



# Investor presentation

Full year results

2022

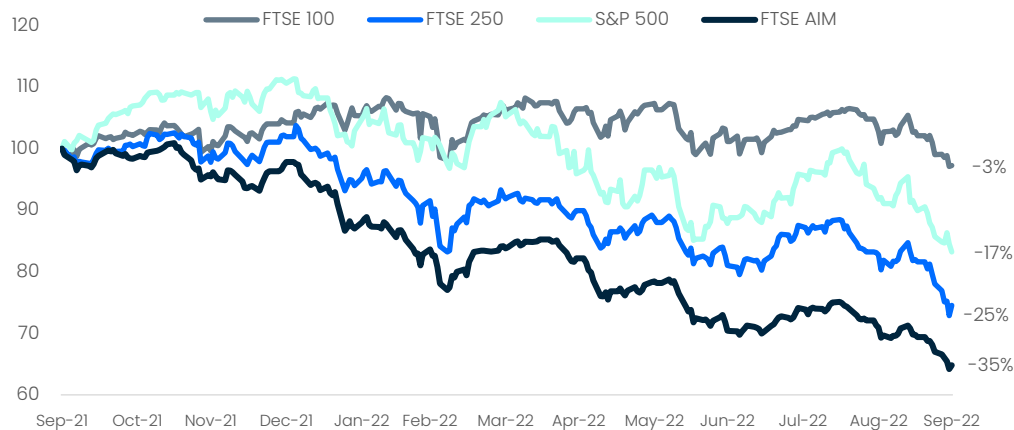


# Full year 2022 highlights

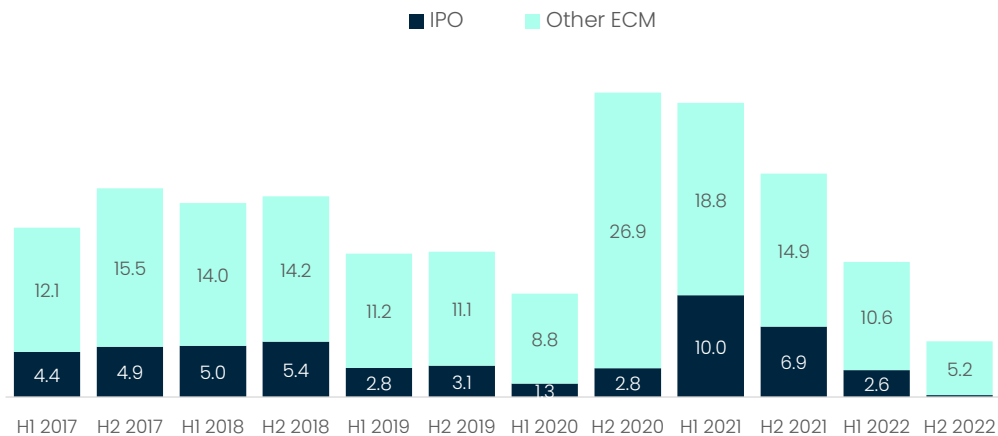
- 1 Revenue of £144.2m, representing a decline of 33% compared to a record period in 2021
  - IB revenues -39%
  - Equities revenue -18%
- 2 Further progress in delivery of IB diversification strategy
- 3 Record advisory revenues for the second successive year reflecting further progress against our long term objective to diversify our investment banking business
- 4 Resilient equities performance despite market declines and UK fund outflows
- 5 Following regulatory approval, our new Dublin office is now operational and trading with a growing list of EU-based clients in line with our international strategy
- 6 PBT materially lower due to operational gearing; costs controlled
- 7 Full year dividend of 13.5p consistent with FY21, with a further £11.6m spent on share repurchases
- 8 Strong balance sheet and a long track record of delivering growth and consistent returns across market cycles
- 9 Our M&A pipeline is strong with good near term visibility of upcoming advisory fees from transactions already announced; capital markets outlook less certain

# Challenging markets for ECM and equities partially mitigated by M&A

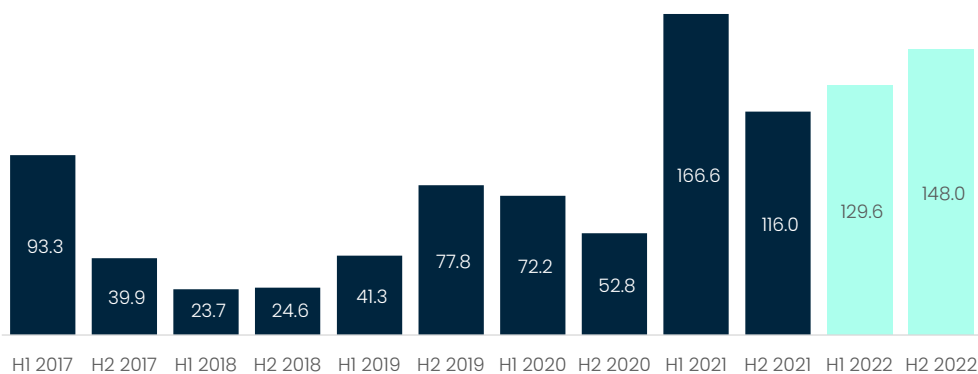
## Underperformance of UK small and mid cap



