental health awareness and psychological safety
- ‘Spotlight’ series for employee wellbeing
- Employee engagement survey with results driving key people priorities
- Innovative work from anywhere and ‘new normal’ policies developed in consultation with employees and implemented on a trial basis
- Family-friendly policies as part of our hybrid working model
- Shared parental leave
- Intern and graduate programmes with recruitment focused on D&I
- Professional development & training
- Manager excellence training
- Internal coaching programme
- Enhanced benefits offering with best-in-class private medical insurance
- Development of gender pay gap reporting

Our ESG framework continued

Our ambition and future commitments to equality, diversity and inclusion (ED&I)

We are committed to making this central to our brand, business practices and culture. We have started to partner with organisations that advocate for ED&I and regularly review and update our initiatives and programmes to ensure we are cultivating an inclusive workforce.

One early partner is a diversity and inclusion consultancy, who are helping us to improve our capabilities and metrics – from the Board downwards.

We will enhance our diverse talent pipeline to drive diversity from junior to senior roles in order to improve the way we include, and help progress, individuals from social groups that are not adequately represented in banking.

We currently focus on tactics such as unconscious bias training and addressing imbalances in the workforce. From a strategic perspective, we aim to broaden our data set, from the number or percentage of individuals from underrepresented groups in our recruitment process to the number of innovations or new products resulting from diverse teams.

Early results demonstrate this is the right way to go. For example, in the first nine months of 2021, close to 40% of new hires were female.

Our ambition and future commitments to employee health and wellbeing

Our hybrid working model, adopted in response to the pandemic, includes support for mental health (in partnership with the female-founded consultancy 'Inside Out'), new policies on childcare and shared parental leave, and a raft of initiatives that slot into this broader flexible approach.

Our ambition and future commitments to hiring, developing and rewarding our people

We want to ensure every permanent new employee has access to an appropriate induction programme, an individual on-boarding plan and 'peer buddy'. Longer term we are committed to supporting our employees, so they benefit from continual learning and development. This will be monitored through our employee survey in terms of satisfaction and take-up of learning initiatives.

With regard to reward, we will continue to track and regularly review staff benefit packages – and refresh them in line with market trends and the evolving needs of our workforce.

Next steps

We will continue to identify and engage with appropriate partners that can help us progress against our commitments.

More information can be found in the employee section on page 45.

2 Responsible governance and ethical business practices

Whilst we have always prided ourselves on the quality of our governance, going forwards, we plan to include more focus on the highest standards of responsible business practices and sustainability.

Our progress so far

- Employees assessed on how well they live Numis values, reflective in their objectives
- Management and graduate training on ESG
- Responsible risk culture through effective senior management leadership, tailored training and development, and alignment with incentives

Our ambitions and future commitments

This will be manifested through a responsible risk culture, reinforcement of culture and values, training, reporting, accountability and structure, and low carbon strategies.

For example, we aim to ensure Numis delivers transparent and accurate reporting of climate and ESG-related risks. We already assess climate risk in our risk management framework, but our plan is to go further and align reporting with the Taskforce for Climate-Related Financial Disclosure recommendations, including applicable regulatory requirements.

We currently report carbon emissions in line with the UK Streamline Energy & Carbon Reporting Regulations, in metric tonnes of CO_2 equivalent. As we place greater prioritisation on low-carbon strategies to reduce the operational footprint of the business we will also aim to publish our short-, mid- and long-term greenhouse gas and energy reduction targets in the future.

A material contributor to this will be our new London headquarters office in Gresham Street, London EC2. This is a new generation building designed, across all its tenants, to cut carbon emissions by up to 23% per person compared with a traditional refurbishment. Such sustainability credentials were crucial factors as the Board considered options for a new building to accommodate the Group's recent and projected growth.

Over time we will be in a position to report the specific impacts of these and other decisions, in terms of Scope 1 and Scope 2 emissions reduced by 2030.

Next steps

We will develop and enhance our orientation, training and performance management programmes that outline and/or reinforce the organisation's core values. We will also create ESG 'culture champions'.

We will continue developing Board oversight of ESG and climate-related risks and opportunities specifically, including across products and services

3 Building our footprint in, and relationship with, our community

We recognise that Numis has a role to play in our community – from supporting employees as they undertake work for charities and in directly engaging with community projects.

Our progress so far

- Volunteering
- Donations of PPE equipment, work with charitable causes and Christmas fundraising
- Apprenticeship Levy Gifting Opportunities scheme
- Charitable matched sponsorship
- Community programme case studies

Our ambitions and future commitments

We have a significant opportunity to improve the way we focus on strategic community programmes, the way we drive and manage community investment and measure community programme inputs, outputs and impacts.

We will work with academic institutions to build out internship programmes to allow for a more diverse population to access what is still seen as a homogenous industry. We will also look to offer work experience where underrepresented groups can learn about working in an office environment, have access to networking opportunities and practical training to ensure long term impact.

We can measure this not just by the number and description of current community programmes, but also by the issues we collectively address – such as social mobility and the level of ethnic minorities entering the industry.

Moreover, we expect to launch an ESG fund which will seek to support strategic charitable partners in need of funding and are aligned with the Numis ESG vision.

Next steps

We will develop a community investment strategy that aligns with the corporate and ESG strategy, culture and Numis' core competencies.

We also plan to set out criteria and guiding principles against which all community investment proposals are screened.

More information can be found in the society section on page 56.

4 Contributing to a sustainable/ low-carbon economy

We will seek to leverage our client relationships and services to create positive ESG outcomes. We will also build capabilities to deliver ESG advice as an integrated part of our advisory offerings.

Our progress so far

- Building the firm's ESG responsibilities through training and presentations
- Facilitating and contributing to conversations on the sustainability agenda between investors and corporate clients

Our ambitions and future commitments

We support clients with ESG advisory capabilities in the high impact sector of real estate. Our intention is to broaden this approach, developing an all-encompassing offering, that enables us to embed ESG advisory in each of our areas of sector specialism.

This planned value-add will be part of Numis' brokerage, M&A, IPO, debt advisory and other advisory offerings, in line with the definitions published by the Global Sustainable Investment Alliance.

This will require training. We are proud of the quality of our people and what they consistently deliver for clients. As the Group evolves – and as we play our part in greening the global economy – we will support investment banking and equities advisory staff with opportunities to upskill, from developing a grounding in key ESG issues to building a deeper understanding of sector-specific matters.

Numis is in a unique position where we speak to the world's largest investors and senior leaders of companies daily. We're able to facilitate and contribute to conversations on the sustainability agenda. We will continue to commit to these conversations and further leverage our strong relationships to advise clients, facilitate conversations and share our insights.

Next steps

We will build on existing relationships to evaluate the ESG needs of individual clients.

We will assess key ESG drivers associated with the services Numis provides and the clients we serve.

We will identify the capabilities, gaps and data required to successfully deliver each cluster of ESG opportunities.

We plan to develop a roadmap on how the bank is supporting a Paris-aligned real economy.

Creating long-term value

We are committed to the long-term success of our ESG outputs and want to ensure this goes far beyond a tick-box exercise to create greater long-term value for stakeholders. To this end, we will embed a strong accountability framework through taskforce teams with executive team sponsorship, clear metrics, score cards and alignment to performance reviews; and as ever, we will be guided by our core values of partnership, excellence, dynamism and creativity.

Stakeholder engagement

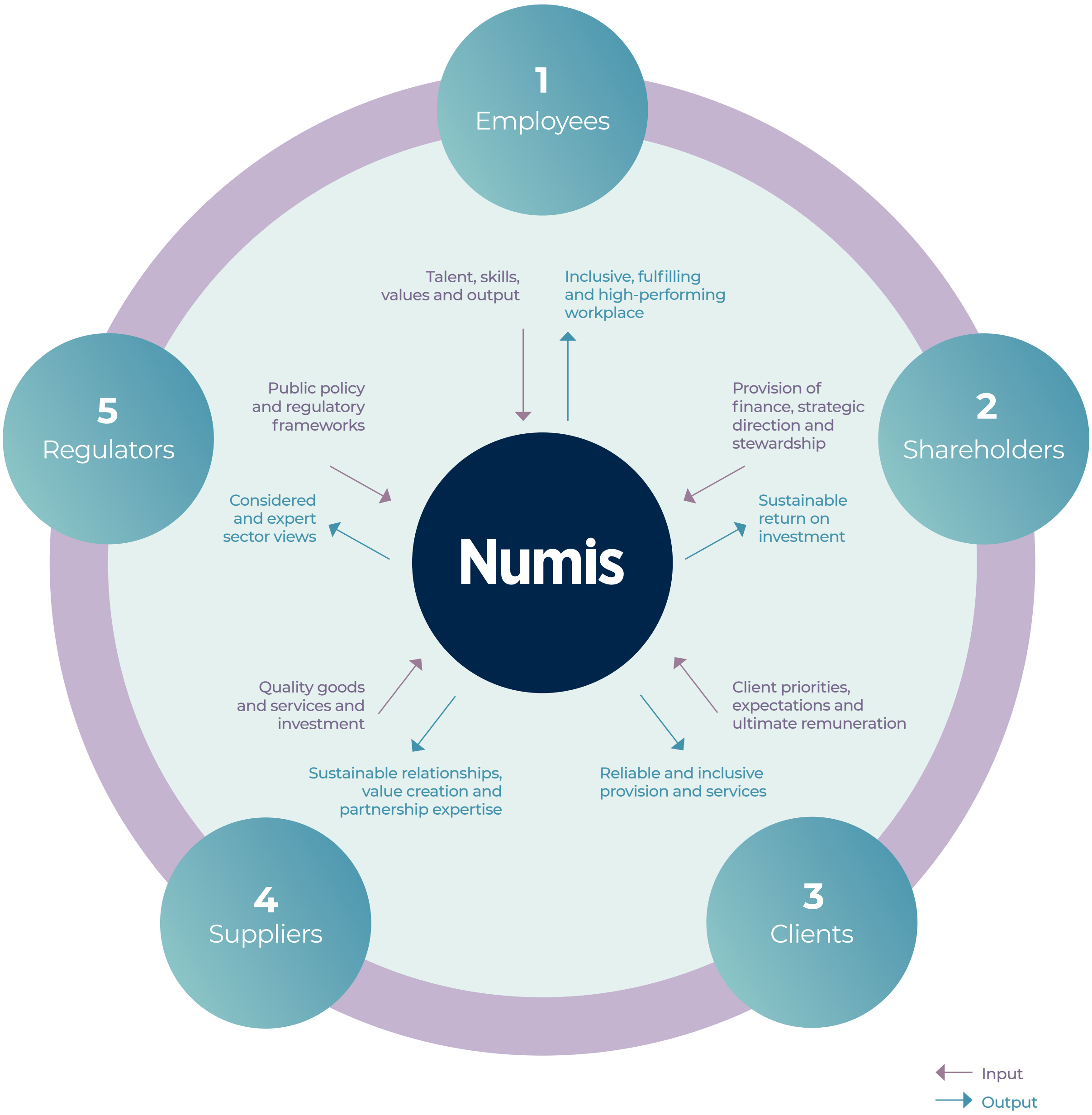
Building constructive relationships with our key stakeholders is critical to our business.

Staying close to our stakeholders
Whether by video or by conference call, e-technologies, Town Hall meetings or face-to-face meetings, close communication and engagement is key in building trust with our key stakeholder groups.

As the pandemic became prolonged, embracing engagement technologies with our key stakeholders has become particularly important and we continue to see elevated levels of communication throughout this past year. Our commitment to reinforcing our values of partnership, dynamism, creativity and excellence with key stakeholders has been a significant factor this year in the successful implementation of our strategy.

In creating value, building trust and staying abreast of the issues that matter most to stakeholders, we continue to strengthen and build on the long-term relationships at the core of the success of the firm. To this end, we remain committed to providing meaningful, transparent, timely and accurate financial and non-financial information to all our key stakeholders.

The Board has identified our key stakeholder groups as employees, shareholders, clients, regulators and suppliers. We sum up our engagement with each of these stakeholders below. In addition, environmental and community matters are also important.



Focus areas (see Our ESG framework on page 38)

- Supporting and empowering employees
- Responsible governance and ethical business practices
- Building our footprint in, and relationship with, our community
- Contributing to a sustainable/low-carbon economy

1

Employees

Why our employees matter to us

Numis is the sum total of its employees' expertise and passion for their work. They are our firm.

How we engage with employees

- High degree of informal day-to-day contact – open door culture
- Regular connect sessions with the Co-CEOs and other executives
- Employee surveys
- A high level of engagement via remote working technology throughout the pandemic
- Town Hall meetings
- Catherine James, Non-Executive Director, champions our formal employee engagement initiative particularly covering culture, wellbeing, strategy and succession
- Robust performance review process
- 360 feedback process

We engage closely with employees at all levels of the organisation to discuss their needs and support them. This approach underpins our core values – especially our collaborative and entrepreneurial way of working – and it helps us ensure that business decisions are taken with due regard to employee views and concerns on issues which are important to them. Nurturing a team of talented and dedicated people is central to our strategy, enabling us to deliver the exceptional products and services that keep us at the forefront of our industry.

Key issues

- Coping with work/life while working from home and living with the pressures and uncertainties of COVID-19.
- Support for diversity, inclusion, affirming commitment to increasing women's profile in the workplace.
- Development of talent to lead the next generation of Numis employees.

Our response and impact

- More Town Hall meetings hosted by the Co-CEOs – a key feature in ensuring we maintained employee connectivity throughout the lockdown and beyond
- A number of wellbeing and self-help initiatives to incentivise and promote good mental and overall health for our people
- Transparent level by level framework and promotion criteria
- More employee say in the working environment and flexibility of working
- Continued commitment to the development of junior talent through graduate programme and mentoring
- Support of the formation of the Inclusive Numis Network
- Manager Excellence programme focused on mental health, positive inclusion and managing remotely
- Departmental forums for employees to share views with their leadership teams
- Empowering managers and training on how to connect with and support their employees

89%
of staff felt supported by the leadership during lockdown

89%
of staff feel their managers create an inclusive environment in which to work

Stakeholder engagement continued

2

Shareholders

Why our shareholders matter to us
Our shareholders put their faith and finance in us – they are backing our potential and ambition and we have a duty to do right by them.

How we engage with shareholders
- Regular reporting and communications schedule
- Formal investor relations programme
- Day-to-day calls
- Road shows/one-to-ones between the Chairman, Co-CEOs and CFO, and key shareholders
- AGM, General Meetings giving individual shareholders the opportunity to engage directly with the Board and senior management
- Annual report and interim report
- Ongoing updates and RNS announcements, together with company information on the corporate website **www.numis.com**.

Engaging with our shareholders is crucial to our success as a business and our aim to create sustainable shareholder value over the long term.

Annual General Meeting, General Meetings
- All shareholders are invited to attend the Annual General Meeting ('AGM') and all Executive and Non-Executive Directors attend. The Chairman welcomes questions from shareholders, who have an opportunity to raise issues before or at the AGM. The Board is regularly updated on shareholder feedback and the Chairman is also available to meet major shareholders without the Executive Directors present to permit direct feedback.
- Staying abreast of shareholder views gives the Board insight into the considerations that drive shareholder priorities when assessing us as a business and helps shape the Board's strategy and future ambitions

Key issues
- Strategy
- Shareholder returns
- ESG matters

Our response and impact
- The potential future impact on shareholder returns was an important consideration in the Board's decision not to access any of the Government funding schemes, furlough or deferred VAT payments.
- The Chairman of the Remuneration Committee consulted with the top shareholders to gather feedback on the proposal to establish a new Executive LTIP structure. The views were reflected in the updated Remuneration Policy and a new LTIP for Executives was established in January 2021.
- The AGM in 2021 was held behind closed doors to ensure the safety of our shareholders and employees. However, shareholders were given the opportunity to ask questions of the Board by submitting questions via our website in advance of the meeting.
- The Board of Directors look forward to welcoming shareholders to the 2022 AGM at our new offices in Gresham Street and the formal notice of that meeting can be viewed on pages 158 to 165

3

Clients

Why our clients matter to us
We exist to serve our clients – proposing effective ideas and delivering high levels of service with consistency.

How we engage with clients
- Daily informal interactions – face-to-face, telephone and digital
- Regular independent meetings with corporate clients
- Regular one-to-ones with institutional investors

Close and continuous engagement with our clients – where we work in partnership towards shared goals – is a critical component of the Numis way of working. Through effective communication, we stay informed about clients' concerns, their needs and how satisfied they are with our service and firm. Our clients can in turn understand our business, the journey we are on and the strategy we are following.

Key issues
- Engagement levels
- Quality of service
- Deal execution

Our response and impact
- We conduct annual independent reviews to corporate clients. Feedback is shared with the client team, senior management and the Board. This enables service level decisions to be taken and any areas for development to be addressed to ensure our clients are receiving the right type and quality of service.
- Board is updated regularly on client engagement by the Co-CEOs as part of the Board presentations.

4

Suppliers

Why suppliers matter to us
We work with key suppliers who deliver essential services that enable us, in turn, to excel for our clients.

How we engage with suppliers
- Regular meetings
- Regular communication – in many cases daily

Our suppliers provide us with essential support through their advice, expertise, products and services. These enable us to meet the consistently high expectations of our clients. Our key suppliers provide business-critical infrastructure services across IT, telecommunications, market data and clearing and settlements – amongst other areas. Regular engagement with suppliers sees us focus on performance monitoring, risk management and value delivery.

Key issues
- Responsible procurement
- Technology implementation

Our response and impact
- Our purchasing policies aim to minimise the risk of modern slavery in our supply chain and the Board review and approves the Modern Slavery Statement annually.
- We have a duty to support suppliers – particularly during times of economic difficulty – and we make best efforts to pay all suppliers promptly.

Stakeholder engagement continued

5

Regulators

Why regulators matter to us
We work in a highly regulated industry where it is vital to remain across the detail and implications of regulatory requirements and developments.

How we engage with regulators
- Regular formal meetings
- Round-table exercises
- Ongoing dialogue

Through positive, constructive relationships with our key regulators and actively engaging on both a local and global basis, we position ourselves to understand emerging regulatory developments. Numis is regulated by the FCA. Through consultation and collaboration with this and other regulatory bodies, we gain deeper insights and understanding of what they need from us. This informs our policy- and decision-making processes – supporting effective strategic planning.

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. We see this as paramount to good governance.

Key issues
- COVID-19 response
- Regulatory change post-Brexit

Our response and impact
- We take the views of our lead regulator into consideration during deliberations on the Group's risk and internal control framework, culture and conduct initiatives, as well as in the future design of compensation structures, including share plans.
- The Board is kept apprised of discussions with the FCA and regulators in other jurisdictions in which we operate through regular legal and compliance updates presented by the Head of Compliance, General Counsel and Head of Risk.
- The Board was briefed on the views and feedback from regulators including the CBI in respect of our European strategy.
- We have engaged with our regulators on a number of round-table exercises and consultation papers including the UK FCA Investment Firm Prudential Regime (IFPR) and the impact of the IFPR on FCA authorised MiFID firms and on the FCA's consultation on Long Term Asset Funds (LTAF).

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, being:

(a) the likely consequences of any decision in the long term

(b) the interests of the Company's employees

(c) the need to foster the Company's business relationships with suppliers, customers and others

(d) the impact of the Company's operations on the community and the environment

(e) the desirability of the Company maintaining a reputation for high standards of business conduct

(f) the need to act fairly between members of the Company

The Board recognises its duties to act in accordance with the Companies Act 2006. These include a fundamental duty to promote the success of the Company for the benefit of its shareholders, while having regard to other matters as set out in S172 (1) of the Act.

The Board is committed to actively engaging with its stakeholders to ensure their interests are considered amongst other factors in Board discussions and decisions. Whilst physical engagement continued to be challenging during the year, the Board took a number of steps to maintain active engagement with its stakeholders and ensure their views were taken into account in strategic decisions promoting the long-term sustainable success of the Company. This section of the Governance Report sets out how the Directors have had regard to the matters in section 172 of the Companies Act 2006.

The Board fulfils its duties in collaboration with the senior management team, to which day to day management has been delegated, and through the application of our corporate governance and risk management framework. The following overview provides further insight into how the Board has discharged their duties in engaging with key stakeholder and in considering stakeholders as part of its decision process during the year.

Staying focused on our journey for the long term
Our strategy is embedded in a focus to concentrate on markets where we have a competitive advantage and the opportunity to make a tangible difference. By placing our clients' interests first and delivering exceptional client service in the provision of high quality research combined with powerful international distribution, expert advisory and broking services delivered by highly talented and skilled professionals, we seek to deliver a strategy that benefits clients, shareholders, employees and our communities for the long term.

Maintaining a rigorous and disciplined approach to our operational effectiveness and management of risk, through robust processes, systems and controls which are embedded in our culture and working practices, is key to achieving success in delivering shareholder value. We encourage an entrepreneurial, creative and dynamic commercial culture focused on generating value and the Board ensures that all relevant risk exposures are managed and mitigated.

Commitment to our stakeholders
There has not been a stakeholder who has been unaffected by the global pandemic, both directly and indirectly. The Board continued to make decisions throughout this year to ensure that the business not only dealt with the prolonged pandemic but also prepared itself to emerge into a changed business environment, shaped by new methods of communicating and collaborating.

The Board believes that engaging with our shareholders and wider stakeholder groups through regular and constructive dialogue, whether virtually or physically is central to delivering our strategic objectives and building a sustainable business. By demonstrating how the Board has engaged with and has regard to stakeholders and other factors through inclusive and collaborative decision-making, we ensure we fulfil our obligations to those impacted by the business. Including our stakeholders in key business decisions is the right thing to do, and is a key driver in delivering value creation over the longer-term.

Section 172 statement continued

Issues, factors and engaging with stakeholders
During 2021 we increased our focus on stakeholder engagement. In considering the issues, factors and stakeholders relevant in complying with section 172, the Board determined our key stakeholder groups are our employees, shareholders, clients, regulators and suppliers. In addition, environmental and community matters are also key areas of importance. This year the Board reinforced its commitment to ESG issues and developed a framework for ESG matters to ensure that the Board continues to consider the environmental and societal impact of its decisions alongside other key stakeholders. In understanding our stakeholders and their priorities better, the Board has considered the potential impact of decisions on each stakeholder group and taken account of their needs and concerns, as part of Board discussions and decisions.

Throughout this report, we have integrated our reporting on how our stakeholders have been considered in terms of our business model and governance, particularly in regard to how the Directors discharge their duty to promote the success of the Company for the benefit of its members as a whole.

The Board has direct engagement principally with our employees and shareholders but is also kept fully apprised of the material issues of other stakeholders through the Executive Directors, reports and presentations from senior management and external advisers. On pages 44 to 48 we outline the ways in which we have engaged with key stakeholders and the material issues that they have raised with us. Stakeholder engagement not only allows the Board to understand the impact of its decisions on key stakeholders, but also ensures it is kept aware of any significant changes in the market, including the identification of emerging trends and risks, which in turn can be factored into its strategy discussions.

We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders and the Board may have to make difficult decisions based on competing priorities. By considering the Company's purpose and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to balance those different perspectives.

The Board tailors its engagement approach for each key stakeholder group in order to foster effective and mutually beneficial relationships. On pages 44 to 48 we set out our key stakeholder groups and the main methods used to engage with them. The Board monitors the effectiveness of these engagement mechanisms as part of the Board evaluation process.

To support the Board's endeavours to better engage with and consider the interests of our stakeholders, Board paper templates invite appropriate focus on section 172 considerations to ensure stakeholder feedback is taken into account in the Board's decision-making.

S172 relevant disclosures	Page
The long term	
Business model	10
Strategy	26
Dividend policy	37
Employees	
Employees	52
Business relationships	
Engaging with our key stakeholders	44
Operating responsibly	58
Community and environment	
Engaging with our key stakeholders	44
Environment	57
Society	56
High standards of business conduct	
Operating responsibly	58
Internal controls	60
Shareholders	
Engaging with our key stakeholders	44
Corporate governance	74
Corporate website/corporate communications	46

Methods used by the Board
The main methods used by the Directors to perform their duties include:

- an annual strategy review which assesses the long-term sustainable success of the Group and our impact on key stakeholders (see page 44);
- the Board's risk management procedures identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to our business and wider stakeholders (see page 60);
- the Board sets the Group's purpose, values and strategy and ensures it is aligned with our culture (see page 56);
- external assurance is received through audits the results of which are reported to the relevant Committees of the Board and impacts/mitigations deliberated on and actioned (see page 85);
- Directors and senior managers receive specific training tailored to assist them to discharge their duties to ensure they have the tools and expertise to assess and act on issues that arise through the year (see page 83).

