Numis Corporation Plc

Half Year Results

for the six months ended 31 March 2021

London, 7 May 2021 Numis Corporation Plc (“Numis”, “Group” or “Company”) today announces unaudited interim results for the period ended 31 March 2021.

Highlights

- Strong performance across all business areas delivering a record half year revenue performance
- Recovery in UK equity markets and improved investor sentiment provided a favourable market backdrop
- Investment Banking revenues more than doubled to £82m
- Further strategic progress in building Advisory and Growth Capital Solutions revenues
- Equities revenue increased 27% due to consistently strong trading gains and further market share gains with institutional clients
- Dividend maintained at 5.5p in line with policy and £11.5m spent on share repurchases
- Proposed Dublin office offers strategic opportunity to leverage Capital Markets capabilities in Europe

Financial highlights	**H1 2021**	H1 2020	Change
Revenue	£115.4m	£63.1m	82.9%
Underlying Operating profit	£38.8m	£9.1m	325%
Profit before tax	£39.3m	£7.3m	442%
EPS	25.7p	5.5p	365%
Cash	£97.6m	£95.3m	2.4%
Net assets	£175.3m	£136.7m	28.2%

Operating highlights			
Corporate clients	185	189	(2.1)%
Average market cap of clients	£1,341m	£692m	94%
Revenue per head (annualised)	£804k	£449k	79%
Operating margin	33.6%	14.5%	+19.1ppts
Spend on share repurchases	£11.5m	£5.5m	108%

Notes:

1) Revenue, Underlying Operating profit, Operating margin and Revenue per head all exclude investment income / losses
2) Diluted EPS
3) H1 2020 corporate clients excludes 20 Natural Resources clients given the subsequent exit from the sector

Alex Ham and Ross Mitchinson, Co-Chief Executive Officers, said:
“Our consistent focus on enhancing the firm’s capabilities and strengthening our client relationships has contributed to an excellent and broad-based first half performance. Over the last 12 months we have generated revenues of more than £200m, an outcome we are particularly proud of given the range of expertise and advice demanded by our clients during this period. We also recognise the resilience and dynamism of our colleagues in achieving this performance in challenging circumstances.

Attracting and developing talent will, as always, remain a priority for us as we continue to target long term strategic growth opportunities including the international expansion of our Capital Markets business.

Whilst in the current environment there remains some short-term uncertainty, the business has great momentum, and the pipeline is strong. Execution of our Capital Markets pipeline will be influenced by equity market conditions but the outlook for the second half is encouraging."

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Notes for Editors

Numis is a leading independent investment banking group offering a full range of research, execution, corporate broking and advisory services to companies in the UK and their investors. Numis is listed on AIM, and employs approximately 290 staff in London and New York.

The information, statements and opinions contained in this announcement do not constitute a public offer under any applicable legislation or an offer to sell or solicit of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

There are a number of key judgement areas, which are based on models and which are subject to ongoing modification and alteration. The reported numbers reflect our best estimates and judgements at the given point in time.

Forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this announcement.

Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Business review

Numis delivered a record 6 month performance against the backdrop of a recovery in equity markets which benefitted all areas of the business. Overall, revenues increased 83% to £115.4m (2020: £63.1m) and Underlying Operating profit increased substantially to £38.8m (2020: £9.1m) reflecting the positive effect of operational gearing in the business. Profit before tax was £39.3m representing an increase of more than £30m relative to the comparative period and included £2.0m of gains recognised on investments held outside of our market making business (2020: £1.9m loss). Our balance sheet remains resilient with net assets of £175.3m, and our liquidity position was maintained despite new office related capital expenditure and higher share repurchase spend; cash balances were £97.6m (2020: £95.3m).

Market conditions

The 6 month period to 31 March 2021 featured a strong recovery in UK equity markets as positive vaccine newsflow supported consistent gains. In addition, the Brexit deal agreed in December 2020 improved investor sentiment toward the UK. Consequently, the UK has outperformed a number of other markets over the past 6 months and flows into UK equity funds have improved over the period. The FTSE 100 and FTSE250 were up 14% and 24% respectively over the six months, and whilst there has been a divergence in performance across sectors as a result of the pandemic, the recovery has been beneficial for our business.