## UK ECM transactions decline 63%<sup>(1)</sup> (£bn)



## UK M&A<sup>(2)</sup> activity accelerated in H2 (£bn)

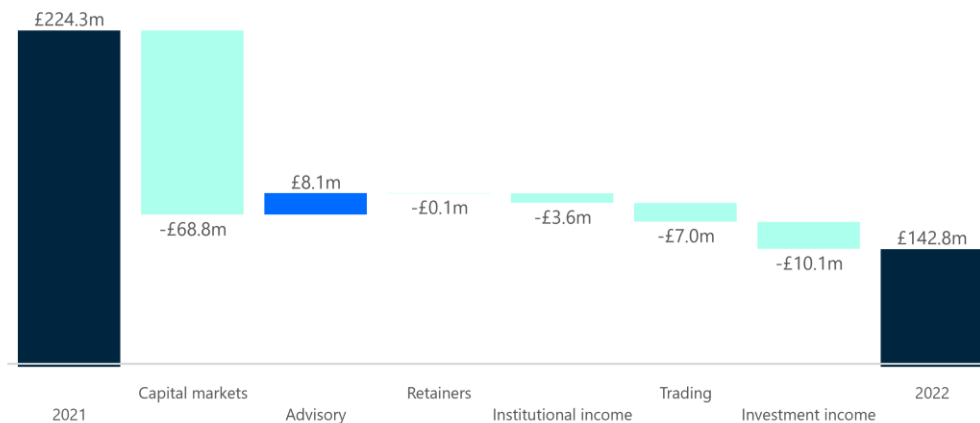


- Macroeconomic headwinds strengthened during the year with inflation and rising interest rate concerns subduing capital markets activity and increasing market volatility
- UK mid and small cap indices have generally underperformed the wider, with the FTSE 250 down 25% over the past financial year
- However UK M&A activity has continued to be strong in line with prior year, led by both private equity and overseas strategic buyers

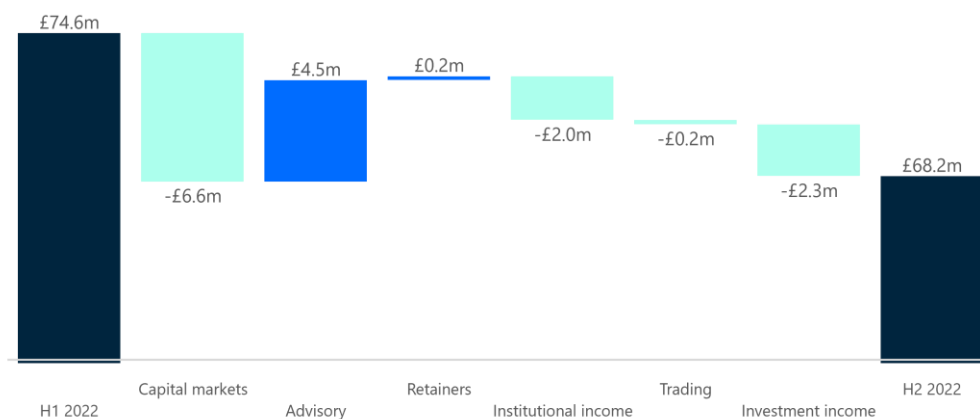
(1) Market size: 2022 vs. 2021  
 (2) UK M&A activity refers to public markets only  
 Source: Dealogic, Bloomberg and Thomson Reuters Eikon

# Advisory growth partially offset broader revenue decline

## FY22 revenue decline attributable to capital markets slow down



## H2 performance shows positive momentum in advisory revenue



## Income analysis

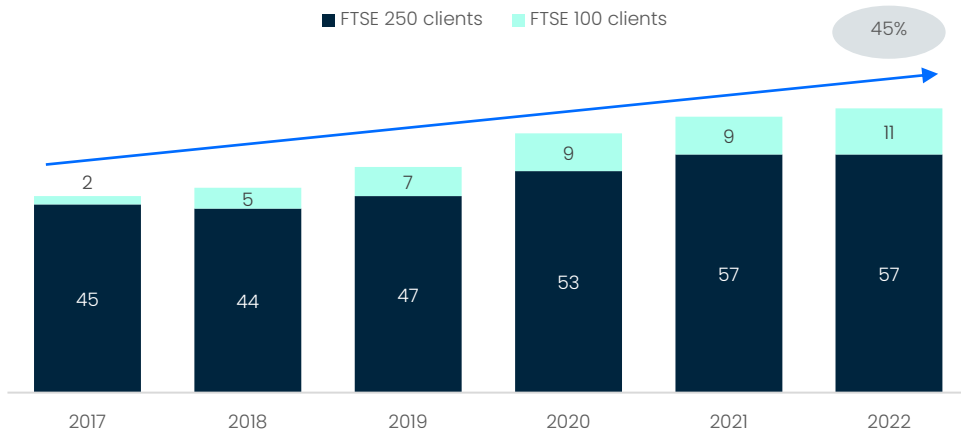
£m	2022	2021	Change
Capital markets	42.7	111.5	(61.7%)
Advisory	39.0	30.9	26.4%
Retainers	12.4	12.5	(0.6%)
<b>Investment banking revenue</b>	<b>94.2</b>	<b>154.9</b>	<b>(39.2%)</b>
Institutional income	37.3	41.0	(8.9%)
Trading	12.8	19.7	(35.4%)
<b>Equities revenue</b>	<b>50.1</b>	<b>60.7</b>	<b>(17.5%)</b>
Investment income	(1.4)	8.7	(116.4%)
<b>Total income</b>	<b>142.8</b>	<b>224.3</b>	<b>(36.3%)</b>

*Deal fee revenue* 81.8 142.4 (42.6%)

