Numis

Investing in excellence

Annual Report and Accounts 2018

We are Numis

At Numis, we strive to be the investment bank of a generation. A dynamic, agile, expert investment bank that excels for our clients and in so doing continues to grow and create ever-greater value for our stakeholders.

Our four values are at the heart of our endeavour:

See the section dividers on pages 02, 36, 66 and 112 to read more

Financial highlights

Revenue (£m)

£136.0m +5%

2018	**136.0**
2017	130.1
2016	112.3
2015	98.0
2014	92.9

Operating profit (£m)

£31.4m -18%

2018	**31.4**
2017	38.1
2016	32.5
2015	25.9
2014	23.9

Total income (£m)

£137.8m +3%

2018	**137.8**
2017	133.5
2016	116.1
2015	96.0
2014	92.9

Basic earnings per share (p)

25.1p -8%

2018	**25.1**
2017	27.4
2016	23.5
2015	19.5
2014	18.7

Cash balances (£m)

£111.7m +17%

2018	**111.7**
2017	95.9
2016	89.0
2015	59.6
2014	74.5

Net assets (£m)

£143.1m +7%

2018	**143.1**
2017	133.6
2016	129.1
2015	115.5
2014	110.1

Total dividend per share (p)

12.0p unchanged

2018	**12.0**
2017	12.0
2016	12.0
2015	11.5
2014	10.5

1

We are Collaborative

We believe in moving forward together.

Our relationships with each other and with our clients ultimately determine our collective success. Every partnership we form is founded on a mutual ambition. Through collaboration we achieve the greatest results.

Strategic Report

Contents

What we do

We build strong long-term relationships with our clients by focusing on their needs and consistently excelling in providing their investment banking services.

Our clients

We serve a diverse range of clients including:

- 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

Our clients are in a wide range of sectors including:

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

FTSE 350	49
Main market	100
AIM	59
Private	2

Strong track record

98

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

47%

Our revenue has grown 47% in the last five years.

32%

The number of FTSE 350 clients has grown 32% in the last five years.

Our people

Corporate Broking & Advisory	102
Research & Sales	92
Execution	14
Technology	18
Support	47

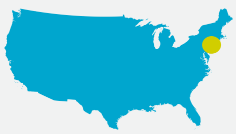
Where we operate

London

Number of employees	258

New York

Number of employees	15



We are listed on AIM.

Our services

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

Corporate Broking & Advisory | **Equities**

Corporate Broking & Advisory

We help companies and owners achieve their goals by providing advice and sourcing the capital they need to fuel investment in their products, services and people.

Our services include:

- Equity capital markets
- M&A
- Debt advisory
- Retained broker & adviser
- Private capital raising

Equities

We help our clients identify, assess and execute investment decisions.

Research

We provide in-depth, high quality research, on UK listed companies. This level of research is one of the most valuable tools in any investment decision.

Distribution and execution

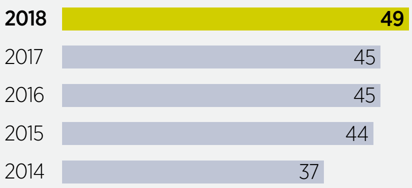
We provide powerful distribution and execution giving us a leading market share in equities. Our services include:

- UK, EU and US sales
- Execution
- Trading

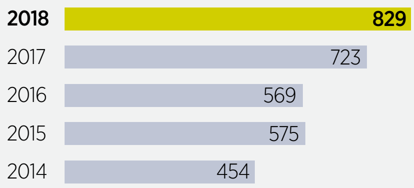
See pages 20 to 27 to read more about our performance in the year

Key stats

FTSE 350 Corporate clients



Client size (average market cap £m)



Extel survey

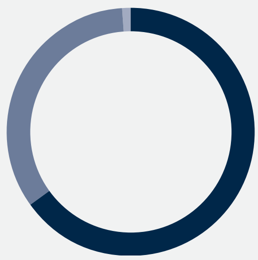
Between 2013 and 2018 we were voted the top-ranked UK Small & Mid Cap Brokerage by institutions and, in 2014, 2015, 2016 and 2017, we were voted the top-ranked UK Small & Mid Caps Brokerage by both institutions and companies.

EXTEL®
IDENTIFYING EXCELLENCE

Revenue by product (£m)

Capital markets	**58.8**
Advisory	**17.3**
Retainers	**12.4**
Institutional income	**37.9**
Trading profits	**9.6**

Total income (%)



CB&A	**65**
Equities	**34**
Investments	**1**

Transaction highlights

We have completed a number of major transactions

Sabre Insurance Group	Trinity Mirror plc	CATCo	RWS	Helical
£316m Placing and £575m Admission to the Official List	£127m acquisition of Northern & Shell's publishing assets	Placing and Offer for subscription raising $546m through the issuance of C shares	$320m acquisition of Moravia	£102m sale of Renaissance Villages to Senior Living Medici
Joint Sponsor, Joint Global Co-ordinator and Joint Bookrunner	**Sole Financial Adviser, Sponsor and Broker**	**Sole Bookrunner and Financial Adviser**	**Nomad, Broker and Joint Bookrunner**	**Sole Financial Adviser**
December 2017	February 2018	December 2017	November 2017	December 2017

Chairman's Statement

We achieved record revenues in 2018 while investing strategically in the continued growth and success of the firm.

> It has been a year of exceptional investment in the business as we have identified increasing numbers of opportunities across our offering.

Alan Carruthers
Chairman

Investing for the future
At Numis our ambition is to build the investment bank of a generation and 2018 was a key year of investment as we focused on increasing our capabilities for greater growth and success.

In recent years we have grown rapidly from our roots as a small and mid cap UK stockbroker to become a leading independent UK investment bank. We are continuing this journey. We want to help more and more dynamic ambitious corporate clients of all sizes to realise their ambitions. We also want to build on our outstanding reputation among institutional clients to become the UK's No1 equities house irrespective of market cap.

> We focus on helping successful ambitious businesses with good management to achieve their goals.

In 2018 we invested in expanding our service offerings, notably with the establishment of a debt advisory business to serve our corporate clients and an event driven business to service arbitrage funds. This move into complementary new services is a reflection of our ongoing deep commitment to meet the growing needs of our different clients. We want to excel in everything we do for them and as they grow so the areas where we excel will grow too.

Performing well
While investment was high on the agenda in 2018, so too was performance. We achieved record Group revenues of £136.0m (2017: £130.1m). Profit before tax was £31.6m compared to £38.3m in 2017, reflecting the strategic investment for growth we have undertaken through 2018.

In Corporate Broking & Advisory (CB&A) we grew both the number and average market cap of our corporate clients. We now have 210 clients including 49 FTSE 350 clients.

In Equities we increased revenues by 6% to £47.5m (2017: £44.8m) despite the disruption and tougher environment resulting from MiFID II. This was a reflection of the strength of our relationships with our institutional clients and the quality of our service. We were proud to win the UK Small & Mid Caps Extel survey for the sixth consecutive year, as voted by institutions, receiving an all-time record share of the vote for this survey.

Paying dividends
We aim to deliver shareholder returns through a balance of dividends and share buybacks.

We are proposing a final dividend of 6.5p per share (2017: 6.5p per share), which brings the total dividend for the year to 12.0p per share (2017: 12.0p per share).

A Dividend Re-Investment Plan (DRIP) will remain in place for the 2018 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. The Board continues to believe that this approach is in the best interests of the Company.

Navigating the regulatory environment
The regulatory environment continues to evolve and increase in complexity and we focus a great deal on ensuring we comply with all requirements and are well prepared for any changes.

The implementation of MiFID II in January 2018 was a key event. We worked closely with clients, staff and partners to ensure a smooth transition and we encountered no material operational issues. We believe our focus on giving clients the highest levels of expert service puts us in a stronger position than our competitors under MiFID II.

We also made operational changes to our business to align with the introduction of the General Data Protection Regulation (GDPR). In addition, we are currently planning for the introduction of the Senior Managers and Certification Regime (SMCR), which we anticipate will become effective in December 2019.

Ensuring good governance
Our rigorous approach to regulation reflects a deep and broad commitment to good governance across the firm. As part of our high performance culture we strive to attain the highest ethical and professional standards. This is driven by the Board and applied throughout the firm. More details can be found in our Governance Report on pages 40 to 47.

Capitalising on a streamlined Board
We made substantial changes to the Board in 2017, notably establishing a more streamlined Board with a good balance of three executives, three non-executives and myself as Chairman. Critically, the structure and membership of the Board facilitates robust and lively debate as Numis continues to drive towards becoming the UK's leading investment bank. We now, for example, have two Board meetings a year specifically focused on Group strategy and these have proven to be very productive.

In December Geoffrey Vero announced his intention to stand down from the Board at the AGM following 15 years of service. Geoffrey has been a remarkable servant to Numis. His contribution and stewardship throughout a period of such varied market conditions, regulatory change and business growth have been invaluable and we thank him for his significant contribution. We welcome Luke Savage as an incoming member of the Board. We believe his extensive experience across the financial services industry and attributes are ideally suited to Numis as the firm continues to grow and we looking forward to working with him.

Investing in our people
The Board sets the tone and direction for Numis – driving forward our ambition to become the investment bank of a generation. But it is of course our people who are at the heart of the firm's success. They are without doubt our greatest asset. In 2018 we invested significantly in expanding our talent, both through a rigorous and highly successful graduate and internship programme as well as selective senior and mid-level hires across the business. We also focused on training and developing our talent as part of our ongoing commitment to fostering a highly collaborative, high performance culture.

I am very proud of the one-firm culture we have at Numis. It is championed by the Board and reinforced by our strategy and working practices. But ultimately it comes down to the dedication of everyone in the firm and on behalf of the Board I would like to thank all the staff in Numis for their outstanding contribution in 2018.

I'm pleased to say that following on from our first ever formal employee survey in 2017, which highlighted the high level of commitment across the firm, in 2018 we saw a marked increase in the already high scores. Our highest scoring question was "I believe Numis has a successful future ahead" – 98% agreed.

Looking ahead
Following this year of rigorous concerted investment, I am confident that Numis does indeed have a successful future ahead. Our investments have made us a bigger, better and more effective firm. We are now well placed to forge further ahead in building the investment bank of a generation. Above all, we have the people and the shared drive and focus to achieve our ambition – for our clients, for our investors and for all our stakeholders.

Alan Carruthers
Chairman
10 December 2018

Business model

We strive to be the investment bank of a generation.

Our unique market position...

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

We compete with a wide range of players across our different services. None share our own distinctive focus and strengths.

Our competitors vary in size and focus. We occupy a unique position between small niche competitors and the big broad banks. It's our sweet spot for growth and excellence where we can make the most of our integrated approach to meeting the investment banking needs of our clients.

and our distinctive strengths...

Deep commitment to building long-term client relationships
Ever stronger long-term client relationships are at the heart of our success.

Dynamic forward focus
We are constantly looking to build on the advice and services we provide in our world of focused investment banking.

Agile integrated approach
We work closely together as one joined-up firm to excel for our clients.

Strong track record
Over the years we have built up an exceptionally strong track record that provides a firm foundation for creating the investment bank of a generation.

High level of expertise
We have a high level of expertise across our chosen areas of focus – expertise that is honed and applied to help our clients.

Read more on pages 14 and 15

underpin our business model...

Numis

We advise, analyse and execute

Delivering the following products and services

- M&A
- Equity capital markets
- Debt advisory
- Private capital raising
- Retained corporate broker and adviser
- Equity research
- Execution

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

An integrated approach

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

Read more on pages 14 and 15

enabling us to deliver value for our stakeholders

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

Employees
Create a compelling place to work where our 273 people are engaged and motivated to achieve their full potential.

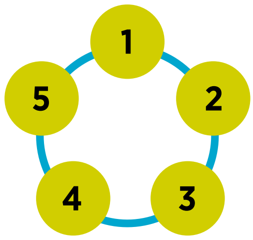
Employee engagement survey scores up an average of 7% across each question theme.