Key strategic decisions

The following are some of the decisions taken by either the Board or its committees during the year and the considerations given to stakeholder interests and impacts:

Decision	Process and outcome	Key stakeholders impacted
Enhancing the firm's operational resilience to enable the whole firm to continue to work remotely from 'anywhere' as prolonged lockdown periods prevailed	The Board was focused on protecting the wellbeing and health of its employees as a priority. The introduction of a policy to enable staff to work from anywhere for a period of time was welcomed by staff and provided flexibility and a hybrid working solution addressing the needs of our employees whilst still providing exceptional levels of service for our clients and maintaining relationships with our shareholders. The Board reviewed the steps being taken to ensure appropriate monitoring and surveillance was in place for working from anywhere and that remote working activity continued to comply with regulators' requirements. It also implemented enhanced protocols to ensure cyber resilience and combat evolving cyber threats. The Board, led by the Executives, considered and introduced enhanced health benefits and additional wellbeing initiatives for staff throughout the lockdown period. See Engaging with key stakeholders, employees (page 45) and operating responsibly, employees (page 59).	Employees, clients, shareholders, regulators
Geographic expansion	In line with the Group's strategic goal of building on its strong UK and European client franchise and in response to the needs of our European clients, the Board announced the proposed expansion into Europe with our office in Dublin. The Board assessed several factors before deciding that proceeding with establishing a new office was in the long-term best interests of the Group and its stakeholders. See Engaging with our key stakeholders, shareholders (page 46).	Clients, employees, regulators
New LTIP	The Board consulted with all the top shareholders as part of the process to structure a new LTIP scheme and following agreement implemented shareholding requirements for Executives. The views of shareholders expressed as part of this consultation process were reflected in the updated Remuneration Policy and award grants were approved under the new LTIP in January 2021. See Remuneration Committee report (page 100)	Employees, shareholders
ESG approach and framework	The Board considered the growing interest in community and environment by stakeholders and is cognisant of society's continuing focus on ESG, especially the environment and climate change, and is committed to striving to operate in a sustainable and more responsible way, whilst delivering value for stakeholders. Following consultation with our main stakeholder groups (employees, clients and suppliers) on this topic, the materiality of the 'S' aspects of ESG to Numis and the close alignment with our overall business strategy has become more apparent. The feedback has highlighted the rising awareness and a desire to deliver positive change. The Board acknowledged that in order to meet stakeholder expectations an ESG framework was required. The Board has increased its focus on the Group's environmental management approach and is developing an ESG Reporting Framework comprising data disclosure areas, so that progress against actions or targets set can be reported leading to improved and sustainable business decisions which have a positive impact on our stakeholders, clients and shareholders. This framework will help us monitor our footprint and guide the business in its ongoing execution and wider ESG initiatives and compliance regulations. See Material issues and Engaging with key stakeholders (page 39),	Employees, clients, shareholders, regulators, suppliers

Our people

Behind our exceptional results are exceptional people working collaboratively to deliver for our clients. Building and supporting a diverse and inclusive workforce is key to our continued success.

> 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

Culture and values (working together)
We believe that we are coming out of the pandemic stronger than ever, and our people agree. In our 2021 People Survey, 96% of participants stated that they were proud to work for Numis and 97% believe the business has a successful future ahead.

Our values are well embedded within our firm and we place great emphasis on these throughout the employee journey – they are a key focus during hiring and induction processes, as well as during annual performance reviews.

Our values

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

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

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

Excellence
We deliver with distinction and pursue ever greater impact

Communication and engagement

Actively focusing on communicating openly and directly across the firm and really listening to our employees was a key part of our people strategy in 2021. Listening is key to engagement and this year we used a number of methods to gain an understanding of our employees' views and needs:

Listening is key to engagement

How do we do it?

- NED Employee Engagement interviews with regular reports to the Board of Directors
- Executive Directors host 4+ Town Hall Meetings per year with live Q&A from staff
- Bi-annual people survey, the results of which drive our people agenda
- Additional Mental Health survey during pandemic, to check how our people were doing
- 360 feedback for all staff, including senior managers, as part of our Annual Performance Review Process

People survey

84% of our people shared their views through our 2021 people survey

92% would recommend Numis as an employer

87% feel positive about the ongoing transformation of the organisation

Wellness and resilience

As with flexibility and hybrid working models, the business case for running effective employee wellbeing initiatives is straightforward: employees who are well perform better, meaning our clients can get the very best.

Constantly challenging ourselves to ensure we offer best-in-class benefits and support to our people is not just the right thing to do, it's the smart thing to do.

Having listened to our people we made significant improvements to our wellbeing initiatives in 2021. Among several other schemes, we introduced a new mental health support package, added a flexible childcare benefit, and improved our private medical insurance offering, which led to a 14% increase in uptake from staff. The additions have been well received; 85% of staff agree Numis cares about the wellbeing of its employees, up 6% from the 2019 people survey.

Mental Health: Numis x InsideOut

Supporting our employees' mental health makes sense. Research shows that mental health issues create significant cost and risk to organisations and that preventative intervention is less expensive than reactive intervention. In 2021, we initiated a partnership with the organisation InsideOut to make looking after our staff's mental wellbeing easy and accessible. The partnership includes a mental fitness training app where employees can also have real-time completely confidential video-based therapy or coaching sessions with qualified, vetted therapists, fully funded by Numis. As part of the initiative we now have mental health champions throughout the business, whose role is to enable this issue to be discussed openly and sensitively, as well as ensuring that those who need it have easy access to extra support.

A new way of working post-COVID-19, new office

We are developing a hybrid working model and in 2021 we implemented our approach to this on a trial basis. It takes some of the best bits of working from home – access to family, less commuting – with the acknowledged benefits of being in a new, state-of-the-art office – solving problems, learning from each other and collaborating, as well as seeing clients face to face.

Rather than dictating a specific weekly working pattern to our employees, we believe that taking an activity-based approach to where someone should work on any particular day makes more sense. In addition to our everyday approach, we are trialling a Work From Anywhere policy (WFA). This will enable all Numis employees to, with agreement and approval from their manager, spend four weeks per year working from any location they wish.

We have lots to learn but we believe getting hybrid working right boils down to a simple formula: flexibility leads to happier workers; happier workers are more productive; and better productivity generates performance for clients.

COVID-19 response and post-COVID-19 measures
(2021 People Survey)

96% of staff were satisfied with the measures taken by Numis to deal with the global pandemic

83% state they are happy with the Work from Anywhere Policy built at Numis

79% agree that Numis is promoting a culture of work/life flexibility (+8 from 2019)

Our people continued

Diversity and inclusion

We value, encourage and support difference – it is core to our belief in being a highly agile, creative and collaborative firm. A firm where we achieve more and better things together by being open to new approaches.

We are taking action to change our workforce to become more diverse and inclusive. This is a Board-level priority.

Firstly, it's the right thing to do. We want to be more reflective of our client base and the society we serve. And we've also got a role to play in creating a more sustainable economy.

Secondly, all the data shows that more diverse and inclusive companies are more effective. We exist primarily to serve our clients and when we find ways to serve them more effectively, we need to implement them.

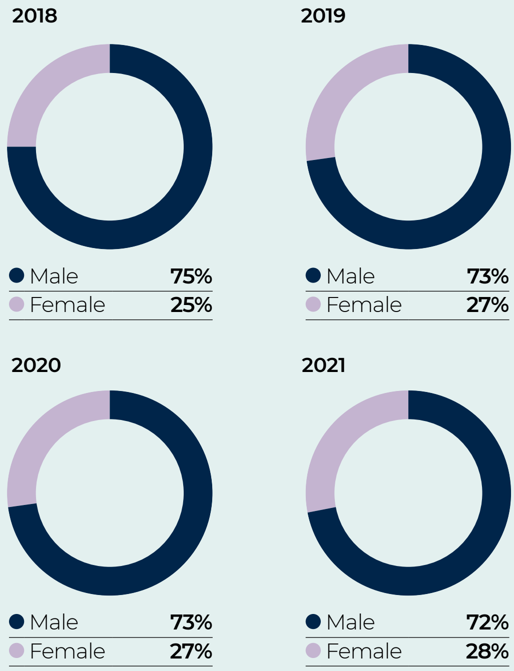
Overall, our diversity and inclusion (D&I) work falls under our broader ESG strategy, which is an evolutionary approach that benefits a fast-moving target. We're doing a vast amount of work across our Group and aim to create robust and long-lasting change through our policies and practices. We have already taken significant steps, but progress will take time, especially within our broader industry.

Gender and ethnic diversity at Numis

We continue to fulfil our commitment to increase the proportion of women in our workforce, which is 28.2% female as of September 2021, up from 26.9% a year ago. Last year, we introduced a commitment at Board level to build our brand through targeted marketing and events in order to attract female applicants. For example, we hosted an onsite female campus event with presentations from across our business. We also reviewed our processes to focus on increasing female representation across all roles at all stages of recruitment. This led to us amending our role descriptions for job advertisements to remove any unintentional gender biased language. We have already seen the benefits of this work. Of all the permanent and fixed-term hires we made in the October 2020 to September 2021 financial year, 36.5% were taken by women, up from 34.5% in the previous financial year.

We have worked hard with our recruitment partners to create a more diverse shortlist with a particular focus on gender and ethnic diversity, without having a specific target, which we believe would be unduly restrictive. Our efforts are focused on making long-lasting, impactful change by focusing on attracting diverse talent.

Gender diversity



Actively building an inclusive workplace

Together with InsideOut, we trained all managers at Numis in Mental Health Awareness in 2021. The aim was not only to ensure that we as an organisation spot and address mental health issues but also to create a more inclusive workplace by destigmatising the topic and normalising the conversation around mental health.

A group of employees founded the Inclusive Numis Network – designed to create a safe space for employees to address diversity and inclusion issues. The Network will launch in 2022 and have Board-level sponsorship. We are also building a partnership reboot, a platform promoting ethnic minorities in the workplace, founded by our Head of Marketing and Communications.

This year we launched a partnership with INvolve, the D&I specialist consultancy, to improve our capabilities and metrics. Together with INvolve, we made a commitment that everyone at Numis, from the Board downwards, should participate in Positive Inclusion Training and we delivered on it.

Supporting our working parents

The pandemic highlighted to us that being family-friendly is not only about implementing great policies it is also about creating a genuinely inclusive work environment through offering pragmatic day-to-day solutions for parents. In early 2021 we launched a partnership with Bubble, a UK company that helps provide flexible childcare through connecting parents with carers via an app. The partnership means we can put our aspirations into practice in this space, giving employees the ability to access ad-hoc and flexible childcare easily.

89%

of Numis employees agree that their manager creates an inclusive environment in which to work

75%

believe the Numis leadership team is committed to achieving a more diverse and inclusive workforce

90%

of Numis employees stated they work within a team that offers a supportive culture

Talent acquisition and retention

There are many changes unfolding in both the economy and wider society, not least due to the ongoing pandemic and the UK's exit from Europe, so it has never felt more important to recruit and retain strong talent to help our clients navigate these challenges effectively.

Turnover was exceptionally low at 11.2%, which is lower than the sector average, based on industry data. Despite the low turnover, this year saw intense hiring activity most notably at junior levels in Investment Banking.

Turnover

FY19	FY20	FY21
18.1%	13.1%	11.2%

Early talent

We aim to take on a tranche of around 25 juniors each year. This is a strategic initiative, with Board sponsorship. We think that growing our own talent is the most effective way to achieve a more diverse workforce over the long run – because lateral hiring, from within the industry, rarely moves diversity numbers meaningfully. We aim for each junior intake to reflect society and we use many positive inclusion techniques, like blind CVs.

We hire bright people, who are ambitious and driven, but who can also help make our Company more reflective of the society it operates in. Beyond compensation, we reward them with interesting work, flexibility in working patterns, a wide range of benefits, objectives that stretch them reasonably, and with more access to clients than the industry average.

We continue to run a dedicated annual internship scheme, which rolls over to our graduate scheme with best-in-class training. This year we appointed our first ever Early Talent Manager whose remit will be to ensure that we identify, hire, train and develop top calibre diverse emerging talent into our organisation.

Learning and development

We continued our commitment around learning and development, keeping some programmes and initiatives online and moving some back to in-person training once guidelines permitted. Our management excellence pillar continued to develop, as did our internal coaching programme. In addition to the positive inclusion and mental health awareness programmes, we emphasised the topic of working and managing in a hybrid world, improved our induction programme for new staff and ensured sponsorship was available for staff to undertake external qualifications.

Health and safety

The health and safety of our staff is of paramount importance and we have a rigorous focus on it. Our new office has been built with sustainability, productivity and wellbeing in mind. During FY21 we worked with experts to ensure our policies and procedures around COVID-19 were best-in-class, both in our old and new offices. We have our own internal Numis first aiders and during the pandemic we trained and qualified staff volunteers as mental health first aiders.

Our new office

Space to socially distance: at a generous 155 square feet per employee, our new office is large enough to ensure staff can socially distance without imposing attendance restrictions.

Air quality: We have installed a brand new ventilation system conforming to BIBSE guidance and rated 'excellent' by our health and safety consultants.

Green space: 230 live displays of air purifying plants connecting our office space to nature, and aiding with stress relief.

Safety first: 20+ qualified first aiders and mental health first aiders in the workforce.

Looking ahead

Capitalising on the momentum we have built around people management and employee engagement in 2021, we are committed to continue our journey to make Numis an attractive place for any talented individual to work and succeed. As we continue to grow our business and our reputation, our employees' wellbeing will remain key to our success.

Society

Numis is part of the society it serves. As a Group committed to delivering long-term value to stakeholders, while improving its sustainability, social awareness is firmly embedded into our values and is an integral component of our 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 importance of community involvement has been driven home this year more than ever, as so many people have been deeply affected by COVID-19.

Employee volunteering
We encourage employees to volunteer their time and effort through a formal volunteering leave policy and our people have raised funds for a number of charities. To boost impact, the firm matches fundraising up to £1,000 per employee.

Funding community apprenticeships
We are proud to support apprentices and are focusing on essential health and mentoring roles by supporting charity funded programmes through the Apprenticeship Levy Gifting Opportunities scheme. The chosen charities train, support and develop apprentices with the skills to deliver impactful physical and mental health resilience initiatives in their local communities.

This aligns with our big focus internally on building the resilience and wellbeing of our people. For the initiative, we are working with Mitre, the leading provider of apprenticeships within the sports and stadia sector. Mitre works with community partners to develop tailored apprenticeship programmes. In the second year of our involvement, Mitre has identified 10 apprenticeships for us to support across a range of communities, with a maximum total funding value of £55,500.

Supporting charities
All our people take part in selecting charities to be supported. In 2020/2021 we raised £13,300.

Looking forward
We want to do more with our community and have plans to boost activity in 2022, which feeds into our broader ESG policy roll-out. One component will be internal mentoring – where employees from sections of society that are poorly represented get appropriate access to seasoned professionals to support them in their career and lives.

Charity programmes
Numis staff have long striven and sweated to raise money for charity. Here are a few highlights from the financial year:

Rowing the Atlantic ocean
A 3,000-mile row, as part of a team of four, enduring waves of more than 30 feet in aid of the UK military veterans' charity 'The Not Forgotten'.

Donating laptops
The Numis Group gave local schools £25,000 of laptops and computers to support pupils as they home schooled during the pandemic.

Walking from London to New York
Numis teamed up with 'The Children's Challenge', a charity that enables family adventures and bespoke virtual challenges for primary schools and corporates, to support employees walk 3,459 miles in a two-week period – the equivalent of the distance between London and New York. Fancy dress, team challenges and dogs all played their part. £6,000 was raised in total.

100 burpee challenge
We organised an employee challenge over Zoom during lockdown. Each employee completed 100 burpees to raise money for 'Business 2 Schools', the charity that links the corporate sector with schools in need of technology support.

The environment

We recognise our responsibility to help protect the environment. This means minimising the environmental impact of our operations.

Energy and carbon emissions
As part of our efforts to minimise our carbon footprint, this is Numis' report on carbon emissions under UK Streamline Energy & Carbon Reporting Regulations (SECR).

Numis' business is mostly conducted from our office in London and New York and as an office-based business our activities are generally not regarded as having a high environmental impact.

Intensity ratio
The emissions intensity ratio is 0.524 tCO_2e per Full Time Equivalent (FTE) employee, based on UK FTE levels of 291.9 over the reporting year. FTE is a relevant business metric providing a useful intensity ratio which can be calculated on a consistent basis using an accepted average calculation basis.

Looking at the current emissions and energy in relation to the previous year:

- Emissions in 2021 are 1.2% up on the 2020 emissions of 151.1 tCO_2e
- Energy use in 2021 is 10.8% up on the 2020 energy use of 591,400 kWh; the change of premises resulted in the two offices being occupied concurrently for a period
- The intensity ratio in 2021 is 10.2% down on the 2020 value of 0.583 tCO_2e per FTE

New office headquarters
Our new office, which we moved into in September 2021, has been designed to be as environmentally friendly as possible. Its green credentials and reduced carbon emission footprint were influential factors in our choice of the new office. We have been involved in the development of the space, to ensure it meets all our requirements and becomes a great new sustainable home for the firm.

Energy efficiency actions undertaken
Reducing SECR emissions with energy efficiency actions:

- All LED lighting in our new Gresham Street offices
- Automatic lighting control with management to ensure lighting off when unoccupied
- Extended roll-out of low energy high efficiency processors and screens with hibernation
- Encouragement of video conferencing to reduce business travel

Further emissions reduction initiatives
- 100% renewable-sourced electricity at Paternoster Square and Gresham Street. While not affecting the headline location-based emissions figure, this reduces the market-based emissions figure by 151.4 tCO_2e
- Provision for bicycles to reduce use of cars and taxis

Looking ahead
We are committed to expanding our reporting on these important issues and will be adhering as far as we can to standards to describe the impact of climate-related risks and opportunities on the business.

Numis will continue to review all our activities: travel, recycling, resource usage and impact on society, when reviewing energy and ESG matters. We have implemented processes to manage environmental risks to reduce, reuse and recycle, wherever possible, waste materials within our place of business. We are working to identify and focus on where we can make the biggest positive difference on new and existing sustainability initiatives.

Energy use and emissions

Numis SECR 2020-2021	Emissions Scope	Energy kWh	Factor $kgCO_2e$/kWh	Emissions tCO_2e	(%)	2021 change from 2020	2020 figure
Energy and emissions							
Electricity – PSQ & Gresham St	Scope 2	649,255	0.23	151.4	99.0%		
Travel – car mileage claims	Scope 1	6,056	0.25	1.5	1.0%		
Total energy		**655,311**				10.8%	591,400
Total emissions				152.9		1.2%	151.1
Intensity ratio: emissions per FTE							
Business metric: FTE				291.9		12.6%	259.2
Intensity ratio units				$kgCO_2e$/FTE			
Intensity ratio value				0.524		-10.2%	0.583
Average emission factor				0.233		-8.7%	0.255

Operating responsibly

We are committed to operating as responsibly as we can – as we deliver for clients and shareholders while recognising our relationship with our people and our impact on the planet.

“

We aim to deliver the highest quality in a responsible way.

Ian Wright,
Head of Compliance

Focusing on ESG

We are a responsible business committed to delivering the highest quality results to our stakeholders. Ultimately we want to deliver transparency on our sustainability and our responsible business practices for our investors, stakeholders and for regulatory requirements. Numis has always had ESG-related policies and programmes in place; the enhanced framework will articulate the full scope of what we already do with some added structure as well as build out new focus areas. This is clearly an area of increasing regulatory focus both in the UK and internationally, therefore we are focused on ensuring we meet the standards expected given our market position and business model.

In addition, we have introduced a deeper quality of ESG training for staff – starting with senior management and then rolled out across the firm and including the graduate programme. The Board also now receives regular reports on ESG issues.

More broadly, ESG and sustainability is a critical issue for both our corporate and institutional clients and we continued to advise on the key aspects and implications.

Our aim is to have an ever-greater positive impact, not only for our clients, our colleagues and our firm, but also for our community and the wider world.

Anti-bribery Act and Modern Slavery Act

Appropriate steps have been taken in relation to the Anti-bribery Act and Modern Slavery Act and a statement is available on Numis' website. Our zero tolerance approach to modern slavery is communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and reinforced as appropriate thereafter. We expect all our employees to have read and be aware of this statement. Numis also has a Whistleblowing Policy. A copy of Numis' Anti-bribery Act and Modern Slavery Act statements can be found on Numis' website **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. We were able to move this and our other face-to-face training online as part of the ongoing COVID-19 response and will continue to use technology to enhance our training regime wherever possible.

Within our overall approach to ESG, we place a big emphasis on our people – the heart of our firm. Underpinning it all is our strong governance, and more details on this can be found in the Corporate Governance Report on pages 74 to 85.

Non-financial reporting

As we have fewer than 500 employees, the Non-Financial Reporting requirements in the Companies Act 2006 do not apply to us. However, in line with our commitment to being as transparent as possible in our reporting and business practices, we are providing further information for stakeholders here:

Our key policies and standards mostly found in our Staff Handbook	Additional information
Social and employee aspects	
Equal Opportunities & Diversity Policy Professional Development & Training Shared Parental Leave Flexible Working Policy Grievance and disciplinary procedures Conduct guidelines Remuneration policy Absence policy Expenses guidelines Parental leave inc. maternity, paternity, adoption	· Stakeholder engagement – communities (see page 45) · Our employees (see pages 52 to 55) - Learning and development - Wellbeing - Diversity & inclusion - Manager excellence training - Unconscious bias training - Visa sponsorship (where applicable) · Communities (see page 56) - Volunteering - Donations and charitable causes - Apprenticeships
Respect for human rights	
Modern Slavery Statement	· Health and safety (see page 55) · Human rights and modern slavery (see page 58)
Anti-corruption and bribery issues	
Anti-bribery Policy Whistleblowing Policy	· Audit Committee's report (see page 91) · Risk Committee's report (see page 96) · Our principal risks (see pages 60 to 68) · Compliance training (see page 58)
Environmental matters	
Environmental matters	· Environment (see page 57) · Our new office (see page 55)

Additional disclosures

- Business model – page 10
- Non-financial key performance indicators – page 28
- Risk factors – page 60
- Board diversity – page 90

Policies and statements on website

- Member Firm Statement
- Anti-Money Laundering Policy Statement
- Anti-bribery and Corruption Policy Statement
- Consent Statement
- Modern Slavery Act Statement
- Order Execution Policy
- Conflicts Policy
- Website Cookie Policy
- GDPR statement
- Gender pay gap reporting

Managing risks

We rigorously manage risks to meet our strategic objectives in a disciplined and well-controlled manner.

> Our collective forward-thinking approach to risk management and determination to deliver effective solutions have mitigated risk throughout another year of uncertainty.
>
> **Charles Davidson**
> Head of Financial Risk

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

The impact of the COVID-19 global pandemic continued to affect our lives over the course of the year. Risks associated with sustained remote and hybrid working persisted and we have put in place a number of initiatives to ensure we maintain communication with staff and our unique culture. In addition, we have continued to take important steps to develop ever-improving risk management to deliver our strategic objectives. These actions include:

- Preparing an in-depth risk management assessment and the necessary information for a proposed regulatory licence for an EU-based office to enable us to access institutional and corporate clients in the EU member states
- Developing processes and systems to prepare for the new prudential regime for investment firms, ensuring our capital and liquidity management and analysis meets all regulatory requirements, and assessing our operational resilience, including reviewing our important and critical business services and putting in place plans to meet the requirements
- Robust project risk management of our London office move to our new premises at 45 Gresham Street
- Gauging the impact of remote working on conduct and culture and taking mitigating actions
- Undertaking a specialist assessment of our market abuse framework to ensure consistency with best practice and information flows remain appropriate
- Maintaining close contact with our regulators to ensure good outcomes for our clients and markets
- Ensuring steps are taken to continue system resilience and robust data security
- Refining controls relating to our Electronic Trading product

- Continuing to make improvements to our central counter party margin risk monitoring
- Continuing enhancements to our settlements and custody functions
- Producing enhanced management information to enable the Board, Committees and executive management to manage risks in the business more effectively
- Further steps to ensure that our offices are COVID-19 safe in accordance with Government Health & Safety guidelines and that hybrid working can work seamlessly between office and remote environments

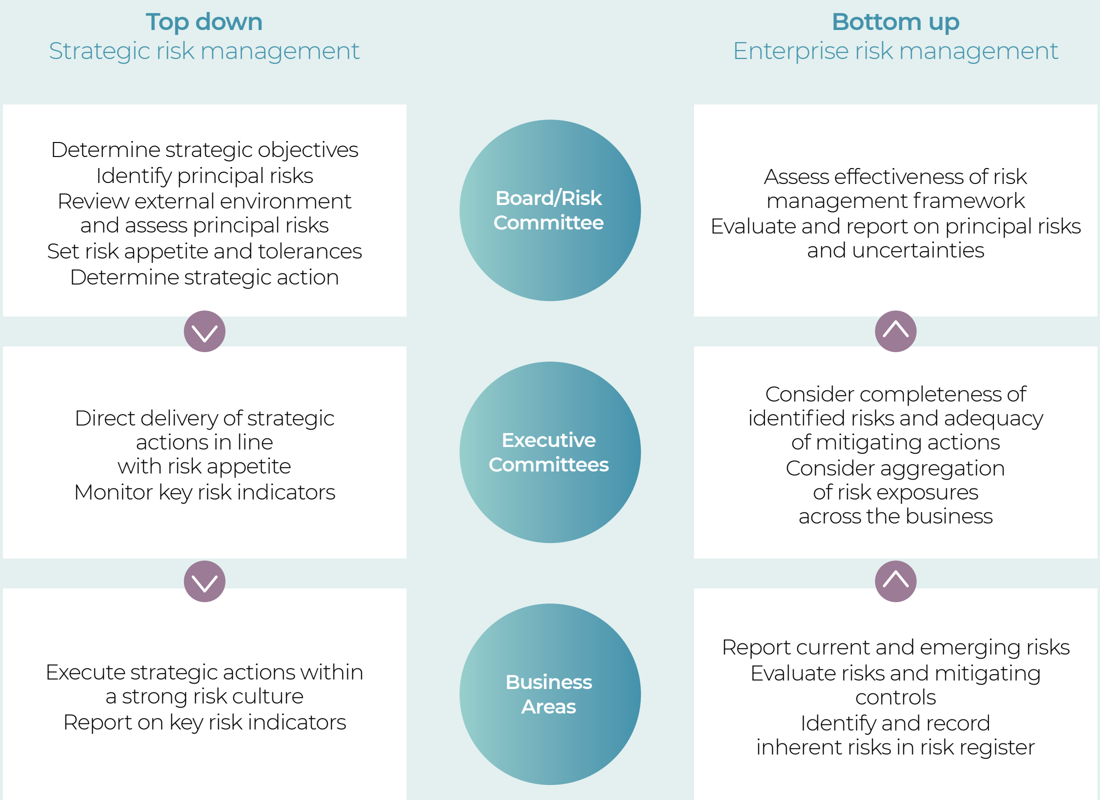
Looking to the future, key challenges and emerging risks include:

- Delivering our investment banking services to a wider geographical audience
- Rolling out of Electronic Trading and other services to EU and US clients
- Increasing focus and requirements relating to important environmental, social and governance (ESG) concerns
- Efficiently transitioning to the new requirements of the Investment Firms Prudential Regime in the UK
- Progressing our operational resilience understanding to improve existing, and embed new, standards of resilience
- Managing the risk linked to third party suppliers/ service providers
- Establishing a regulated entity in Ireland

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 risk appetite together with the key arrangements for managing the risks through internal controls. Effective risk management is central to our corporate governance and to achieving our strategic objectives while remaining within our risk appetite.