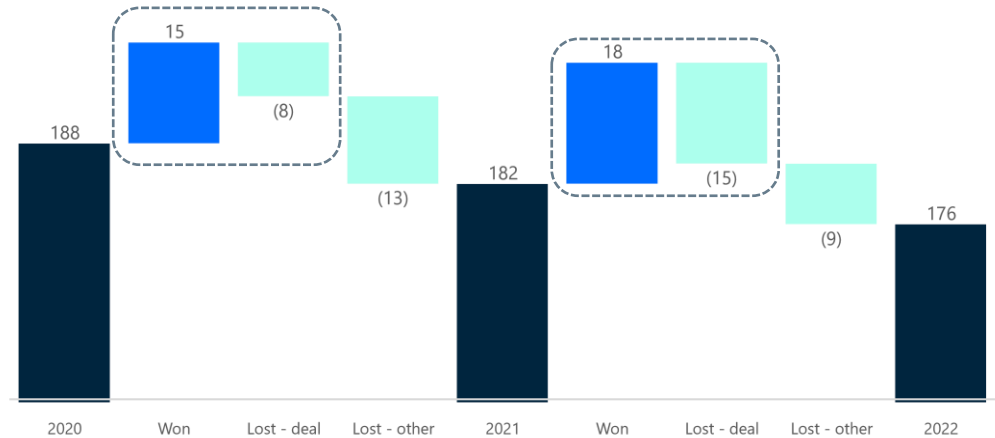
- Capital markets revenue decline in line with industry wide drop in deal volumes
- A second successive record advisory revenue performance, up 26% on 2021
- Against a market backdrop of falling equity markets and persistent outflows from UK funds, the equities business delivered a resilient performance
- Timing of any recovery in capital markets volumes remains uncertain

# Corporate broking client base progression

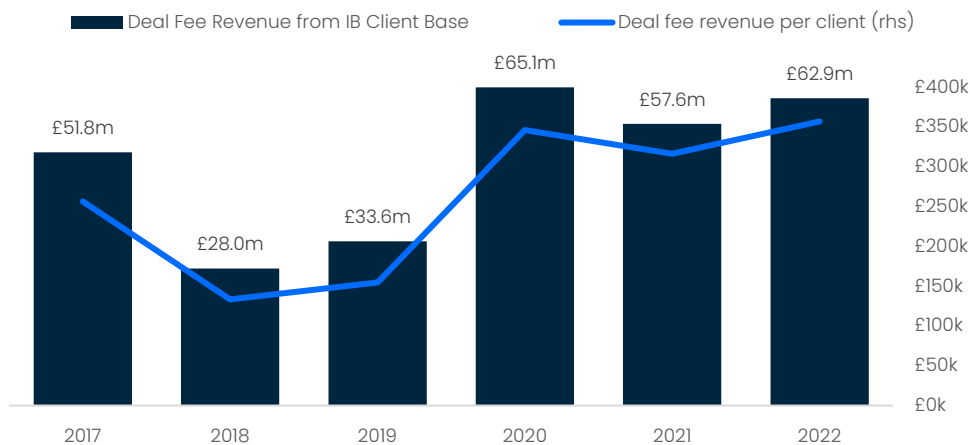
## Consistent growth in the FTSE 350 client base



## Total IB client base growth impacted by higher M&A activity



## Growth in revenue from client base and client profitability



- FTSE 350 client base for the 5th consecutive year, with 45% growth over the period. Average market cap £1bn
- Corporate clients reduced slightly during the year to 176, primarily due to the high number of takeovers in the year
- Revenue generated by retained client base increased due to higher M&A revenue
- Record deal fee revenue per corporate broking client reflecting:
  - Long-term focus on high quality and active clients
  - Increased average market cap of client base over the long-term
  - Broader capabilities and product set

# Pillars of diversification strategy delivered +50% of IB revenue in FY22

## M&A / Advisory

- Record revenue performance
- 26% market share of public bids<sup>(1)</sup>
- 62% average M&A fee growth since FY19

## Private markets

- \$1bn transacted – all for international issuers
- \$175m average round size
- H2 volumes impacted by market valuation moves

## International ECM

- Slow down in volumes, and revenue in line with global IPO market weakness
- Acted on first US IPO
- Brand momentum in Europe

## FY22 transaction highlights

### ULTRA

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

Aug 2022

### Clipper

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

May 2022

### CLINIGEN

Recommended £1.3bn cash offer by Triton Funds  
Joint financial adviser, corporate broker and nomad

April 2022

### NORD SECURITY

Maiden \$100m fundraising and 'unicorn' status for Europe's consumer security and privacy champion

Apr 2022

### flipdish

\$100m for Europe's hospitality-tech champion fuels European and US expansion and crowns Ireland's latest 'unicorn'

Jan 2022

### CASA VO

€100m Series D equity fundraising for Europe's leading PropTech platform

Jul 2022

### truecaller

SEK19.4bn IPO on Nasdaq Stockholm

Joint bookrunner

Oct 2021

### nu bank

\$41.5bn IPO on the New York Stock Exchange, raising primary proceeds of \$2.6bn

Co- manager

Dec 2021

### grupa pracuj

c. \$1.3bn IPO on Main market of Warsaw Stock Exchange

Joint bookrunner

Dec 2021

## Outlook

- Near term pipeline is strong
- Strategic buyers remain active
- Funding costs will have an impact

- Market recalibrating
- Activity starting to recover
- Significant volume of undeployed capital

- Revenues linked to IPO volumes in the near term and global IPO market remains subdued

## Priorities

- Enhance financial sponsor coverage
- Broaden deal-type range
- Maximise share of client fee opportunities

- Build pipeline for recovery
- Enhance brand and reputation internationally
- Sharpen focus in key sector areas

- Targeted marketing across Europe
- Leveraging track record
- Establish brand with key sponsors / owners

(1) UK M&A activity refers to public markets only. Dates 1 Jan 2021 to 30 Sep 2022.  
Source: Bloomberg