Shareholders and investors
Deliver long-term shareholder value through strong financial performance, the payment of dividends and return of capital where appropriate.

Dividend of 12.0p per share for the year.

Our strategy

To focus the effort and energy of the firm we have five key strategic priorities.



	Strategy	Related KPIs	Related risks
1	**Build the corporate franchise focusing on high quality clients** We have a strong and growing corporate client base characterised by ambitious high quality companies of all sizes. We want to keep on helping our existing clients to succeed as well as welcoming new clients with exciting futures.	Revenue per head Advisory revenue Number of corporate clients UK ECM market share	Strategic risk People risk Conduct, regulatory & legal risk Macroeconomic risk Reputational risk
2	**Become the leading UK equities platform** We are proud to be consistently recognised as the No1 house 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 No1 across the UK irrespective of market cap.	Equities revenue UK ECM market share Extel survey	Strategic risk People risk Technology risk Conduct, regulatory & legal risk Macroeconomic risk Reputational risk
3	**Develop complementary products and services** As the needs and opportunities of our clients change and grow we want to ensure that we can help them as much as they would like. To this end, we develop complementary products and services focused on our clients.	Advisory revenue	Strategic risk People risk Technology risk Conduct, regulatory & legal risk Macroeconomic 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.	Revenue per head Operating margin Liquid resources Share count	Strategic risk People risk Financial risk Technology risk Conduct, regulatory & legal risk Reputational 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.	Earnings per share	Strategic risk Conduct, regulatory & legal risk

Read more on pages 14 and 15

Read more on pages 28 to 35

Our strategy in action

In 2018 we continued to focus on putting our strategy into action. Here are a few key highlights.

1 2 3

Acting for a long-term client on a key acquisition

In February, Trinity Mirror, now known as Reach plc, announced the acquisition of Northern & Shell for £127m. We acted as sole financial adviser, sponsor and broker on the acquisition. We have been the company's corporate broker for over five years and during that time have established ourselves as a trusted adviser to the board, acting on a number of transactions including the £181m acquisition of Local World in 2015. Our commitment to long-term relationships, strong sector insight and high quality execution are central to our business model and they have been a feature of our work to date for Reach.

"Excellence attracts the best talent and clients. It fuels further success.

Average deal fee growth

11%

1 2

Supporting an innovative, dynamic client

During the first half we completed a $546m fund raise for CatCo Reinsurance, a retrocession insurance fund created to deploy capital into collateralised portfolios providing exposure to catastrophe reinsurance risk to deliver uncorrelated returns to investors. We floated CatCo in 2010, initially raising $80m. Since then we have supported the fund as corporate broker for the last eight years. When the market opportunity was identified we were able to execute a significant fund raise, effectively and efficiently. Working with innovative management teams and business models seeking to thrive outside traditional industrial parameters and structures has always been, and will continue to be, a core part of our ambition.

Our strategy in action
continued

1 2

Playing a leading role in a major IPO

In recent years we have been successful at securing senior roles on transactions and therefore maximising the revenue opportunity. This year we completed the IPO of Sabre Insurance plc where we acted as Joint Sponsor and Joint Global Co-ordinator, raising £316m. The strength of our distribution is an important aspect of winning a role on these transactions. But it is our sector knowledge and broad track record of performance over a number of years with the private equity owners which is frequently fundamental to being awarded senior roles such as this.

IPOs executed in 2018

8

(2017: 7)

1

Helping a fast-growing UK business

While much of our success in recent years can be attributed to working with larger corporate clients and winning roles on larger value transactions, we remain committed to backing companies of all sizes. Notably, we like to help businesses which have the strategic ambition to grow into much larger businesses. In June we completed the IPO of Knights plc, one of the UK's fastest growing regional legal and professional services businesses, raising £30m to support its organic and acquisition-led growth initiatives. We are constantly reviewing the market on a sector basis, identifying the most interesting businesses to work alongside, whether they are looking to raise capital publicly or privately or seek strategic advice.

4

Introducing a structured intern programme

Developing and implementing our people strategy is a key priority for us. This includes a portfolio of initiatives targeted at improving our employee capabilities, support infrastructure and wellbeing. We are well aware that to build a sustainable competitive advantage we must invest in talent for the future and this has been a key feature of the year for us. Accordingly, we conducted our first structured summer internship programme. This included a series of internal and external training programmes as well as work experience across numerous departments and a project to support our chosen charity. The programme provided an excellent opportunity for us to identify young individuals with the focus and drive to succeed at Numis.

Applicants

880

Places

16

Duration

8 weeks

> To build a sustainable competitive advantage we must invest in talent for the future.

2 3

Launching our event driven product

We are strategically committed to diversifying our business to establish a portfolio of products and services capable of supporting growth across a variety of market conditions. In Equities we launched an event driven product at the end of our financial year. This product represents a clear opportunity for us to leverage both our existing equities platform and corporate relationships to capture incremental revenue from existing institutional clients, as well as facilitating the development of our hedge fund relationships.

1 3 4

Creating an award-winning Numis client app

Over the last year we have developed an innovative award-winning mobile app for our clients. The Numis app is designed to be a single tool for all our clients' investment banking needs, bringing together the latest market data, equity research and sector comparatives into a single easy to use mobile application. The app has been designed to amplify and enhance the existing dedicated personal service that our clients receive from Numis.

Whether it is share price fluctuations, new research or trading activity – clients receive in-app real time alerts keeping them informed during the trading day. The Numis app has been built to make our clients' working lives easier right down to providing directions to the next roadshow meeting or reading the latest Numis research.

It is vital we continue to innovate and leverage the post MiFID II opportunity of data and insights both internally and with our clients. We will continue to invest in delivering digital services to our client base – increasing the speed and relevance of information so they can react as the pace of the business world continues to accelerate.

Key performance indicators

Financial

Revenue per head (£k) 1 4

Year	Revenue per head (£k)
2018	**538**
2017	591
2016	527
2015	467
2014	491

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.

2018 performance

Revenue per head declined with the increase in average deal fee being offset by the investment in people during the year.

Outlook

We believe the investment in our people positions the Group well for future growth whilst recognising our revenue performance is subject to variations in equity market conditions.

Equities revenue (£m) 2

Year	Equities revenue (£m)
2018	**47.5**
2017	44.8
2016	38.4
2015	33.4
2014	39.6

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.

2018 performance

We delivered 6% revenue growth in a year which featured broadly flat markets and the introduction of MiFID II.

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) 1 3

Year	Advisory revenue (£m)
2018	**17.3**
2017	14.4
2016	12.3
2015	12.7
2014	5.5

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.

2018 performance

21% growth delivered in the year, with a mix of both sell-side and buy-side related revenues.

Outlook

We will continue to develop our Advisory capability and aim to increase our participation in transactions relating to our corporate client base. In this regard we have recently launched a debt advisory offering.

Non-financial

Corporate client base 1

Year	Corporate client base
2018	**210**
2017	202
2016	199
2015	183
2014	171

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.

2018 performance

The client base increased to 210 as a result of eight net clients wins. This included five FTSE 250 wins and one FTSE 100 win.

Outlook

FY19 has started positively with a number of new client wins and we look forward to continuing to target interesting and ambitious companies of all sizes.

UK ECM market share (%)* 1 2

Year	UK ECM market share (%)
2018	**8.9**
2017	9.7
2016	13.4
2015	6.5
2014	3.5

Why it's important

ECM transaction related revenues are currently our leading source of transaction revenue. Maintaining a leading market share in UK ECM (inclusive of Investment Trusts) is important to sustaining strong deal related revenues.

2018 performance

For the financial year we were ranked first per Bloomberg with a market share of 8.8%, maintaining the position achieved in both of the previous years, although our share declined slightly.

Outlook

We believe our track record and experience in UK ECM leaves us well positioned to gain further market share.

Share count (m) 4

Year	Share count (m)
2018	**106.0**
2017	106.9
2016	113.7
2015	113.3
2014	112.7

Why it's important

Equity is important element of our staff compensation arrangements. We intend to manage our share count through the share repurchase programme with the aim to offset the future dilutive impact of share awards.

2018 performance

The issued share capital declined marginally in the year due to the share buyback more than the offsetting the number of shares vesting in the year.

Outlook

We have continued to repurchase shares in FY19, although we regularly review the parameters of the share buyback and may vary the volume of repurchases at any stage during the year due to factors including market conditions, balance sheet position and vesting schedules.

* UK ECM market share sourced form Bloomberg. Market share accounts for all ECM transactions on the London markets, defined as any Initial Public Offering, Primary and/or Secondary Share Offering, Rights Offering or Additional Offering. Bloomberg apportions league table credit depending on the seniority of each adviser's role on a given transaction.

Earnings per share (p) 5

Year	EPS (p)
2018	**25.1**
2017	27.4
2016	23.5
2015	19.5
2014	18.7

Why it's important

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

2018 performance

EPS declined by 8% to 25.1p as the increase in cost base more than offset the revenue increase and share count reduction.

Outlook

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

Operating margin (%) 4

Year	Operating margin (%)
2018	**22**
2017	27
2016	26
2015	28
2014	26

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.

2018 performance

Despite record revenues, our operating margin declined to 22% as a result of the investment in new hires and the costs associated with enhancing our platform.

Outlook

We will not restrict our ability to make opportunistic hires, although we expect hiring levels to be reduced in FY19, and we do not anticipate the same level of regulatory transition spend in FY19.

Liquid resources (£m) 4

Year	Liquid resources (£m)
2018	**111.7**
2017	95.9
2016	89.0
2015	59.6
2014	74.5

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.

2018 performance

Our cash balance increased by 17% to £111.7m as result of our cash profits, liquidation of the Numis Mid Cap Fund and movements in our market making positions.

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 headroom above our regulatory and operational requirements.

Extel survey 2

No1

the last six years in the Extel ranking

Why it's important

Maintaining a market-leading research product is vital in a post MiFID II market. The Extel survey provides an independent assessment of the relative quality of our offering as assessed by our clients.

2018 performance

We were ranked first in the UK Small and Mid Caps survey, for the sixth successive year.

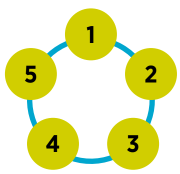
Outlook

The equity research market remains highly competitive notwithstanding recent regulatory disruption, we invested in recruiting a number of highly regarded analysts, which we believe positions us well for the future.

We monitor our performance using a set of financial and non-financial key performance indicators aligned to our strategic priorities.

A reminder of our strategy – read more on page 10

1. Build the corporate franchise focusing on high quality clients
2. Become the leading UK equities platform
3. Develop complementary products and services
4. Maintain operating and capital discipline
5. Deliver shareholder returns



To read more about our performance in the year go to the business and financial reviews on pages 20 to 27

Q&A with the Co-CEOs

Alex Ham and Ross Mitchinson share their views on the Numis difference, performance and potential.

Q What's at the heart of the Numis difference?

RM We're really focused on UK equities, be it advising the companies or giving great advice to the investors in those companies. Over the last few years, we've been growing a very good corporate client base and offering a great service to our institutional clients, which is the bedrock of everything we do.

We're not a business with a lot of fixed assets. The assets are the people, and we think we've got fabulous people.

Our focus seems to strike a chord with companies of all sizes. New client wins have included companies at £8bn market cap, in 3i, all the way down to £50m market cap companies, where we're particularly interested in and excited by what they're trying to achieve.

We now have five FTSE 100 clients. Some of our bigger clients are companies we've looked after and grown with for many years, which is very satisfying.

I think there's a real point of differentiation on building strong long-term relationships.

On the institutional side we really value the strong relationships we have with the important fund managers at the institutions. I think that's been de-emphasised by some of our competitors.

AH It's down to people and culture. We're different to our competitors. We can compete on our own merits and focus on what we're good at, which is being incredibly focused on servicing UK clients and UK companies.