Our risk management framework



Managing risks continued

Our risk appetite
Our risk appetite sets the attitudes and values that inform risk taking, management decisions and performance evaluation within the Group. Our risk appetite defines the level of risk we are willing to take across the different risk types. Risk appetite and supporting tolerances are defined for all risk types and sub risk categories. We set our risk appetite in either quantitative or qualitative terms, or both, across all the principal risk types described in this section. Risk appetite is key for our decision-making process, 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 understanding and managing risks. To achieve this, we use a 'three lines of defence' model to achieve this.

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 for any particular risk. This involves three lines of defence as follows:

- The first line of defence consists of the business front line staff who are charged with understanding their risk management responsibilities and carrying them out correctly and completely.
- The second line of defence consists of the oversight functions made up of Risk and Compliance. These functions monitor performance against policies, define work practices and oversee the business front lines in relation to risk and compliance.
- The third line of defence consists of Internal Audit, who regularly review 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 us 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 operational committees that assess and manage risk matters. Details of the committees and their remit are set out on page 82.

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.

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

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

Reinforcing a strong risk culture and aligned incentivisation
Risk management is integral in the performance evaluation of key individuals, including 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.

A reminder of our strategy – read more on pages 26 to 28

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

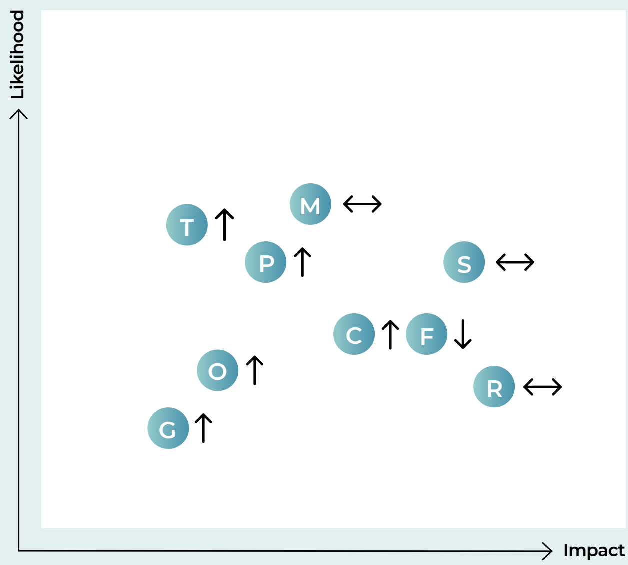
Principal risks	Key strategic priorities affected	Change in risk assessment in year
S Strategic risk	1 2 3 4 5	↔
F Financial risk	2 4 5	↓
P People risk	1 2 3	↑
T Technology risk	2 3 4	↑
C Conduct, regulatory and legal risk	1 2 3 4 5	↑
O Operational risk	1 2 3 4 5	↑
G Governance risk	4	↔
M Macroeconomic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

Risk Heatmap

↔ Unchanged ↑ Increased ↓ Decreased

Change year on year (following mitigation)

	Overall	Likelihood	Impact
S	↔	↔	↔
F	↓	↓	↔
P	↑	↑	↔
T	↑	↑	↑
C	↑	↔	↑
O	↑	↔	↑
G	↑	↑	↑
M	↔	↔	↔
R	↔	↔	↔



Managing risks continued

Risk description	Mitigation	Change in the year and residual risk
Strategic risk 1 2 3 4 5		↔
The risk that we are not able to carry out our strategy and achieve our objectives	The Board recognises 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 work from home (WFH) environment, to ensure that we can deliver our strategy by being fully informed, aligned and motivated. Our culture plays an important part to ensure that we deliver our strategy within our risk appetite. We disseminate our goals and culture by meeting in person when appropriate or holding hybrid face-to-face/virtual Board and committee meetings, as well as firm-wide 'Town Halls', key ordinary course team meetings and one-on-one conversations.	We continued to perform well in the wake of uncertainty caused by the global pandemic. As we learnt and adapted to disruptions, our performance strengthened our balance sheet further. Considerable effort has been devoted to ensuring our franchise remains strong and existing, and emerging, strategic risks are managed effectively. 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, including as a result of possible settlement delays (arising particularly in overseas jurisdictions), crystallised underwriting obligations and margin calls. **Credit risk** The risk of loss from the failure of clients or counterparties to fully honour their obligations to us. This risk has decreased since the early stages of the pandemic when many institutional counterparties were subjected to stress as a result of extreme market volatility. **Capital risk** The risk that we have insufficient capital to support our business activities and to meet our regulatory capital requirements.	This year we mitigated our exposure to financial risk using a combination of existing controls as well as further enhancements and initiatives including: • Enhanced liquidity management, including a straight through payments system providing greater confidence in the completeness and accuracy of larger quantities of payments • Improvements in our management of settlements arising from our increasing Electronic Trading volumes • Improvements to our forecast margin modelling • Targeted Internal Audit reviews, including on our capital and liquidity regulatory reporting • Analysis of the expected capital impact of the forthcoming Investment Firm Prudential Regime • Additional controls in place for Electronic Trading • Tailored risk analysis for the Event Driven book	Financial risk remained a high concern for the firm despite lower observed market volatility. Issues arising from the global pandemic and the impact of the UK leaving the EU remain a concern. Enhancements to the management of liquidity risk and incremental increases to our capital resources this year mitigate financial risk. Marginal decrease in residual risk after mitigating actions.

Risk description	Mitigation	Change in the year and residual risk
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, team building, and maintaining our strong culture whilst meeting employee expectations for flexible working practices.	We are acutely aware that our unique culture is vital to our success. The performance of our people remains at the top of the Board's agenda. Our staff's physical and mental wellbeing continues to be a key focus and our approach to motivating and managing them has been a priority. We carried out several pulse surveys as a means of monitoring the wellbeing and engagement levels of our staff and, despite the remote working environment, we continued the good work of previous years in relation to a number of core initiatives, including: • Wellbeing and personal resilience including initiation of a partnership with the organisation InsideOut to ensure all staff have easy access to extra mental wellbeing support • Learning and development • Diversity and inclusion including all staff training in positive inclusion and the promotion of relevant networks • Sustainability Engagement and communication is enhanced by firm-wide Town Hall meetings, Non-Executive Director Employee Engagement interview and our biannual People Survey. We remain determined to continue to be a favoured choice of employer for those embarking on their careers and so throughout the lockdown period we continued to invest in graduate recruitment and our summer intern programme. Our new system to enhance the performance-based staff appraisals against which success is measured and objectives/future aims are set has been an important tool for managing and incentivising staff. Reviews include 360 degree and peer feedback review elements. Internal Audit reviewed our controls, processes and procedures to ensure we meet all regulatory and legal obligations. The Board maintains succession planning for key members of management and has also sought to mitigate this risk 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. The nature of the share-based schemes and their deferral characteristics are described in note 26 to the Financial Statements.	Despite our continuing very best efforts and increased focus, the ongoing global pandemic has inevitably resulted in a heightened awareness of people risk issues. Marginal increase in residual risk after mitigating actions.

Managing risks continued

Risk description	Mitigation	Change in the year and residual risk
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 and data loss risk Technology enables us to facilitate reliable business operations and deliver innovation and change, such as the Numis App, Electronic Trading services and our online portals. Failure to innovate and be at the forefront of digital technology can result in a loss of competitive advantage. The office move required careful management of the transition of IT and systems to avoid any impact on productivity.	Operational resilience is central to our ongoing success. We aim to sustain operations and client service with minimum disruption. We continue to enhance the connectivity and security challenges of moving to a WFH environment because of the COVID-19 pandemic. This year, we moved our London headquarters to 45 Gresham Street in a safe and controlled manner. We continue to invest in cyber security systems to test and prevent vulnerabilities and to make use of best-in-breed third-party service providers. We also engage other third-party advisers on a periodic basis to provide further independent assurance where considered appropriate. We align with the ISACA Control Objectives for Information and Related Technologies (COBIT2019) governance framework to ensure we employ effective and robust standards for the management of technology.	We have continued to invest in our technology platform, and take all proportionate steps in line with best practice to address vulnerabilities and increase resilience. Notwithstanding our focus and efforts to ensure we operate safely, processes are well controlled and systems are robust and resilient, we face a particularly challenging environment. 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. This risk is potentially heightened in a WFH environment. **Regulatory risk** The risk that new regulations or changes to the interpretation or implementation of existing regulations adversely affects our operations and financial condition. For example, we have ensured we are prepared for the Investment Firms Prudential Regime. **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.	The Board's policy is to encourage an intense focus by senior management on the long-term sustainable success of our business. This specifically includes robust corporate governance designed to reduce the likelihood of conduct risk crystallising in the business and minimising both the risk of regulatory sanction and litigation. Our conduct policy sets out the standard of behaviour expected from all of our staff and is supported by appropriate management information and reporting. These policies and expectations were and continue to be shared with all staff while we work from home. We have emphasised ever stronger communication since the start of the pandemic and rigorous supervision and engagement 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. Internal Audit reviewed our Conflicts of Interest and Market Abuse controls. A strong culture of regulatory and legal compliance permeates the Group and 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. Compliance produces highly relevant conduct risk management information for senior management. 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. Our legal obligations are overseen by a well-qualified in-house legal team.	Regulatory obligations within the financial services sector are significant and the pace of change remains unremitting. Our growth and increase in profile have resulted in involvement in larger transactions, which has consequent effects on regulatory scrutiny. Marginal increase in residual risk after mitigating actions.

Risk description	Mitigation	Change in the year and residual risk
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. Working from home (WFH) potentially increases the likelihood of operational events occurring. We have analysed some significant operational risks within their own principal risk categories in other parts of this analysis, such as operational resilience system enhancements in the Technology risk section.	We made improvements to our operational resilience and risk management including: · Refinements to how we manage client asset processes and systems · Enacting Internal Audit recommendations on Sales & Research · Adding operational risk team presence on all ongoing projects to ensure processes and risks are captured, acknowledged and built into project plans.	Notwithstanding a focus on processes and controls throughout the firm and controlled integration into the business of new products, the current WFH/hybrid style of working presents greater scope for operational risk. Marginal increase in residual risk after mitigating actions.
Governance risk 4		↑
The risk of ineffective, inefficient and unethical management and oversight of the Group by its senior management and Board. The risk of failure of governance 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 with the appropriate level of assurance. The Board Risk Committee, which is dedicated to the evaluation of our risk management framework, along with the other executive risk committees, provides rigorous review and challenge around the key risks that are relevant to the business. We are fully engaged with the ESG matters that impact us and are in the process of establishing an effective framework in this area.	In view of increasing engagement with ESG matters and the complexities of implementing an effective ESG framework to meet these significant challenges, we note an increase on 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. COVID-19 and the UK leaving the EU are both contributing factors to macroeconomic uncertainty. Potential risks include: · Sterling could be devalued which could further increase the severity and duration of a UK recession, which could negatively impact our investment banking transaction levels · Increased market risk could impact the value of our trading book positions · Changes in laws and regulations as the UK transitions away from the EU legal framework could restrict our ability to carry on doing certain types of business with EU issuers and institutions	We have built a substantial diversified corporate and institutional client base that shields us from immediate severe financial stress during periods of economic downturn. We generate significant retainer fees which would not generally be significantly impacted by reduced transaction levels. We are seeking regulatory approval for an entity in Ireland to launch services in the EU.	Due to the uncertain outlook as a result of the longer lasting impact of COVID-19 and the UK leaving the EU, a high level of residual risk remains after mitigating actions. No material change in residual risk after mitigating actions.

Managing risks continued

Risk description	Mitigation	Change in the year and residual risk
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. All new clients and transactions are subject to a rigorous appraisal process by the New Business Committee and, in respect of transactions, further review takes place by the Transactional Risk Committee prior to go-live. We place great emphasis on employing and adding highly experienced senior staff who are closely engaged with clients. Our ability to transition seamlessly to remote working and effectively manage the associated risks, were critical in maintaining continuity of service to our clients and protecting our reputation in the eyes of all stakeholders. Throughout working from home (WFH), our staff continue to engage proactively with clients and deliver the highest quality service. We proactively engage with stakeholders and market practitioners as well as monitoring media coverage to understand how our reputation is perceived.	Our robust client base provides evidence that our reputation remains strong, despite an increase in economic uncertainty. We have successfully executed the largest number of deals over a financial year in our history. Our track record and reputation have been significant factors in our ability to attract highly respected individuals to the business. No material change in residual risk after mitigating actions.

Governance

Board of Directors

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group.

1. Alex Ham
Co-Chief Executive Officer
– appointed July 2016
(appointed Co-CEO Sept 2016)

2. Ross Mitchinson
Co-Chief Executive Officer
– appointed July 2016
(appointed Co-CEO Sept 2016)

3. Andrew Holloway
Chief Financial Officer and Company Secretary – appointed January 2018

4. Alan Carruthers
Independent Non-Executive Chairman
– appointed March 2017

5. Luke Savage
Independent Non-Executive Director
– appointed February 2019

6. Catherine James
Independent Non-Executive Director
– appointed May 2014

7. Robert Sutton
Independent Non-Executive Director
– appointed May 2014

Board of Directors continued

Alex Ham
Co-Chief Executive Officer
appointed July 2016 (appointed Co-CEO Sept 2016)

Alex Ham is Co-CEO of Numis and Head of Investment Banking.

Alex together with Ross Mitchinson 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 July 2016 (appointed Co-CEO Sept 2016)

Ross Mitchinson is Co-CEO of Numis and Head of Equities.

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 which 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 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 and Company Secretary
appointed 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.

Alan Carruthers
Non-Executive Chairman
appointed March 2017

Committee: N

Alan Carruthers is the independent Non-Executive Chairman of Numis and chairs the Nominations Committee.

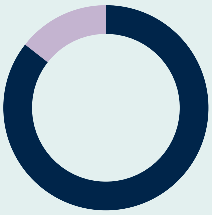
Alan in his role as Chairman of the Board, is responsible for the leadership of the Board, setting the agenda and ensuring the Board discharges its role effectively through effective constructive relationships with the Co-CEOs and Non-Executive Board members. In his role as Chairman, Alan is responsible 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: Alan is an experienced financial services practitioner, having had an established career in the Investment Banking sector. Since Alan's appointment in 2017, he has navigated the Board through significant change. Alan's track record of focusing on strategy has guided the Board to articulate a strategy that is embedded in the business and one which shareholders and stakeholders support and are engaged with.

Background and career: Alan has over 28 years equity markets experience working for leading financial services firms and held senior positions as Head of Global Sales Trading at Morgan Stanley (1996 – 2003), Global Head of Equities at Cazenove (2003 – 2010) and Head of Europe, Middle East and Africa (EMEA) Cash Equities at JP Morgan Cazenove (2010 – 2011).

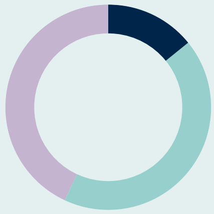
Alan is the Non-Executive Chairman of Brooks Macdonald Group Plc. Alan also served as a Non-Executive Director to McLean Advisory Limited (2015 – 2017).

Gender



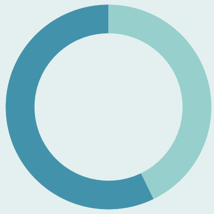
Male	6
Female	1

Role



Chair	1
Executive Directors	3
Non-Executive Directors	3

Length of tenure



0–1 yr	0
1–2 yrs	0
2–5 yrs	3
5–10 yrs	4
10+ yrs	0

Catherine James

Independent Non-Executive Chairman
appointed May 2014

Committees: N A R Re

Catherine James is an independent Non-Executive Director of Numis and a member of the Audit Committee, 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 an 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 HRH The Prince of Wales and the Duchess of Cornwall, and is a director of Walhampton Limited.

Robert Sutton

Independent Non-Executive Director
appointed May 2014

Committees: N A R Re

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 or Tulchan Communications Group Limited.

Luke Savage

Non-Executive Director
Independent appointed February 2019

Committees: N A R Re

Luke Savage is an independent Non-Executive Director of Numis and currently chairs both the Audit Committee and the Risk Committee. Luke is also a member or the Remuneration Committee and Nominations Committee. Luke will resign as chair of both the Audit Committee and Risk Committee on his appointment as Non-Executive Chairman in 2022.

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. Luke's focus on risk awareness, risk accountability, plus attention to detail, review and challenge of business risks and of Numis' risk appetite have contributed to Numis building a robust risk management framework. Luke's extensive experience of the financial services industry provides Numis with valuable independent challenge and oversight skills which complement the range of skills of the existing 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).

Luke is Non-Executive Chairman of Chesnara Plc and is a Non-Executive Director of Liverpool Victoria Financial Services Limited and DWF Group Plc. Luke recently resigned as a director of the Queen Mary, University of London Foundation.

Committees key

- N Nominations
- A Audit
- R Risk
- Re Remuneration
- Chairman
- Member

Corporate Governance Report & Statement of Compliance 2021

A strong corporate governance framework provides the foundations for Numis to achieve its ambitions for sustainable growth and shareholder value.

Alan Carruthers
Chairman

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 in terms of the rules and spirit of good corporate governance. The standards of good governance and standards of good practice in relation to Board leadership and effectiveness, corporate culture based on ethical values and behaviours, remuneration, accountability and its relations and communication with shareholders/ stakeholders is at the forefront of Numis' philosophy. The Board supports the QCA Code's corporate governance principles and believes they provide a mechanism that is sufficiently robust to add real value for Numis as well as flexibility to reflect the different governance needs and abilities of a quoted business like Numis.

The Board believes that it complied in full with all of the principles of the QCA Code. A copy of the QCA Code is available from **www.theqca.com.**

Dear Shareholder
I am pleased to present the Board's Governance Report for the year ended 30 September 2021.

A strong corporate governance framework provides the foundations for Numis to achieve its ambitions for sustainable growth and shareholder value. Promoting confidence and trust with shareholders, stakeholders and staff has been key to delivering on our responsibility to create sustainable growth and shareholder value, whilst also reducing or mitigating risk. This has been particularly important during this unprecedented time when extraordinary stresses and challenges brought about through this uncertain period of COVID-19 and market uncertainty has prevailed.

I am very grateful to my Board colleagues and, in particular, to the executive leadership team, for their continued commitment and dedication shown as we quickly reprioritised and adapted to the developing situation and maintained excellent communication channels between all members of the Board and executive management team, allowing critical decisions to be made swiftly while having regard for all our key stakeholders. The pace and agility has continued through this year with the executive teams, Board and Committees collaborating to support and guide the business.

The Board's primary objective remains to drive our strategy, ensuring that we can deliver sustainable growth and success of the business. To achieve this Numis seeks to deliver growth in the medium to long term to enhance shareholder value and we believe this is achieved through having an effective and dynamic management organisation. It is therefore essential for the Board to be highly engaged, able to support and challenge senior management and be committed to making the hard decisions required to achieve results that are aligned to the risk profile of the business and our values of best practice in governance, financial controls, risk and change management.

The Board met on a number of occasions, informally by phone, by video conference and, when permitted, met in person during the past year, ensuring the business was well placed to respond to the continuing challenges of COVID-19 and ongoing business demands.

The success of the whole firm being able to work remotely early on in 2020, allowed teams to continue to switch to working from home (WFH) when further related lockdowns were imposed into 2021. This is a testament to the continued collaboration with senior managers and Directors to review in-depth scenario planning.

The business adapted workflows and risk management protocols to enable staff to work from home throughout these periods. This could not have been achieved without the confidence in our people to uphold our core values and stand up to the highest levels of scrutiny. The Board was pleased to note that there was no evidence of any significant increase in risk events or issues as a result of these flexible and hybrid working changes.

This action provides a valuable snapshot of governance in action. A detailed overview of this governance, the teams involved and the individual decisions comprising our overall response can be found in the Risk Report pages 60 to 68.

The Governance section that follows outlines the methodology of our corporate governance framework, providing an insight to the workings of the Board and its Committees.

Governance structure and strategy
The Board of Directors conducts the Group's business with integrity by applying appropriate corporate governance policies and practices. By keeping abreast of regulatory developments, further enhance our governance standards, monitor and ensure compliance with relevant laws and regulations, Numis cultivates a thriving and sustainable culture. A disciplined reporting structure ensures that the Board is fully appraised of activities, risks and opportunities in order to provide strategic direction. The Board continues to adhere to and measures itself against the principles of the QCA Corporate Governance Code for small and mid-sized companies 2018 ("QCA" Code), in both terms of the rules and spirit of good corporate governance. Delivering growth in the long-term and shareholder value, requires an efficient and dynamic management framework, led by a Board whose leadership is effective, has a sustainable corporate culture based on ethical values and behaviours, with focus on accountability, to both its relations and communication with shareholders/stakeholders at the forefront of its philosophy. Numis has this dynamic framework running through the core of its business and is committed to the philosophy.

Numis' corporate governance framework is deeply embedded into the working practices, promoting respect, confidence, honestly and integrity throughout the governance framework in which Numis' people operate. High standards of reporting and disclosure, keeping in mind the best interests of our stakeholders and disclosing what is relevant and important to the sustainability of the Group.

QCA 10 Principles of Corporate Governance
Companies need to deliver growth and long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication that helps to promote confidence and trusted effective risk management, considering both opportunities and threats, throughout the organisation

Deliver growth

1. Establish a strategy and business model which promotes long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Maintain a dynamic management framework

5. Maintain the Board as a well-functioning, balanced team led by the Chairman
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate Board performance based on clear and relevant objectives; seek continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Build trust

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Corporate Governance Report & Statement of Compliance 2021 continued

Strategy

Our clients and shareholders are at the heart of the business to build long-term trusted relationships founded on integrity, trust, respect and mutual ambitions. We execute our strategy through an integrated business model, where we harness the combined expertise of the firm to the benefit of our clients. Our first-class staff, who embody Numis' values, culture and conduct, are focused on growing and developing the business. Through our operating model, we are open to diversification into new business lines that complement and/or are closely aligned to our core business, while remaining cognisant that robust risk management is embedded into our culture and conduct. Investment in high-quality talented people is critical to sustaining success and achieving our medium and long-term ambitions. Through selective recruitment and internal development initiatives, we will continue to seek to advance the quality of service we provide to all our clients.

Our strategy is embedded in a focus to concentrate on markets where we have a competitive advantage and the opportunity to make a tangible difference. By placing our clients' interests first and delivering exceptional client service in the provision of high-quality research combined with powerful international distribution, expert advisory and broking services delivered by highly talented and skilled professionals, we seek to deliver a strategy that benefits clients, shareholders and staff. Maintaining a rigorous and disciplined approach to our operational effectiveness and management of risk, through robust processes, systems and controls which are embedded in our culture and working practices, is key to achieving success in delivering shareholder value. We encourage an entrepreneurial, creative and dynamic commercial culture focused on generating value and the Board ensures that all relevant risk exposures are managed and mitigated.

Leadership

Strong leadership is key to Numis' success. Our talented Executive Board has the ability to collaborate, lead, delegate, inspire and communicate effectively combined with a passion for the business to be innovative and entrepreneurial. During 2020/2021 and dealing with the evolution of the pandemic, our governance framework continued to be agile and responsive to the changing circumstances. The Board and its Committees, the Executive Committee and senior management were able to collaborate proactively, consider issues and respond in the face of unprecedented uncertainty.

Our Values and culture

Numis' guiding values of partnership, creativity, dynamism and excellence in performance are fundamental to Numis' corporate governance policy. The corporate governance framework which Numis operates is proportional to the size, risks, complexity and operations of the business and reflects the Group's core values. To achieve the Group's goals the Board remains committed to continue to develop best practices throughout the business and our senior Directors and managers lead by example, and set standards for behaviours and conduct expected of all staff in their actions within the business and in dealings with clients and stakeholders.

We believe our culture is a key strength of our business and we see the benefits of this in our employees' engagement, retention and productivity. Our corporate values are approved by the Board and our values as an organisation are reflected in our culture. These values are at the core of our strategy.

The Board sets the 'tone at the top', guiding our corporate values and the culture of ethics and compliance. The Board endorses these values which sets out what we expect from all employees and stakeholders. Management is responsible for creating a culture aimed at long-term value creation for the Group and ensuring ethical business standards are integrated into the Group's strategies and operations.

I continue to be impressed with the hard work and commitment of our people in making us a trusted and respected partner in providing bespoke investment banking services. Given this role, the Company's core values of partnership, creativity, dynamism and excellence in performance remain integral as we seek to safeguard the business now and into the future.

The Board remains committed to promoting a culture with these core values at the heart, recognising that the Group will only continue to create value for its key stakeholders and benefit society if it can hold up to the most intense scrutiny.

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

The Board is dedicated to leading and promoting a corporate culture where employees and clients are proud. The Board recognises that the Group's employees are its greatest asset and, ultimately, are the key factor in determining the long-term success of the business. A healthy corporate culture both protects and generates value. The Board actively promotes a corporate culture that embodies trust, honesty and integrity and is cognisant of its responsibility to ensure this culture is embedded in the fabric of the business through the behaviours of staff and relations with stakeholders.

Employee engagement

The Board recognises that our people are critical to the 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 organisation. Employee engagement helps the Board ensure that the Company's culture, based on its core values, is well embedded in the business and continues to be aligned to the Company's purpose and strategy.