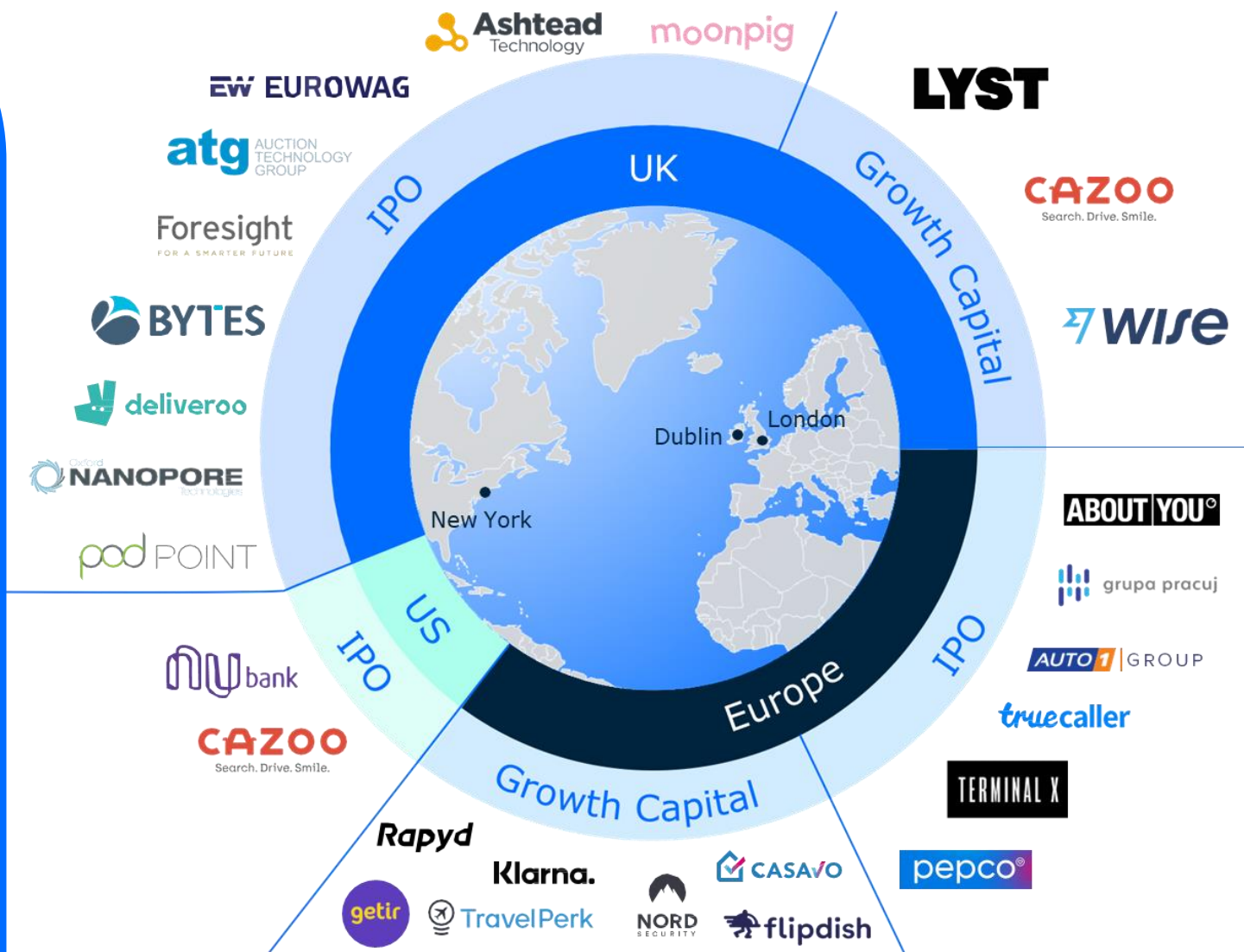
# Building our capital markets presence beyond the UK

## Our track record beyond the UK continues to develop

- 14% of our investment banking revenue came from non UK companies (2021: 18%), which included IPOs in the US, Poland and Sweden and through our GCS business in the US, Germany, Ireland, Italy and India.

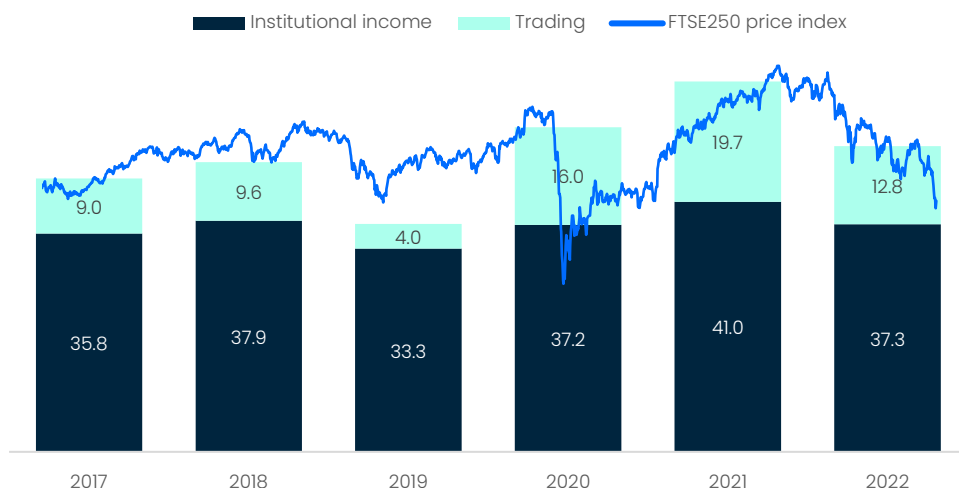
## International IB strategic focus

- Leverage recently established Dublin office and EU licence to expand marketing efforts
- Initial focus on JBR roles for IPOs, jurisdiction agnostic
- Leverage GCS relationships and track record
- Targeted recruitment
- USP consistent with UK – differentiated distribution and market / sector insights