I think we just do it differently. We've got more focus, we've got more ambition, the way we treat our clients is different to the way the big banks do.

RM We want to work with clients where we can really make a difference. Where they value us as a partner.

AH The partnership point is important. We take on clients where we are going to be treated as a trusted adviser and can build a real long-term relationship. We've looked after Asos for 10 years. When we took them on they were a tiny business and now they're a very big business. The team who advises them here has been the same team throughout. That would apply across multiple clients.

RM We floated Hargreaves Lansdowne 11 years ago as an £800m market cap business. It now has a market cap of £10bn and we've worked as their broker continuously over that period. They're the most rewarding in many ways – the ones you work with and help over a long period of time.

> Our story has been one of having exceptionally good people and being very focused on the customer.

Ross Mitchinson
Co-Chief Executive Officer

Q **How important are the four Numis values of collaborative, innovative, focused and driven?**

RM Collaborative is the first one. We benefit from working very closely together, understanding each other's strengths and weaknesses. We completely benefit from being one joined-up firm.

AH We're different also in that we have a single bonus pot for everyone. It makes a big difference in the way that people behave. There's a single focus on doing the right thing for the client, generating fees for the business.

We are quite innovative in the way that we do things. For example we have created an award-winning app for corporate clients.

On the investment banking side, we look at each transaction on its own merits. We don't just think about the process – we can be more focused, thoughtful and innovative to make sure the client gets the right outcome.

> It's been a period of hiring some brilliant people across the business to build for the future.

Alex Ham
Co-Chief Executive Officer

RM On the distribution side we're pretty innovative at thinking about different pots of capital. We frequently find buyers in IPOs or equity raisings that are probably non-standard and wouldn't have come up on other people's radars.

AH We've spent quite a bit of time thinking about our culture and diversity. It's important – you want people to feel they are part of something which is different, growing and innovative. Part of that is being innovative in the way we treat our people.

On the private side, we're working with a huge number of early stage high growth companies who are doing interesting things across a whole group of different sector verticals, from AI to fintech to genomics. We have a team of eight people here who just focus on the private world, meeting with the most exciting companies across the UK and Europe. We want to be front and centre working for those businesses, advising and helping them raise money to grow.

RM With focused, we concentrate on UK equities and UK growth companies, and therefore we've got to be very good at that. We don't have huge numbers of products, geographies and asset classes to worry about.

AH And driven, there's a real sense of purpose here – to build a really interesting long-term business with amazing relationships. It starts with the two of us and it feeds its way through the firm. You just feel it day to day – the drive, determination and motivation people have to really build something.

Q&A with the Co-CEOs
continued

Q How would you crystallise your ambition to be the investment bank of a generation?

AH The idea of building the investment bank of a generation is that we are building something very much of now – something which is of its time.

On the investment banking side, the ideal outcome is that the best, most interesting companies, management teams, entrepreneurs naturally want to come and work with us because they see that we are the leading investment bank in the UK, we are working with the most interesting companies and they want to be part of that ecosystem.

RM Alongside that, we want to be the No1 house in UK equities, by having the very best equity research, as recognised by our clients, and the largest and best distribution team in equity sales, with strong relationships to promote that research and act as a trusted adviser to institutional clients. On top of that, a very good execution function that's great at sourcing liquidity.

We won the Extel survey for UK Small & Mid Caps for the sixth year in a row, which has never been done before. In fact we've won it more years than everyone else combined. The opportunity is to step up and be No1 across the UK irrespective of market cap. That is the ambition. So we have just hired one or two new teams to give us a bigger, better product. We think we have the opportunity and people to do it.

> We massively over-index with entrepreneurial companies – Asos, Ocado, Rightmove, AO World. We have a natural affinity with these types of businesses.

Ross Mitchinson
Co-Chief Executive Officer

Q What have the market conditions been like in 2018?

RM On the equities side, markets have been quite tough and broadly flat but quite volatile over the period. In January we had the introduction of MiFID II, causing downward pressure on institutional budgets for research and sales. Set against that, we managed to grow the equities business both in the first half and in the full year. Of our top 150 institutional clients in the prior year, 149 are paying us for our research and sales, which is very important because that ensures we've got the broadest distribution versus our competition.

The general trend is a slight reduction in overall payment for research and sales, but we've seen an offsetting increase in our execution business, which really talks to the expertise we have in sourcing liquidity in UK equities.

AH From an investment banking perspective it's been a reasonably good year, the markets have functioned pretty well for most of the year. Towards the end of Q4, firstly things are naturally slightly quieter in the summer and there was a big de-rating in global equity markets, leading to an increase in volatility which makes it harder to issue equities. You could see that in the absolute stock market levels and also the challenge in getting certain transactions done. But we're very fortunate – we have a large, diverse and active client base across multiple sectors.

We've seen a pick up in M&A fees. We probably did a third less transactions but the total fees are significantly high, compared with the year before. We've captured a greater share of the M&A work from our clients. It is definitely part of our strategy to make sure we attract M&A focused bankers to the firm so we can capture more of that business from our retained clients.

Our job is to act for our clients and help them further take advantage of the opportunities in front of them.

Alex Ham
Co-Chief Executive Officer

Q How would you sum up the year for the firm?

RM It's been a year of investment. Equities had a decent year and grew, despite the introduction of MiFID II. Investment banking had a good year. The overriding thing was the investment in people, ranging from our biggest ever graduate and intern intake through to several high profile hires on the equities side and growth in headcount across investment banking.

We hired some great new people, to augment areas we were operating in and to push into new areas, notably debt advisory and event driven.

AH With debt advisory, our clients have become larger and more sophisticated – they tend to have debt financing as part of their capital structure. To better service our clients, we want to support them on both the debt restructuring and refinancing advisory side. It links really neatly with what we're building out on the M&A side, because if you're acting on a complex M&A deal it's more than likely that there is an equity component and a debt component.

RM Event driven is principally involved in merger arbitrage. Invariably when a company gets bid for, the natural buyers at that point are the arbitrage funds, who haven't historically been clients of ours. So we're now building out a team to service that client base and grow that as a revenue stream.

Q What are you particularly proud of in 2018?

RM There are lots of things we're proud of in the year. We raised a significant volume of equity in the UK market. We now have a larger corporate client base than most of our competitors. It grew again this year. We worked on some of the higher profile IPOs in the market and M&A-related revenue is growing.

AH At the same time, we care just as much about the £50m market cap business that we think is exciting. We are genuinely size agnostic. We just want to work with the best companies, the best management teams in the market. That's what we care about.

Q What's the outlook for Numis?

AH Our focus will continue to be on clients. Our job is to respond to their needs and their requirements. So for us it's really simple. The focus for the year ahead is to win more, best in class companies, support management teams who value us and want to work with us, and to spend a huge amount of time and effort focused on providing the best possible service for existing clients.

RM On the equities side, again, the course is pretty well set, in terms of pushing on to become the No1 house in UK equities, by having a fantastic well-invested research department, very strong relationships with the institutions and extremely capable execution function.

AH The point we'd both make is the ongoing investment in talent, because it is so important to our business. This includes bringing the best talent through the business.

RM Alex started as a graduate here 13 years ago and that shows what's possible in terms of moving through the business quickly.

As leaders, we're pretty entrepreneurial, driven, ambitious and that energy is hopefully reflected in the feeling around the business.

AH Yes, I think there is a natural entrepreneurial energy to the business, to the mission that people feel in the firm. It makes a big difference. We tend not to lose people, people tend to enjoy being here, being part of something interesting.

If there was one message to come out of the report, I think it would be that the way we think about talent and culture is so different. This is a great place for brilliant people.

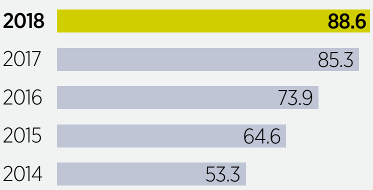
Business review

Our ambition is to build the investment bank of a generation. To this end, in 2018 we invested in the best talent in the market as we positioned the firm for future growth.

Corporate Broking & Advisory

"Continued growth in Investment Banking revenues underpinned by our corporate client base.

CB&A revenue (£m)



Deal fees originated from corporate client base

76%

Aggregate client market cap capitalisation

£172bn

(2017: £145bn)

Another year of record revenues and strategic progress

We are pleased to report another year of record revenues and strategic progress for the business. While profitability declined this year due to our investment in people, we enhanced our reputation in the market with another year of high quality client wins, execution of interesting deals and growth in Equities delivered against a transitioning regulatory backdrop.

Market conditions during the financial year were broadly favourable for our business. The FTSE 100 and 250 increased by 1.9% and 2.2% respectively over the period, and volatility levels were generally subdued throughout the year, which supported equity issuance. As a result UK Equity Capital Market (ECM) activity levels for the year were broadly in line with the prior year. Similarly, UK M&A activity levels were comparable to the prior year.

Corporate Broking & Advisory

CB&A had a strong start to the year supported by positive client activity with deals such as the $546m fund raise for CatCo Reinsurance, and an advisory mandate for Aveva delivering early momentum to our revenue. Transaction activity remained at consistent levels throughout the financial year, however, the average deal fee on transactions declined in the second half. Overall the number of deals completed across the year was 7% lower than the number completed in 2017. However, revenues for CB&A increased in the year by 4%, driven by further progress in growing our average deal fee relative to the prior year.

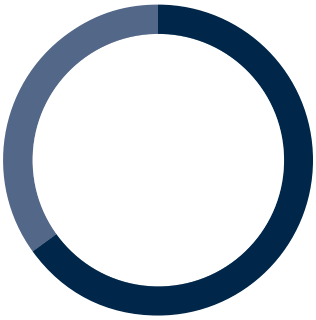
This progress has been achieved through a combination of working with larger clients, winning and executing larger mandates, and achieving a greater share of the fees available on deals. This has been particularly noticeable in Advisory this year where we have benefited from a strong increase in average deal fees. While 2018 was not particularly active for sell-side transactions among our client base relative to historic levels, we were able to win a number of M&A mandates in support of our clients' growth ambitions. As we build our track record in advisory services we should be well placed to capture a greater share of the fee opportunities generated by our corporate clients.

Towards the end of the year we invested in a debt advisory capability. We believe there is an opportunity to broaden our engagement with our corporate clients and provide independent advice in an area where we see consistent demand.

Capital Markets delivered revenue of £58.8m, which was broadly in line with the prior year (2017: £59.4m). The revenue mix within this category changed from the previous year with an increase secondary issuance for corporate clients being offset by a decline in block trades and private placement transactions.

Whilst our private placement revenue performance was disappointing, we continue to build our presence in unquoted capital markets where we believe there is a compelling revenue opportunity in view of the growing pool of capital allocated to private investment opportunities.

Revenue share

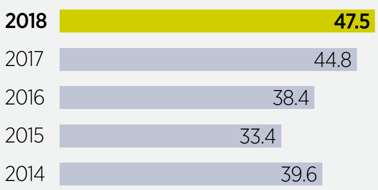


Corporate Broking & Advisory	65%
Equities	35%

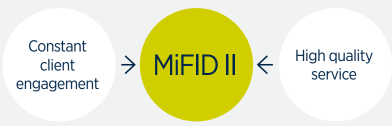
Equities

> MiFID II presents an opportunity for market share gains in UK equities.

Equities revenue (£m)



How we're working with MiFID II



Companies researched

350

Institutional clients

600+

For the third successive financial year we were ranked first by Bloomberg in UK ECM deals, including investment trusts transactions. Given the highly competitive landscape this is a particularly notable achievement. Building on this success, we continue to believe there is the opportunity to gain market share and deliver further revenue growth across our Capital Markets activities.