During the year Catherine James, Non-Executive Director, continued her important and valuable role as champion for employee engagement. This important role continues to provide the Board with valuable insight and understanding of our employee sentiment and engagement levels, especially at this time. The Board was particularly keen to understand the impact of the prolonged periods of lockdown on our workforce and ensure staff wellbeing was protected first and foremost, whilst maintaining continuity of service to clients.

These virtual sessions between Catherine and colleagues were conducted mostly via video online chats with staff and it is hoped that a fuller direct engagement programme will commence in 2022.

Other forms of engagement with employees during the year included:

- The Group-wide diversity and inclusion survey providing insight into employee sentiment and engagement levels, monitoring progress on conduct and culture initiatives and providing feedback that would define action plans relevant to our business in order to drive positive change. The outcomes of these engagements provided a cultural barometer and feedback on employees' views and concerns and were reported to the Board.
- Working From Home Survey – completed by all staff regarding their working experiences and acting on outcomes on how to better facilitate and improve the working environment (providing, additional computer equipment and set-up/desks/chairs). We introduced a number of additional measures to try and ensure the physical and mental wellbeing of our staff by considering working conditions, provided equipment to allow staff to work effectively, comfortably and safely from their chosen environments and a number of wellness and health initiatives were developed for them and their families.
- Office Survey – a Staff Committee was established in 2019/2020 to engage the views of a cross section of staff so that they had a say and influence on the design and layout of the new working environment. The results of the survey significantly influenced and shaped how Numis thought about and implemented change to adapt the new office environment for a modern workforce. We moved into the new offices over August this year and staff are delighted with the new flexible and collaborative working environment.

Catherine's feedback to the Board included a number of emerging key themes, including; the desire for increased communication around the return to work planning and flexible working scenarios, succession planning and leadership development, training opportunities, technology developments and the work environment plus actions for programmes on personal development, office infrastructure and the future strategy of the business.

The impact on the Board's decision-making process included the effectiveness of changes to working practices for both employees and clients, progress on conduct and culture initiatives, progress against diversity and inclusion targets.

The feedback from the COVID-19 engagement survey also helped to inform return to work plans following the first and second lockdowns and provided the Board with invaluable insight into the best ways to support staff throughout the pandemic.

These engagement forums have provided the Board with insightful employees' views and feedback. These engagement mechanisms are discussed in Board meetings and form part of the Board's decision-making. The Board will continue to monitor the effectiveness of informal and structured programmes of employee engagement during the coming year 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.

Board and Committee meetings

Board meetings continued to be an important mechanism through which the Directors discharge their duties, particularly under s.172 of the Companies Act 2006. 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 forward agenda developed by the Chair and the Group Company Secretary and agreed by the Board.

The formal meetings are scheduled in advance at the start of the financial year and a formal agenda of matters for discussion is circulated in advance of each meeting. This agenda includes reviewing financial performance, assessing and reviewing the Group's strategy in the context of a broader market outlook, future forecasting, an update on investor relations and an update on any regulatory or compliance matters. All key operational and investment decisions are subject to Board approval. The Board provides overall strategic direction to the executive management by monitoring the operating and financial results against budgets and targets; reviewing the performance of management; assessing the adequacy of risk management systems; and monitoring their application.

All Board and Board Committee meetings are minuted. These summarise the principal points discussed during an item's deliberation and record any unresolved concerns and actions arising from the discussion. In addition to the seven scheduled meetings there were a number of further ad-hoc meetings held at short notice as well as numerous Board briefing calls led by the Co-CEOs to provide regular updates to the Board on the Company's response to the pandemic.

The 2021 Board meeting attendance schedule is on page 78.

Corporate Governance Report & Statement of Compliance 2021 continued

Composition of the Board and Committees of the Board 2021

	Position	Board		Committee membership				
	At 30 September 2021 or retirement if earlier	Maximum possible attendance	Meetings attended	Nominations Committee	Audit Committee	Risk Committee	Remuneration Committee	Considered Independent
Alan Carruthers	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					
Luke Savage	Non-Executive Director	7	7	✓	*✓	*✓	✓	✓
Robert Sutton	Non-Executive Director	7	7	✓	✓	✓	*✓	✓
Catherine James	Non-Executive Director	7	7	✓	✓	✓	✓	✓

*Chairman.
Number of meetings in the year
PLC Board – 7
Risk Committee – 5
Audit Committee – 4
Remuneration Committee – 4
Nominations Committee – 3

Composition of the Board

The Board comprises four independent Non-Executive Directors: Alan Carruthers (Non-Executive Chairman), Catherine James, Robert Sutton and Luke Savage and three Executive Directors. The Non-Executive Directors provide a minimum time commitment of 22 days per annum to the business and have continued during this period of volatility made themselves available at short notice to discuss a range of topics and I thank them for their commitment. They as independent Non-Executive Directors assess, challenge and monitor the Executive Directors' delivery of strategy within the risk and governance structure as agreed by the Board, plus review the integrity of the Company's financial information, recommend appropriate succession plans, monitor Board diversity and set the Directors' remuneration.

The Executive Directors of the Board (each a full-time employee) comprise Alex Ham and Ross Mitchinson, the Co-CEOs (sharing the role of Chief Executive Officer), and Andrew Holloway, the Chief Financial Officer (CFO), who oversee strategy and Group financial performance. The Executive and Non-Executive Directors are collectively responsible for promoting the long-term success of the Group and setting and executing Numis' business strategy. The respective roles of Executive and Non-Executive Directors are strictly delineated.

The Board delegates some of its responsibilities to the Audit, Risk, Nominations and Remuneration Committees, through agreed Terms of Reference which are subject to annual review. The responsibilities of each Committee are described in the governance framework on page 82 and in the relevant Committee reports.

The Company embraces diversity and is dedicated to encouraging inclusion. The Board membership comprises of individuals who have a wide range of diverse experience and skills and each bring a unique perspective to debate at Board level.

The Co-CEOs and Executive Directors have responsibility for the business operations of the Group and are responsible for implementing the strategy of the Board, execution of that strategy and managing the day-to-day business activities of the Company. The Non-Executive Directors are responsible for bringing independent judgement to Board decisions and add perspectives beyond the day-to-day operations. This includes making recommendations to the Board in respect of the execution of the strategy.

The role of the Chairman is to lead and oversee the Board, ensuring that the Board's decision-making is balanced, effective and is composed of the right mix of skills and experience. The Chairman is also responsible for promoting a culture of constructive challenge, openness and scrutiny, whilst ensuring adherence to good Board governance and performance is maintained.

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. This is achieved through its own decision-making and by delegating responsibilities to the Board Committees and authority to manage the business to the Co-CEOs. The Board has collective responsibility for the execution of the strategy and 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.

The Board is satisfied that each of the Directors is able to allocate sufficient time to the Company to discharge their responsibilities effectively. All Directors receive regular updates and training on legal, regulatory and governance issues. External advisers and legal counsel present to the Board regularly 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.

Biographical details, skills and experience of each Director can be found on pages 72 and 73.

Role of the Board

The Board acknowledges that the risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process. The responsibility for establishing the Company's values, strategy, promoting its culture, overseeing its conduct and for promoting the success of the Company for the benefit of its members and stakeholders is central to the Board's wider duties to a broad community of stakeholders, whose support is essential. Pages 44 to 48 of the Strategic Report highlight how the Board has sought to effectively consider and engage with our shareholders and stakeholders.

All Directors of the Board are required to attend each of the scheduled Board and Committee meetings and to devote sufficient time to the Company's affairs to fulfil their responsibilities and duties as statutory directors. 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/discussion.

Non-Executive Directors also attend, by invitation and on a rotational basis, the Board meetings of the main trading entity, Numis Securities Limited. There were seven formal director meetings of the trading entity, Numis Securities Limited, during the financial year and most meetings had a Non-Executive Director in attendance. By attending these meetings, Non-Executives 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.

There are certain matters which are reserved for the Board as a whole to consider. A copy of the Matters Reserved for the Board is available on the Company's website **www.numis.com**. The Terms of Reference are reviewed and updated on a periodic basis.

Board Meetings and process

The Board held seven scheduled meetings during the year, and individual attendance is set out on page 78. Additional scheduled meetings were held as and when required and Non-executive Directors held occasional virtual meetings without the Executive Directors present to facilitate full and frank discussion, where they discussed the performance of the executive management team, amongst other matters as required.

The Board and its Committees are provided with appropriate and timely information. For scheduled meetings, agendas are drafted based on the previously agreed forward agenda schedule and are then reviewed to replace or include additional items to reflect current business priorities as determined by the Co-CEOs and CFO. Additionally, the Chair of the Board or the Chairs of each of the Committees communicates with the Company Secretary to review the agendas for scheduled meetings. The Board continually monitors the quality of the information it receives to ensure it is clear, comprehensive and helps the Board to carry out its duties.

Start of the year

- A yearly planner is prepared by the Company Secretary to map out the flow of key items of business to the Board
- Board venues are agreed and invitations to present at formal Board meetings by senior management and operational staff are circulated. External professionals are also invited to present on topical regulatory or thematic points of interest as and when required

Corporate Governance Report & Statement of Compliance 2021 continued

Focus areas this year

Board

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

Governance
- Chairman succession
- NED recruitment
- Staff engagement

Financial
- Analysis of realised profits
- Review of dividend and buyback strategy
- Consideration of investment portfolio transactions

Remuneration
- Upcoming regulatory change
- Allocation of variable compensation
- Market backdrop across Investment Banking sector

Agenda
- The Chairman holds meetings to review the draft agenda and planner with the Company Secretary and CFO, as well as meeting with a wider group of senior management to identify emerging issues
- The draft Board agenda is discussed between the Chairman and Co-CEOs
- Additional items may be added to the agenda in response to external events, internal business-driven operational events, Non-Executive Director requests and regulatory initiatives

Board papers and distribution
- Board papers presented to the Board for discussion adhere to an in-house format to ensure consistency and high quality information
- Board packs are uploaded and communicated to all Directors via a secure electronic portal typically four to five days in advance of each meeting, to ensure sufficient time to review the matters which are to be discussed and seek clarification or any additional information

Before the meeting
- Executive meetings are held ahead of all Board and Committee meetings to ensure that the matters under discussion have been through an appropriate discussion and escalation process
- Committee meetings are mostly held prior to Board meetings. The Chairman of each Committee delivers a formal report on the matters discussed to the Board
- Board meetings have a number of standing business items which include a report from each of the Co-CEOs, CFO on Group performance, from the HR Director and Head of Legal and Head of Compliance. Additionally, reports from the Chairman of Committees and principal subsidiaries are delivered
- Topics for deep dives or additional items are discussed when required and include business, governance and regulatory updates
- The Board makes use of technology with teleconferencing, a Board portal and tablets/devices at its meetings

After the meeting
- Minutes and matters arising from the meeting are produced and circulated to the Chairman and Directors for review and feedback. An action list is created and those responsible for matters arising are asked to provide updates on a timely basis

Key agenda items discussed by the Board
Some of the key strategic priorities and routine matters discussed at PLC Board meetings include:

- The Group's strategy and associated risks – dedicated strategy session
- Regular Co-CEOs reports
- COVID-19 impacts/mitigation technology redeployment and workflow redesign in response to COVID-19
- Business updates and presentations from the business
- Acquisitions, disposals and other material transactions
- Financial performance of the business and approval of annual budgets, the half year results, Annual Report and Accounts, dividends and regulatory reporting

- Brexit planning and its impact (financial and non-financial)
- Office move and working environment
- Appointments to and removal from the NSL Board
- Risk management strategy and risk appetite/profile
- Remuneration policy and employee share plans
- Gender pay gap review
- Employee engagement, employee development and training
- Conduct and culture initiatives
- Employee wellbeing initiatives including COVID-19 measures to safeguard our people
- Reports of the activities of the Audit, Risk, Remuneration and Nominations Committees
- ESG Strategy
- Evaluation of its performance and that of its Committees
- Investor relations reports and shareholder analysis
- Communication with shareholders
- Actual or potential conflicts of interest relating to any Director
- Changes relating to the Group's capital structure
- Annual General Meeting

Board independence
The Board reviews the independence of its Non-Executive Directors as part of its annual Board Review. The Chairman was considered to be independent on appointment and is committed to ensuring that the Board comprises a majority of independent Non-Executive Directors who objectively challenge management. The Board continually assesses the independence of each of the Non-Executive Directors and has determined that all the Non-Executive Directors are independent in character and judgement. Numis considers there to be sufficient independence of the Board and that all the Non-Executive Directors are of sufficient competence and calibre to add strength, objectivity and constructive challenge to the Board, bringing considerable experience in terms of their respective knowledge and expertise.

Where necessary, the Company facilitates Non-Executive Directors obtaining specialist external advice from appropriate advisers as required.

Management of conflicts of interests
At the start of each Board meeting, the Directors are invited to advise of any conflicts or potential conflicts in respect of any items on that meeting's agenda. The Board believes that there are no relationships, conflicts of interest or other circumstances which are likely to affect, or could appear to affect, any Director's judgement. No conflicts of interest were reported throughout the year.

Committees of the Board
The Board has a broad range of skills and capabilities required to direct the Group and has delegated some of the 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**.

Audit Committee
The Audit Committee (the "Committee") is an independent Committee of the Board of Directors responsible for the overall financial reporting of the Company and the Group. It receives reports from the Group's management relating to the Group's risk exposures and mitigating controls as well as detailed findings arising from internal and external audit reviews. The Committee delivers a report on its activities to the Board at each formal Group meeting, appraising the Board on issues discussed with focus on the effectiveness of the internal controls and their operation, as well as issues of risk management and mitigating actions. Additionally, the Committee reports on the Group's full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards.

In addition, it reviews the scope of internal and external audit, their effectiveness, independence and objectivity taking into account relevant regulatory and professional requirements. The Committee has direct and unrestricted access to the Internal Audit function and external auditors.

Risk Committee
The Risk Committee (the "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. The Committee makes recommendations to the Board as to risk appetite and tolerance, taking account of the current and prospective macroeconomic and financial environment, drawing on financial stability assessments.

Additionally, the Committee considers Numis' risk management policies, operations and oversight of the business' risk management framework and will assist the Board in fulfilling its oversight responsibilities with regard to the risk appetite of the business, the risk management and compliance framework and the governance structure that supports it.

The Audit Committee Report and the Risk Committee Report can be found on pages 91 and 96 of this Annual Report.

A copy of the Terms of Reference of the Audit Committee is available on the Company's website **www.numis.com**.

A copy of the Terms of Reference of the Risk Committee is available on the Company's website **www.numis.com**.

A copy of the Internal Audit Charter of KPMG is available on the Company's website **www.numis.com**.

Corporate Governance Report & Statement of Compliance 2021 continued

Governance framework

Board

Accountable to shareholders for sustainable financial performance and long-term shareholder value

The Board delegates responsibility to four principal Committees

Biographies

Activities

Roles and responsibilities

Nominations Committee

Responsible for reviewing and recommending changes to the composition of the Board and its Committees

Read the Committee report on page 86

Remuneration Committee

Responsible for overseeing the remuneration strategy for the Group and remuneration policy for the Directors

Read the Committee report on page 100

Co-Chief Executive Officers

Responsible for the management of the business and strategic development

Audit Committee

Responsible for overseeing financial reporting, risk management, internal controls and external audit

Read the Committee report on page 91

Risk Committee

Responsible for reviewing and assessing the key risks of the business and determining the risk appetite and mitigants to effectively manage identified risks

Read the Committee report on page 96

Internal Audit Function

Provides independent and objective assurance in respect of risk management, controls and governance

Supporting Committees

New Business Committee

Oversight of all new corporate client relationships and mandates

Transactional Risk Committee

Approval of all privateside transactions immediately prior to launch or document publication

Trading Subsidiary Board

Implementation of business strategy and management of day-to-day operational matters

Financial Risk Committee

Management of market, credit, liquidity and operational risk exposures faced by the Group

CASS Committee

Oversight of all issues in relation to safeguarding client custody assets and client money

Risk Oversight Committee

Identification, measurement, monitoring and reporting of all significant risk exposures faced by the Group

Remuneration Committee

The Remuneration Committee ("the Committee") comprises three Non-Executive Directors: Robert Sutton (Chairman of the Committee), Catherine James and Luke Savage. The Remuneration Committee is scheduled to meet four times a year. Other members of the Board, in particular the Chairman, the Co-CEOs, CFO and the Head of Human Resources may attend by invitation. The Committee's primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors. The Remuneration Committee also 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.

The Board continued to engage external remuneration consultants, FIT Remuneration Consultants LLP, to assist the Committee and guide the Committee as an independent adviser around the increasing regulation, disclosures and enhanced corporate governance obligations especially regarding pay and reward of Executive Directors. The additional insight and experience of these external advisers has been especially helpful in delivering a new LTIP for senior Executives and considered new compensation structures as the impact of the Investment Firms Directive regulation is introduced.

The Committee is responsible for determining the overarching remuneration policy applied by the Group, including the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments. The Remuneration Committee is authorised to seek any information it requires in order to perform its duties and obtain external legal or other professional advice that it considers necessary from time to time.

A copy of the Remuneration Committee's Report can be found on pages 100 to 107 of this Annual Report.

A copy of the Terms of Reference of the Remuneration Committee is available on the Company's website **www.numis.com**

Nominations Committee

The Nominations Committee ("the Committee") comprises Alan Carruthers (Chairman), Luke Savage, Robert Sutton and Catherine James who are all independent Non-Executive Directors. Other members of the Board and the Head of Human Resources may attend by invitation. The 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. The Committee is responsible for identifying and nominating candidates, for making recommendations on Board composition and for considering succession planning requirements to ensure that the requisite skills and expertise are available to the Board to address future challenges, opportunities and strategy objectives of the business.

A copy of the Terms of Reference of the Nominations Committee is available on the Company's website **www.numis.com**.

Development and support

On joining the Board, new members receive a comprehensive induction, involving meetings with senior employees and the external advisers. Individual training needs are identified as part of the annual Board evaluation process and training is provided as required. The Chair has overall responsibility for ensuring Directors continually update their skills and knowledge, and familiarity with the Company, so as 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. 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. Both the Board and each Committee of the Board has access to independent advice at the Company's expense.

Board evaluation

Good governance is an essential factor in running a successful company. It builds upon strong foundations of legal and regulatory compliance by adding robust accountability, transparency and ethical behaviours. During the year, an evaluation of the performance of the Board, its Committees and its members was undertaken in line with the Committee's Terms of Reference. The evaluation process was conducted internally, facilitated with the assistance of our internal auditor, KPMG, guiding us in refreshing the questionnaire-based evaluation process.

Numis takes governance seriously and supports the continuous improvement of its Board to lead the Company in delivering its objectives. Numis' Board is committed to learning and improving and undertakes a regular Board evaluation process as part of its commitment to achieving these goals. The process, we hope, will continue to reinforce that Numis' Board and Committees continue to act and oversee the business with integrity, honestly and creatively, in a collaborative management style which is inclusive and supports good culture and is a key factor of Numis' success.

Board evaluation process

The Non-Executive Chairman of the Board undertook the formal internal annual evaluation process of the Board and of its own performance and that of its Committees. The evaluation process includes a written questionnaire which was designed by the Group Company Secretary in conjunction with our internal auditors, taking into account regulatory guidance, Board effectiveness and included both qualitative and quantitative questions. Additionally, confidential one-to-one interviews between the Chairman and each Director were held.

Corporate Governance Report & Statement of Compliance 2021 continued

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. Directors are encouraged to provide feedback on their individual performance as well as on the other members of the Board and on their individual effectiveness. The formal evaluation process takes place annually and is supported by regular contact between the Chairman and each Director to allow any matters to be addressed on a timely basis.

The questionnaires are circulated to each Board member for completion and returned to the Group Secretary for collation. A summary report of the feedback with scoring is prepared and delivered to the Chairman.

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-CEO is appraised annually by the Chairman and the performance of the Executive Director (CFO) is appraised annually by the Co-CEOs.

The Board is satisfied that the existing composition gives an appropriate balance of Executives and Non-Executive Directors. Each Director brings different skills, experience and knowledge to the Company, with Non-Executive Directors bringing additional independent thought, judgement and challenge. Succession planning to ensure the business has the appropriate balance of skill and expertise in order to carry out the strategy of the business will remain a focus during the evaluation process.

Following the Board Evaluation, each Director's performance, including the Co-CEOs, CFO and Chairman, has been internally reviewed and evaluated. The results of this process were reported to the Board which concluded 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 which is innovative and entrepreneurial.

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

- Continued focus on strategy delivery/plan target implementation
- Greater focus on succession planning (senior and mid-level employees)
- More regular updates on Numis' larger shareholders
- A request to condense Committee/Board papers to be more concise

The Board has continued throughout the year to measure progress against the recommendations resulting from the Board Evaluations and will continue to assess its effectiveness in implementing new processes to achieve the desired targets.

External evaluation of the Board's performance has not been conducted to date, given the size and stage of development of the business, but is being considered as the business grows. However, the Chairman continues to assess the individual contribution of each of the members of the Board 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.

Relations with shareholders and other stakeholders

The Board believes that engaging with our shareholders and wider stakeholder groups through regular and constructive dialogue is central to delivery of our strategic objectives and building a sustainable business. By demonstrating how the Board has engaged with and have regard to stakeholders and other factors through inclusive and collaborative decision-making, Numis can ensure that we fulfil our obligations to those impacted by the business. Including our stakeholders in key business decisions is the right thing to do, and is a key driver in delivering value creation over the longer-term.

During 2021 we increased our focus on stakeholder engagement and in efforts to better consider the issues, factors and stakeholders relevant in complying with section 172, the Board determined our key stakeholder groups as employees, shareholders, clients, regulators and suppliers. In addition, environmental and community matters are also key areas of importance and in understanding our stakeholders and their priorities better, the Board has considered the potential impact of decisions on each stakeholder group and take account of their needs and concerns, as a part of Board discussions and decisions.

We engage actively with each of our stakeholder groups in various ways. The common aim is to be open and collaborative so as to build strong long-term relationships where everyone involved can share in the Group's success. More information on our stakeholder engagement can be found on pages 44 to 48 of this Annual Report.

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 (Non-Executive Director) is the designated whistleblowing champion. No matters were reported in the year.

Trading subsidiary Board

The Board of the main trading subsidiary, Numis Securities Limited, chaired by Alex Ham and Ross Mitchinson, deals with the implementation of business strategy and day-to-day operational matters. It met seven times during the year and receives information with respect to the financial performance of the Group together with departmental reports, risk information and other relevant items. This year has provided extraordinary challenges for the business and the executives of the trading subsidiary have worked tirelessly through the pandemic to keep the Board, staff, clients, shareholders and stakeholders updated on COVID-19-related responses and considered the financial and non-financial impacts on those communities. Additionally, an Executive Committee ("ExCo") which supports the Co-CEOs and improves the efficiency and effectiveness of day-to-day decision-making was established. The ExCo comprises of head's of department from across the business and has become a key tool in assisting management to alleviating the Executive Board's workload in terms of performance monitoring and coaching to management on strategic implementation.

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.

The Group's system of internal control has been actively managed throughout the year. The Group has a number of committees with formal Terms of Reference and a Compliance department responsible for the Group's adherence to the rules of the Financial Conduct Authority and other relevant regulators.

In addition, the Group has a fully independent, outsourced Internal Audit function (KPMG LLP) reporting to 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.

Environmental, Social and Governance (ESG) matters

Shareholders, stakeholders and investors are becoming increasingly concerned with ESG matters and a growing contingent expect to see ESG matters embedded within our overarching strategy.

Numis is committed to reinforcing, intensifying and raising awareness of ESG matters as we are aware of the impacts of climate change and social inequalities and the potential risks they pose to our business and stakeholders.

As a first step to establishing how we improve Numis' ESG reporting framework the Board and senior members of the business met to explore how best the business could address this important issue. Numis believes that by performing well in ESG matters represents and leads to improved and sustainable business decisions which have a positive impact on our stakeholders, clients and shareholders.

Numis engaged an external experienced ESG specialist to support us in our journey to identify, measure, manage and report ESG issues that are most relevant to our business. A comprehensive materiality assessment was undertaken and the process led by ERM has guided us to establish an ESG Reporting Framework comprising data disclosure areas.

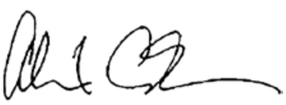
This framework will help us monitor our footprint and guide the business in its ongoing execution and wider ESG initiatives and compliance regulations.

Country-by-country reporting

The Group's obligation to publish reportable information under Article 89 of the Capital Requirements Directive 4 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**, within the Legal and Regulatory section.

This report was approved by the Board on 8 December 2021 and signed on its behalf by:



Alan Carruthers
Chairman

8 December 2021

Nominations Committee Report

Membership of the Nominations Committee

- Alan Carruthers (Chairman)
- Catherine James – Independent Non-Executive Director
- Luke Savage – Independent Non-Executive Director
- Robert Sutton – Independent Non-Executive Director

For full biographies see pages 72 and 73.

Key activities during the year

- Initiate the search for a Non-Executive Director to chair the Risk Committee
- Recommend Catherine James to Chair the Audit Committee
- Recommend and appoint Luke Savage to succeed me as Chairman to the PLC Board
- Review succession/crisis planning for senior staff post COVID-19
- Approve appointment of senior roles as we restructure and separate the roles of Chief Risk Officer and General Counsel and Chief Financial Officer and Company Secretary
- Selection, appointment and induction of statutory directors to the Board of our European entity
- Review the Board Evaluation/Effectiveness Review process
- Review employee engagement and outcomes

Dear Shareholder

I am pleased to present the Nominations Committee report for the year ended 30 September 2021, summarising how the Committee has discharged its responsibilities during the year.