As markets exhibited signs of a sustained recovery, volatility subsided, and corporate confidence returned, the environment for capital markets activity improved significantly. In particular this allowed the IPO market to function effectively and, as a result, IPO volumes over the past 6 months have been at their strongest level for many years. Overall, UK ECM volumes were materially ahead of the comparative period which was adversely impacted by the start of the pandemic and the pause in deal flow ahead of the UK general election. In addition, UK M&A volumes have started to recover driven by both domestic and international buyers identifying attractive investment opportunities and being able to secure the necessary financing.

Investment Banking

	H1 2021 £m	H1 2020 £m	% Change
Capital Markets	63.3	22.8	177%
Advisory	12.4	7.2	72.0%
Corporate retainers	6.3	6.8	(7.6)%
Investment Banking revenue	**82.0**	**36.9**	**123%**

Investment Banking revenue for the 6 months to 31 March 2021 was 123% higher than the first half of the prior year and 27% higher than the second half of FY20 which benefitted from a significant volume of COVID-19 related equity issuance. In comparison with the strong second half performance of FY20, we delivered an improved revenue performance across multiple products including IPOs, M&A, block trades and Growth Capital Solutions which, in aggregate, more than offset the decline in fund raising activity for our corporate clients. Whilst we have seen diversification by product in the period, there have been certain sectors such as Technology and Digital Consumer which have benefited from an acceleration of certain trends and therefore experienced higher activity levels as a result. Our investment in these sectors over many years, and the strength of our track record, ensured we were well positioned to benefit from the deal flow.

Both transaction volumes and average deal fees increased materially over the period. Growth in average deal fee has been a key feature of revenue growth in recent years and demonstrates the success of our long-term strategic focus on the corporate client base, our market position in ECM, and a growing contribution from Growth Capital Solutions which generally attracts higher fees. In the recent past around 70% of our deal fee revenue has been sourced from our retained client base, however for this six month period, more than 60% of our deal fee revenue is attributable to clients outside of our retained corporate client base. This reflects the enhanced reputation of the firm, a broadening range of capabilities and new international revenue opportunities.

Capital markets revenues almost tripled to £63.3m, led by a strong recovery in IPO volumes. Our consistently strong track record in mid market ECM enabled the firm to establish a leading market share in UK IPOs during this period of elevated activity. Whilst Numis has completed more main market IPOs than any other Investment Bank over the 6 month period, our focus will remain on securing leading roles for high quality issuers.

In addition to IPOs, Capital Markets revenues have benefited from the continued success of Growth Capital Solutions which has broadened its international network of leading technology disruptors and global investors. As the private markets continue to operate efficiently and the size of the market opportunity for us is growing we are continuing to invest in headcount and expand the capacity of the team to ensure we remain well positioned to leverage this trend in global capital markets.

Advisory revenues increased 72% relative to the comparative period reflecting both a recovery in UK M&A volumes, and our investment in sector specialisation and M&A execution capability in recent years. The supportive equity market backdrop has enabled our corporate clients to increasingly assess M&A opportunities, as a result we currently have a good pipeline of M&A mandates across both buy side and sell side which is encouraging for the second half outlook.

Retainer fee income decreased 8% relative to the comparative period due to the strategic decision to exit the Natural Resources sector during FY20 which resulted in a 10% reduction in client numbers. Excluding the impact of this closure, our client base was broadly flat for the period with client wins largely offset by clients lost to takeovers. The outlook for new corporate client wins is positive given the increased volume of IPOs will generate a pipeline of new high quality clients which should mitigate the impact of clients lost due to M&A.

The average market capitalisation of the client base continues to increase at a higher rate than growth in market indices. The average market capitalisation of the clients won was again materially ahead of those lost in the period reflecting our continued focus on strengthening the corporate client base and targeting businesses which we believe will be active and offer the most compelling revenue generating opportunities.

Equities

	H1 2021 £m	H1 2020 £m	% change
Institutional income	21.9	19.7	11.1%
Trading	11.5	6.5	75.7%
Equities revenue	**33.4**	**26.2**	**27.3%**

Equities delivered growth of 27% relative to the comparative period which benefitted from the extreme volatility caused by the start of the pandemic. We have continued to focus on ensuring high levels of engagement with institutional clients and demonstrating the value of our experience across research, sales and trading.

During the period we strengthened the equities platform through a small number of selective hires as we continue to refine our offering and target further market share gains. The elevated activity levels across both secondary market volumes and capital markets presents opportunities for us to differentiate our comprehensive service which we believe is recognised and valued by our institutional clients. In addition, the overall strength of the Equities platform has been critical to our recent success in winning IPO mandates which contributed to a strong Investment Banking performance this half.