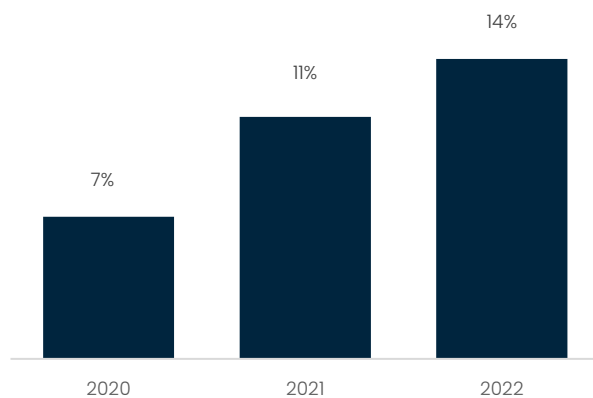
# Resilient equities performance given market conditions

Equities revenue down 18% compared to FTSE250 decline of 25% (£m)

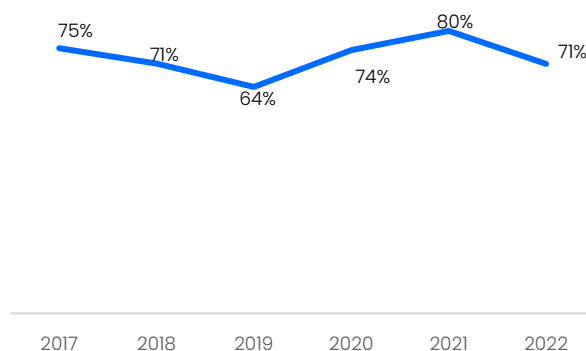


- Institutional income declined 9%, vs prior year record revenue
- Further progress in electronic trading - the product now accounts for 14% of commission
- Research fees remained broadly flat despite a reduction in total UK market wallet
- Trading gains of £12.8m represents a resilient performance given decline across small and mid cap equities
- The opening of our new Dublin office will see us expand our leading equities platform to European institutional investors
- Investment in technology to support access to retail liquidity

## Electronic trading share of commission



## % of gain days consistent with prior years despite market volatility



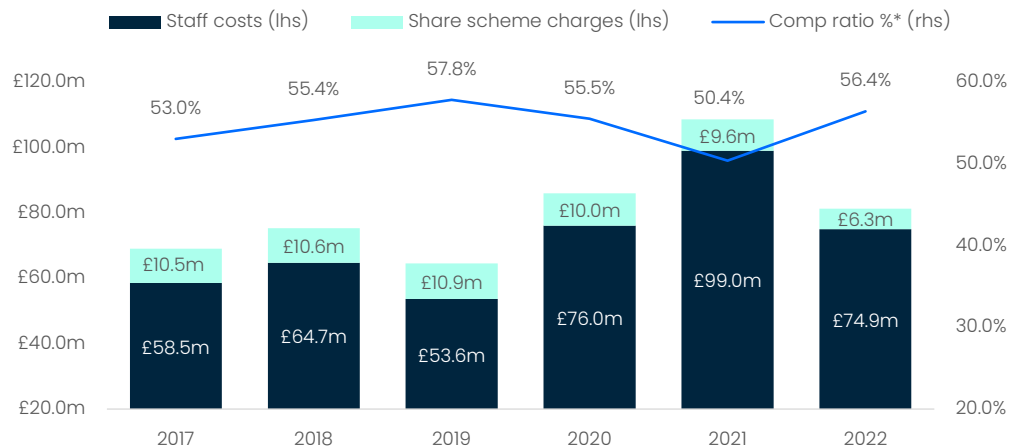
## Targeted EU equities strategy

- 1 Coverage of EU listed stocks – aligned with IB
- 2 Grow EU institutional client base
- 3 Market Electronic trading product to EU client
- 4 Distribution of UK ECM deals to EU based clients
- 5 Facilitate EU roadshows for UK corporate clients