The Nominations Committee has continued to focus on the important areas of ensuring orderly succession to the Board and other senior management positions, as well as Board recruitment, composition and succession planning, Board and workforce diversity, identifying senior management talent, succession planning and, ESG and governance matters.

Numis' commitment to strengthening diversity and aligning leadership skills to enhance the talents of the Board, senior management team and the wider workforce is underpinned by the commitment to oversee the development of a diverse succession pipeline.

The responsibility for ensuring the Board's composition, diversity and the combination of talent, experience and knowledge needed to lead the Group and to support the development and delivery of our strategy remains key to the success of our business. Identifying, and recommending, suitable candidates for appointment to the Board and its subsidiaries, ensures the composition of the Board and its Committees meets the Company's needs and ambitions.

During another exceptional year for Numis, the Committee has continued to focus on Directors' capabilities, formal Board appointments to the listed entity as well as to the trading entities; Numis Securities Limited and Numis Europe Limited. In addition, broad succession planning at senior level across the business has been reviewed. The Committee reviewed the leadership and succession needs of the organisation to ensure that appropriate procedures are in place for nominating, inducting and evaluating Directors. In addition, the Committee ensures that the Group's governance facilitates the appointment and development of effective management that can deliver shareholder value over the longer term.

The balance of skills, experience, independence and knowledge on the Board is the responsibility of the Nominations Committee and is reviewed annually or whenever appointments are considered. Having the right balance on the Board and its Committees helps to ensure that those bodies discharge their respective duties and responsibilities effectively. The Board 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.

Membership of the Committee
The Nominations Committee is responsible for reviewing Board composition and diversity, proposing new Board appointments and monitoring the Board's succession needs. The Committee consists of Independent Non-Executive Directors and meets as necessary to discuss appointments to the Board. The Chairman of the Board is also the Chairman of the Committee, and the Assistant 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.

The Committee's full terms of reference, which are reviewed periodically by the Committee and submitted to the Board for approval, are available on the Company's website **www.numis.com**

Committee meetings
During the financial year, the Committee met formally three times and on a number of occasions to opine on candidates recommended by management for key roles. The meetings held were to consider: succession-planning; Board composition and the refreshing of the Board; succession planning at Board and senior management level; Executive Director development and the composition of the Committee and other Board Committees.

A report on the Nominations Committee meetings and activities are fed back to the PLC Board at each scheduled meeting of the Board. A table of Board and Committee meetings scheduled and information on attendance is set out on page 78.

Nominations Committee activity in the year
In addition to the formal Board appointments across the Group, management continues to ensure that the welfare of Numis' people and business were both safe and supported. The new normal and hybrid working practices have continued to impact the business and maintaining communication and connectivity with staff, clients and the community, throughout these unprecedented times, has been key to supporting and driving the business through this period of disruption.

The Committee were involved and kept abreast of succession planning and mapping of roles throughout this period of COVID-19 and a refresh of key succession roles and succession planning with analysis to support the key roles in the business continues to be reviewed periodically. One of the outcomes of this succession planning was the establishment of the Executive Committee ("ExCo"). The ExCo comprises heads of department from across the business and has become key to alleviating the Executive Board's workload in terms of performance monitoring and coaching to management on strategic implementation.

Key responsibilities and role of the Committee
The purpose of the Committee is to keep the Board's governance, composition, diversity, skills, experience, knowledge, independence and succession arrangements under review and to make appropriate recommendations to the Board to ensure the Company's arrangements are consistent with the highest corporate governance standards. The Committee reports to the Board on how it discharges its responsibilities which include:-

- Reviews the leadership and succession needs of the organisation and ensures that appropriate procedures are in place for nominating, inducting and evaluating directors
- Ensures that the Group's governance facilitates the appointment and development of effective management that can deliver shareholder value over the longer term
- Reviews 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 relating 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 which are aligned to the business strategy
- To identify 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 AGMs, assessing and making recommendations to the Board in relation to the independence of all Directors
- Board and Committee Performance – supervising 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 continued

The Committee also reviewed the composition of the Numis Securities Limited Board of Directors and the ambition for the Numis Europe Limited Board, to ensure that these trading entities have, and will continue to have, the correct balance of skills, experience and knowledge relevant to Numis' business strategy and ambitions. Effective succession planning for key senior personnel is a vital role of the Committee. Ensuring that Numis has the right calibre of talented and experienced management to drive our high-performance organisation to execute and achieve our strategy, plus deliver sustainable long-term value for our shareholders and stakeholders is key to our continued success.

Appointing Luke Savage as Chairman
The selection and recommendation process was rigidly adhered to when making the recommendation to the Board in respect of my successor, Luke Savage, who will take on the role of Non-Executive Chairman in 2022 and in respect of the search for a Non-Executive Director to Chair the Risk Committee.

Luke Savage was invited to succeed me in the role of Non-Executive Chairman as he is seen as a natural successor with his extensive financial services industry experience and proven track record as an independent director. Luke has worked in senior finance and operations roles across corporate and investment banking, insurance and investment within both FTSE and AIM listed companies and his experience and skills gained as a NED in a number of businesses within the financial services industry establish him as the natural director with the requisite skills to lead Numis' Board of Directors.

The Committee considered the relevant guidance in relation to potential 'overboarding' in respect of Luke's appointment to the role of Chairman of the Board and concluded that his commitments fall within the current guidance. Luke has confirmed that he will devote the necessary time to attend to the duties of Chairman of the PLC Board and will not take on any further NED roles which would take him outside of guidance or without prior consultation with the Board. Luke is currently Chairman of Chesnara Plc, and a NED at Liverpool Victoria Financial Services Limited and DWF Group Plc. Whilst Luke's NED role at Liverpool Victoria Financial Services Limited does not relate to a public company, there is a clear exit timetable for him to leave the company following the pending change of ownership.

Composition and appointment of Non-Executive Directors
With the change in Board composition, the Committee took the opportunity to review the existing talent and skill set of its independent NEDs and recommended a change to the structure and membership of the Audit Committee and Risk Committee. A Non-Executive Director appointment was recommended to fill the role of Risk Committee Chair following Luke's change in role. The Committee also identified that Catherine James had the relevant experience, skills and competence to lead and Chair the Audit Committee. Catherine agreed to take on this role in addition to her role as employee engagement director.

A robust detailed recruitment and selection process was commenced by a third party in relation to the Non-Executive Director appointment adhering to a transparent Board appointments procedure.

A shortlist of preferred executive search firms was established according to specified criteria. This resulted in the formal engagement of a firm with an excellent NED recruitment track record and particular focus on diversity & inclusion.

Additionally, other senior appointments were managed in our search for statutory directors of our European office. This was undertaken with the assistance of external executive search firms and internal searches following an appropriate composition of skills and experience analysis. Formal and informal interviews led by the Chairman and selected NEDs affirmed the internal recommendations and appointments of these new roles and in respect of the new separate role of General Counsel.

During the recruitment process, candidate specifications (including expected time commitment, skills and expertise) were agreed and used by our search firms to identify potential external candidates based on objective criteria with due regard to the Board's diversity goals. The potential candidates' profiles were mapped with the Board Skill Matrix, which is regularly reviewed by the Committee, to ensure the skills and expertise that are considered important to achieving the organisation's strategic priorities are covered. Members of the Committee met individually with the shortlisted candidates and all the Board members met with the preferred candidates.

Director succession and induction process
The process is designed to ensure the search for and appointment of our Non-Executive Directors and Executive Directors is thorough, robust, inclusive and that their inductions provide an effective introduction to Numis, its people and facilitates a comprehensive understanding of Numis' business

Search

The Chairman leads the Committee to develop a specification, using a talent skills and competence, expertise matrix to reflective the attributes and skill required to undertake the role. The candidate brief is then placed with an executive search agency who must be a signatory to the Voluntary Code of Conduct for Executive Search Firms in line with Numis' Diversity Policy.

Review

The executive search agency reviews the criteria, skills and expertise required for the position and identifies candidates and provides a list for the Committee to opine on.

Identify

The Chairman identifies a shortlist of candidates following feedback from Committee members.

Assess

Candidates are interviewed by Committee and Board members to assess their experience, skills and personal attributes.

Recommend and appoint

A candidate is recommended for appointment.

Induction

Directors are provided with support to meet and understand their statutory duties and embedding an understanding of Numis' strategic priorities, culture and ambitions.

The Committee continued to review and opine on the important findings and regular feedback from Catherine James, Independent Non-Executive Director and the Board's employee engagement director. The Board and Committee established the agreed approach to engagement; the methods of gathering and documenting employee views and considering how feedback provided will be presented to and considered by the Board.

We thank Catherine for her enthusiasm for this role and her encouragement to stimulate discussion and debate so that meaningful dialogue between the Board and our employees remains relevant. The range of different perspectives has provided the Board with additional valuable insight on Numis' culture and the challenges faced by the business. You can read more on our stakeholder engagement initiatives on pages 44 to 48.

Board evaluation process
During the year, an evaluation of the performance of the Board, its Committees and its members was undertaken in line with the Committee's Terms of Reference. The evaluation process was conducted internally, facilitated with the assistance of our internal auditor to refresh the questionnaire-based evaluation process.

The Committee deliberated on engaging external resource facilitation, acknowledging there is some benefit in an external review of its Board and Committees, but agreed that the overall benefit versus the cost is not appropriate at this time, given the operation of the Board and its Committees continue to function well with skills, balance and effectiveness scoring high in the evaluation process. The decision was taken to continue to conduct the evaluation of Board and Committee Directors' performance, in-house for the time being. The process, we hope, will continue to reinforce that Numis' Board and Committees continue to act and oversee the business with integrity, honestly and creatively, in a collaborative management style which is inclusive and supports good culture and is a key factor of Numis' success.

The Committee will continue to periodically consider the benefits of engaging external resource to assist in its process of evaluation of the Board and its Committees and will feedback its recommendations to the Board as the year progresses.

Committee effectiveness
The Committee has progressed areas identified for improvement during the year with the Board refreshment. A new Non-Executive Director is to be appointed to Chair the Risk Committee. The Committee also monitored succession planning and diversity of the senior management talent pools. The Committee was pleased to see progress with regard to diversity with a significant year-on-year increase of female senior managers within the organisation.

Nominations Committee Report continued

The Nomination Committee's performance was reviewed within the framework of the Board Evaluation Review and 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 and ethnic backgrounds, 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.

Selection and re-election of Directors for 2022 AGM

The Committee considers the results of the evaluations of individual Directors to assist in determining whether to recommend to the Board the election and/or re-election of Directors at every AGM, as required in accordance with the Company's Articles of Association. The Committee has considered the mix of skills, knowledge, experience, competencies of the members of the Board and considers that it exhibits the range of skills, expertise, knowledge and attributes required to lead and drive this entrepreneurial and dynamic business, whilst adhering to high standards of corporate governance and independence.

One third of all Directors must submit themselves for re-election at the 2022 AGM. The Committee is pleased to recommend its support for all Directors putting themselves forward for re-election at the AGM, in accordance with our Articles of Association and on considering the Board Evaluation and performance process. Biographies of the Directors standing for re-election can be found on pages 72 and 73 with further detail accompanying the Notice of the AGM found on pages 158 to 165 and also on the Company's website: **www.numis.com**

The Committee also opined on its current Terms of Reference (ToR) which were reviewed and agreed as fit for purpose and appropriate for the business and do not require any additional amendments at this time.

Board diversity policy

The Committee focused on senior management development/succession and held a number of unscheduled meetings in support of the search for senior appointments and continued to support the ongoing quality, development and capabilities of our senior talent. As a business, we are committed to maintaining a diverse workforce at all levels across the Company, and more information on how we do this, including a description of the policies relating to diversity and how they have been implemented, can be found in the ESG Report on pages 38 to 43.

The Nominations Committee only engages executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. The Committee has discussed Non-Executive Director appointment and succession and worked closely with executive search agencies last year to compile long and shortlists of candidates from various backgrounds and industries. Candidates were identified, interviewed and measured against pre-determined criteria. The Board seeks to ensure it remains an effective driver of diversity in its broadest sense, having regard to gender, ethnicity, background, skill set and breadth of experience.

Priorities for 2022

The Committee remains dedicated to the development of diverse and high-performance talent planning and talent management programmes to ensure that the right balance of senior management skills, knowledge, capabilities and experience are in place to deliver Numis' strategy and objectives. 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.

This is underpinned in Numis' approach to diversity and inclusion and the recognition that both the succession planning and talent management need to be strengthened to provide a strong internal talent pipeline, particularly in view of the new skills and capabilities required to deliver the outcomes of Numis and the need to broaden the diversity of the leadership team.

This will be a key area of focus for the Committee in 2022/2023.

Alan Carruthers
Chairman – Nominations Committee

Audit Committee Report

Membership of the Audit Committee

- Luke Savage (Chairman)
- Catherine James – Independent Non-Executive Director
- Robert Sutton – Independent Non-Executive Director

For full biographies see pages 72 and 73.

Key activities during the year

- Assessing the integrity of the Group's financial reporting, including reviewing the Company's internal financial controls and systems of internal control
- Review of all dividend income received and paid by Numis Corporation Plc, to confirm its distributable reserve position
- Managing the relationship with our internal and external auditors

Dear Shareholder

As Chairman of the Audit Committee I am pleased to present the Committee's report for the year ended 30 September 2021, outlining how the Committee discharged the oversight responsibilities of reviewing and monitoring the integrity of the Group's internal financial controls and its financial reporting on behalf of the Board.

The Committee's core duties continue to be the review and monitoring of the Group systems of internal control and risk management, the internal and external audit 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. Ultimately, it ensures that shareholder interests are protected and the Company's long-term strategy is supported.

By assisting the Board in discharging its duties and responsibilities for financial reporting, corporate governance and internal control, the Committee provides expert guidance on assessing the key financial risks and directing the Board's focus on financial risk, risk exposures, risk management and strategic risk issues so that agreed risk mitigants and appropriate strategies are implemented. This clarity of purpose and focus on improving internal controls and accountability supports agile decision-making in a year where uncertainties arising from COVID-19 and Brexit continues to impact our business and the communities we operate in.

I am pleased to report that the Audit Committee's enhanced focus, concentration and accountability in relation to both financial reporting and around key risks to the business which are current, and relevant to Numis has received deeper scrutiny. The Committee has continued to work closely with other Board Committees in respect of relevant issues affecting the business through this more granular understanding of risk, especially in regard to operational risk, control developments, strategic developments and the assessment of external impacts on our business.

Audit Committee Report continued

The Committee is also responsible for making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and internal auditor. The Committee's duties include keeping under review the scope and results of the audit work, its cost effectiveness and the independence and objectivity of the auditors.

The Committee consists entirely of Independent Non-Executive Directors. The Committee meetings are attended by the Chief Financial Officer, Chief Risk Officer & General Counsel, the Head of Compliance, the Head of Financial Risk plus the lead partner and representatives from KPMG LLP ("KPMG") our internal auditors and the lead partner and representatives from PricewaterhouseCoopers LLP ("PwC") our External Auditors. Others invited to attend Committee meetings on a regular basis include the Co-CEOs and members of senior management. Members of senior management are invited to attend 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 held four scheduled meetings with full attendance by all members of the Committee at each meeting. A table of Board and Committee meetings scheduled and information on the attendance of those meetings is set out on page 78.

At each meeting of the Committee a formal agenda that focuses on the quality of financial reporting and key risks impacting the business is prepared in conjunction with the Chair. The business includes updates on internal control matters, regular monitoring of the internal control framework which allows timely identification of issues and formal tracking of remediation actions. Instances where the effectiveness of internal controls was considered insufficient were discussed during the year, either by the Committee or the full Board and appropriate action taken to enhance processes.

The Committee is integral to Numis' governance framework through its oversight of the Group's financial reporting, risk management and internal controls, and internal and external audit.

Independence and experience

As Chairman 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 allows a discussion forum where any concerns of the Committee can be raised outside of the formal meetings of the Committee. In addition, I have met privately with the CFO, Head of Risk & General Counsel, Head of Compliance and Head of IT & Operations to gain deeper understanding and insight of Numis' business in order to facilitate meaningful dialogue during Committee meetings. This comprehensive and inclusive approach enhances the Committee's knowledge so that it can support the business in gaining an in-depth understanding of specific areas of the business.

The Committee undertakes an essential role in the Company's framework, providing valuable, independent challenge and oversight across the Company's financial reporting and internal control procedures. This oversight reassures shareholders and stakeholders that their interests are protected and the Company's long-term strategy is supported.

The Committee's performance was reviewed as part of the Board Evaluation process, which is covered on pages 83 and 84. The review found that the Committee functions effectively and that issues are dealt with in a thoughtful, clear and rigorous manner and the Committee has continued to provide oversight and challenge in respect of the principal financial risks faced by the business during this year.

The Board is satisfied that the Committee as a whole has competence and sufficient recent and relevant financial experience and that the Committee members possess an appropriate level of independence and offer a depth of financial, risk systems and controls and commercial experience in which the Company operates, to discharge its function effectively.

The Committee was considered to be operating well in terms of meeting structure and the levels of engagement provided by its members, with demands on the members' time viewed as appropriate and proportionate to the size and complexity of our business.

The Committee's full terms of reference, which are reviewed periodically by the Committee and submitted to the Board for approval, are available on the Company's website **www.numis.com**

Audit Committee activity in the year
The Audit Committee's primary function this year has been to focus on supporting the Board in assessing the integrity of the Group's financial reporting, monitoring the integrity of the Group's financial statements, reviewing regulatory financial announcements relating to the financial performance and governance of the Group, including reviewing the Group's internal financial controls and systems of internal control.

In addition, the Committee instigated and oversaw a comprehensive review by management, assisted by BDO, of all dividend income received and paid by Numis Corporation Plc, to confirm its distributable reserve position. As a result of that self-initiated review, some matters relating to dividend payments have come to the Board's attention.

Managing the relationship with our internal and external auditors has been key during this time, especially as we emerge from the lockdown period and beyond. The audit of financial reporting and our systems and controls continued to be conducted mostly remotely. The integrity of reporting and the operational resilience of our systems and controls have been sustained throughout this period as we responded to more complex hybrid methods of working. The Committee were 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.

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, especially with regard to the impact of the office move on financial reporting
- ensuring disclosures are clear and compliant with financial reporting standards, and relevant financial and governance reporting requirements
- considering the impact of the COVID-19 pandemic and Brexit 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 at the 2021 AGM. 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

Internal Audit
- approving the Internal Audit's risk assessment, Internal Audit charter and annual audit plan
- approving oversight of the Internal Auditors and considered and approved the scope of each engagement and assess progress made in respect of Internal Audit recommendations in respect of internal controls and remediation
- reviewing the results of individual Internal Audit reports and considered 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

Audit Committee Report continued

Key areas of focus during 2020/2021

- Reviewing the operating effectiveness of enhanced controls designed for remote working and overall operational resilience
- Rectification of the distributable reserves position in accordance with the Companies Act 2006
- Reviewing regulatory developments and their impact on the Group
- Monitor the integrity of 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
- Updates from the Group Finance function on significant financial accounting, reporting and disclosure matters including new disclosures
- Regular standing items of business for review and approval including clarity of the disclosures relating to accounting judgements and estimates
- Reviewing the BEIS Report Restoring Trust in Audit
- Reviewed the Company's internal controls and risk management processes and their effectiveness to ensure timely identification of issues and report tracking of remediation actions
- Maintained the relationship with the external auditor, including monitoring their independence and effectiveness
- Monitored and reviewed the effectiveness and independence of the Company's Internal Audit
- Review the scope of the annual audit and agreement with the external auditor of the key areas of focus
- Approve the annual Internal Audit Plan and Charter and Internal Audit activities
- Review the effectiveness of the Internal Audit function and review all significant Internal Audit recommendations and oversee progress in addressing these

The Committee continued to see improvements in the quality of materials provided and presented to the Committee meetings. It has overseen and supported the development of improvements in the internal systems and controls infrastructure. This includes the financial control systems infrastructure, processes and systems relating to the management of client money and assets, and improvements to access management control systems and management information.

I will step down as Chair of the Audit Committee in 2022 and Catherine James has agreed to take over the responsibilities of chairing the Committee.

I am sure that the Committee will continue to focus on enhancing the quality of financial reporting and ensure that the standards of controls and systems remain appropriate and aligned to the business strategy.

Appointment of auditor and tenure

The Committee considers by way of meetings and reports, the appointment, remuneration and work of the external and internal auditor. PwC have provided external audit services to the Group since 2005. The Committee has periodically considered the need for the rotation of the audit firm and 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.

During the year, the Audit Committee monitored the Group's policy on external audit and evaluated and reviewed the independence and effectiveness of PwC in their role. No material issues were raised. The Committee agreed the external audit and assurance fees and reviewed the audit engagement letter. The Audit Committee is satisfied that PwC has conducted an effective audit for the year ended 30 September 2021.

The audit partner changes every five years in accordance with professional guidance. Mr M Wallace, audit partner since 2020, has led an audit team for the second year and was supported by an experienced team with subject matter experts. There are no contractual obligations restricting the choice of external auditors.

PwC have continued to evolve and respond to the audit challenges COVID-19 and the hybrid working environment have presented and tailored its audit to make certain changes in approach without compromising the integrity or quality of the audit. In particular, there has been continued emphasis on testing IT general controls and IT dependencies, and PwC have provided robust challenge on the judgements and estimates made by management..

The audit has been designed to constructively challenge management, for the benefit of the Audit Committee and the shareholders. PwC's systems, staff and technology remain operationally robust with trusted processes and systems in place to undertake remote audit services. The Audit Plan included an analysis of 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.

The Committee having considered the above factors recommend to the Board and shareholders that PwC be reappointed as auditors at the 2022 Annual General Meeting. PwC have agreed to offer themselves for reappointment as auditors of the Group in accordance with section 487(2) of the Companies Act 2006 and a resolution requesting approval of their appointment and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting, scheduled for 8 February 2022.

KPMG LLP were appointed to the position of internal auditor in October 2018 and they continue 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. 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. Internal Audit provides 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, systems and controls to support the business are robust, fit for purpose and best practice.

In March 2021, the Board conducted an evaluation of its effectiveness, which was facilitated internally. 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 skilled, experienced, knowledgeable members and responses indicated that meetings were well structured with an appropriate level of constructive challenge provided by all members.

The evaluation process identified that the Committee has made good progress in relation to increasing the focus on financial risk reporting.

Luke Savage
Chairman – Audit Committee

Risk Committee Report

Membership of the Nominations Committee

- Luke Savage – (Chairman)
- Catherine James – Independent Non-Executive Director
- Robert Sutton – Independent Non-Executive Director

For full biographies see pages 72 and 73.

Key activities during the year

- Enhancing COVID-19 and extended periods of remote working key risks /mitigating actions
- Updating the Group's technology and cyber security and data protection
- Monitoring the risks associated with the Group's contingency plans to maintain business relationships with our existing clients
- Reviewing ahead of implementation of a new policy framework around the new Operational Resilience requirements for FCA regulated firms.
- Reviewing the nature and extent of the key risks and risk appetite
- Reviewing the operation and effectiveness of the Group's whistleblowing policy
- Reviewing the Group recovery, resolution and wind-down plans
- Providing input to the Remuneration Committee on the alignment of remuneration to risk performance
- Considering the potential impacts of the regulations on Numis' business in regard to capital, liquidity and compensation policy

Dear Shareholder

I am pleased to present my report of the Risk Committee for the year ended 30 September 2021, explaining how the Committee has discharged its risk oversight responsibilities. The Risk Committee has the responsibility for the effective management of risk across the business, providing oversight and challenge on key and emerging risks within individual business areas, determining risk appetite and ensuring that each business area implements appropriate internal controls.

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 has continued to play a critical role in the firm's forward-thinking approach to risk management and has been prudent, flexible and thorough in its actions to support and safeguard the interests of our clients, shareholders and stakeholders through these uncertain times.

The Committee's principal focus throughout the year was on the Group's response to the evolving challenges posed by COVID-19, the new legal and regulatory landscape following Brexit, new business initiatives, monitoring operational resilience and cyber risk, and actions taken to ensure the Group's financial, operational and regulatory risk exposures remained continuously well controlled.

The Committee's role in assessing the key risks of the business and determining the risk appetite and mitigants to manage identified risks is essential to Numis' success and reputation. The Committee employs and reinforces the three lines of defence in the management of risk so that there are clear defined roles and responsibilities to identify, monitor, escalate and effectively manage these key risks. By maintaining this focus, the Committee can be assured that the framework to support the management of risk is embedded in the business and its culture. All our employees ensure that this collaborative risk-based culture is built into our working practices.

The Committee has made headway on enhancing the controls in our risk management framework over the past year. We will continue to drive forward a programme of risk mitigation and challenge the business to ensure that we take every opportunity to strengthen risk management.

The Committee consists entirely of Independent Non-Executive Directors. We have recently separated the responsibility of risk from legal and compliance to facilitate and enhance our focus on these important roles and further develop the risk management oversight of the business. The Committee meetings are now attended by the Chief Financial Officer, Head of Risk, General Counsel, the Head of Compliance plus the lead partner and representatives from PricewaterhouseCoopers LLP ("PwC") our External Auditor, and KPMG LLP ("KPMG") our internal auditor. Invitations to attend the meetings on a regular basis are made to the Co-CEOs 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.

The Board is satisfied that the Committee can discharge its function effectively because it has the necessary current and relevant risk management experience and competence, and an appropriate level of independence and commercial experience in our business sector.

Committee meetings

During the financial year the Committee held five scheduled meetings in response to the elevated risk environment. These meetings provided assurance to the Board that appropriate controls and rigorous oversight of principal risks were in place and verified the adequacy and effectiveness of the internal control management systems continued to work effectively while staff worked from home.

A table of Board and Committee meetings scheduled and information on the attendance of those meetings is set out on page 78 of the Annual Report.