Institutional income, which comprises execution commission and payments for research, increased 11% compared to the first half of the prior year. Electronic trading is progressing in line with our expectations and continues to make an increasing contribution to execution revenues with a growing list of clients. As expected, Brexit has resulted in a reduction in institutional income from EU based clients. However, this forfeited revenue is not material and has been more than offset by revenue growth from US based accounts served by our New York office.

Trading book limits were increased during the half in view of the decline in market volatility and increasing demand for liquidity in small and mid cap equities. Our trading book achieved gains of £12m representing growth of 76% relative to the prior period.

EU office

We are progressing our plans to establish an EU presence in Dublin during the first half of FY22, subject to regulatory approval. Whilst Brexit has had minimal impact on the performance of the business, an EU office would both restore certain EU institutional client relationships and provide us with the opportunity to expand our Capital Markets offering throughout Europe with the benefit of passporting.

In recent years we have established relationships with some of the leading growth companies globally and built a network of international growth focused investors. Our growing reputation beyond the UK is presenting opportunities for Numis to participate in international mandates on an increasingly frequent basis. We believe this represents an excellent growth opportunity for the business over the longer term and we will be investing in capability across both Investment Banking and Equities within the new Irish subsidiary.

Investment portfolio

Our investment portfolio is currently valued at £16.2m and we recognised gains of £2.0m during the period, the majority of which related to a new investment made at the start of the period. We partially exited one investment during the period and expect to complete further exits during the second half as we seek liquidity events for our legacy holdings.

Costs and people

	H1 2021 **£m**	**H1 2020** **£m**	**%** **Change**

Staff costs	55.2	31.3	76.0%
Share-based payments	5.8	5.2	11.2%
Non-staff costs	15.7	17.4	(10.0)%
Total administrative costs	**76.7**	**54.0**	**42.0%**
Period end headcount	287	285	0.7%
Average headcount	287	281	2.1%
Compensation ratio	52.8%	58.0%	(5.2)ppts

Average headcount was broadly in line with the prior period and the FY20 year end headcount. In an increasingly competitive market for talent we have continued to invest across the business in support of our strategic priorities. Our staff have shown great commitment in both navigating the challenges of remote working whilst originating and executing a very high volume of transactions. In response, we have introduced a number of initiatives to support staff and recognise their efforts during these challenging circumstances.

We expect headcount to increase in the second half of the year as we focus on Investment Banking hires to provide additional capacity to execute the anticipated volume of deals. In addition, we expect to grow the Growth Capital Solutions team in view of the consistent revenue growth achieved over the past 3 years.

Whilst fixed staff costs are marginally higher than the comparative period, staff costs overall have increased due to materially higher variable compensation reflecting the significant improvement in profit performance over the half. Our share based payment charge was £5.8m reflecting an increase of 11%. We expect the second half charge to reduce given the particularly high number of equity awards vested during the first half.

Compensation costs as a percentage of revenue decreased to 53%, lower than both the comparative period and the FY20 level reflecting the improved performance of the business. We continue to target an appropriate alignment between staff compensation, business performance and shareholder returns. Over the course of the second half of the year we may incur further investment spend related to our targeted hiring activities which may offset any further reductions in the compensation ratio.

Non-staff costs are marginally below the comparative period. Savings related to the business operating on a remote working basis for much of the period have been offset by a £0.7m increase in occupancy costs attributable to the commencement of our lease on the new office in February ahead of the anticipated relocation in September. In line with previous guidance, we expect the London office move to result in a total occupancy cost increase of £4m for FY21, and from FY22 our ongoing occupancy costs will be approximately £3m higher than FY20. In addition, we are likely to incur approximately £1m of exceptional expenses related to the relocation in the current year.

Capital and Liquidity

The Group's net asset position as at 31 March 2021 was £175.3m representing an increase of 11.2% compared to 30 September 2020. We continue to operate significantly in excess of our regulatory capital requirements and believe this provides the group with the flexibility to pursue strategic opportunities whilst also navigating the cyclical nature of our industry with confidence.

Our cash position was in line with the comparative period and below the FY20 year end position. During the half we started incurring capital expenditure on the new office fit-out and relocation project, the majority of this investment spend will occur in the second half. In addition, cash was utilised by an increase in our trading books reflecting the significantly improved market environment compared to last year when the Group's liquidity position benefited from a reduction in trading book limits due to pandemic related volatility. Our cash position is supplemented by a revolving credit facility which is currently undrawn, this facility has recently been extend on the same terms to 2023.