We increased our corporate client base during the period to 210 clients. Of this, 49 are FTSE 350 clients. Notable wins during the year include BCA Marketplace and 3i, a FTSE 100 win. Our portfolio of corporate clients delivered retainer fee revenue of £12.4m for the year (2017: £11.6m). While this source of recurring revenue is important to the firm, the corporate client base is the primary source of our deal flow. Building the corporate client list continues to be a priority although we are increasingly selective and target those ambitious, high quality companies, of all sizes and both public or privately owned, who we believe we can support over the long term in a mutually beneficial capacity.

This year we also invested to strengthen the CB&A department at mid-ranking levels in certain sectors as we build increased depth of coverage across the business and develop a more efficient operating structure in the department. We also completed our first ever graduate intake this year, with nine graduates joining the business in September 2018.

Going forward we will continue to focus on optimising our sector and product capabilities to win new clients, and deliver high quality advice underpinned by unique market insight.

Equities

The transition to MiFID II formed much of the focus in Equities over the year. Engaging with our institutional clients on the structure and value of payments is likely to be a continuous process, but we are encouraged to report revenues of £47.5m (2017: £44.8m), 6% higher than the prior year despite the regulatory disruption across the market.

Our institutional clients value the service we provide and we expect MiFID II to place greater focus on the quality of individuals, service level and insight which we believe favours our approach and platform. Accordingly, we have actively hired a number of highly regarded senior individuals across the Equities business during the year to provide further strength to our coverage of certain sectors. In addition, we launched an Event Driven product at the end of the year which we believe presents an exciting opportunity to capture incremental revenue and expand our client base. We continue to enhance our institutional client service to levels we believe to be unmatched in our market segment.

We won the UK Small & Mid Cap Extel survey for the sixth consecutive year, as voted by institutions, receiving an all-time record share of the vote for this survey. This is an excellent achievement demonstrating the overall consistency of quality from our Equities business.

Not only does the quality of our Equities business underpin the revenues delivered in the division but it is critical to our ability to attract and retain corporate clients and execute ECM deals.

Business review
continued

The efforts made in transitioning the business in advance of MiFID II and the recent recruitment of highly regarded individuals position us well to deliver further market share gains as we seek to establish Numis as the UK's leading equities platform.

Strategic investments
During the year we decided to close our asset management business, liquidate the fund and return the proceeds to the fund's investors. The fund had performed broadly in line with benchmark since launch, however, we did not consider the performance to be sufficiently strong to invest in marketing the fund to third-party investors. We continue to hold a portfolio of strategic investments consisting of mostly early-stage private opportunities where we believe we can contribute to the development of the Company through our network and position in the market.

Investing in our platform
We are continuously assessing our technology and processes to identify areas of improvement so that we can better serve our clients, meet ever-increasing regulatory requirements and identify efficiency gains. MiFID II demanded significant changes to our platform and procedures and involved close collaboration with our clients, staff and partners. We encountered no material operational issues associated with the implementation of MiFID II and continue to believe we are well positioned to benefit from the regulation.

Operational changes to our business were also required with the introduction of the General Data Protection Regulation (GDPR) and we are currently planning for the introduction of the Senior Managers and Certification Regime (SMCR), which we anticipate will become effective in December 2019.

As well as delivering change required by regulation, we invest in our technology platform to ensure resilience, including cyber security, as part of a continuous programme of maintaining, and upgrading where necessary, our operating platform.

Technology is an increasingly important aspect of service delivery and we continue to strive to ensure we are using our data and technology capabilities to serve our clients across the business to the best of our abilities. This year we launched the Numis Client App, which promotes efficient client engagement and supplies clients with unique content and data from our platform.

Our strategy is to continue developing and enhancing our platform. In particular we will focus on the quality and use of our data to assess performance, identify operational inefficiencies and underpin our risk management processes.

Investing in our people
Our people really are our most important asset and we devote a lot of time, energy and investment to attracting, developing and retaining outstanding individuals, and providing a great place for them to work and succeed.

This year we ran our second people survey, which had an excellent response rate. Scores were up on average 7% across each question theme year on year. Our highest scoring question was "I believe Numis has a successful future ahead" which scored 98%.

Throughout the year we have invested in three core areas: personal resilience and wellbeing; diversity and inclusion; and learning and development. Initiatives have included a broad range of internal and external training programmes, guest speakers, on-site support for staff and coaching as we aim to create and enhance a high performance culture.

Our people

“Throughout the year we have invested in three core areas: personal resilience and wellbeing; diversity and inclusion; and learning and development.

+7%

In the 2018 People Survey scores, we are up on average 7% across each question theme year on year.

98%

Our highest scoring question in the last People Survey was "I believe Numis has a successful future ahead" which scored 98% favourability.

96%

"I am proud to work for Numis" scored 96% favourability in 2018.

“We believe our distinctive culture and values are critical to our success.

Recruiting the next generation of outstanding talent
Developing the next generation of talented leaders across the business is a key priority for us and we have invested in a number of initiatives which seek to deliver this long-term goal.

We completed not only our first graduate intake but also our first structured summer internship programme. We had over 1,700 applicants, and through a very thorough and rigorous assessment and selection programme we hired nine graduates and 18 interns. We will continue this highly successful process in the years ahead – identifying and developing talent at junior levels is the most effective strategy to build strength and depth across the business.

Making the most of our strong Numis culture
We believe our distinctive culture and values are critical to our success and we are determined to nurture and build on them as we continue to grow. As we get bigger, we will stay true to our dynamic, focused, highly collaborative culture.

Social responsibilities
The Board recognises that it should take account of the needs of society, its community and the environment and maintain high ethical standards. The extent to which these principles have been formalised is appropriate to the size of the organisation and these are documented in both the staff handbook and compliance manual. Numis is committed to its staff welfare, respecting the environment and treating its clients fairly. The Board meets with senior executives and heads of department on a regular basis and through the reporting structures receives information on clients, customers and supplier relationships.

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. A copy of Numis' Anti-bribery Act and Modern Slavery Act statements can be found on Numis' website at **www.numis.com**.

The environment and community
Numis is proud to report that it has implemented processes to manage environmental risks so as to reduce, reuse and recycle, wherever possible, waste materials within its place of business and is committed to a Charitable Giving partnership with a chosen charity which supports young and vulnerable people. Numis will continue to focus on these important areas of responsibility and seek to drive initiatives which have a beneficial impact on our communities and the environment.

Current trading and outlook
Since the start of the financial year, equity markets have declined, with mid-market growth stocks in particular suffering material adverse share price movements. Volatility levels have also increased following a prolonged period of relatively benign market conditions. As a result, the environment for ECM transactions has become more challenging and issuance volumes in the first two months of the year have been lower than the comparative period. Against this backdrop we have completed 14 deals in the current financial year, including three IPOs, however, this represents a decline in deal volumes relative to the comparative period in FY18, although average deal fees remain broadly in line with the level achieved for the full year. Activity levels remain high across the business and our pipeline continues to be strong with a combination of IPOs, and capital raisings for our corporate clients. However, in the current market, the execution of these transactions is increasingly unpredictable.

The increase in volatility has impacted the Equities business, with lower trading profits and institutional income achieved in the first two months of the year against the comparative period. We believe the quality of our service to institutional clients, insight and analysis is highly valued by institutions, particularly in periods of market uncertainty. In addition, the recent investment in the Equities business positions Numis to capture further market share in UK Equities irrespective of the prevailing market environment.

2018 was a year of investment in the business, the benefits of which are now materialising. Since the start of the year, we have won three new corporate clients with an average market cap of £1.4bn. These clients have recognised the strength and depth of the Numis service across multiple business lines and our success in growing the corporate client list continues to underpin our confidence in the future prospects for the business.

Financial review

Consistent financial performance and regulatory change have presented an opportunity for strategic investment in the business.

“Record revenues were delivered for the third consecutive year.

Andrew Holloway
Chief Financial Officer

Summary for the year

	2018 £m	2017 £m	% change
CB&A	**88.6**	85.3	3.9%
Equities	**47.5**	44.8	5.9%
Revenue	**136.0**	130.1	4.6%
Investment income	**1.7**	3.4	(49.5%)
Total income	**137.8**	133.5	3.2%

Revenue for the year was £136.0m (2017: £130.1m), representing year on year growth of 4.6% which was achieved consistently across both CB&A and Equities. Total income was up 3.2% notwithstanding a lower contribution from the investment portfolio which closed the year materially smaller than the prior year at £16.3m (2017: £28.1m) due to the closure of the asset management business during the course of the year.

Corporate Broking & Advisory revenue

	2018 £m	2017 £m	% change
Capital Markets	**58.8**	59.4	(0.9%)
Advisory	**17.3**	14.4	20.8%
Corporate retainers	**12.4**	11.6	7.4%
Total CB&A revenue	**88.6**	85.3	3.9%

CB&A delivered 3.9% growth, achieving revenue of £88.6m (2017: £85.3m).
The retainer fee income growth reflects the continued expansion of the corporate client base and contractual fee increases.

Our client base provides the significant majority of our deal fee income, which was 3.3% higher this year compared to the prior year, with Advisory fees increasing 20.8% year on year reflecting our continued focus on growing this business line. Whilst the deal count for the year was lower compared to the prior year, Capital Markets and Advisory revenues both benefited from higher average deal fees across the year. This was driven by the continuation of the beneficial trend we have experienced in recent years of participating in higher value transactions, and our ability to secure more senior and rewarding roles on these deals.

Equities revenue

	2018 £m	2017 £m	% change
Institutional income	**37.9**	35.8	5.9%
Trading	**9.6**	9.0	6.0%
Total Equities revenue	**47.5**	44.8	5.9%

Equities delivered revenue of £47.5m representing growth of 5.9% for the year. Within this, institutional income also was up 5.9% in a year which included the transition to MiFID II, which came into effect on 3 January 2018. Whilst the composition of our institutional income has changed slightly with a greater proportion being received in the form of payments for research and sales, there has been no material change in our client base.

Furthermore, despite the shift in revenue mix, we continue to perform well in execution and have been capturing increasing market share in UK equities which has largely offset any decline in commissions arising as a result of MiFID II. Trading delivered gains of £9.6m, up 6.0% on the prior year, with capital allocation and VaR limits remaining at conservative levels. In line with recent years, the contribution from investment trusts and equities market making activities was broadly equal.

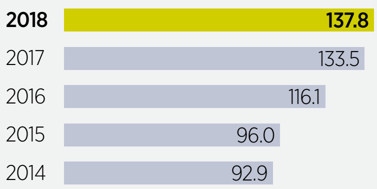
Investment portfolio

Our investment portfolio reduced in size by 42% during the year as a result of the liquidation of the Numis Mid Cap fund. The investment portfolio now comprises 96% unlisted investments. A total of five new investments were made in the year amounting to a total investment spend of £2.6m (2017: £1.3m). During the year we completed the disposal of three unquoted investments recognising an aggregate gain of £0.8m. Overall, the portfolio delivered net gains of £1.7m across the year (2017: £3.4m).

Key statistics

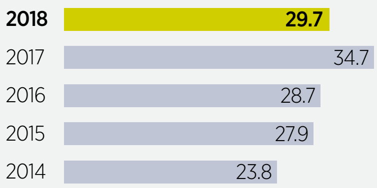
Total income (£m)

£137.8m +3.2%



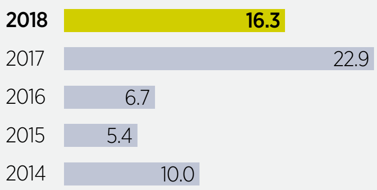
Underlying operating profit (£m)

£29.7m -14.4%



Spend on share repurchases (£m)

£16.3m -28.8%

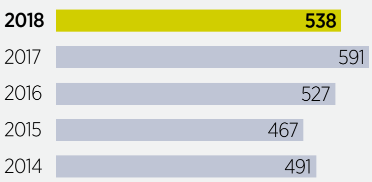


Financial review
continued

Key statistics

This has been a year of investment in the business.