The Committee considers at each meeting an agenda that is prioritised towards the key and emerging risks impacting our business. The agenda for each meeting is approached in a collaborative, forward-thinking risk-based manner, adhering to agreed items contained in the annual planner of matters for discussion as well as tackling ad-hoc key risk events and emerging issues.

Reports and dashboards are considered and debated to highlight and monitor changes in the key risks impacting the business including compliance matters, the financial risk controls framework and operational processes and systems performance. These formal Committee reports and dashboards provide the Committee with analysis and indicators regarding exposures compared to the risk appetite of the business. Presentations on key financial reporting, operational risks, legal, compliance and emerging risk are delivered to the Committee by management. The Committee has the opportunity at these meetings to challenge management on the controls and process and determines their effectiveness and whether additional controls and mitigants in place are appropriate for the business.

Risk Committee activity in the year

During 2021 the Committee continued to monitor the key risks faced by the business to ensure that these are being managed effectively and in accordance with the agreed risk appetite. The most notable risk concern continued to be the unprecedented COVID-19 global pandemic and the significant risk management efforts in supporting the business from a largely work from home (WFH) strategy, in addition to monitoring key emerging risks to which the Group is exposed such as heightened cyber security and data protection threats.

Areas of key focus and oversight for the Committee during this financial year included:

- Enhancing COVID-19 and extended periods of remote working key risks /mitigating actions
- Monitoring initiatives in respect of controls in relation to conduct and culture to assess conduct and culture performance whilst WFH, reviewing these monitoring arrangements and promoting a continuously mindful risk-aware culture
- Updating the Group's technology and cyber security and data protection, including oversight of the contingency arrangements implemented to ensure continuity of operations and Numis' ongoing enhancements to cyber resilience against evolving cyber threats
- Monitoring the risks associated with the Group's contingency plans to maintain business relationships with our existing clients
- Assessing the risks associated with carrying out business in European territories post-Brexit and taking appropriate action to align the business to the evolving political and regulatory changes
- Considering the risk appetite and arising risks from strategic initiatives and advising the Board accordingly

Risk Committee Report continued

- Reviewing the Group's progress ahead of implementation of a new policy framework and guidance on establishing best practice processes/ systems around the new Operational Resilience requirements for FCA regulated firms. The establishment of a required Business Service Model, which formalises our cross functional process management demonstrating our operational resilience programme
- Reviewing the nature and extent of the key risks of the Group and risk appetite ensuring the Group has an appropriate and effective risk management framework which identifies and considers future and emerging risks, regulatory developments and relevant mitigants
- Reviewing the Group's financial risk, operational risk and regulatory risk exposures, including, as part of this activity, the Group's capital and liquidity adequacy, its governance framework and associated controls. This included reviewing and challenging the stress tests undertaken to calculate the capital and liquidity requirements in stressed scenario conditions
- Reviewing the operation and effectiveness of the Group's whistleblowing policy and the systems and controls in place to support the policy
- Reviewing the Group recovery, resolution and wind-down plans to assess the appropriateness of both the recovery actions defined in the plan and the calibration of the recovery indicators adopted, to ensure that the Group has sufficient early warning of any potential deterioration in the Group's financial position
- Providing input to the Remuneration Committee on the alignment of remuneration to risk performance
- Reviewing Internal Audit reports of processes and controls in relation to key risk areas to ensure the adequacy of the controls, processes and governance framework which supports the business and the regulated environment in which Numis operates and is appropriate and proportionate for the complexity of the business
- Reviewing the UK FCA Investment Firm Prudential Regime (IFPR) publications and the impact of the IFPR on FCA authorised MiFID firms. The Committee considered the potential impacts of the regulations on Numis' business in regard to capital, liquidity and compensation policy and other relevant risks arising from the implementation of this new regulation

Internal Audit
The Internal Audit function continues to play an essential 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. Where enhancements to improve existing controls are agreed, recommendations are communicated to the relevant business area for implementation and the necessary action is taken and progress monitored. This regular monitoring of the internal control framework allows timely identification of issues and formal tracking of remediation actions. Instances where the effectiveness of internal controls was considered insufficient were discussed during the year, either by the Committee or escalated to the full Board, and appropriate action taken to enhance processes.

Committee effectiveness
In March 2021, the Board conducted an evaluation of the Committee's effectiveness. The findings of the evaluation confirmed that the Committee continued to operate effectively, is comprised of skilled, experienced, knowledgeable members and responses indicated that meetings were well structured with an appropriate level of constructive challenge provided by all members.

The evaluation process identified that the Committee has made good progress in relation to increasing the focus on risk reporting and emphasising accountability for risk at business sector level.

The Risk Committee's role and responsibilities are set out in the terms of reference for the Committee, are reviewed on an annual basis and referred to the Board for approval. They are available on the Company's website **www.numis.com**

Priorities for 2022
I will step down as Chair of the Risk Committee in 2022 and hand the responsibilities of the Committee to a new Independent Non-Executive Director. I am confident that the new chair will continue to enhance our risk management framework, continue to be vigilant to the key risks of the business in which we operate, and ensure that the standard of our controls and systems remain appropriate and aligned to the strategy of the business and in the best interests of our shareholders and stakeholders.

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

- Ongoing oversight of the Group's response to the global pandemic and ensuring that the Group further enhances the robustness and efficiency of its business continuity arrangements, and cyber resilience
- Monitoring the ongoing risks following Brexit to ensure that appropriate action is taken to protect the Group's business in the context of the evolving political and regulatory expectations
- Monitoring the key and emerging risks associated with our proposed expansion into Europe with our office in Dublin and ensuring close collaboration and communication with our European regulators
- Monitoring the increase in activities of our US office as we expand our product offering, ensuring effective risk management strategies are in place
- Reviewing 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
- Analysing the results of deep-dive reviews into specific areas of the business
- 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 2022 and beyond.

Luke Savage
Chairman – Risk Committee

Remuneration Committee Report

Our approach to remuneration has been to ensure that the framework should be simple, transparent and fair for both participants and shareholders alike.

Membership of the Remuneration Committee

- Robert Sutton – Chairman
- Catherine James – Independent Non-Executive Director
- Luke Savage – Independent Non-Executive Director

For full biographies see pages 72 and 73.

Key activities during the year

- Assessed performance against targets relating to incentive plans
- Reviewed the approach to distribution of variable compensation to staff for FY21
- Monitored developments in regulatory guidance and the potential impact on the Company

Dear shareholder

As Chairman of the Remuneration Committee, I am pleased to present the Committee's report for the year ended 30 September 2021.

This report provides a comprehensive picture of the structure and scale of our remuneration framework and its alignment with our business strategy. Numis remains 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 incentivise our high-performance culture.

As ever, we seek to have 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 financial, non-financial and personal performance. Our approach to remuneration has been to ensure that the framework should be 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 FY21

As set out in the Chairman's Statement, this has been an excellent year, with strong performance across all areas of the business delivering record revenue and profit outcomes. It is the more remarkable that this has been achieved in the context of continued disruption caused by COVID-19 and the overriding commitment to ensure our employees are safe whilst providing the best service to our clients. Overall, revenues for the full year were up by 39% and profits were materially higher, up by 100%. As well as the delivery of financial performance, the Executive Directors led the business in exemplary fashion during challenging circumstances including delivering market share gains across our core UK products and leveraging our UK track record and reputation in new markets. This was achieved whilst maintaining our accepted compliance and risk profile.

This exceptional performance resulted in individual annual bonuses which are substantially higher than those earned last year although the overall pool, as a percentage of profit, was down. The bonuses awarded to the Co-CEOs increased by less than those awarded to other high performers (and by a lower percentage than the percentage increase in the overall pool) as a significant proportion of the pool increase was focused on colleagues who had developed in role and may otherwise be exposed to retention concerns. The Committee believes that the final outcomes set out on page 104 are fair and appropriate in light of the Company, team and personal performance delivered in the year.

Th Co-CEOs' previous long-term incentive award, granted in 2016, reached the end of its performance period in 2021. As announced on 6 September 2021, the first three (out of four) tranches of these awards vested as the share price performance hurdles had been met. This was a one-off long-term plan which vested at a single point after five years, as opposed to a more regular LTIP (as introduced in 2021) which will deliver the opportunity for more frequent vestings of smaller amounts. The Co-CEOs sold sufficient shares to pay associated tax liabilities but retained the remaining shares. As part of the new policy introduced last year, the Co-CEOs are required to retain at least 500% of salary in shares.

Remuneration policy changes for FY22

The Committee spent considerable time last year reviewing our remuneration policy and, in particular, on the introduction of a new long-term incentive plan. This plan was subject to prior consultation with our largest shareholders at the time. The Committee does not believe that any material changes are required to the policy for FY22.

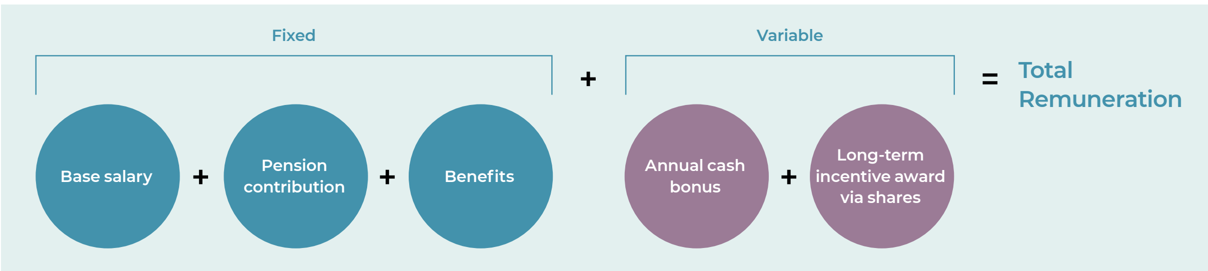
There will be no salary increases for the Co-CEOs for FY22. The base salary for the CFO will be increased to £300,000 to reflect the expansion of his role to include additional responsibilities for Operations, Communications and Marketing. Across the Company the average base salary increase is 5%.

The Committee is committed to an open and transparent dialogue with its shareholders and I will be available to answer questions at the Annual General Meeting in regard to our remuneration policy.

Robert Sutton
Chairman – 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 which 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 in order 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.

Remuneration Committee Report continued

- **Pension** – an employer contribution to a defined contribution pension saving scheme of 7% of base salary 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 also 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 is able to 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 three further years of 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** – as reported last year, from 2021, the LTIP covers the three Executive Directors and involves the annual grant of performance shares which 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 FY22 the award levels will remain unchanged at 400% of salary for the Co-CEOs and 200% of salary for the CFO. The awards expected to be granted in January 2022 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 which vest (net of tax) until the shareholding guideline is met. For the Co-CEOs this is 500% of salary and for the CFO is 200% of salary. Progress against the shareholding requirement will be reviewed by the Remuneration Committee annually. The shareholding guideline will continue to apply for one-year post-cessation of employment.

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 Long-Term Incentive Plan ("LTIP") or Restricted Stock Unit share plan ("RSU") as considered appropriate. 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 below provide details of service contracts of the Executive Directors and Non-Executive Directors who served during the year ended 30 September 2021.

Table 1 – Directors' service contracts – Executive Directors

		retirement	of contract	from Company	from Director	re-election
Alex Ham	1 July 2016		Rolling	6 months	6 months	2022
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	21 March 2017	N/A	1 month by either party
Robert Sutton	7 May 2014	2023	1 month by either party
Catherine James	20 May 2014	2023	1 month by either party
Luke Savage	5 February 2019	2022	1 month by either party

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 Directors' office or employment. This may include the provision of outplacement support and/or legal fees reimbursement.

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.

Guidance on the identification of material risk takers came into force during 2017 and resulted in an increase in the number of staff classified as such and therefore the number of staff to which the relevant remuneration code applies.

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

Remuneration Committee Report continued

Annual Report on Remuneration

Director remuneration for the year

The total remuneration for each of the Executive Directors who held office during the year ended 30 September 2021 was as follows:

Table 3 – Executive Directors' remuneration for the year (audited)

	Salaries/ fees £'000	Benefits £'000	Pension allowance £'000	Fixed remuneration £'000	Annual bonus £'000	Total remuneration £'000
Executive Directors						
Alex Ham 2021	456	1	42	499	4,000	4,499
2020	400	1	28	429	3,100	3,529
Ross Mitchinson 2021	456	1	42	499	2,250	2,749
2020	400	1	28	429	1,600	2,029
Andrew Holloway 2021	265	1	22	288	625	913
2020	233	1	16	250	450	700

Notes:
1 Annual cash bonuses and incentive awards are awarded in accordance with Numis' remuneration policy.
2 The 2016 Co-CEO LTIP award vested in this financial year and is detailed on pages 105 and 106.

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 survey 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. The Committee agreed salary increases for 2021 for the Co-CEOs and CFO as set out in last year's report as part of the new policy.

There are no proposed salary increases for the Co-CEOs for 2022. The salary for the CFO will increase to £300,000 to reflect his expanded role which will now incorporate responsibility for Operations, Communications and Marketing.

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 2021, 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 exceptional circumstances.

When making a determination on bonus the Committee considered the following KPIs:

- Revenue per head – performance was materially higher than budget and represented a 34% increase on FY20
- Equities revenue – represented a 14% increase on FY20
- Advisory revenue – represented a 177% increase on FY20
- Earnings per share – represented a 84% increase on FY20

Non-financial KPIs were also reviewed, including the development of the corporate client base, market share gains in UK ECM and UK Equities, progress in the development of complementary products and services, strong operating and capital discipline and delivering shareholder returns.

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-CEOs 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. In particular the Committee recognised the Executive Directors continued to demonstrate clear leadership through the pandemic which continued into FY21. The business did not access any of the various government-funded COVID-19 support schemes; no staff were furloughed and tax payments were not deferred. In addition, the dividend was increased by 12.5%.

The aggregate bonus pool increased by 73%, whereas annual bonus increases for the Executive Directors were lower and ranged from 29% to 41%. Overall, the outcomes are considered appropriate in light of the excellent financial performance delivered, the strategic progress of the business and the wider backdrop.

Long-term incentive awards vesting in the year
Prior to the new LTIP launched in 2021, the Company had not made grants on an annual basis so the 2016 awards granted to Alex Ham and Ross Mitchinson under the LTIP 2016 Plan covered the five-year period from their appointment as Co-CEOs and should not be regarded as annual remuneration. The full details of these awards, including the respective performance measures and targets are disclosed in the FY19 Remuneration Committee Report. The LTIP 2016 Plan awards were granted in 2016 as two separate awards with differing performance conditions attached which are summarised below:

Basic award
- The basic award was subject to continued service throughout as well as the achievement of a number of subjective performance conditions. The satisfaction of these performance conditions was judged solely by the Group's Remuneration Committee and was subject to the requirement that vesting would not occur at all unless the grantee had displayed no material failings during the vesting period. That is to say that, in the opinion of the Remuneration Committee, the grantee had displayed no material failings in control process or transgressions of risk tolerance and no material shortcomings in conduct or behaviour.

Performance award
- The performance award was subject to continued service throughout as well as the achievement of specific performance targets relating to the Company's share price. The award was split into four tranches with each tranche requiring the average share price of the Company to reach or exceed a separate target level over a consecutive 90 day period within the five years following grant date in order for that tranche of the award to become eligible to vest. If the average share price of the Company did not reach or exceed the target level for a particular tranche then that tranche of the award lapsed. Each tranche was also subject to two further tests which included the same subjective performance assessment as was applied to the Basic award and a further comparative underpin to ensure Numis had not obviously underperformed a relevant group of comparator companies.

At the end of the vesting period the Remuneration Committee assessed the performance and determined that the first three tranches of the performance award vested as average share price hurdles (ranging from £2.09 to £4.09) had been achieved during the performance period. The Committee reviewed the underpins and was satisfied that the final vesting was appropriate in light of overall performance.

The total number of awards which vested was 3,424,822 shares each to Alex Ham and Ross Mitchinson, which includes the additional awards as a result of dividends paid over the vesting period. The value of each award based on the share price on the date of vesting (6 September 2021 – £3.77) was £12.9m.

The Co-CEOs sold sufficient shares to pay tax liabilities and retained the remainder. Pursuant to the shareholding requirements introduced for the Executive Directors last year, the Co-CEOs are required to hold 500% of their salary in shares.

Long-term incentive awards granted in the year
Awards were granted to the Executive Directors in January 2021 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-CEOs 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.

Remuneration Committee Report continued

Table 4
Option awards under the LTIP 2016 Plan and LTIP 2021 Plan (audited)

Director		Outstanding as at 1 October 2020	Granted during the year	Lapsed during the year	Vested during the year	Outstanding as at 30 September 2021
Date of grant		**No. shares under option**	**No. shares under option**	**No. shares under option**	**No. shares under option**	**No. shares under option**
Alex Ham						
5 September 2016	LTIP 2016 – Basic award	592,193	–	–	(592,193)	–
5 September 2016	LTIP 2016 – Performance award	2,960,963	–	(592,192)	(2,368,771)	–
18 January 2021	LTIP 2021	–	567,164	–	–	567,164
		3,553,156	**567,164**	**(592,192)**	**(2,960,964)**	**567,164**
Ross Mitchinson						
5 September 2016	LTIP 2016 – Basic award	592,193	–	–	(592,193)	–
5 September 2016	LTIP 2016 – Performance award	2,960,963	–	(592,192)	(2,368,771)	–
18 January 2021	LTIP 2021	–	567,164	–	–	567,164
		3,553,156	**567,164**	**(592,192)**	**(2,960,964)**	**567,164**
Andrew Holloway						
15 December 2017	RSU – 1st, 2nd and 3rd anniversary	10,582	–	–	(10,582)	–
21 January 2019	RSU – 1st, 2nd and 3rd anniversary	200,000	–	–	(100,000)	100,000
18 January 2021	LTIP 2021	–	164,179	–	–	164,179
		210,582	**164,179**	**–**	**(110,582)**	**264,179**

Non-Executive Directors' remuneration

	Board fees £'000	Chairman fees £'000	Committee Chair fees £'000	**Total fees £'000 2021**	Total fees £'000 2020
Non-Executive Directors					
Alan Carruthers	60	115	–	**175**	175
Catherine James	60	–	–	**60**	60
Luke Savage	60	–	15	**75**	75
Robert Sutton	60	–	10	**70**	70

Non-Executive Director fees were last reviewed in 2019 taking into account relevant market data and the increased time commitment devoted to the business in the year. There were no increases for FY21 and no planned increases for FY22 save for Committee Chair fees increasing to £15k per role.

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 112 details the shareholding of the Non-Executive Directors who served on the Board during the year.

Membership and key responsibilities
Robert Sutton is supported in his role as Chairman of the Committee by Catherine James and Luke Savage, both 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 72 and 73 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/corporategovernancearrangements.**

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-CEOs, 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.

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 2022 and bonus payments for 2021 across the Group

Committee effectiveness

In March 2021, 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 Board 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 compensation arrangements.

Robert Sutton

Chairman – Remuneration Committee

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 international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group and Company have also prepared financial statements in accordance with and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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 & Company Secretary

8 December 2021

Directors' Report

The Directors serving during the year ended 30 September 2021 and up to the date of signing the Financial Statements present their report on the affairs of Numis Corporation Plc (the Company) and its subsidiaries (collectively called 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 2021.

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

The Board of Directors has agreed to apply the QCA Corporate Governance Code and further information is available online regarding Numis' corporate governance arrangements at **www.numis.com**

Parent company

The Company acts as a holding company and details of its subsidiary undertakings are shown in note 14 of the consolidated Financial Statements. The basis of preparation of 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 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Dividends

The Directors are recommending a final dividend of 8.0p per share (2020: 6.5p) which, together with the interim dividend of 5.5 p per share already declared and paid, makes a total for the year ended 30 September 2021 of 13.5p per share (2020: 12.0p). Subject to approval at the Annual General Meeting, the final dividend will be paid on 11 February 2022 to shareholders on the register of members at the close of business on 17 December 2021.

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.

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 preliminary results and the announcement of the Group's half year 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 AGM will be held on 8 February 2022. Details of the resolutions to be proposed at the AGM are set out on pages 158 to 160 of this Annual Report and a copy is also available to view on our website at **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 8 February 2022.

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.

Directors' Report continued

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. 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 Corporate Governance Report.

Change of control
Directors' and employees' employment contracts do not normally 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 (2020: nil).

Engagement with Suppliers and Customers
How the Directors have fostered business relationships with stakeholders is outlined on page 84 of the Corporate Governance Report.

Energy and carbon emissions
For disclosures, please see environment section on page 57.

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 following the listing of 6,600,000 ordinary shares on 6 September 2021, is 125,038,536 with each ordinary share carrying the right to one vote. The figure of 114,367,448 (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 10,671,088 (9.33%). It is expected that all shares held in Treasury will be cancelled following the next Annual General Meeting scheduled for 8 February 2022. The total number of voting rights in Numis is 114,367,448 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 146 to 155 of the Financial Statements.

Directors' 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.

Directors and their interests
The Directors serving during the year ended 30 September 2021 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 5 on page 112. 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 2021 to 8 December 2021.

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 2021. 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.

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 2021 the Trust purchased an aggregate of 6,285,869 (2020: 1,563,530) ordinary shares of the Company having a nominal value of £314,293 (2020: £78,177).

The number of shares purchased representing 5.50% of the Company's issued share capital as at 30 September 2021 (2020: 1.49%) was for an aggregate consideration of £22,663,000 (2020: £4,483,000).

In addition, 6,600,000 new ordinary shares of 5p each of the Company were admitted to listing during the year (2020: nil) and 6,600,000 were allotted to the Employee Benefit Trust (2020: nil), with an aggregate nominal value of £330,000.

In accordance with shareholder authority, during the year 500,000 (2020: 1,935,000) ordinary shares with an aggregate nominal value of £25,000 (2020: £96,750) were purchased into Treasury. The aggregate consideration paid was £1,555,000 (2020: £5,426,000). During the year 3,200,000 shares (2020: 2,000,000) were transferred out of Treasury to the Trust. The number of shares held in Treasury, as at 30 September 2021, totals 10,671,088 (2020: 13,371,088).

This report was approved by the Board on 8 December 2021 and signed on its behalf by:

Andrew Holloway
Company Secretary & Chief Financial Officer

8 December 2021

Numis Corporation Plc
45 Gresham Street,
London EC2V 7BF

Directors' Report continued

Table 5
Directors and their interests

Executive Directors	30 September 2021 ordinary shares	30 September 2020 ordinary shares
Alex Ham	**2,423,895**	608,741
Ross Mitchinson	**2,113,944**	298,790
Andrew Holloway	**182,260**	123,652
Non-Executive Directors		
Alan Carruthers	**25,000**	25,000
Catherine James	**12,000**	12,000
Luke Savage	**10,000**	10,000
Robert Sutton	**12,500**	12,500

Table 6
Substantial shareholders as at 30 September 2021

Executive Directors	Registered holding of ordinary shares	% of remaining number of ordinary shares in issue[1]
Anders Holch Povlsen	**24,175,059**	21.14%
Unicorn Asset Management	**5,699,000**	4.98%
Aviva Investors	**4,409,122**	3.86%
Marcus J Chorley	**3,716,882**	3.25%
Kayne Anderson Rudnick Investment LLC	**6,425,096**	5.62%
IPGL Limited	**6,515,043**	5.70%
J O Hambro Capital Management	**4,905,416**	4.29%
Polar Capital	**4,528,736**	3.96%
Hargreaves Lansdown	**5,134,869**	4.49%

Note 1 Excludes ordinary shares held in Treasury

Financial Statements

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 2021 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2021; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the financial statements, the group and company, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group and company financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 in the period under audit.

Our audit approach

Overview

Audit scope

The Group is composed of two operating entities Numis Securities Limited (UK) ("NSL") and Numis Securities Inc (US) ("NSI"), which are subsidiaries of the Company.

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 PwC US 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. We concluded that the procedures performed over NSL were sufficient for the purposes of issuing our opinion.

Key audit matters

- Timing of revenue recognition in relation to advisory and capital market fees (group).
- Valuation of strategic unlisted investments (group).

Materiality

- Overall group materiality: £2,022,000 (2020: £1,335,000) based on 5% of average 3-year profit before tax.
- Overall company materiality: £1,344,000 (2020: £883,000) based on 1% of total assets.
- Performance materiality: £1,500,000 (group) and £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.

The impact of COVID 19, which was a key audit matter last year, is no longer included because of the reduced operational and financial impact on the financial services market, and on the operations of the Group and the Company, in this year compared to last. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Timing of revenue recognition in relation to advisory and capital market fees (group) Refer to note 4 "Revenue" to the financial statements. 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 is £142 million (2020: £88 million), which represents 66% of total revenue for the year ended 2021 (2020: 57%). There is a potential incentive for management to book revenue into a future period, given the strong performance in the current year. There is opportunity to do this as the performance obligation (deal date) 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. We therefore concluded that it was appropriate to focus the audit on the cut-off of revenue recognition from advisory and capital markets fees.	• 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 for the significant risk related to cut off to be substantive. • For a sample of fees recorded before and after year end, obtained contracts to identify the performance obligation. • Where the date of the performance obligation was publicly available, compared the date to external evidence. • 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 to confirm the timing and ensure that it was consistent with the timing of revenue recognition. • For the selected sample of contracts, verified the cash receipts to provide corroborative audit evidence that the performance obligation per the contract was completed. 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.