Dividends and share purchases

The Board has declared an interim dividend for the year of 5.5p per share in accordance with our stated policy. The dividend will be paid on 18 June 2021 to shareholders on the Register on 21 May 2021.

During the period we spent £11.5m on share repurchases compared to £5.5m in the previous period. This increase in repurchase spend was attributable to a higher than usual volume of share vestings in the period and associated tax offset purchases. Our share count remains 6m lower than 5 years ago, however we expect the share count to increase at the end of the second half of the year given the likely vesting of 2016 LTIP awards. Our intention remains to continue mitigating the impact of staff equity awards through buybacks over time. In addition, and in accordance with our returns policy, we will continue to review the possibility to return excess capital through buybacks and special dividends taking into consideration the capital and liquidity requirements of the Group's growth initiatives.

Current trading and outlook

The Investment Banking pipeline continues to benefit from a high volume of IPO mandates and the near term outlook for further Growth Capital Solutions and M&A revenues is also encouraging. We therefore expect the broad profile of Investment Banking revenues featured throughout the first half to be sustained in the second half of the year.

Whilst our pipeline is becoming more diversified by sector as market confidence builds across a wider range of industries, execution of the IPO pipeline in particular will be dependent upon the current positive market environment persisting.

Alex Ham & Ross Mitchinson

Co-Chief Executive Officers

7 May 2021

Consolidated Income Statement

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2021

	Notes	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Revenue	3	115,426	63,104	154,899
Other operating income/(loss)	4	1,974	(1,904)	310
Total income		**117,400**	**61,200**	**155,209**
Administrative expenses	5	(76,652)	(53,973)	(118,409)
Operating profit		**40,748**	**7,227**	**36,800**
Finance income	6	1	420	986
Finance costs	6	(1,422)	(390)	(723)
Profit before tax		**39,327**	**7,257**	**37,063**
Taxation		(9,549)	(1,003)	(5,713)
Profit after tax		**29,778**	**6,254**	**31,350**
Attributable to:				
Owners of the parent		29,778	6,254	31,350
Earnings per share	7			
Basic		28.6p	6.0p	29.9p
Diluted		25.7p	5.5p	26.7p

Consolidated Statement of Comprehensive Income

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2021

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Profit for the period	29,778	6,254	31,350
Exchange differences on translation of foreign operations	(1)	27	227
Other comprehensive income for the period, net of tax	**(1)**	**27**	**227**
Total comprehensive income for the period, net of tax, attributable to the owners of the parent	**29,777**	**6,281**	**31,577**

Consolidated Balance Sheet

UNAUDITED AS AT 31 MARCH 2021

	Notes	31 March 2021 Unaudited £'000	31 March 2020 Unaudited £'000	30 September 2020 Audited £'000
Non-current assets				
Property, plant and equipment		3,680	2,418	2,596
Intangible assets		380	222	406
Right-of-use asset	9a	39,463	5,045	4,020
Deferred tax	9b	6,030	3,194	5,617
		49,553	**10,879**	**12,639**
Current assets				
Trade and other receivables	9c	410,415	246,151	326,156
Trading investments	9d	51,501	25,367	38,089
Stock borrowing collateral	9e	21,769	10,658	18,222
Current income tax receivable		1,060	1,004	1,332
Derivative financial instruments		-	-	18
Cash and cash equivalents	9g	97,619	95,332	125,217
		582,364	**378,512**	**509,034**
Current liabilities				
Trade and other payables	9c	(393,505)	(236,176)	(340,265)
Financial liabilities	9f	(23,322)	(10,882)	(19,170)
Lease liabilities	9a	(1,129)	(1,925)	(1,962)
		(417,956)	**(248,983)**	**(361,397)**
Net current assets		**164,408**	**129,529**	**147,637**
Non-current liabilities				
Lease liabilities	9a	(38,684)	(3,736)	(2,643)
Net assets		**175,277**	**136,672**	**157,633**
Equity				
Share capital		5,922	5,922	5,922
Other reserves		14,833	19,755	22,421
Retained earnings		154,522	110,995	129,290
Total equity		**175,277**	**136,672**	**157,633**