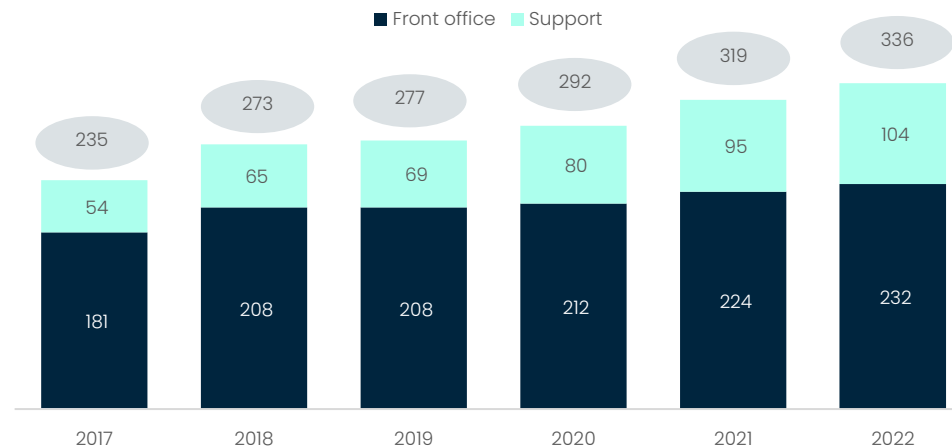


# Investment in the platform and cost discipline through the cycle

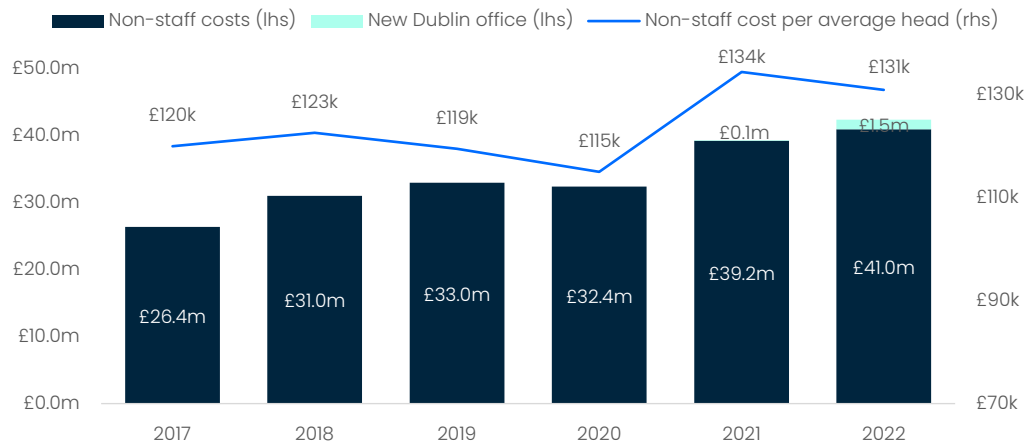
## Staff costs



## Headcount progression



## Non staff costs

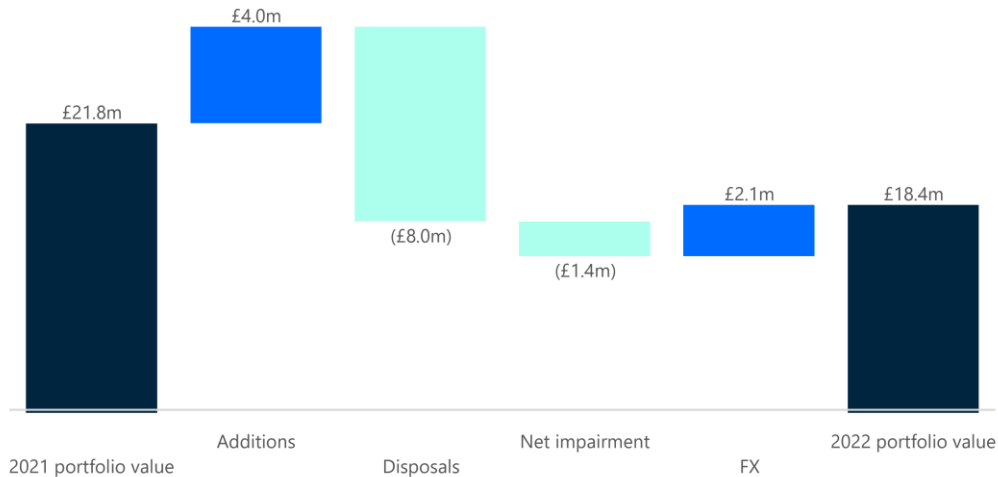


- Total operating costs decreased by 16% to £123.7m
- Staff costs decreased by 24% largely attributable to lower variable compensation but comp ratio remains within our target range
- Average headcount increased by 11%, driven by the build out of our new office in Dublin and the continued focus on recruitment of junior and mid-level investment banking staff to support our growth strategy
- Non-staff costs increased 8% compared to the prior year. We incurred an additional £1.5m in relation to the set up of our new Dublin office in addition to continued investment in technology across the business.

Ratios calculated on revenue excluding investment income / losses

# Investment portfolio summary

## Portfolio bridge

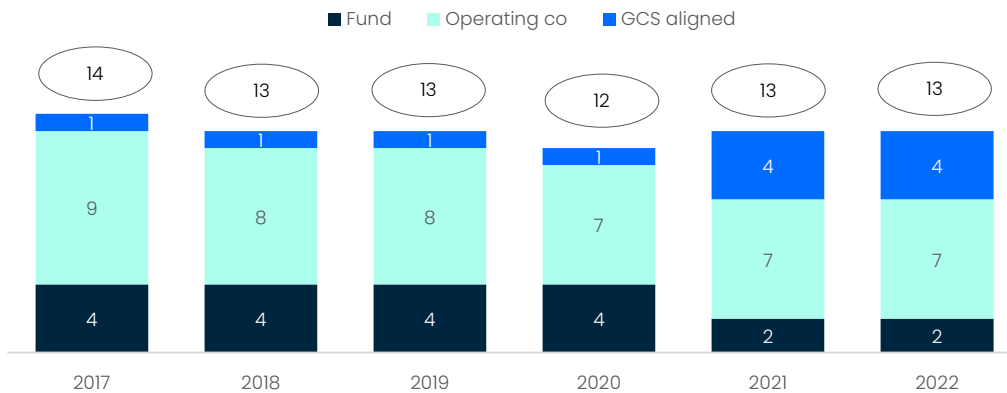


- Reduction in the portfolio due to disposals of Oxford Nanopore Technologies plc and Seneca. Learning
- Half of the proceeds invested in three new investments
- Fair value reductions across multiple investments due to the global de-rating of the listed technology sector and growth stocks, offset by FX gains attributable to USD investments.