Independent auditors' report to the members of Numis Corporation Plc
continued

Key audit matter	How our audit addressed the key audit matter
Valuation of strategic unlisted investments (group) Refer to note 18 "Trading Investments" to the financial statements. 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. Total unlisted trading investment was £13 million as at 30 September 2021 (30 September 2020: £15 million). Based on the risk assessment performed, we identified three unlisted investments within this portfolio which had a higher risk of material misstatement owing to the size and judgements involved in the valuation. These three investments cover 71% of the total unlisted investments. As detailed above, management makes significant judgments over the valuation of these unlisted trading investments when using valuation techniques and forming valuation estimates. Thus, we concluded that the higher assessed risks of material misstatement relates to the valuation of these three unlisted trading investments. The valuation impacts both the financial position as at the reporting date and the resulting unrealised gains/losses reported in the income statement.	• 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. For the selected investments: • With the assistance of our valuation experts, we tested the reasonableness of the valuation techniques used and independently concluded that the techniques were appropriate for the nature of the investments. • Using our experts' market knowledge and experience, we challenged management on the assumptions used within each valuation, including assessing if appropriate companies were chosen for comparables, and understanding and challenging any discounts taken by management. We concluded that these assumptions were reasonable. • Tested a sample of valuation inputs used by management by obtaining appropriate audit evidence including investee financial information and publicly available information, where available. This also included independently confirming the Group's ownership in the investee company. • Evaluated the valuation approach taken by management for consistency, both across investments and year on year. • Performed our own searches for relevant news flows or valuation trigger events (such as new rounds of financing) and assessed how management has considered these factors. Based on the tests performed, we found no material misstatements relating to the valuation of unlisted investments.

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 and the US, with the UK being the most significant territory. The Group is composed of two operating entities, Numis Securities Limited (UK) ("NSL") and Numis Securities Inc (US) ("NSI"), which are subsidiaries of the Company. We considered the two operating entities and the Company to be three separate audit components.

We performed a full scope audit over NCP 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 PwC US 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 valuating 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
Overall materiality	£2,022,000 (2020: £1,335,000).	£1,344,000 (2020: £883,000).
How we determined it	5% of average 3-year profit before tax	1% of total assets
Rationale for benchmark applied	We believe profit before tax is a 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.

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 £350,000 to £1,921,000. 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% of overall materiality, amounting to £1,500,000 for the group financial statements and £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 the Audit Committee that we would report to them misstatements identified during our audit above £101,000 for group audit (2020: £67,000) and £67,000 for company audit (2020: £44,150) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Numis Corporation Plc
continued

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's current financial position and financial forecasts;
- Understanding and evaluating the Group's current and forecast capital and liquidity position. 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.

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. 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 2021 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 the principal risks of non-compliance with laws and regulations related to breaches of 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. 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, especially in relation to the valuation of unquoted investments and share based payments; 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. This description forms part of our auditors' report.

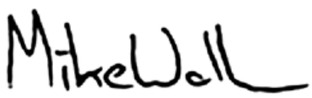
Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose 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

8 December 2021

Consolidated Income Statement
For the year ended 30 September 2021

	Note	2021 £'000	2020 £'000
Revenue	4	**215,582**	154,899
Other operating income	5	**8,715**	310
Total income		**224,297**	155,209
Administrative expenses	6	**(147,859)**	(118,409)
Operating profit		**76,438**	36,800
Finance income	8	**1**	986
Finance costs	9	**(2,289)**	(723)
Profit before tax		**74,150**	37,063
Taxation	10	**(16,303)**	(5,713)
Profit for the year		**57,847**	31,350
Attributable to:			
Owners of the parent		**57,847**	31,350
Earnings per share			
Basic	27	**54.2p**	29.9p
Diluted	27	**49.1p**	26.7p

All income is derived from continuing operations. The notes on pages 127 to 156 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2021

	2021 £'000	2020 £'000
Profit for the year	**57,847**	31,350
Items that may be reclassified to the Income Statement on fulfilment of specific conditions:		
Exchange differences on translation of foreign operations	**10**	227
Other comprehensive income for the year, net of tax	**10**	227
Total comprehensive income for the year, net of tax, attributable to owners of the parent	**57,857**	31,577

All comprehensive income is derived from continuing operations. The notes on pages 127 to 156 form an integral part of these financial statements

Consolidated Balance Sheet
As at 30 September 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	12	**10,044**	2,596
Intangible assets	13	**558**	406
Right-of-use assets	14	**38,033**	4,020
Deferred tax asset	16	**4,006**	5,617
		52,641	12,639
Current assets			
Trade and other receivables	17, 29	**467,799**	326,156
Trading investments	18	**58,972**	38,089
Stock borrowing collateral	19	**18,623**	18,222
Current income tax receivable		**3,171**	1,332
Derivative financial instruments	20	**629**	18
Cash and cash equivalents	21	**134,125**	125,217
		683,319	509,034
Current liabilities			
Trade and other payables	22, 29	**(481,946)**	(340,265)
Trading instruments	1(h)	**(27,217)**	(19,170)
Lease liabilities	23	**(491)**	(1,962)
		(509,654)	(361,397)
Net current assets		**173,665**	147,637
Non-current liabilities			
Lease liabilities	23	**(39,580)**	(2,643)
Net assets		**186,726**	157,633
Equity			
Share capital	24	**6,252**	5,922
Other reserves	24	**9,037**	22,421
Retained earnings		**171,437**	129,290
Total equity		**186,726**	157,633

The notes on pages 127 to 156 form an integral part of these financial statements.

The Financial Statements on pages 120 to 156 were approved and authorised for issue by the Board on 8 December 2021 and signed on its behalf by:

Alex Ham and Ross Mitchinson
Co-Chief Executive Officers

Numis Corporation Plc
Registration No.2375296

Consolidated Statement of Changes in Equity
For the year ended 30 September 2021

	Note	Share Capital £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 October 2020		5,922	22,421	129,290	157,633
Profit for the year				57,847	57,847
Other comprehensive income			10		10
Total comprehensive income for the year		**–**	**10**	**57,847**	**57,857**
New shares issued		330			330
Dividends paid	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**
Balance at 1 October 2019		5,922	20,639	111,593	138,154
Profit for the year				31,350	31,350
Other comprehensive income			227		227
Total comprehensive income for the year		–	227	31,350	31,577
Dividends paid	11			(12,582)	(12,582)
Net movement in treasury shares				(37)	(37)
Movement in respect of employee share plans			1,555	(1,711)	(156)
Deferred tax related to share-based payments	16			677	677
Transactions with shareholders		–	1,555	(13,653)	(12,098)
Balance at 30 September 2020		5,922	22,421	129,290	157,633

The notes on pages 127 to 156 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 September 2021

	Note	2021 £'000	2020 £'000
Operating activities			
Cash flows generated from operating activities	25	**77,115**	76,051
Interest paid	9	**(1,187)**	(497)
Taxation paid		**(17,599)**	(9,601)
Net cash generated from operating activities		**58,329**	65,953
Investing activities			
Purchase of property, plant and equipment	12	**(8,881)**	(1,029)
Purchase of intangible assets	13	**(310)**	(431)
Interest received	8	**1**	986
Net cash used in investing activities		**(9,190)**	(474)
Financing activities			
Purchases of own shares – Treasury		**(1,555)**	(5,426)
Purchases of own shares – Employee Benefit Trust		**(22,663)**	(4,344)
Cash paid in respect of lease arrangements – principal		**(1,811)**	(1,873)
Cash paid in respect of lease arrangements – discount		**(1,102)**	(226)
Dividends paid	11	**(12,726)**	(12,582)
Net cash used in financing activities		**(39,857)**	(24,451)
Net movement in cash and cash equivalents		**9,282**	41,028
Opening cash and cash equivalents		**125,217**	84,202
Net movement in cash and cash equivalents		**9,282**	41,028
Exchange movements		**(374)**	(13)
Closing cash and cash equivalents	21	**134,125**	125,217

The notes on pages 127 to 156 form an integral part of these financial statements.

Company Balance Sheet
As at 30 September 2021

	Note	**2021 £'000**	2020 £'000
Non-current assets			
Investment in subsidiary undertakings	15	**97,883**	88,835
		97,883	88,835
Current assets			
Trade and other receivables	17	**36,469**	7
		36,469	7
Current liabilities			
Trade and other payables	22	**–**	(6,580)
		–	(6,580)
Net current assets/(liabilities)		**36,469**	(6,573)
Net assets		**134,352**	82,262
Equity			
Share capital	24	**6,252**	5,922
Other reserves	24	**7,662**	21,056
Retained earnings		**120,438**	55,284
Total equity		**134,352**	82,262

The notes on pages 127 to 156 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 £56,790,000 (2020: £13,000,000).

The Financial Statements on pages 120 to 156 were approved and authorised for issue by the Board on 8 December 2021 and signed on its behalf by:

Alex Ham and Ross Mitchinson
Co-Chief Executive Officers

Company Statement of Changes in Equity
For the year ended 30 September 2021

	Share Capital £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 October 2020	5,922	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**
Balance at 1 October 2019	5,922	19,501	52,268	77,691
Profit for the year			13,000	13,000
Total comprehensive income for the year	–	–	13,000	13,000
Dividends paid			(12,582)	(12,582)
Net movement in treasury shares			(37)	(37)
Movement in respect of employee share plans		1,555	2,635	4,190
Transactions with shareholders	–	1,555	(9,984)	(8,429)
Balance at 30 September 2020	5,922	21,056	55,284	82,262

The notes on pages 127 to 156 form an integral part of these financial statements.

The Company had no cash or cash equivalent balances at 30 September 2019, 30 September 2020 or 30 September 2021. Similarly, there were no movements in cash or cash equivalents during the year ended 30 September 2020 or the year ended 30 September 2021. Therefore, no cash flow statement is presented for the Company.

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

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 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 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 2021. 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 uncertain tax positions that require disclosure under IFRIC 23. There are no other new mandatory standards, amendments or interpretations for the Group's and the Company's accounting year ended 30 September 2021.

(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 de-consolidated 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.

Notes to the Financial Statements continued

1. Accounting policies continued

(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.

(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 which 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, 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 any 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.

(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 which 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.

Notes to the Financial Statements continued

1. Accounting policies continued

(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.

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) Operating leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term even if the payments are not made on such a basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(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 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.

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.

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.

(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.

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 £56,790,000 (2020: £13,000,000).

Notes to the Financial Statements continued

3. Geographical information

The Group earns its revenue in the following geographical locations:

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

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

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

The Group is managed as an integrated investment banking business and although there are different revenue types, (which are separately disclosed in note 4), the nature of the Group's material activities is considered to be subject to the same or similar economic characteristics. Consequently, the Group is managed as a single business unit.

4. Revenue

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

5. Other operating income

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

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

6. Administrative expenses

Administrative expenses comprise the following:

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment	**1,154**	1,223
Depreciation of right-of-use assets	**3,262**	1,793
Amortisation of intangible assets	**158**	105
Staff costs (see note 7)	**108,614**	85,977
Other non-staff costs	**34,191**	28,876
Auditors' remuneration		
Audit services		
Audit fee for the Company's Financial Statements and Annual Report	**38**	35
Statutory audit services provided to UK subsidiaries of the Company	**209**	195
Statutory audit services provided to a US subsidiary	**126**	80
Other services		
Audit-related assurance services	**108**	125
	147,859	118,409

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. There were no fees payable to the auditors for any taxation or non-audit services in 2021 or 2020.

7. Staff costs

Amounts in relation to employees (including Executive Directors) are as shown below.

	2021 £'000	2020 £'000
Wages and salaries	**81,968**	63,086
Social security costs	**14,686**	10,771
Severance payments	**534**	440
Pension costs (see note 28b)	**1,792**	1,719
Share-based payments	**9,634**	9,961
	108,614	85,977

Compensation costs as a percentage of revenue have decreased to 50% (2020: 56%).

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 unvested awards.

Number of staff employed:

	2021 Number	2020 Number
Monthly average for the year		
Front office	**213**	207
Support functions	**79**	75
Total monthly average for the year	**292**	282
At the year end	**319**	292

Details of Directors' emoluments are presented in the Remuneration Report on page 104.

Notes to the Financial Statements continued

8. Finance income

	2021 £'000	2020 £'000
Interest income	**1**	261
Net foreign exchange gains	**–**	650
Other income	**–**	75
	1	986

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

	2021 £'000	2020 £'000
Interest expense	**439**	497
Interest expense on lease liabilities	**1,102**	226
Net foreign exchange losses	**721**	–
Other finance costs	**27**	–
	2,289	723

Interest expense comprises amounts paid on overdrawn balances with clearing institutions. The unwind of the lease liability discount relates to leases treated as finance leases under IFRS 16.

10. Taxation

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

	2021 £'000	2020 £'000
Current tax		
Corporation tax at 19.0% (2020: 19.0%)	**10,865**	6,783
Corporation tax surcharge at 8.0% (2020: 8.0%)	**2,544**	291
Adjustments in respect of prior years	**2,351**	(202)
Total current tax	**15,760**	6,872
Deferred tax		
Origination and reversal of timing differences	**508**	(1,077)
Changes in tax rate	**35**	(82)
Total tax charge	**16,303**	5,713

Factors affecting the tax charge for the year:

	2021 £'000	2020 £'000
Profit before tax	**74,150**	37,063
Profit before tax multiplied by the standard rate of UK corporation tax 19% (2020: 19%)	**14,088**	7,041
Effects of:		
Non-deductible expenses and non-taxable income	**(1,964)**	(649)
Profits taxed at rates other than 19%, principally banking surcharge tax	**2,544**	291
Losses available for utilisation	**–**	18
Permanent differences in respect of share-based payments	**(1,101)**	299
Adjustments in respect of prior years	**2,330**	(202)
Changes in tax rate and other temporary differences	**406**	(1,085)
Total tax charge	**16,303**	5,713

The standard rate of corporation tax in the UK was 19% (2020: 19%) during the reporting period. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had been substantively enacted, substantive enactment occurred on 24 May 2021. Its effects are not included in these financial statements as there is no material difference between the rates noted. The Group has used 27% (19% corporation tax, plus 8% UK banking surcharge) for the calculation of the deferred tax asset, most of which is recoverable before April 2023. The Group was subject to the UK banking surcharge tax in the year to 30 September 2021. This is levied at a rate of 8% on annual UK profits chargeable to corporation tax in excess of £25m.

11. Dividends

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

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.

As a result of an internal review of historical distributable reserves on a solo entity basis over the period from the 2005 financial year to date, a number of dividends and buybacks have been identified where the determination of distributable reserves was inconsistent with guidance on the application of the Companies Act 2006. The dividends concerned relate to numerous periods between the financials years 2006 and 2020, and the buybacks relate to periods from financial year 2013 to December 2020. While sufficient distributable reserves existed in the consolidated Group at the times of all historic payments, the level of distributable reserves in the Company itself has been determined to have been insufficient. At the next AGM on 8 February 2022 resolutions will be proposed to address the historic positions. The Group's current and historic capital positions are unaffected by the outcome of this review and the Group's ability to make distributions in accordance with its dividend policy is unaffected.

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
Cost				
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**
Accumulated depreciation				
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**
Net book value				
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 continued

12. Property, plant and equipment continued

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 October 2019	853	5,373	4,179	10,405
Additions	15	33	981	1,029
Disposals	(280)	–	(2,646)	(2,926)
At 30 September 2020	588	5,406	2,514	8,508
Accumulated depreciation				
At 1 October 2019	483	3,820	3,312	7,615
Charge for the year	98	580	545	1,223
Disposals	(280)	–	(2,646)	(2,926)
At 30 September 2020	301	4,400	1,211	5,912
Net book value				
At 30 September 2019	370	1,553	867	2,790
At 30 September 2020	287	1,006	1,303	2,596

13. Intangible assets

Group

The movement during the year and the prior year was as follows:

	2021 Purchased software £'000	2020 Purchased software £'000
Cost		
At 1 October	**993**	1,151
Additions	**310**	431
Disposals	**–**	(589)
At 30 September	**1,303**	993
Accumulated amortisation		
At 1 October	**587**	1,071
Charge for the year	**158**	105
Disposals	**–**	(589)
At 30 September	**745**	587
Net book value		
At 1 October	**406**	80
At 30 September	**558**	406

14. Right-of-use assets

Group

The Group's right-of-use assets were as follows:

	2021 £'000	2020 £'000
Asset		
At 1 October	**4,020**	6,625
Opening accrual adjustment	**–**	(676)
Additions	**37,408**	–
Depreciation	**(3,262)**	(1,793)
Foreign exchange	**(133)**	(136)
At 30 September	**38,033**	4,020

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

	2021 £'000	2020 £'000
At 1 October	**88,835**	79,256
Additions	**9,048**	9,579
At 30 September	**97,883**	88,835

Additions reflect the accounting treatment required by IFRS 2 in relation to awards made under the Group's share plans which are accounted for as equity-settled share transactions and relate 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 continued

16. Deferred tax

The movement in the deferred tax balance is as follows:

Group	2021 £'000	2020 £'000
At 1 October	**5,617**	3,962
Amounts recognised in the income statement	**(543)**	978
Amounts recognised in equity	**(1,068)**	677
At 30 September	**4,006**	5,617

Group	Capital allowances £'000	Share plan arrangements £'000	Other £'000	Total £'000
At 1 October 2020	74	5,518	25	5,617
Amounts recognised in the income statement	(340)	(218)	15	(543)
Amounts recognised in equity		(1,068)		(1,068)
At 30 September 2021	**(266)**	**4,232**	**40**	**4,006**

The above 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 £1,738,000 (2020: £4,691,000) is expected to be recovered within 12 months.

17. Trade and other receivables

The following amounts are included within trade and other receivables:

Group	2021 £'000	2020 £'000
Due from clients, brokers and other counterparties (excluding corporate finance receivables)	**440,420**	300,283
Loans to employees	**31**	248
VAT receivable	**234**	–
Other receivables, including corporate finance receivables	**22,268**	22,748
Prepayments	**4,403**	2,464
Accrued income	**443**	413
	467,799	326,156

Company	2021 £'000	2020 £'000
Other receivables	**36,469**	7

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 arise from arrangements under the Group's share plans. These are repayable on departure from the Group or as requested by the Group.

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	2021 £'000	2020 £'000
At 1 October	**80**	348
Movement to level of expected credit losses	**(7)**	(268)
At 30 September	**73**	80

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.

18. Trading investments

Group	2021 £'000	2020 £'000
Listed on the LSE main market	**38,897**	12,125
Listed on AIM	**5,270**	2,200
Listed overseas	**1,368**	9,063
Unlisted UK investments	**5,873**	13,329
Unlisted overseas investments	**7,564**	1,372
	58,972	38,089

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

19. Stock borrowing collateral

Group	2021 £'000	2020 £'000
Stock borrowing collateral	**18,623**	18,222

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 (2020: £nil), due to these balances being fully collateralised.

20. Derivative financial instruments

Group Options and warrants	2021 £'000	2020 £'000
At 1 October	**18**	1,103
Exercised	**–**	(1,085)
Revaluation to fair value in the year recognised in the income statement	**611**	–
At 30 September	**629**	18
Included in current assets – listed securities	**629**	18

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.

Foreign exchange contracts may also be used from time to time during the year. At 30 September 2021 the fair value of outstanding foreign exchange contracts was £nil (2020: £nil).

21. Cash and cash equivalents

Group	2021 £'000	2020 £'000
Cash and cash equivalents included in current assets	**134,125**	125,217

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 continued

22. Trade and other payables

Group	2021 £'000	2020 £'000
Amounts due to clients, brokers and other counterparties	**415,460**	296,249
VAT payable	**–**	666
Social security and PAYE	**1,794**	1,364
Other payables	**3,189**	622
Deferred income	**3,135**	1,305
Accruals	**58,368**	40,059
	481,946	340,265

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.

Included within accruals is a provision for dilapidations, which was fully settled in October 2021, as follows:

Provisions – dilapidations for the Paternoster Square office Group	2021 £'000	2020 £'000
At 1 October	**1,000**	–
Movement in the year	**(400)**	1,000
At 30 September	**600**	1,000

Company	2021 £'000	2020 £'000
Amounts due to subsidiaries	**–**	6,580

23. Lease liabilities

The Group's lease liabilities were as follows:

Group	2021 £'000	2020 £'000
Liabilities		
At 1 October	**4,605**	6,625
Additions	**37,408**	–
Cash paid in respect of lease arrangements	**(2,913)**	(2,099)
Unwind of discount	**1,102**	226
Foreign exchange	**(131)**	(147)
At 30 September	**40,071**	4,605
Of which:		
Current liabilities	**491**	1,962
Non-current liabilities	**39,580**	2,643
Total	**40,071**	4,605

The Group's weighted average borrowing rate applied to its lease liabilities is 3.96% (2020: 4.36%), which uses a build-up approach that starts with a risk-free interest rate adjusted for the impact of credit risk through reference to the Group's borrowing rates.

24. Share capital and other reserves

Share capital

Group and Company	**2021 £'000**	2020 £'000
Authorised		
140,000,000 (2020: 140,000,000) 5p ordinary shares	**7,000**	7,000
Allotted, issued and fully paid		
125,038,536 (2020: 118,438,536) 5p ordinary shares	**6,252**	5,922

During the year there were 6,600,000 ordinary shares issued (2020: nil). During the year 500,000 (2020: 1,935,000) ordinary shares of 5p with an aggregate nominal value of £25,000 (2020: £96,750) were purchased by the Company into Treasury shares. Retained earnings have been reduced by £1,555,000 (2020: £5,426,000) being the consideration paid for these shares. Also, during the year, 3,200,000 (2020: 2,000,000) ordinary shares of 5p were transferred from Treasury shares to the Group's Employee Benefit Trust at a weighted average value of £2.73 per share (2020: £2.69 per share). The number of shares held in Treasury at 30 September 2021 totals 10,671,088 (2020: 13,371,088).

Other reserves

Group	**Foreign exchange translation £'000**	**Equity-settled share plans £'000**	**Total other reserves £'000**
Balance at 1 October 2020	1,364	21,057	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	**1,374**	**7,663**	**9,037**

	Foreign exchange translation £'000	Equity-settled share plans £'000	Total other reserves £'000
Balance at 1 October 2019	1,137	19,502	20,639
Exchange difference on translation of foreign operations	227	–	227
Employee share plans: value of employee service	–	9,579	9,579
Employee share plans: transfer to retained profit on vesting of awards	–	(8,024)	(8,024)
Balance at 30 September 2020	1,364	21,057	22,421

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**

	Equity-settled share plans £'000
Balance at 1 October 2019	19,501
Employee share plans: value of employee service	9,579
Employee share plans: transfer to retained profit on vesting of awards	(8,024)
Balance at 30 September 2020	21,056

Notes to the Financial Statements continued

25. Cash flows generated from operating activities

Reconciliation of profit before tax to cash flows generated from operating activities:

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

Company

The Company does not 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 £57,000,000 (2020: £13,000,000) 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 2021 the Trust owned 3,400,981 ordinary shares at 5p in the Company (2020: 616,537) with a market value of £12.2m at 30 September 2021 (2020: £1.8m).

	2021 Number of shares	2020 Number of shares
At 1 October	**616,537**	438,469
Acquired during the year	**6,358,397**	1,534,674
New issuance of shares	**6,600,000**	–
Transferred from treasury	**3,200,000**	2,000,000
Shares vested in employees	**(11,264,299)**	(3,336,844)
Shares used to satisfy option exercises	**(2,109,654)**	(19,762)
At 30 September	**3,400,981**	616,537

The figures in the above table are presented on a trade date basis.

At 30 September 2021 the number of shares held by the Trust in respect of awards made to, but not yet vested in, employees was nil (2020: nil shares).

A description of the Group's active share plans and their operation is set out below:

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.

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 103.

Awards granted under this plan are equity settled.

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.

Notes to the Financial Statements continued

26. Employee share plans continued

Nature of plan

The plan was devised broadly to follow the terms of the Restricted Stock Unit (RSU) 2008 Plan and was put in place as no awards could be made under the earlier 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.

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 2021 is detailed in the tables below:

	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)
Award shares at 30 September 2021	**–**	**4,521,724**	**4,521,724**

	RSU 2008 Number of shares	RSU 2017 Number of shares	Total Number of shares
Award shares at 1 October 2019	1,603,929	4,207,327	5,811,256
New awards	–	3,029,039	3,029,039
Vesting of awards	(1,571,618)	(1,765,226)	(3,336,844)
Forfeiture of awards	(11,161)	(150,884)	(162,045)
Award shares at 30 September 2020	21,150	5,320,256	5,341,406

Under the share plans shown above, awards of 1,661,181 shares (2020: 3,029,039 shares) were granted during the year at a weighted average fair value of 316.2p (2020: 233.4p). The weighted average market price on grant date for all awards made during the year was 341.1p (2020: 258.4p).

Option plans

The Group may grant options under four different plans – the Long-Term Incentive Plan 2021, the Long-Term Incentive Plan 2016, the Long-Term Incentive Plan (US) 2017 (all described above) 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.

Movements in the number of outstanding share options during the year and their weighted average exercise prices are as follows:

	2021		2020	
	Average exercise price (pence per share)	**Outstanding options**	Average exercise price (pence per share)	Outstanding options
At 1 October	**3.98**	**11,295,016**	4.42	11,314,778
Granted	**–**	**1,298,507**	–	–
Forfeited	**–**	**(1,384,384)**	–	–
Exercised	**2.54**	**(9,831,582)**	253.00	(19,762)
At 30 September	**14.52**	**1,377,557**	3.98	11,295,016

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 8.90 years (2020: 5.85 years).

The weighted average share price at the exercise date of options exercised during the year, was 334.8p (2020: 290.0p).

At 30 September 2021 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 £18,000 respectively.

27. Earnings per share

Basic earnings per share is calculated on a profit after tax of £57,847,000 (2020: £31,350,000) and 106,687,884 (2020: 104,986,698) ordinary shares, being the weighted average number of ordinary shares in issue during the year. Diluted earnings per share takes account of contingently issuable shares arising from share 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.

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

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 2021 the Group did not have any indebtedness to Barclays Bank plc (2020: 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 (RCF)

A revolving credit facility of £35m is in place with the Group's banks, should the Group be required to temporarily fund any short-term settlement obligations. The facility is committed until May 2023.

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.