Consolidated Statement of Changes in Equity

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2021

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2019	**5,922**	**20,639**	**111,593**	**138,154**
Profit for the period			6,254	6,254
Other comprehensive income		27	-	27
Total comprehensive income for the period	**-**	**27**	**6,254**	**6,281**
Dividends paid			(6,787)	(6,787)
Movement in respect of employee share plans		(912)	(2,853)	(3,765)
Deferred tax related to share-based payments			(647)	(647)
Net movement in Treasury shares			3,436	3,436
Transactions with shareholders	**-**	**(912)**	**(6,852)**	**(7,763)**
Balance at 31 March 2020	**5,922**	**19,755**	**110,995**	**136,672**
Balance at 1 October 2019	**5,922**	**20,639**	**111,593**	**138,154**
Profit for the year			31,350	31,350
Other comprehensive income		227	-	227
Total comprehensive income for the year	-	227	31,350	31,577
Dividends paid			(12,582)	(12,582)
Movement in respect of employee share plans		1,555	(1,711)	(156)
Deferred tax related to share-based payments			677	677
Net movement in Treasury shares			(37)	(37)
Transactions with shareholders	-	1,555	(13,653)	(12,098)
Balance at 30 September 2020	5,922	22,421	129,290	157,633
Balance at 1 October 2020	**5,922**	**20,421**	**129,290**	**157,633**
Profit for the period			29,778	29,778
Other comprehensive income		(1)	-	(1)
Total comprehensive income for the period	**-**	**(1)**	**29,778**	**29,777**
Dividends paid			(6,825)	(6,825)
Movement in respect of employee share plans		(7,587)	(5,802)	(13,389)
Deferred tax related to share-based payments			905	905
Net movement in Treasury shares			7,176	7,176
Transactions with shareholders	**-**	**(7,587)**	**(4,546)**	**(12,133)**
Balance at 31 March 2021	**5,922**	**14,833**	**154,522**	**175,277**

Consolidated Statement of Cash Flows

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2021

	Notes	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Cash flows from operating activities	10	3,988	28,175	76,051
Interest paid		(1,104)	(270)	(497)
Taxation paid		(8,785)	(3,464)	(9,601)
Net cash (used in)/from operating activities		**(5,901)**	**24,441**	**69,953**
Investing activities				
Purchase of property, plant and equipment		(1,577)	(212)	(1,029)
Purchase of intangible assets		(49)	(189)	(431)
Interest received		1	420	986
Net cash (used in)/from investing activities		**(1,625)**	**19**	**(474)**
Financing activities				
Purchase of own shares – Employee Benefit Trust		(9,908)	(3,548)	(5,426)
Purchase of own shares – Treasury		(1,555)	(1,953)	(4,344)
Cash paid in respect of lease arrangements - principal		(1,493)	(922)	(1,873)
Cash paid in respect of lease arrangements - discount		(318)	(120)	(226)
Dividends paid		(6,825)	(6,787)	(12,582)
Net cash used in financing activities		**(20,099)**	**(13,330)**	**(24,451)**
Net movement in cash and cash equivalents		**(27,625)**	**11,130**	**41,028**
Opening cash and cash equivalents		125,217	84,202	84,202
Net movement in cash and cash equivalents		(27,625)	11,130	41,028
Exchange movements		27	-	(13)
Closing cash and cash equivalents		**97,619**	**95,332**	**125,217**

Notes to the Financial Statements

1. Basis of preparation

Numis Corporation Plc is a UK AIM traded company incorporated and domiciled in the United Kingdom. The address of its registered office is 10 Paternoster Square, London, EC4M 7LT. The Company is incorporated in the United Kingdom under the Companies Act 2006 (company registration No. 2375296).

The consolidated financial information contained within these financial statements is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. These financial statements have been prepared in accordance with AIM Rule 18. The statutory accounts for the year ended 30 September 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The report of the independent auditor on those statutory accounts contained no qualification or statement under Section 498(2) or (3) of the Companies Act 2006.

The preparation of these interim financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The judgements and estimates applied by the Group in these interim financial statements have been applied on a consistent basis with the statutory accounts for the year ended 30 September 2020. 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.

These interim financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments.

These interim financial statements are prepared on a going concern basis as the directors have satisfied themselves that, at the time of approving these interim financial statements, the Group has adequate resources to continue in operational existence for at least the next twelve months.

During the period, there were no new standards or amendments to IFRS became effective and were adopted by the Company and the Group.