Revenue per head (£k)



Compensation ratio

55%

(2017: 52%)

Earnings per share

25.1p

(2017: 27.4p)

Full year dividend per share

12.0p

(2017: 12.0p)

Costs

	2018 £m	2017 £m	% change
Staff costs	**64.7**	58.5	10.6%
Share-based payment	**10.6**	10.5	1.2%
Non-staff costs	**31.0**	26.4	17.5%
Total administrative costs	**106.3**	95.4	11.5%
Year end headcount	**273**	235	16.2%
Average headcount	**253**	220	15.0%
Compensation ratio	**55.4%**	53.0%	2.3ppts

Staff related costs comprise the majority of our cost base. During the year we increased average headcount by 15% as we hired across the business to strengthen our platform and expand our capabilities to drive market share gains. Some of our recruiting activity relating to senior hires resulted in higher initial costs being incurred which impacted the costs in the year.

Our share-based payment charge was £10.6m (2017: £10.5m), an increase of 1.2% for the year. This increase is attributable to awards made to staff as part of the annual compensation round, and awards made to new hires to compensate for sacrificed awards made by previous employers.

Compensation costs as a percentage of revenue increased to 55.4% (2017: 53.0%) as a result of the costs incurred relating to hiring activities. We adopt a disciplined approach to managing the compensation ratio of the business, however, we do expect the ratio to move within acceptable parameters as a result of hiring activities and market cycles.

Our non-staff costs increased 17.5% over the year to £31.0m as we incurred costs in association with the implementation of MiFID II and additional variable costs in relation to the higher headcount. In addition, investment in our platform is critical to ensuring we are able to offer our clients a high quality service, maintain the highest risk management and regulatory standards, and deliver operational efficiency gains. This requires sustained investment in technology.

Profit

	2018 £m	2017 £m	% change
PBT	**31.6**	38.3	(17.4%)
Adjustments:			
Investment income	**(1.7)**	(3.4)	
Net finance income	**(0.2)**	(0.2)	
Underlying operating profit	**29.7**	34.7	(14.4%)
Operating margin	**21.8%**	26.7%	(4.8ppts)

Underlying operating profit was down 14.4% to £29.7m (2017: £34.7m) as the increase in revenue was more than offset by the additional costs incurred in the year. Similarly, the operating margin declined to 21.8% (2017: 26.7%). Revenue per head declined by 9% to £538k per head but this remains above the level achieved in FY16.

"The Group is well positioned to navigate a variety of market conditions.

Andrew Holloway
Chief Financial Officer

PBT for the year was £31.6m, representing a decline of 17.4% compared to the prior year, this was attributable to the 11.5% increase in cost base and lower investment gains recorded in the period. Our effective tax rate for the year reduced to 15.7%, resulting in profit after tax 12.2% lower at £26.7m (2017: £30.4m).

EPS declined by 8.4% to 25.1p per share as the reduction in share count achieved by the share buyback programme was more than offset by the decline in profits for the year.

Net asset position
The Group's net asset position at the year end was £143.1m, representing an increase of 7% against the prior year with the profits of the Group, and awarding of shares being partially offset by dividend distributions and share repurchases.

The Group assesses its capital position against its requirements throughout the year. At present the Group has qualifying capital representing more than double the regulatory requirement. This position of strength ensures the Group is well positioned to navigate a variety of market conditions.

Cash position
The Group's cash position increased by 17% to £111.7m as a result of movements in our trading book position, cash profits and the liquidation of the Numis Mid Cap Fund. Our cash position is significantly in excess of our regulatory liquidity requirements. Financing outflows included £12.8m of dividend payments to shareholders (2017: £13.5m) and £16.3m spent on the repurchase of shares to offset future shareholder dilution from staff compensation share schemes (2017: £22.9m).

Our strong liquidity position is essential in supporting our market making activities and facilitating client trading activity, in addition, our liquidity position is an important factor in our ability to secure and execute certain ECM transactions.

Dividends and share purchases
The Board has declared a final dividend for the year of 6.5p per share. The dividend will be paid on 8 February 2019 to shareholders on the Register on 14 December 2018.

Our goal is to pay a stable ordinary dividend and re-invest in our platform, pursue selective growth opportunities and return excess cash to shareholders subject to capital and liquidity requirements and market outlook.

During the year 4.5m shares were repurchased at a weighted average price of 362p per share, this compares to 9.3m shares purchased in the prior year at an average price of 250p per share. The impact of the share repurchases has been to reduce the issued share count by 0.9m shares over the course of the financial year. Whilst the issued share count will increase with the vesting of share awards during the early months of the year, our intention is to continue mitigating the dilutive impact of these awards and reduce our share count in the medium term subject to market conditions.

A. Holloway

Andrew Holloway
Chief Financial Officer
10 December 2018

Principal risks

Effective risk management is integral to our objective of delivering sustainable long-term value.

Our risk management framework

Top down Strategic risk management		Bottom up Operational risk management
Review external environment Robust assessment of principal risks Set risk appetite and parameters Determine strategic action points	**Board/Audit Committee**	Assess effectiveness of risk management system Report on principal risks and uncertainties
↓		↑
Identify principal risks Direct delivery of strategic actions in line with risk appetite Monitor key risk indicators	**Executive Committees**	Consider completeness of identified risks and adequacy of mitigating actions Consider aggregation of risk exposure across the business
↓		↑
Execute strategic actions Report on key risk indicators	**Business Units**	Report current and emerging risks Identify, evaluate and mitigate operational risks recorded in risk register

Managing risks
We identify and manage risks through our risk management framework, which supports effective risk management and a strong risk culture. The framework sets out the Group's approach to risk management together with the key arrangements for managing the risks through internal controls. We see effective risk management as central to ensuring strong corporate governance and achieving our strategic objectives while remaining within our risk appetite.

Our risk appetite
Our risk appetite defines the level of risk we are willing to take across the different risk types. Risk appetite is key for our decision-making process, including business planning, new product analysis and change initiatives.

We embed our risk management process 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.

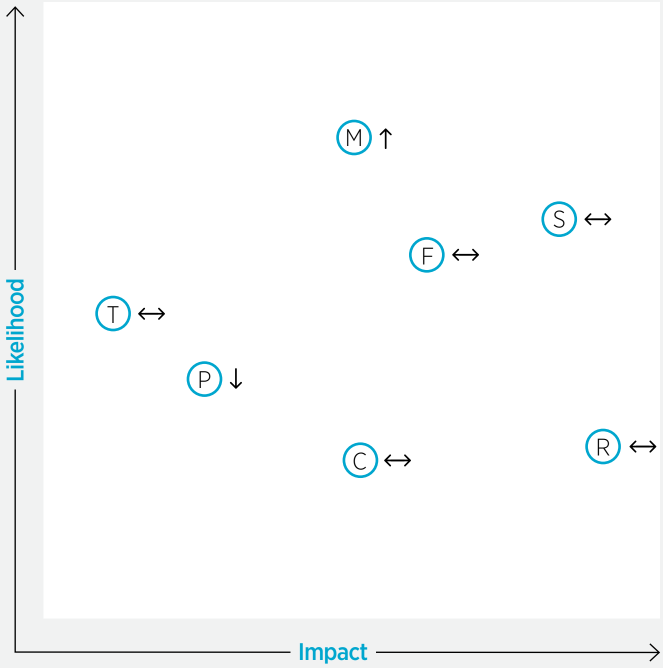
Three lines of defence
Our risk governance is based on the principle that risk management, risk oversight and assurance are distinct activities that should each be carried out by separate individuals, committees and departments for any particular risk, in the following way:

- The first line of defence consists of the business front line staff who are charged with understanding their roles and responsibilities and carrying them out correctly and completely.
- The second line is created by the oversight functions made up of Compliance and Risk Management. These functions monitor performance against policies, define work practices and oversee the business front lines in relation to compliance and risk.
- The third line of defence consists of internal and external 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.

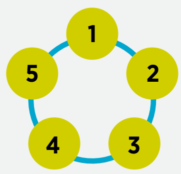
Each line of defence is a means to ensure that risk management systems, processes and controls are operating effectively in line with our procedures, rules and decision-making governance. This approach is designed to guard us against the materialisation of unwanted risks that are not in line with our risk appetite.

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	4 5	↔
(P) People risk	1 2 3	↓
(T) Technology risk	2 4	↔
(C) Conduct, regulatory & legal risk	1 2 3 4 5	↔
(M) Macroeconomic risk	4 5	↑
(R) Reputational risk	1 2 4 5	↔



A reminder of our strategy – read more on page 10



1. Build the corporate franchise focusing on high quality clients
2. Become the leading UK equities platform
3. Develop complementary products and services
4. Maintain operating and capital discipline
5. Deliver shareholder returns

Change year on year

- ↔ Unchanged
- ↑ Increased
- ↓ Decreased

Our responsible risk culture
The management of risk is embedded in our culture. It is the responsibility of each employee to ensure that this culture is built into our working practices.

We promote a responsible risk culture in three main ways:

- **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.
- **Education and awareness**
  Training and developing our staff in risk management skills is essential to maintain our distinctive strengths and for the long-term success of our business. We provide ongoing education to all staff to build the skills, knowledge and understanding to manage the risks in our business.
- **Performance management**
  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.

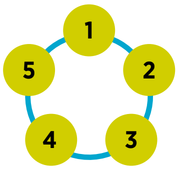
Risk committees
The Group's risk management framework includes a number of executive operational committees that consider, assess and manage risk matters. Details of the committees and their remit are set out on pages 40 and 41.

Principal risks
continued

Managing our principal risks.

Risk description	Mitigation	Change in the year residual risk
Strategic risk 1 2 3 4 5		
The risk that we are not able to carry out our strategy and achieve our strategic objectives. The Board recognises that continued focus on the way in which our strategy is executed is key to our long-term success and financial condition.	The executive management team is subject to healthy and robust challenge from the Board and its committees on the Group's strategic direction, execution of strategy and the implementation of agreed initiatives. This includes significant focus on the risks which threaten the achievement of our strategy as well as those that present the greatest opportunity. We have launched new products and services during the year and therefore closely monitor our ability to achieve the related strategic objectives. 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.	We consider that the financial performance of the Group demonstrates effective execution of the strategy. No material change in residual risk after mitigating actions.
Financial risk 4 5		
Market risk The risk of loss arising from potential adverse changes in the value of our assets and liabilities, including those arising from market making and underwriting activities, as a result of market price fluctuations. Liquidity risk The risk that we are unable to meet our contractual, contingent or regulatory liquidity obligations or that we do not have sufficient liquidity to support our obligations, including in relation to trading counterparties, underwriting and margin calls. Credit risk The risk of loss from the failure of clients or counterparties to fully honour their obligations to us. Capital risk The risk that we have insufficient capital to support our business activities and to meet our regulatory capital requirements.	We mitigate our exposure to financial risk through a combination of: • Prudent risk appetite limits. • Monitoring and reporting of market, credit, liquidity and capital risk information to the Financial Risk Committee and other relevant staff (see note 26) and taking any necessary action. • Embedding liquidity and capital adequacy review processes in timely and thorough management information. • Forecast modelling and stress scenario testing.	Financial risk exposures remained at similar levels to those experienced in the prior year. No material change in residual risk after mitigating actions.