Notes to the Financial Statements continued

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 2021:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments £'000	Total £'000
Assets				
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
Total assets	**616,144**	**59,601**	**60,215**	**735,960**
Liabilities				
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)
Total liabilities	**(513,899)**	**(27,217)**	**(8,118)**	**(549,234)**
Total equity	**102,245**	**32,384**	**52,097**	**186,726**

At 30 September 2020:

	Assets and liabilities held at amortised cost £'000	Fair value through profit or loss £'000	Non-financial instruments £'000	Total £'000
Assets				
Property, plant and equipment	–	–	2,596	2,596
Intangible assets	–	–	406	406
Right-of-use assets	–	–	4,020	4,020
Deferred tax	–	–	5,617	5,617
Trade and other receivables	323,692	–	2,464	326,156
Trading investments	–	38,089	–	38,089
Stock borrowing collateral	18,222	–	–	18,222
Current income tax receivable	–	–	1,332	1,332
Derivative financial instruments	–	18	–	18
Cash and cash equivalents	125,217	–	–	125,217
Total assets	467,131	38,107	16,435	521,673
Liabilities				
Trade and other payables	(336,308)	–	(3,957)	(340,265)
Trading instruments	–	(19,170)	–	(19,170)
Lease liabilities (current)	(1,962)	–	–	(1,962)
Lease liabilities (non-current)	(2,643)	–	–	(2,643)
Total liabilities	(340,913)	(19,170)	(3,957)	(364,040)
Total equity	126,218	18,937	12,478	157,633

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 embedding 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. 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.

The Risk Oversight Committee exercises senior level oversight of all risk-related issues. It has specific responsibility for the in-depth assessment and reporting of all material enterprise risks faced by the Group, including operational and financial risks, and their outlook. For example, the Risk Oversight Committee reviews regulatory, legal, financial, technology, and people risk matters, overseas office concerns and change management issues.

Notes to the Financial Statements continued

29. Financial instrument risk management continued
The Financial Risk Committee is responsible for confirming that the day-to-day operating activities related to market risk, credit risk, liquidity and capital are managed within the financial risk appetite and controls framework. It reviews the detailed components of market, credit and liquidity risk exposures of the business to ensure that such risks are monitored and assessed appropriately. As a minimum, the Financial Risk Committee reviews market risk of the trading book, credit risk to trading and deposit taking counterparties, liquidity risk of the cash and cash equivalents, capital resources and requirements and operational incidents.

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.

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 prices and volatilities of equity prices. 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 during this year. This approach is an accepted industry standard and gives the Group an understanding of the market risks being taken.

VaR limits are set at both individual stock level and portfolio level and are approved by the Board. Such 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, as a minimum, 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 against limits with all resulting excesses highlighted. Similarly, the risk measures are also compared to the daily revenue performance. Alongside the use of VaR limits, there are absolute monetary trading book limits at gross and net position level.

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.

				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**

				2020
	Long £'000	Short £'000	Gross £'000	Net £'000
Highest position	37,401	(28,339)	59,201	24,771
Lowest position	6,348	(2,938)	10,624	(14,205)
Average position	19,666	(12,654)	30,587	2,826
At 30 September 2020	14,360	(17,818)	32,177	3,458

The table below shows the highest, lowest, average and year end equity VaR.

	2021 £'000	2020 £'000
Highest VaR	**924**	892
Lowest VaR	**179**	145
Average VaR	**370**	327
At 30 September	**281**	267

In addition, the Group holds positions totalling £13,437,000 (2020: £14,701,000) in unlisted securities.

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. Trading investments held outside the market-making activities are monitored by the Co-CEOs, CFO and senior management.

Equity risk is managed through a combination of cash investment limits applied to the entire trading book coupled with VaR limits set at individual stock level and portfolio level. These limits are approved by the Board, the Risk Committee and the Financial Risk Committee, and monitored and reported by the Risk function daily. Excess levels over the stock and portfolio limits are initially flagged in real-time on the trading platform and monitored by the traders and the Risk function. Excesses are either addressed by the traders or, if they are unable to take corrective action, will be discussed with the Risk function and reported to senior management as part of the routine end of day reporting mechanism. Excesses are also summarised and presented to the Financial Risk Committee along with reasons and corrective action required to bring them within limits.

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 the year end indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £4,554,000 (2020: £2,339,000).

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 exactly 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 the year end indicates that the impact of such a movement would be to decrease/increase respectively profit in the income statement by £2,722,000 (2020: £1,917,000).

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 the Group's VaR methodology.

A 10% increase/decrease in the relevant underlying equity price relating to the derivative financial instruments held at the year end indicates that the impact of such a movement on the profit in the income statement would be an increase of £274,000 (2020: £8,000) and a decrease of £274,000 (2020: £8,000) 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.

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.

Notes to the Financial Statements continued

29. Financial instrument risk management continued

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.

	2021 £'000	2020 £'000
Highest VaR	**330**	340
Lowest VaR	**105**	75
Average VaR	**186**	197
At 30 September	**148**	270

The Group's net assets by currency at 30 September were as follows:

	Sterling £'000	US$ £'000	Euro £'000	Canadian $ £'000	Other £'000	Total £'000
2021						
Sterling equivalent	**160,582**	**21,571**	**4,733**	**331**	**(491)**	**186,726**
2020						
Sterling equivalent	137,145	17,682	812	386	1,607	157,633

The Group hedges any significant transactional currency exposures arising from trading activities using spot or forward foreign exchange contracts. At 30 September 2021 there were no material transactional currency exposures (2020: immaterial) and the fair value of derivative financial instruments held to manage such currency exposure at 30 September 2021 was £nil (2020: £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 £):

	2021			2020		
	US$ £'000	Euro £'000	Total £'000	US$ £'000	Euro £'000	Total £'000
Profit before tax	**(1,636)**	**(468)**	**(2,104)**	(1,013)	(87)	(1,100)
Equity	**(1,636)**	**(468)**	**(2,104)**	(1,984)	(87)	(2,071)

10 cent decrease (weakening £):

	2021			2020		
	US$ £'000	Euro £'000	Total £'000	US$ £'000	Euro £'000	Total £'000
Profit before tax	**1,899**	**556**	**2,455**	1,184	105	1,289
Equity	**1,899**	**556**	**2,455**	2,113	105	2,218

Market risk – concentration risk

The Group does not have any 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 held in 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. As the Group has limited exposure to interest rate risk and has no external debt (2020: £nil) it does not use derivative instruments to hedge interest rate risk.

The table below shows the interest rate profile of the Group's balances that are subject to daily floating rate interest.

Currency	2021 Cash and cash equivalents £'000	2021 Cash collateral £'000	2021 Stock borrowing collateral £'000	2021 Total £'000	2020 Cash and cash equivalents £'000	2020 Cash collateral £'000	2020 Stock borrowing collateral £'000	2020 Total £'000
Sterling	**120,159**	**17,035**	**18,623**	**155,817**	116,913	12,687	18,222	147,822
US Dollar	**10,281**	**–**	**–**	**10,281**	5,860	–	–	5,860
Euro	**3,959**	**–**	**–**	**3,959**	786	–	–	786
Canadian Dollar	**331**	**–**	**–**	**331**	386	–	–	386
Other	**(605)**	**–**	**–**	**(605)**	1,272	–	–	1,272
At 30 September	**134,125**	**17,035**	**18,623**	**169,783**	125,217	12,687	18,222	156,126

The Group has no material exposures to fair value movements arising from changes in the rates of interest at 30 September 2021 or 30 September 2020. Changes to rates of interest would only impact the amount of interest received on these balances and is immaterial to the Group. Therefore, no material sensitivity to changes in the prevailing market rates of interest exists at 30 September 2021 or 30 September 2020. The Group has no interest-bearing liabilities at 30 September 2021 (2020: nil).

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 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)**

At 30 September 2020:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	23,388	–	14,701	38,089
Derivative financial instruments	–	18	–	18
Assets	23,388	18	14,701	38,107
Trading instruments	(19,170)	–	–	(19,170)
Liabilities	(19,170)	–	–	(19,170)

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 was one transfer from level 3 to level 1 during the year.

Notes to the Financial Statements continued

29. Financial instrument risk management continued

Movements in financial assets categorised as level 3 during the year were:

	2021 £'000	2020 £'000
At 1 October	**14,701**	14,494
Additions	**3,400**	39
Net gains included in other operating income in the income statement	**8,807**	168
Disposals	**(5,125)**	–
Transfer to level 1	**(8,346)**	–
At 30 September	**13,437**	14,701

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.

A sensitivity analysis based on a 5% increase/decrease in the underlying level 3 investment companies within the Group's investment portfolio, would increase/decrease respective profit in the income statement by £672,000 (2020: £735,000). There are a number of unobservable inputs used to value of the Group's investment portfolio. The most significant of these are:

- discounts to recent observable transactions. The impact of increasing these discounts by 10% for the most significant investments, where appropriate, would be to decrease the value of these investments by £243,000.
- adjustments taken to earnings multiples of comparable peer companies in both private and public markets, as well as performance uplifts from forecasts. The impact of changing these adjustments by 10%, where appropriate, would be an increase or decrease to the value of the investments of £523,000.

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 initially on the categorisation of the counterparty (for example, hedge fund, long only fund, broker, etc.) and assessed further according to the results of an external credit rating and/or relevant financial indicators and/or news flow. From time to time certain counterparties may be placed on an internal watch list in reaction to adverse news flow or market sentiment. The Risk function prepares a summary daily report for senior management which identifies the top 40 individual counterparty exposures measured against their limits, the major stock positions which make up the exposure and a list of the largest failing trades. This reporting incorporates the Sterling equivalent gross inward, outward and net cash flow exposure. Finally, automated intra-day reporting of all inward, outward and net cash flow exposures by individual counterparty against assigned limits is monitored 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. Loans to employees in respect of share scheme arrangements are secured by shares held within the Employee Benefit Trusts. Stock borrowing collateral is monitored on a daily basis and has a low counterparty credit risk due to being collateralised.

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 2021 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 2021 (2020: £nil).

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**

At 30 September 2020 (£'000)

	Not Overdue	0 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Trade and other receivables	321,538	1,220	–	932	2	323,692
Trading investments	38,089	–	–	–	–	38,089
Stock borrowing collateral	18,222	–	–	–	–	18,222
Derivative financial instruments	18	–	–	–	–	18
Cash and cash equivalents	125,217	–	–	–	–	125,217
	503,084	1,220	–	932	2	505,238

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.

Notes to the Financial Statements continued

29. Financial instrument risk management continued

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 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 2020 (£'000):

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	336,308	–	–	–	336,308
Trading instruments	19,170	–	–	–	19,170
Lease liabilities (current)	488	1,474	–	–	1,962
Lease liabilities (non-current)	–	–	1,429	1,214	2,643
	355,966	1,474	1,429	1,214	360,083

A revolving credit facility of £35m is in place with the Group's banks, should the Group be required to temporarily fund any short-term settlement obligations. The facility is committed until May 2023.

Capital risk

The Group manages its capital resources with reference to the requirements of the business and also through consideration of the Internal Capital Adequacy Assessment Process (ICAAP) performed in accordance with guidelines and rules governed by the Financial Conduct Authority (FCA). Under this process the Group plans to ensure that there is either sufficient capital to absorb potential losses or that there are mitigating controls in place which make the likelihood of the risk occurring remote.

The Group is regulated by the FCA. The Group has adopted the Capital Requirements Regulation standardised approach to credit risk and market risk and the basic indicator approach for operational risk.

From 1 January 2022, the Group and its subsidiary, Numis Securities Ltd, will be subject to a new prudential regime for MiFID investment firms in the UK. The new prudential regime aims to simplify and streamline the rules for investment firms and replaces many rules that were designed for credit institutions.

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 also 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 identify and 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 Risk and Control Self 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 as a whole and fully integrated into the risk management framework, processes and reporting outlined within the Corporate Governance Report on page 74 and in the Group section of this note starting on page 146. 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 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 limited 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 Executive Directors of the Company and the executive management teams of the Group's operating subsidiaries, who are also Directors of those subsidiaries:

	2021 £'000	2020 £'000
Short-term employment benefits	**12,839**	9,842
Post-employment benefits	**55**	123
Gains on option exercises	**26,234**	–
Share-based payments	**2,763**	3,232
	41,891	13,197

The above amounts include those paid to Directors of the Company.

Company

a) Transactions between related parties
Details of transactions 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.

Notes to the Financial Statements continued

30. Related Party Transactions continued

b) Key management compensation

The compensation paid to key management is set out below:

	2021 £'000	2020 £'000
Short-term employment benefits	**8,528**	6,566
Post-employment benefits	**16**	72
Gains on option exercises	**26,234**	–
Share-based payments	**2,113**	2,036
	36,891	8,674

Details of the remuneration of each Director, including the highest paid Director, can be found within the Remuneration Report on page 104. 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 8.0p per share (2020: 6.5p) was proposed by the Directors at their meeting on 7 December 2021. 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 £8,877,000.

Other information

Notice of Annual General Meeting 2022

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 8 February 2022, at 12.30 p.m**. to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 13 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 2021, together with the Directors' Report and Auditors' Report.
2. To declare a final dividend for the year ended 30 September 2021 of 8.0p per ordinary share payable on 11 February 2022 to shareholders on the register at 6.00 p.m. on 17 December 2021.
3. To reappoint as a director Mr Alexander Ham (Co-CEO), 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 Luke Savage (Non-Executive Director), who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.
5. 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.
6. To authorise the Audit Committee to determine the remuneration of the Auditor on behalf of the Board.
7. 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 2023 or at 6.00 p.m. on 1 May 2023, whichever is sooner. In any event, the aggregate amount of political expenditure made or incurred under this authority shall not exceed £100,000.
8. 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 a maximum 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 2023, or, if earlier, at 6.00 p.m. on 1 May 2023, 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.

Special Resolutions

9. THAT, subject to and conditional upon the passing of resolution 8 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 8 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 8 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 2023 or, if earlier, at 6.00 p.m. on 1 May 2023, 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.

10. THAT, subject to the passing of resolution 8, 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 9, to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by resolution 8 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 2023 or at 6.00 p.m. on 1 May 2023, 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.

11. 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 2023, or, if earlier, 1 May 2023, 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.

Notice of Annual General Meeting continued

12. THAT in relation to certain historical final and interim dividends paid by the Company over the period from February 2007 to February 2021 (the "Relevant Dividends") in relation to which the Company had insufficient distributable reserves (the "Deficits"):
    (a) the appropriation to such Deficits of equal distributable profits of the Company (from intra-group dividends received as shown in the audited financial statements of the Company for the year ended 30 September 2021), be and is hereby authorised and confirmed;
    (b) any and all claims which the Company has or may have arising out of or in connection with the payment of the Relevant Dividends against those current and former shareholders who appeared on the register of members on the record date for the Relevant Dividends be waived and released, and that a deed of release in favour of such shareholders be entered into by the Company in the form produced to the Annual General Meeting and initialled by the Chairman for the purposes of identification and any director in the presence of a witness or any two directors or any director and the Company Secretary be authorised to execute the deed of release as a deed poll for and on behalf of the Company (the "Release");
    (c) any distribution involved in the giving of the Release in relation to the Relevant Dividends be made out of the relevant distributable profits of the Company appropriated to the Relevant Dividends by reference to a record date identical to the record date for each of the Relevant Dividends; and
    (d) any and all claims which the Company has or may have against each of its directors (whether past or present) arising out of or in connection with the approval, declaration or payment of the Relevant Dividends be waived and released and a deed of release in favour of such persons be entered into by the Company in the form produced to the Annual General Meeting and initialled by the Chairman for the purposes of identification and any director in the presence of a witness or any two directors or any director and the Company Secretary be authorised to execute the same as a deed poll for and on behalf of the Company.

13. THAT the capital of the Company be reduced by cancelling and extinguishing all of the 10,671,088 ordinary shares of 5p each purportedly purchased by the Company between June 2013 and February 2021 and held in treasury, as further described on page 165 of the annual accounts of the Company for the year ended 30 September 2021.

By order of the Board

Andrew Holloway
Chief Financial Officer & Company Secretary

8 December 2021

Registered in England & Wales
Company Registered No: 2375296
Registered Office
45 Gresham Street
London
EC2V 7BF

Notes to the Notice of the 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 BS99 6ZY, no later than 4 February 2022 at 12.30 p.m. (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 4 February 2022 at 12.30 p.m. 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.

Record date

8. 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 6.00 p.m. on 4 February 2022 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

9. 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

10. 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, BS99 6ZZ

Total Voting Rights

11. As at 8 December 2021, being the latest practicable date prior to the date of this Notice, the Company's issued share capital consisted of 125,038,536 ordinary shares, carrying one vote each, and 10,671,088 (9.33 per cent.) treasury shares. Therefore, the total number of voting rights in the Company as at 8 December 2021 was 114,367,448.

Notice of Annual General Meeting continued

Documents available for inspection

12. 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 deed of release with the shareholders of the Company;
    - the deed of release with the directors of the Company;
    - the Service Contract of each Executive Director; and
    - the Letters of Appointment of each Non-Executive Director.

Explanatory Notes to the Notice of 2022 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 2021, 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 8.0p per ordinary share be paid on 11 February 2022 to ordinary shareholders who are on the Register of Members at 6.00 p.m. on 17 December 2021 (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. 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.

If you have not already joined the DRIP and wish to do so, you should either apply online at www.investorcentre.co.uk or, alternatively, contact the Company's registrar 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 BS99 6ZZ, so as to arrive no later than **6.00 p.m. on 21 January 2022**. 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 and 4 – 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.

Messrs. Ham (Co-CEO) and Savage (Non-Executive Director) are each required to retire by rotation and offer themselves for re-election in accordance with the Articles of Association of the Company.

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 72 and 73 of the 2021 Annual Report and on Numis' corporate website.

Resolutions 5 and 6 – 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 5 proposes the reappointment of the Company's existing auditors, PricewaterhouseCoopers LLP.

Resolution 6 proposes that the Audit Committee be authorised to determine the level of the auditors' remuneration on behalf of the Board.

Resolution 7 – 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 8 – Authority to allot relevant securities

Resolution 8 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 9 February 2021, will expire at the end of this year's Annual General Meeting. Accordingly, paragraph (a) of resolution 8 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 8(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 2023, or at 6.00 p.m. on 1 May 2023, whichever is sooner, unless renewed or revoked prior to such time.

Resolutions 9 and 10 – Disapplication of statutory pre-emption rights

Resolutions 9 and 10 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 9 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 8 December 2021 (being the latest practicable date prior to the publication of this Notice).

Resolution 10 would give the directors authority to allot a further 5 per cent. of the issued ordinary share capital of the Company as at 8 December 2021 (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 9 and 10 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 10) without prior consultation with shareholders. The authorities contained in resolutions 9 and 10 will expire at the conclusion of the annual general meeting of the Company to be held in 2023 or at 6.00 p.m. on 1 May 2023, whichever is sooner.

Notice of Annual General Meeting continued

Resolution 11 – Authority to purchase Company's own shares

Resolution 11 seeks to grant the directors authority (until the next Annual General Meeting to be held in 2023 or, if earlier, 1 May 2023, 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.

Resolution 12 – Relevant Dividends rectification and releases

The Relevant Dividends

As announced on 7 May 2021, the Board has become aware of certain issues in respect of the payment of the historical dividends over the period paid between February 2007 to February 2021 (together, the "Relevant Dividends"). These issues resulted in each of the Relevant Dividends being made otherwise than in accordance with the Act.

The consequences of the Relevant Dividends having been made by the Company otherwise than in accordance with the Act

Under the Act, a public limited company may pay a dividend only out of its distributable profits as shown in the last accounts filed at Companies House. In addition to having sufficient distributable profits, the Act provides that a public limited company may only pay a dividend: (i) if at the time the dividend is paid the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves; and (ii) if, and to the extent that, the dividend does not reduce the amount of those net assets to less than the aggregate amount of its called-up share capital and un-distributable reserves.

Prior to paying any dividend, the Company should have ensured that at all times it had the requisite level of distributable profits and the requisite level of net assets by reference in each case to relevant accounts (as defined in the Act).

At the time the Company made the Relevant Dividends, it did not have sufficient distributable profits. There were sufficient distributable profits within the Group as a whole, but the assessments made in calculating the amount of profits that were required to be remitted to the Company in order to create sufficient distributable profits were incorrect. This led to insufficient distributable profits in the Company at those times. Accordingly, the Relevant Dividends were, regrettably, made by the Company otherwise than in accordance with the Act. The Group's current and historical capital positions are unaffected.

The Company has been advised that, as a consequence of each of the Relevant Dividends having been made otherwise than in accordance with the Act, it may have claims against past and present shareholders who were recipients of the Relevant Dividends to recover the amount paid by way of the dividends.

Similarly, the Company has also been advised that it may have claims against persons who were directors at the time of payment of each of the Relevant Dividends (the "Relevant Directors").

It is not the intention of the Company that any such claims should be made by the Company against either its shareholders or its past or present directors.

Related party transaction

The entry by the Company into the Deeds of Release and consequential waiver of any rights of the Company to make claims in respect of the Relevant Dividends constitutes an AIM Rule 13 related party transaction pursuant to the AIM Rules for Companies ("AIM Rules"), in respect of (a) Aktie-selskabet af 1.3.2017 being a shareholder who is currently interested in more than 10 per cent. of the total voting rights to be cast at the AGM; and (b) each of the current directors and persons who were directors of the Company in the twelve months prior to the date of the publication of this document.

In lieu of any independent directors' recommendation in relation to resolution 12, due to all directors being in office at the time some of the Relevant Dividends were proposed and paid, Grant Thornton UK LLP, in its capacity as Nominated Adviser to the Company for the purposes of the AIM Rules, considers that resolution 12 (and specifically the entry by the Company into the Shareholders' Deed of Release and the Directors' Deed of Release (as defined below)) is fair and reasonable insofar as the shareholders of the Company are concerned.

Shareholder Resolution

In order to: (i) remedy the potential consequences of the Relevant Dividends having been made by the Company otherwise than in accordance with the Act; and (ii) put all potentially affected parties so far as possible in the position in which they were always intended to be had the Relevant Dividends been made in accordance with the requirements of the Act, the Company is proposing resolution 12, which is proposed as a special resolution.

If passed, the effect of the resolution will be to:

(a) (authorise and confirm the appropriation of the relevant distributable profits of the Company to the payment of each of the Relevant Dividends;

(b) waive and release those shareholders who appeared on the register of members on the record date for each of the Relevant Dividends from any and all claims which the Company has or may have in respect of the payment of each of the Relevant Dividends, such waiver and release to be effected by way of the entry by the Company into a shareholders' deed of release (the "Shareholders' Deed of Release"); and

(c) waive and release any rights of the Company to make claims against the Relevant Directors in respect of each of the Relevant Dividends, such waiver and release to be effected by way of the entry by the Company into a directors' deed of release (the "Directors' Deed of Release", and together with the Shareholders' Deed of Release, the "Deeds of Release").

Copies of the form of the Deeds of Release will be available for inspection at the AGM.

The approach that the Company is proposing by way of resolution 12 in respect of the Relevant Dividends is consistent with the approach taken by other listed companies that have, similarly, made such distributions otherwise than in accordance with the Act. The Board has taken steps to ensure that, in future, the issues referred to in this document do not arise in relation to the payment of dividends.

Resolution 13 – Reduction of Capital

Resolution 13 seeks shareholder approval for the cancellation of 10,671,088 ordinary shares as part of a Court-approved reduction of capital process (the "Reduction of Capital"). If this resolution is passed, the Company shall apply to the Court for order to confirm the reduction of capital and those ordinary shares shall be cancelled.

The Reduction of Capital is proposed as a result of technical issues (described below) affecting certain purchases of ordinary shares made by the Company between June 2013 and February 2021 (the "Buybacks").

In accordance with the Act, the Company intended to fund the Buybacks from distributable profits, rather than the proceeds of a fresh issue of shares. The Act provides that a public company may make a payment out of its distributable profits as shown in the last accounts circulated to members or, if interim accounts are used, those that have been filed at Companies House.

It was always the intention of the Company to fund the Buybacks in full compliance with the Act and all other regulatory requirements, and at all times the Group had sufficient distributable profits to justify the funding of the Buybacks. However, 19,308,221 ordinary shares were purchased at times when the Company did not have sufficient distributable reserves. As 8,637,133 of these shares were reissued under the Group's employee shares schemes and are no longer held in treasury, the Group intends to cancel the remaining 10,671,088 ordinary shares (the "Remaining Shares") which continue to be held in treasury.

The Company is now, therefore, seeking to cancel the Remaining Shares by means of the Reduction of Capital. The Act permits a company to reduce its capital by obtaining approval of its shareholders by special resolution and then applying to the High Court of Justice of England and Wales for an order confirming the reduction ("Court Order"). Resolution 13 seeks the shareholders' approval of the Reduction of Capital and, if passed, the Company will then make an application for a Court Order.

This resolution intends to put the Company and the shareholders in the position that would have arisen if the Buybacks were undertaken as intended and the shares bought back were cancelled.

Board Recommendation

Your directors consider that resolutions 1 to 11 and 13 to be put 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 resolutions 1 to 11 and 13, as they intend to do in respect of their own beneficial holdings. However, as the directors are parties to the Deeds of Release proposed in resolution 12, they recommend that shareholders consider whether this resolution is in the best interests of the Company and that shareholders do cast their votes on such resolution.

The votes of each of the directors and their respective associates and those of former directors shall not be taken into account in establishing whether the majority necessary for the passing of resolution 12 has been obtained. The directors have undertaken to abstain, and to take all reasonable steps to ensure that their respective associates abstain, from voting on resolution 12.

Information for shareholders

Financial calendar

2021-2022

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

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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 36.

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.

Operating margin
Measure: Underlying operating profit dividend by revenue.

Reconciliation: See page 36.

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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