2. Segmental reporting

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

The Group earns its revenue in the following geographical locations:

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
United Kingdom	110,271	60,358	144,333
United States of America	5,155	2,746	10,566
	115,426	**63,104**	**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:

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
United Kingdom	40,887	4,225	3,994
United States of America	2,636	3,460	3,028
	43,523	**7,685**	**7,022**

Other information
In addition, the analysis below sets out the income performance and net asset split between our investment banking and equities business and the equity holdings which constitute our investment portfolio.

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Equities income	33,386	26,233	53,195
Corporate retainers	6,293	6,811	13,536
Total corporate transactions revenues	75,747	30,060	88,168
Revenue (see note 3)	**115,426**	**63,104**	**154,899**
Investment activity net gains/(losses)	1,974	(1,904)	310
Contribution from investment portfolio	**1,974**	**(1,904)**	**310**
Total income	**117,400**	**61,200**	**155,209**

Net assets	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Investment banking and equities activities	61,434	28,380	17,685
Investing activities	16,224	12,960	14,731
Cash and cash equivalents	97,619	95,332	125,217
Total net assets	**175,277**	**136,672**	**157,633**

3. Revenue

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Net trading gains	11,507	6,548	16,003
Institutional income	21,879	19,685	37,192
Equities income	33,386	26,233	53,195
Corporate retainers	6,293	6,811	13,536
Advisory	12,428	7,225	11,146
Capital markets	63,319	22,835	77,022
Investment banking income	82,040	36,871	101,704
Total	**115,426**	**63,104**	**154,899**

4. Other operating income/(loss)

Other operating income/(loss) represents net gains or losses made on investments which are held outside of the market making portfolio. The gains or losses reflect price movements on quoted holdings, fair value adjustments on unquoted holdings and related dividend income. In the period, our portfolio of unquoted investments benefitted from positive valuation movements, specifically in relation to the release of previous downward valuation adjustments in relation to the impact from the COVID-19 pandemic.

5. Administrative expenses

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Wages and salaries	45,719	26,285	63,086
Social security costs	8,639	4,091	10,771
Compensation for loss of office	12	172	440
Pension costs	808	801	1,719
Share-based payments	5,824	5,237	9,961
Staff costs	61,002	36,586	85,977

	6 months ended 31 March 2021 Unaudited	6 months ended 31 March 2020 Unaudited	Year ended 30 September 2020 Audited
Depreciation of property, plant and equipment	492	584	1,223
Depreciation of right-of-use assets	1,229	862	1,793
Amortisation of intangible assets	75	47	105
Other non-staff costs	13,854	15,894	29,311
Non-staff costs	15,650	17,387	32,432
	76,652	**53,973**	**118,409**

The average number of employees during the period has increased to 287 (31 March 2020: 281). Staff costs including share award related charges have increased by 66.7% compared to the prior period due to the improved operating performance resulting in higher variable compensation. Non-staff costs have decreased by 10.0% compared to the prior period.

6. Finance income and Finance costs

Finance income for the period:

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Interest income	1	226	261
Net foreign exchange gains	-	194	650
Other income	-	-	75
	1	**420**	**986**

Finance costs for the period:

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Interest expense	211	270	497
Unwind of lease liability discount	318	120	226
Net foreign exchange losses	893	-	-
	1,422	**390**	**723**

Finance costs have increased in the current financial year due to the unwinding of the lease liability discount for the new London office lease and foreign exchange losses in relation to US operations, due to the strengthening of GBP over the period.

7. Earnings per share

Basic earnings per share is calculated on profits after tax of £29,778,000 (31 March 2020: £6,254,000) and 104,242,148 (31 March 2020: 104,162,166) ordinary shares being the weighted average number of ordinary shares in issue during the period. Diluted earnings per share takes account of contingently issuable shares arising from share scheme award arrangements where their impact would be dilutive. In accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity holders. Therefore, shares that may be considered dilutive while positive earnings are being reported may not be dilutive while losses are incurred.

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

	6 months ended 31 March 2021 Unaudited Number Thousands	6 months ended 31 March 2020 Unaudited Number Thousands	Year ended 30 September 2020 Audited Number Thousands
Weighted average number of ordinary shares in issue during the period – basic	104,242	104,162	104,987
Dilutive effect of share awards	11,602	8,946	12,313
Diluted number of ordinary shares	**115,844**	**113,108**	**117,300**

8. Dividends

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Final dividend year ended 30 September 2019 (6.50p)		6,788	6,788
Interim dividend year ended 30 September 2020 (5.50p)			5,794
Final dividend year ended 30 September 2020 (6.50p)	6,825		
Distribution to equity holders of Numis Corporation Plc	**6,825**	**6,788**	**12,582**

The Board has approved the payment of an interim dividend of 5.50p per share (2020: interim 5.50p per share). This dividend will be payable on 18 June 2021 to shareholders on the register of members at the close of business on 21 May 2021. These financial statements do not reflect this dividend payable.