A reminder of our strategy – read more on page 10



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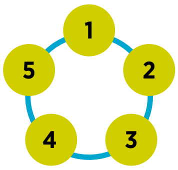
Risk description	Mitigation	Change in the year residual risk
People risk 1 2 3		↓
The risk associated with staff behaviour, recruitment and retention. Our people are the key factor in determining the long-term success of our business. Attracting, engaging and motivating our staff is essential to maintain our competitive advantage.	The motivation, retention and growth of our people remain at the top of the Board's agenda. We maintain formal structured performance-based staff appraisals in which objectives are set and success is measured along with the identification of future development needs. These reviews include a robust 360 degree feedback review element. We have also run talent planning sessions with front office management teams to discuss and map talent, identifying key development areas per individual with associated personalised action plans. We think this builds trust and engagement in a positive way. We have invested to ensure that our people feel engaged and recognise that they are valued and appreciated. We have rolled out a number of initiatives during the year, including in relation to: • Learning and development with a focus on the role of the manager given we recognise their importance in engagement and retention of staff. • Wellbeing and personal resilience. • Diversity and inclusion. • Charity giving. • Sustainability. • Flexibility and remote working. • Enhanced benefits. The Board places particular focus on incentivising our employees through its remuneration policy and strategies, including considering the appropriate allocation and mix of cash and share-based schemes along with appropriate deferral periods in order to align remuneration with the long-term success of the Group. The nature of the share-based schemes and their deferral characteristics are described in note 22 to the Financial Statements. Senior management succession planning is run annually and overseen by the Nominations Committee. We have also invested in a graduate recruitment and a summer intern programme and seek to be a favoured choice of employer for those embarking on their careers.	Staff retention has been high compared to the market and we have made a number of hires during the year which will broaden our capabilities and enhance client service across the business. Integration of these new hires is a focus for the Board and the HR team. An all staff survey was carried out for the second year running resulting in a number of initiatives. The Board also reviewed score changes from the last survey to ensure any initiatives are fit for purpose and worth our investment. We plan to run the survey every two years in future. Reduced residual risk after mitigating actions.

Principal risks
continued

Managing our principal risks.
continued

Risk description	Mitigation	Change in the year residual risk
Technology risk 2 4		⟷
Technology risk can arise from the failure of core business processes undertaken within the Group or by one of our third-party service providers. Technology enables us to facilitate reliable business operations without disruption to client service, and deliver innovation and change that maintains our position as a leader in our field. Specific areas of technology risk include: • Cyber security, data loss and vulnerability management. • Failure to innovate resulting in loss of our leading position. • Response to changes in regulation or legislation. • Third-party supplier selection and reliance. • System and infrastructure resilience, performance and redundancy.	We aim to be able to sustain operations and client service with minimum disruption, through a combination of business continuity planning, duplicated infrastructure, strong supplier relations and remote alternative facilities. Evolving control standards and robust corporate governance 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. In addition to this top down approach, we also apply a bottom up approach with Risk & Control Self-Assessment workshops used to identify risks and test controls. Management make use of best-in-breed third-party service providers and best practice operating procedures to enhance the level of expertise applied. The use of a fully independent, outsourced Internal Audit function provides assurance over the adequacy and effectiveness of the systems throughout our business as well as helping to identify enhancements that provide further risk mitigation. We also engage other third-party advisers on a periodic basis to provide further independent assurance where considered appropriate.	A significant amount of work has been carried out during the year to deliver improvements and upgrades to key elements of our infrastructure. Whilst we have taken these steps to reduce our exposure to technology risk, the evolving nature of systems, processes and external threats means we continue to invest in this area. No material change in residual risk after mitigating actions.

A reminder of our strategy – read more on page 10



1 Build the corporate franchise focusing on high quality clients

2 Become the leading UK equities platform

3 Develop complementary products and services

4 Maintain operating and capital discipline

5 Deliver shareholder returns

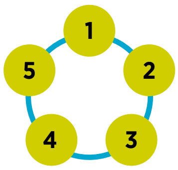
Risk description	Mitigation	Change in the year residual risk
Conduct, regulatory & legal risk 1 2 3 4 5		↔
The risk that inappropriate behaviour, conduct or practices result in detrimental impact to our clients' interests or outcomes or to market integrity. The risk of legal or regulatory action resulting in fines, penalties, censure or other sanctions or legal action arising from failure to identify or meet our regulatory and legislative requirements. The risk that new regulation or changes to the interpretation or implementation of existing regulation adversely affects our operations and financial condition.	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. 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 Executive Committees oversee compliance with the relevant regulatory and legal requirements. 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 department supports senior management in meeting its obligations as well as carrying out risk-based monitoring of our compliance with relevant regulation. Tailored training and updates on specific aspects of regulatory compliance is routinely delivered throughout the year by a combination of senior Compliance personnel and/or external subject matter experts. Our legal obligations are overseen by an experienced and well-qualified in-house legal team.	Regulatory obligations within the financial services sector are significant and the pace of change shows no signs of slowing down. Recent growth and our increase in profile has resulted in involvement in larger transactions and increasing frequency of senior roles, which has consequent effects on regulatory scrutiny. We prioritised various enhancements to our systems and platform during the year and increased staffing in selective areas in order to be appropriately resourced. No material change in residual risk after mitigating actions.

Principal risks
continued

Managing our principal risks.
continued

Risk description	Mitigation	Change in the year residual risk
Macroeconomic risk 4 5		↑
The risk that deterioration in the business and economic environment, or an increase in political instability, could adversely affect the financial condition and prospects of our business. The uncertainty following the UK's decision to leave the EU is likely to continue until the exact nature of the future relationship with the EU becomes clear. Potential risks include: • Whilst a small percentage of our overall business comes from EU clients, changes to current EU passporting rights will likely restrict our ability to carry out certain activities with EU clients. • Sterling could be further devalued which in turn may lead to inflation and increasing interest rates. This in turn, creates an increased risk of a UK recession, which would likely negatively impact our investment banking transaction levels. • Increased market risk with the impact on the value of our trading book positions. • Changes in laws and regulations as the UK transitions away from the EU legal framework could result in uncertainty and costs to our business.	We have built a substantial corporate and institutional client base that positions us relatively well during periods of economic downturn. We generate significant corporate retainer fees which would not be significantly impacted by reduced transaction levels. Whilst we carry out business for non-UK EU clients, this is a small overall percentage of our overall revenues. As a result we do not envisage a material reduction in revenues as a result of the UK's withdrawal from the EU. We have sought to diversify business lines with a number of new senior hires into new product lines during the year.	Increase in residual risk after mitigating actions.

A reminder of our strategy – read more on page 10



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5. Deliver shareholder returns

Risk description	Mitigation	Change in the year residual risk
Reputational risk 1 2 4 5		↔
The risk of loss resulting from damage to our reputation due to, for example, a reduction of trust in our integrity or competence. This in turn could lead 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 rigorous policies, procedures and controls in place to ensure that 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, a further review by the Risk Committee immediately prior to launch or document publication. We place great emphasis on employing and adding highly experienced senior staff who are closely engaged with clients. We proactively engage with stakeholders and market practitioners as well as monitoring media coverage to understand how our reputation is perceived.	Our investment banking transaction performance during the year provides evidence that the Group's reputation remains strong. We were the voted top-ranked UK Small and Mid Caps Brokerage Firm by institutions for the sixth year in a row in the 2018 Extel survey. We believe that 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.

Living our values

2

We are Innovative

We continually innovate.

We never settle for a solution that only meets today's needs because tomorrow's challenges are just around the corner. We're constantly looking for new ways to ensure the future of our business and the success of our clients.

Governance

Contents

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.

Executive Directors

Alex Ham

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

Alex Ham is Co-CEO of Numis and Head of Corporate Broking & Advisory. 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

Investment Banking experience gained over a period has provided Alex with a strong background in strategy, relationship building, communication skills and execution, attributes key to the continued success in role as Co-CEO.

Background and career

Alex joined Numis in August 2005 and, after a short stint as an equity research analyst, joined the Corporate Broking team 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 is achieved through a combined collaborative and open management style for the shared purpose of promoting the business for the good of shareholders and staff.

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 our institutional client base. As Head of Equities, Ross has day-to-day responsibility for the Research, Sales, Trading and Sales-Trading functions, as well as sitting on the Board of Numis Securities Inc. Ross' key skills would 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.

Background and career

Ross joined Numis in October 2008 and was appointed Head of Sales in 2014 and Head of Equities in 2015. He has been a Board Member of Numis Securities Limited since 2012, and the Plc Board since 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. Andrew supports the CEOs in the development and oversight of the Group's strategy.

Key strengths

Andrew has significant industry experience gained over the course of a 15 year investment banking career as well as a deep understanding of Numis, the business model and the culture of the organisation. His background working predominantly with financial services companies supporting them in achieving their growth ambitions and providing strategic and financial advice have prepared Andrew for the CFO role.

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.

Non-Executive Directors

Alan Carruthers

Non-Executive Chairman – appointed March 2017

Alan Carruthers is the independent Non-Executive Chairman of Numis and chairs the Nominations Committee. Alan, in his role as Chairman, leads the Board and sets the agenda, 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 challenge, openness 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 and his track record of focusing on strategy has guided the Board to articulate a strategy that is embedded in the business.

Background and career
Alan has over 27 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 has served as a Non-Executive Director to Hydrodec Group Plc (2012–2016) and was a member of the Audit and Remuneration Committees. Alan also served as a Non-Executive Director to McLean Advisory Limited (2015–2017).

Committee membership

N

Geoffrey Vero

Non-Executive Director – appointed April 2003

Geoffrey Vero is a Non-Executive Director of Numis and chairman of the Audit and Risk Committee. Geoffrey is also a member of the Remuneration Committee and Nominations Committee.

Key strengths
Geoffrey has substantial financial management and regulatory expertise gained over the course of a 40 year career across the financial services industry. Geoffrey's attention to detail, review and challenge of business risks and of Numis' risk appetite have contributed to Numis building a robust risk management framework. Coupled with economic insight and a strong knowledge of financial markets, Geoffrey is a valuable adviser and contributor to the Board.

Background and career
Geoffrey is a chartered accountant and was an Investment Director of ABN Amro Private Equity, Lazard Development Capital and previously held senior positions at Diners Club and Savills. Geoffrey is Chairman of Albion Development VCT Plc and EPE Special Opportunities Plc and recently retired as a Non-Executive director of R&A Trust Company (No.1) Limited and R&A Trust Company (No.2) Limited where he chaired the Finance Committee.

Committee membership

N A R

Catherine James

Independent Non-Executive Director – appointed May 2014

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

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.

Background and career
Catherine was the Head of Investor Relations of Diageo Plc where she worked for the business since 1997. 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 a partner at Tulchan Communications and is a Trustee of the Diageo Pension Scheme and is a director of Walhampton Limited.

Committee membership

N A R

Committees Key

N Nominations
A Audit and Risk
R Remuneration
Chairman
Member

Robert Sutton

Independent Non-Executive Director – appointed May 2014

Robert Sutton is an independent Non-Executive Director of Numis and chairs the Remuneration Committee. Robert is also a member of the Audit and 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 understanding of the regulatory environment and 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 1979–2013, serving as senior partner from 1999–2008. Robert is Chairman of Tulchan Communications LLP and served as a Fellow of Winchester College from 200–2018.

Committee membership

R N A

Corporate Governance Report

The Board supports the QCA Code's corporate governance principles.

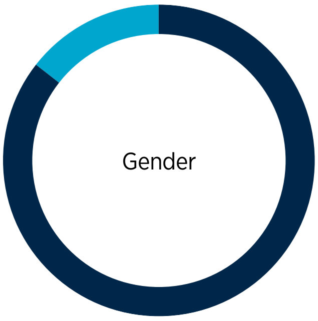
"Numis recognises its responsibility to create sustainable growth and shareholder value, whilst also reducing or mitigating risk.

Alan Carruthers
Chairman

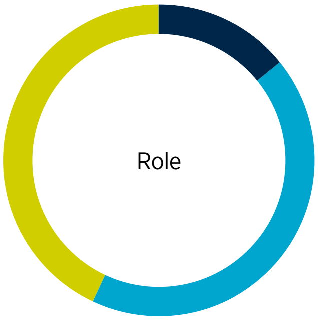
Numis seeks to deliver growth in the medium to long term to enhance shareholder value and this we believe is achieved through having an effective governance framework, an efficient and dynamic management organisation combined with good communication, which helps to promote confidence and trust with shareholders and staff. Numis recognises its responsibility to create sustainable growth and shareholder value, whilst also reducing or mitigating risk. Our guiding principles of integrity, quality and ethical behaviours and conduct are aligned with the risk profile of the business. Numis has developed a corporate governance policy with two perspectives in mind (i) a rule-based approach and (ii) a spirit-based approach.