## New investments in FY22



## Portfolio progression

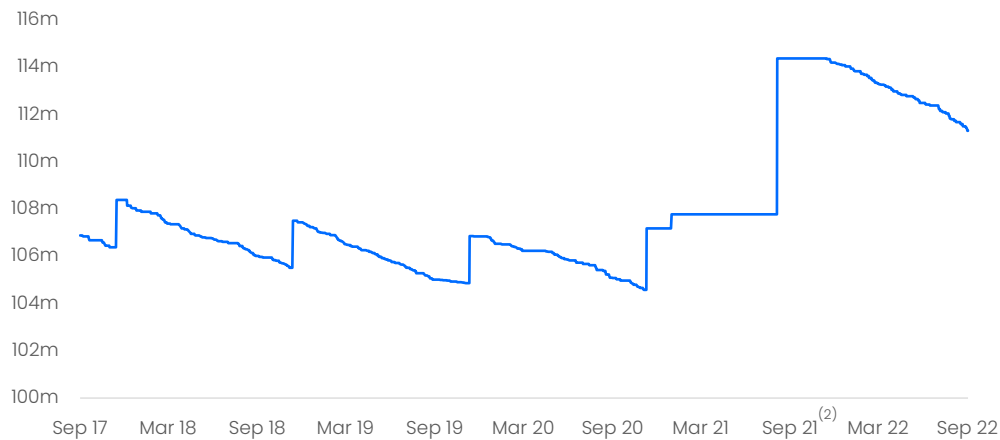


## Flipdish case study

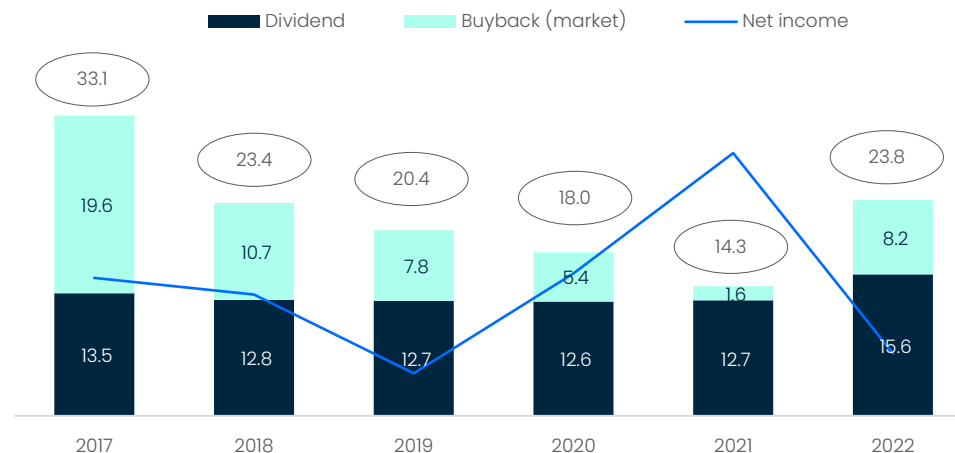
- Democratising access to digital tools for the SMB hospitality sector
- GCS team appointed to raise capital to support next phase of growth strategy
- \$100m primary capital raise in January 2022
- >9x valuation uplift to c. \$1.25bn post-money
- Numis partially invested fees from the transaction in the round
- Long-term relationship established.

# Strong capital and liquidity position supports shareholder returns

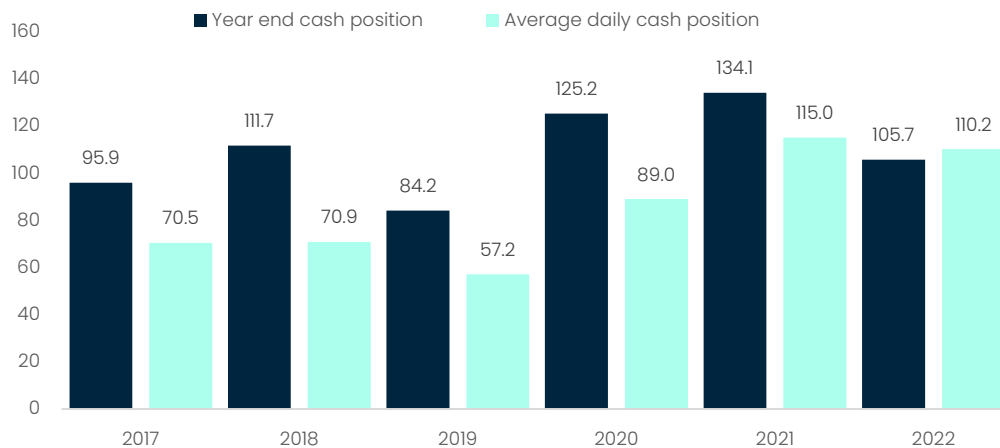
## Issued share count reduction over the year



## Dividend<sup>(1)</sup> & buyback spend (excl. EBT) (£m)



## Cash position remains robust (£m)

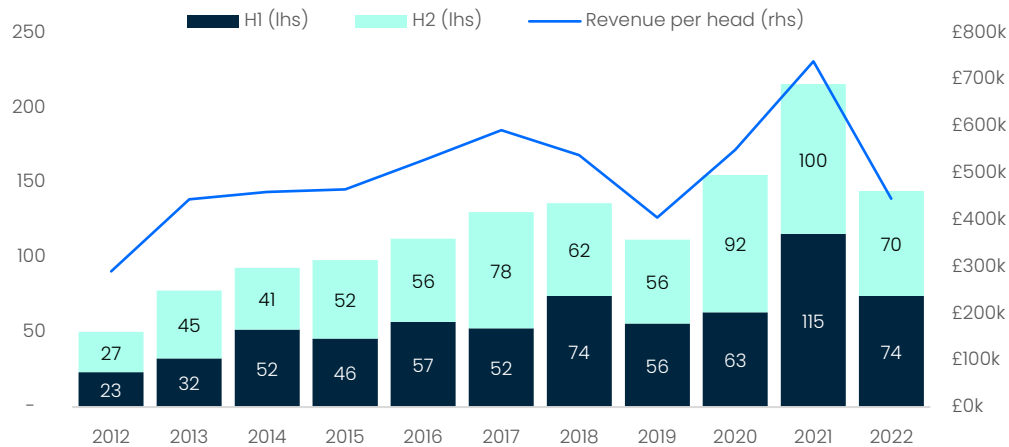


- Dividend maintained at 13.5p in line with the upward re-basing last year
- Shares repurchase spend of £11.6m, ISC declined over the year
- Cash position of £105.7m down 21% relative to the prior year, attributable to variable compensation payments related to the prior year, and the short-term cash movements associated with trading and settlement activities. Average cash position only marginally lower
- Net assets broadly flat at £185.2m, as returns to shareholders offset profit and increases in equity over the year
- Strong surplus capital position post adoption of IFPR transition rules