Distributable reserves

Following an internal review of the Company's distributable reserves on a solo entity basis over the period from FY05 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 FY06 and FY20, and the buybacks concerned relate to periods from FY13 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 (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 Group's ability to make distributions in accordance with its dividend policy is unaffected.

9. Balance sheet items

(a) Right-of-use asset and lease liabilities
The right-of-use asset and lease liabilities (current and non-current) represent the two property leases that the Group currently uses for its offices in London and New York plus a new 15-year lease for a new office in London.

(b) Deferred tax
As at 31 March 2021 deferred tax assets totalling £6,030,000 (30 September 2020: £5,617,000) have been recognised reflecting management's confidence that there will be sufficient levels of future taxable profits against

which these deferred tax asset can be utilised. The deferred tax asset principally comprises amounts in respect of unvested share-based payments.

(c) Trade and other receivables and Trade and other payables

Trade and other receivables and trade and other payables principally comprise amounts due from and due to clients, brokers and other counterparties. Such amounts represent unsettled sold and unsettled purchased securities transactions and are stated gross. The magnitude of such balances varies with the level of business being transacted around the reporting date. Included within Trade and other receivables are cash collateral balances held with securities clearing houses of £23,067,000 (30 September 2020: £12,687,000).

(d) Trading investments

Included within trading investments is £16,224,000 (30 September 2020: £14,701,000) of investments held outside of the market making portfolio. The net increase during the period has been due to favourable revaluation movements largely attributable to the improving situation in relation to COVID-19 and the positive progress of a new investment in the period.

(e) Stock borrowing collateral

The Group enters stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with cash advanced as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at an agreed price. The securities purchased are not recognised on the balance sheet. Where cash has been used to affect the purchase, an asset is recorded on the balance sheet as stock borrowing collateral at the amount of cash collateral advanced or received.

(f) Financial liabilities

Financial liabilities comprise short positions in quoted securities arising through the normal course of business in facilitating client order flow and form part of the market making portfolio.

(g) Cash and cash equivalents

Cash balances are in line with than those reported as at 31 March 2020. Dividend distributions have been maintained at a similar level to the prior period (£6.8m cash outflow). The repurchase of shares into Treasury and the Employee Benefit Trust have continued, but at a higher level than the prior period (£11.5m cash outflow).

(h) Investment commitment

During 2018 the Company signed an investment subscription agreement in a U.S. private fund with a total subscription value of $1.0m. The full amount of the subscription had not been called upon at the balance sheet date. The fund calls upon capital as it is required and at the balance sheet date $960,000 had been called up and paid. This is classified within Trading Investments. The remaining $40,000 has not yet been called and is therefore a commitment until it is paid over to the fund. The subscription agreement allows that the investment can be called any time up till the 5th anniversary of the agreement, which is June 2023.

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

	6 months ended 31 March 2021 Unaudited £'000	6 months ended 31 March 2020 Unaudited £'000	Year ended 30 September 2020 Audited £'000
Profit before tax	39,327	7,257	37,063
Net finance expense/(income)	1,421	(30)	(263)
Depreciation charge on property, plant and equipment	492	584	1,223
Depreciation charge on right-of-use asset	1,229	862	1,793
Amortisation charge on intangible assets	75	47	105
Share scheme charges	5,252	5,200	9,806
(Increase)/decrease in current asset trading investments	(13,412)	13,096	374
(Increase) in trade and other receivables	(84,259)	(58,893)	(138,898)
(Increase)/decrease in stock borrowing collateral	(3,547)	3,982	(3,582)
Increase in trade and other payables	57,392	54,292	166,669
Other balance sheet movements in respect of leases	-	676	676
Decrease in derivatives	18	1,103	1,085
Cash from operating activities	**3,988**	**28,175**	**76,051**

The increase in cash from operating activities during the six months ended 31 March 2021 reflects an increase in profitability for the period, partially offset by an increase in current asset trading investments and outflows in respect of seasonal expense items which fall within the first half of our financial year.