Corporate Governance framework
The Board of Directors has agreed to apply the QCA Code having considered the principles 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. The Board supports the QCA Code's corporate governance principles and believes they provide a mechanism that is both 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.

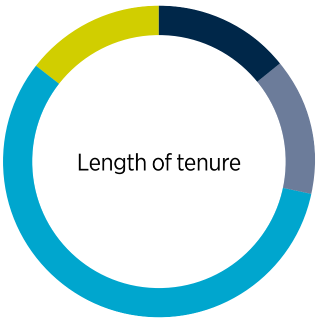
The following report sets out how Numis has measured ourselves against these principles in terms of the rules and spirit of good Corporate Governance. A copy of the QCA Code is available from the QCA website **www.theqca.com**



Male	6
Female	1



Chair	1
Executive Directors	3
Non-Executive Directors	3



0-1 Years	1
1-2 Years	1
2-5 Years	4
5-10 Years	0
10+ Years	1

Governance framework

Board

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

Co-Chief Executive Officers

Responsible for the management of the business and strategic development

Nominations Committee

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

Read the Committee report on page 48

Remuneration Committee

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

Read the Committee report on page 53

Audit and Risk Committee

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

Read the Committee report on page 50

Internal Audit Function

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

Trading Subsidiary Board

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

New Business Committee

Oversight of all new corporate client relationships and mandates

Risk Committee

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

Financial Risk Committee

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

Risk Oversight Committee

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

Corporate Governance Report
continued

Principles of Corporate Governance
Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

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 all 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, seeking 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

Strategy
Numis places the client and shareholders at the heart of our business to build long-term trusted relationships founded on integrity and mutual ambitions. Numis executes its strategy through an integrated business model, where we harness the combined expertise of the firm to the benefit of our clients. Our first-class people, in whom Numis' values, culture and conduct are instilled, are focused on growing and developing the business. Numis' operating model, whilst being open to diversification into new business lines that complement and/or are closely aligned to Numis' core business, remains cognisant that robust risk management is embedded into our culture and conduct. Critical to sustaining success and achieving our medium and long-term ambitions is investment in high quality people. Through selective recruitment and internal development initiatives, Numis will continue to seek to advance the quality of service it provides to all our clients.

Numis' strategy is embedded in a focus to concentrate on markets where we have a competitive advantage and where we have the opportunity to make a tangible difference. By placing our clients' interest 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, Numis seeks to deliver a strategy that benefits clients, shareholders and employees. 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. Numis encourages an entrepreneurial and commercial culture that is focused on generating value and the Board ensure that all relevant risk exposures are managed and mitigated.

Further information on Numis' strategy and how Numis mitigates the key risks to which the business is exposed are set out on pages 28 to 35 of this Annual Report.

Leadership and culture
Strong leadership is key to Numis' success and the ability to collaborate, delegate, inspire and communicate effectively combined with a passion for the business to be innovative and entrepreneurial has developed a talented Executive Board who are passionate in their mission to lead and promote a corporate culture where staff and clients are proud. The Board recognise 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 in its behaviours and is cognisant of its responsibility to ensure these values are embedded in the fabric of the business through the behaviours of its staff and clients and its relations with stakeholders.

Board meetings
The Board is responsible to the shareholders for the management of the Company and meets formally seven times a year and on an ad hoc basis as required. 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. The Board defines the culture and sets Numis' core values and standards ensuring that the Company's obligations to its shareholders and others are understood and met.

Composition of Board and Committees of the Board 2018

	Position	Board		Committee membership			
	At 30 September 2018 or retirement if earlier	Maximum possible attendance	Meetings attended	Nominations Committee	Audit and Risk Committee	Remuneration Committee	Considered Independent
Alan Carruthers	Chairman (Non-Executive)	7	7	✓ Chairman			✓
Alex Ham	Co-Chief Executive Officer	7	7				
Ross Mitchinson	Co-Chief Executive Officer	7	7				
Andrew Holloway*	Chief Financial Officer	5	5				
Simon Denyer*	Group Finance Director	2	2				
Geoffrey Vero	Non-Executive Director	7	7	✓	✓ Chairman	✓	✓
Robert Sutton	Non-Executive Director	7	7	✓	✓	✓ Chairman	✓
Catherine James	Non-Executive Director	7	6	✓	✓	✓	✓

* Andrew Holloway appointed with effect from 8 January 2018.
* Simon Denyer stood down with effect from 8 January 2018.

Composition of the Board
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 Board includes three independent Non-Executive Directors, Alan Carruthers (Non-Executive Chairman), Catherine James and Robert Sutton. In addition, Geoffrey Vero, a Non-Executive Director, who is not considered to be independent under the QCA Code due to his tenure of service (15 years). However, the Board consider Geoffrey remains independent as he continues to demonstrate strong oversight, provides constructive challenge and scrutiny to the Board, as well as valuable and relevant skills and experience. We have a strong Non-Executive team who have breadth of experience and perspectives, are highly engaged and close to the business, able to both support and challenge the executive team, and are well equipped to oversee governance, financial controls and risk management.

We are also pleased to announce the appointment of Luke Savage who will join the Non-Executive team on 5 February 2019. Luke is an experienced Director having previously held senior executive roles such as CFO of Standard Life Plc, as well as roles as Non-Executive Director and Chair of the Audit Committee for LV amongst other significant roles held during his 30 year career in the financial services industry.

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.

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 Executive Directors have responsibility for the business operations of the Group and are responsible for implementing the strategy of the Board 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.

In my role as Chairman I 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. As Chairman I am also responsible for promoting a culture of challenge, openness and scrutiny.

The Co-CEOs are responsible for the executive management of the Group and its business on a day-to-day basis. This includes making recommendations to the Board in respect of strategy.

Corporate Governance Report
continued

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 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 level to ensure the Directors understanding of the operational aspects of the business are kept up to date.

Biographical details, skills and experience of each Director can be found on pages 38 and 39.

Role of the Board
The Board is responsible for the stewardship of the Company, overseeing this strategy, conduct and affairs to create sustainable value and growth. All Directors are expected to attend Board and Committee meetings and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. All Directors are properly briefed to enable them to discharge their duties, via regular update calls, the provision of detailed management accounts and Board packs which are distributed several days in advance of formal scheduled meetings. Non-Executive Directors also attend, by invitation and on a rotational basis, the Board meetings of the main trading entity, Numis Securities Limited.

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**

Matters routinely discussed at the Plc Board meetings include:
- The Group's strategy and associated risks
- Acquisitions, disposals and other material transactions
- Financial performance of the business and approval of annual budgets, the half year results, annual report and accounts and dividends
- Appointments to and removal from the Board and Committees of the Board
- Risk management strategy and risk appetite
- Remuneration policy
- Communication with shareholders
- Actual or potential conflicts of interest relating to any Director
- Changes relating to the Group's capital structure

Board independence
The Board reviews the independence of its Non-Executive Directors as part of its annual Board Review. The Chairman is committed to ensuring the Board comprises of a majority of independent Non-Executive Directors who are objective, constructive in their challenge of management whilst ensuring appropriate balance is achieved. Numis considers that all the Non-Executive Directors bring strong independent oversight and continue to demonstrate independence. Additionally, the Board believe that all the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to the Board, bringing considerable experience in terms of their respective knowledge and expertise. Where necessary, the Company facilitates that Non-Executive Directors obtain specialist external advice from appropriate advisers.

Governance framework
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 and the Operational Committees.

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 and Risk Committee, Remuneration Committee and Nominations Committee. Each Committee has appropriate Terms of Reference which have been approved by the Board.

Audit and Risk Committee
The Audit and Risk Committee is responsible for the overall risk framework, internal control environment and 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, appraising the Board on issues discussed with focus on the effectiveness of the internal controls and their operation, 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 and external audit function.

The Audit and Risk Committee report can be found on pages 50 to 52.

Remuneration Committee
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 employees determined to be Code Staff under the FCA's Remuneration Code regulations.

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.

The Remuneration Committee's Report can be found on pages 53 to 61.

Nominations Committee
The Committee is responsible for identifying and nominating candidates, for making recommendations on Board composition and for considering succession planning requirements to ensure that requisite skills and expertise are available to the Board to address future challenges and opportunities.

After 15 years tenure of service with the Company, Geoffrey Vero will step down at the 2019 Annual General Meeting as a Non-Executive Director of the Company. The Committee has worked closely with the Executive team to search for a replacement and Geoffrey Vero did not take part in his own succession process.

The Nominations Committee's Report can be found on pages 48 and 49.

Executive Operational Committees
Risk Oversight Committee
The Risk Oversight Committee, chaired by the Group's Head of Legal, Compliance and Risk, meets quarterly to consider and assess all significant risk exposures faced by the Group. The Committee's remit encompasses both financial and non-financial risks and the methodology applied in order to identify, measure and report their impact. One of the key responsibilities of the Committee is to manage the overall method and format of risk reporting into the Audit and Risk Committee and the Board.

Financial Risk Committee
The Financial Risk Committee, chaired by the Group's Head of Legal, Compliance and Risk, meets monthly (or as frequently as it determines necessary) to discuss and manage the market, credit, liquidity and related operational risks of the Group, including amongst other financial risks, the market risk of the Group's trading book and investment portfolio. The Financial Risk Committee makes recommendations to the Audit and Risk Committee on Risk Policy which sets various limits at individual stock and overall trading book level as well as being responsible for the review and approval of counterparty limits.

New Business Committee
The New Business Committee, chaired by the Group's Head of Corporate Broking & Advisory, is responsible for exercising senior management oversight across all issues in relation to Numis entering into new corporate client relationships, underlying transactions on behalf of corporate clients and reviewing or terminating relationships with corporate clients. It has responsibility for assessing the impact on Numis of all such matters and, in doing so, gives due consideration to the reputational, regulatory, execution and commercial risks attached.

Risk Committee
In addition to the New Business Committee, further approval is required by the Risk Committee prior to the launch of a fund raising, issue of a public document which contains Numis' name or in the case of a transaction giving rise to significant unusual concerns of significant financial or reputational risk to the firm.

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. All Directors receive regular updates on legal, regulatory and governance issues. 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.

Corporate Governance Report
continued

Board evaluation
The Board undertakes a formal internal annual evaluation process of its own performance and that of its committees. Directors are encouraged to provide feedback on their individual performance as well as other members of the Board and its effectiveness. The formal evaluation process takes place annually and is supported by regular contact between the Chairman and the Directors to allow any matters to be addressed on a timely basis. The evaluation process includes a written questionnaire and confidential one-to-one interviews between the Chairman and each Director. The review assesses the effectiveness of all aspects of the Board and its Committees and includes composition, experience, dynamics, the Chairman's leadership, and the Board's role and responsibilities in connection with strategy, oversight of risk and succession planning. The Chairman is responsible for assessing the feedback and reporting his findings to the Board. The outcomes and principal findings are discussed and acted upon. The performance of each Co-CEO is appraised annually by the Chairman and the performance of the Executive Director is appraised annually by the Co-CEOs.

The Board went through a period of significant change in 2016-2017 following review and evaluation of its composition and structure. The Board is satisfied that the existing composition gives an appropriate balance of Executive 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. An external evaluation of the Board's performance has not been conducted to date.

Relations with shareholders and other stakeholders
Numis is proud of our approach to communications with our shareholders as we recognise the value in positive shareholder engagement. Both Co-CEOs and the CFO meet with shareholders during the financial year and at least twice a year at the time of announcing the Group's interim and full year results. Additionally, the Chairman met with a number of shareholders during the year. During these meetings, the shareholders' views on the performance of the Group are understood and acted on as appropriate, ensuring any such actions are in the interests of all shareholders. The Annual Report and Accounts, Interim Report and RNS announcements on key business developments are the main way the Board communicates with its investor base. As a direct result of shareholder engagement, Numis has expanded the detail of the Remuneration Committee Report which we believe provides increased transparency of Numis' remuneration policy and philosophy around compensation.