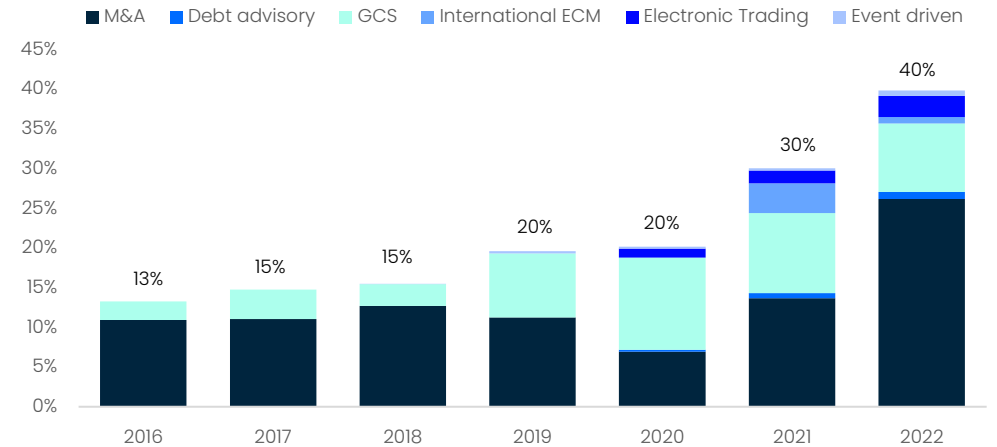
(1) Dividend shown on a declared basis  
 (2) One-off 5 year LTIP vesting

# Long track record of delivering growth, diversification and consistent returns across market cycles

## Long term revenue growth<sup>(1)</sup> (£m)



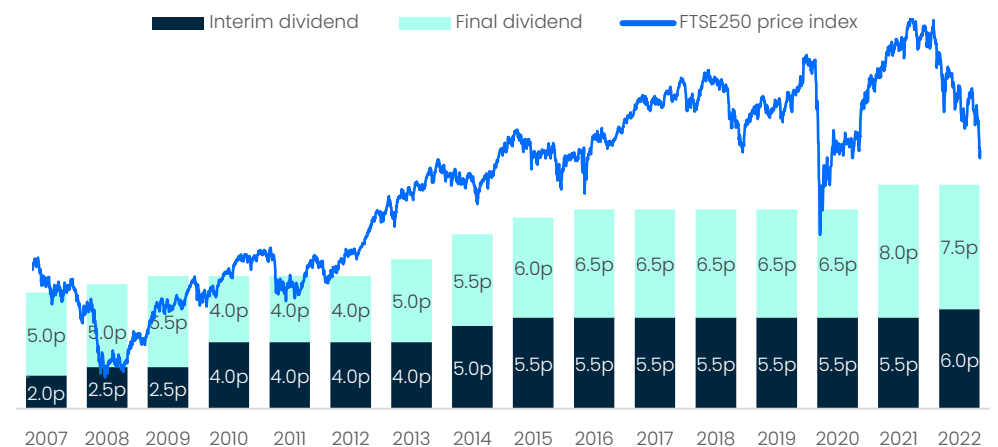
## Increasingly diversified business



## 10 year shareholder returns (£m)

£'000	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Dividends	8,528	9,770	11,600	12,888	13,531	13,473	12,763	12,650	12,582	12,726	15,580
On-market buyback	0	2,370	9,829	3,473	3,719	19,588	10,675	7,774	5,426	1,555	8,183
<b>Total returns</b>	<b>8,528</b>	<b>12,140</b>	<b>21,429</b>	<b>16,361</b>	<b>17,250</b>	<b>33,061</b>	<b>23,438</b>	<b>20,424</b>	<b>18,008</b>	<b>14,281</b>	<b>23,763</b>
PAT	3,301	18,064	20,059	21,549	26,399	30,377	26,677	9,326	31,350	57,847	13,700
Dividend payout	258%	54%	58%	60%	51%	44%	48%	136%	40%	22%	114%
Total Payout (ex EBT)	258%	67%	107%	76%	65%	109%	88%	219%	57%	25%	173%

## Dividend track record<sup>(2)</sup>



# Strategy overview



# Key financials

£m	2022	2021	Change (%)
Revenue <sup>(1)</sup>	144.2	215.6	(33.1%)
Investment Income	(1.4)	8.7	(116.4%)
Staff costs <sup>(2)</sup>	81.3	108.6	(25.2%)
Non-staff costs	42.4	39.2	8.1%
Operating profit	19.1	76.4	(75.0%)
Underlying Operating profit	20.5	68.1	(69.9%)
PBT	20.9	74.2	(71.9%)
Net income	13.7	57.8	(76.3%)
EPS (pence) <sup>(3)</sup>	11.9p	49.1p	(75.8%)
Dividend (pence)	13.5p	13.5p	0.0%
Net Assets	185.2	186.7	(0.8%)
Cash and cash equivalents	105.7	134.1	(21.2%)
Underlying Operating profit margin	14.2%	31.6%	(17.4ppts)

(1) Excluding gain/losses on investment portfolio  
(2) Including share scheme charges and variable compensation provision  
(3) Diluted

## Offices

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