Additionally, engaging with our stakeholders strengthens our relationships and helps us make business decisions. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business. Numis' employees are one of our most important stakeholder groups and the Board therefore closely monitors and reviews the results of the Company's Employee Engagement surveys as well as a number of any other feedback it receives to ensure alignment of interests.

Our website is kept up to date with information to help our investors keep in touch and understand our business and we have found our shareholder roadshows to discuss our results to be a popular and effective way for us to meet with shareholders and develop our understanding of their needs and expectations. The Company encourages two-way communication with both its institutional and private investors and responds quickly to all queries received. The AGM is a key opportunity for the Board to engage with shareholders to answer questions.

Numis shareholders can contact our Investor Relations team who will respond on a timely manner to questions at **Investor_Relations@numis.com**

Whistleblowing

Numis has a Whistleblowing Policy. 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. No matters were reported in the year.

Other

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 nine 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.

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 reporting to the Audit and Risk Committee in order to provide further assurances over the adequacy and effectiveness of the systems of internal control throughout the business and ensure that the Group's approach to continuous improvement is maintained.

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 10 December 2018 and signed on its behalf by:

Alan Carruthers
Chairman
10 December 2018

Nominations Committee Report

> The right balance of skills, knowledge and experience on the Board helps us deliver the best possible outcomes for all our stakeholders.

Members of the Committee
- Alan Carruthers (Chairman)
- Catherine James
- Robert Sutton
- Geoffrey Vero

For full biographies see pages 38 and 39.

Key activities
- Succession planning following on from the appointments of the Co-CEOs
- Appointment of CFO and other senior appointments
- Search and appointment of additional Non-Executive Director

Dear shareholder

As Chairman of the Board and of the Nominations Committee, I am pleased to present the Nominations Committee's report for the year ended 30 September 2018. 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**

The Committee's activities covered Directors' capabilities and appointment plus succession planning following on from the appointments of Co-CEOs of September 2016. The Board believes diversity, together with the right blend of skills and experience, is an essential element of an effective Board. This is a key consideration of the Committee in its search for additions to the team. During this financial year the Committee has recommended the appointment of a Chief Financial Officer, a new Head of Financial Risk and Executive Directors to the trading entity Numis Securities Limited. In addition, the Committee has managed the search and appointment of an additional Non-Executive Director who brings additional skills to the business.

Membership of the Nominations Committee

The Committee is comprised of myself as Chairman, three independent Non-Executive Directors, Catherine James and Robert Sutton and Geoffrey Vero, Non-Executive Director. Other members of the Board and the Head of Human Resources may attend by invitation. Geoffrey does not meet the test of independence under the QCA Corporate Governance Code by virtue of the fact that he has served on the Board for more than nine years. The Board considers that Geoffrey Vero provides constructive challenge, has relevant experience and skills, that he acts in the best interests of the Company and the Group, and is free of any conflicts or undue influence. In addition, following changes to the Board composition during 2016, Geoffrey's concurrent tenure with the Executive Directors does not exceed nine years. The Board is therefore satisfied that he remains fully independent.

Committee meetings

There have been three meetings of the Committee during the financial year with full attendance by committee members. A table of Board and Committee meetings scheduled and information on attendance of those meetings is set out on page 43.

Role of the Committee

- To keep the Board's composition in terms of competency, skills, experience, background and diversity under regular review in response to changing business needs;
- To identify the particular competency and experience base required for a specific Board appointment and conduct the search and selection process;
- To recommend the appointment of new candidates to the Board and the renewal, where appropriate, of existing Non-Executive Director appointments; and
- To review, support and challenge senior management development and succession plans to ensure the Executive team is equipped to oversee governance, financial controls and risk management.

Nominations Committee activity

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. The Committee recommended the appointment of the Chief Financial Officer, Andrew Holloway, who joined the Board on 8 January 2018, following Simon Denyer stepping down in January 2018. Additionally, the Committee have recently recommended the appointment of Luke Savage, Non-Executive Director to the Board following a detailed and robust selection process co-ordinated with a third-party search firm. Luke will succeed Geoffrey Vero, Non-Executive Director who is stepping down from the Board in February 2019 after 15 years' tenure. On behalf of the Board, I would like to thank Geoffrey and Simon for their contribution during their respective tenures.

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 in compiling long and short lists of candidates from various backgrounds and industries. Candidates were identified, interviewed and measured against pre-determined criteria.

The Board seek 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, both in executive and non-executive appointments and in recruitment practice throughout the Company.

On joining the Board, new members receive a comprehensive induction, involving meetings with senior employees and external advisers and any required training. The programme is tailored for their role. This also applies to the other senior appointments detailed above.

The Committee's performance was reviewed within the framework of the 2018 Board Review and the findings of the evaluation confirmed that the Committee was operating effectively, with an appropriate level of constructive challenge provided by all members and responsive to the additional time requirements by its members for a number of unscheduled meetings to support key Board and senior management appointments during the year.

Board appointments procedure

Board composition is central to the effective leadership of Numis.

- The Committee reflects on the Board's balance of skills and experiences and those that would be conducive to the delivery of the Company's strategy prior to commencing any search for prospective Board members
- A recommendation is then made to the Board in respect of the core attributes sought
- An appropriately qualified search firm is engaged and informed of, amongst other things, the experience, technical skills and other capabilities sought, of the time commitment required of any appointee and of Numis' commitment to diversity
- Short-listed candidates are interviewed by as many of the Committee members as is feasible, following which any preferred candidate meets with other Directors
- The Board determines whether to appoint a new Director

Priorities for 2019

The Committee is committed to the development of talent and capabilities and will continue to review succession plans for the Board and key roles across the business together with the future talent pipeline and development initiatives for Directors.

Alan Carruthers
Chairman – Nominations Committee

Audit and Risk Committee Report

“

Ensuring a robust and integrated system of compliance, risk management and internal control has been a key priority of the Committee.

Members of the Committee

- Geoffrey Vero (Chairman)
- Catherine James
- Robert Sutton

For full biographies see pages 38 and 39.

Key activities

- Consideration of regulatory developments and their impact, including MiFID II
- Reviewing the process supporting the Group's ICAAP submission
- Identifying and monitoring key challenges and risks of the business especially in response to cyber challenges
- Ensuring the rotation of internal audit services
- Monitoring the integrity of financial information contained in the interim and annual Financial Statements

Dear shareholder

As Chairman of the Audit and Risk Committee (A&RC) I am pleased to present the Committee's report for the year ended 30 September 2018. The Committee's primary functions this year, included monitoring the integrity of the Company's Financial Statements, reviewing the Company's internal controls and systems of internal control and risk management, which includes the alignment of risk and strategy. Independent oversight, by the Committee continues to ensure that shareholder interests in relation to the Company's financial reporting and systems of internal control are protected and maintaining an appropriate relationship with the Company's Auditor was core to the Committee's role.

Membership of the A&RC

I am supported in my role as Chairman of the A&RC by Catherine James and Robert Sutton, both of whom are independent Non-Executive Directors. The Committee is comprised solely of independent Non-Executive Directors.

In addition, the Board Chairman, Co-CEOs and CFO are invited to attend Committee meetings along with the Head of Legal Risk & Compliance, the Head of Compliance, the Head of Financial Risk plus representatives from KPMG LLP (KPMG) our Internal Auditor and representatives from PricewaterhouseCoopers LLP (PwC) our external auditors. Other members of the senior management team are invited to attend for those items that are relevant to them and where they provide additional insight on matters under discussion. I also meet with the representatives from both our internal and external audit firms without management in order that they may have direct access to discuss or raise any concerns outside of the formal meetings of the Committee.

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

Committee meetings

During the financial year the Committee held four meetings with full attendance by the members at each Committee meeting. A table of Board and Committee meetings scheduled and information on the attendance of those meetings is set out on page 43.

Role of the Committee

The Committee seeks to support the Board in assessing of the integrity of the Group's financial reporting, monitoring the effectiveness of the Group's systems of risk management and internal controls by providing constructive challenge and oversight of the Group's activities and of its audit functions. The experience and areas of expertise of the A&RC Committee members can be viewed on the Directors' biographies set out on pages 38 and 39.

A&RC activity
The A&RC 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. The Committee has dedicated significant time during the year to consider regulatory developments and their impact on the Group, including MiFID II, to reviewing and challenging the process supporting the Group's ICAAP submission, identifying the key issues impacting the business, and monitoring and challenging the key risks of the business. Additionally, the Committee has reviewed and assessed the growing threat and risk of cyber challenges and discussed the controls and systems in place to mitigate such risks and their effectiveness.

The A&RC considers at each meeting an agenda that is risk based, focusing on key risks impacting the business. The Committee receives updates on internal control matters at each meeting. This regular monitoring of the internal control framework allows timely identification of issues and formal tracking of remediation plans. Instances where the effectiveness of internal controls was considered insufficient were discussed during the year, either by the A&RC or the full Board.

Reports and dashboards which highlight and monitor changes in the key risks impacting the business including compliance matters, the financial controls framework and internal controls process and systems are considered and debated. The Committee receives detailed updates from one or more business areas at each of its meetings from both management and internal audit. These formal Committee reports and dashboards provide the Committee with analyses and indicators regarding the risk appetite of the business and presentations on key financial reporting, operational risks, legal, compliance and audit matters 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.

As the Committee Chairman, it is important that I fully understand any key areas of concern so that I can facilitate a meaningful dialogue during the Committee meetings. To support this, I meet regularly with the management team and audit partners. The following is an overview of some of the updates presented during 2017/2018 and areas of particular focus:

- Received regular updates on the Company's extensive programme of work towards MiFID II compliance and readiness for implementation January 2018 and impact
- GDPR compliance; challenged assumptions and methodologies in relation to readiness and milestones
- Received updates on initiatives to drive data and cyber security awareness and cultural change across the business on cyber security
- Discussed and challenged the Company's Cyber Operations Crisis Escalation Processes and the communications of policies and procedures
- Ensured the tendering, selection and rotation of the internal audit services contract are carried out in accordance with applicable law, regulation and best practice (Grant Thornton LLP rotating after eight years as internal auditor)

The A&RC roles and responsibilities are outlined below, together with an explanation of how it has discharged its responsibilities during the year. Full terms of reference for the A&RC, which are reviewed on an annual basis and referred to the Board for approval, are available on the Company's website **www.numis.com**

In addition, the Committee considered the following issues during the financial year:

- Monitored 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
- Reviewed the going concern statement and recommended approval to the Board
- Advised the Board on whether the Committee believes the Interim and Annual Reports to be fair, balanced and understandable and support the Board in assessing the integrity of the Group's financial reporting
- Reviewed the Company's internal controls and risk management processes and their effectiveness
- 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 and risk function
- Reviewed the scope of the annual audit and agreement with the external auditor of the key areas of focus
- Approved the annual Internal Audit Plan and Charter and Internal Audit activities
- Reviewed the effectiveness of the Internal Audit function and review all significant Internal Audit recommendations and oversee progress in addressing these
- Reviewed reports from management and the auditors on the effectiveness of the Group's system of internal financial control including the Risk Map and ICAAP requirements and challenging the Individual Liquidity Adequacy Assessment process
- Reported to the Remuneration Committee any findings in relation to risk matters which may impact its decision on discretionary remuneration payments

As Chairman of the A&RC I have met separately with the CFO, Head of Legal & Risk and Compliance, Head of Compliance, Head of Financial Risk and Head of IT & Operations during the year. Additionally, I have met privately with the lead Audit Partner of PwC.

Audit and Risk Committee Report
continued

Key considerations related to the Financial Statements
The preparation of Financial Statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities and equity at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Committee reviews the critical accounting estimates, judgements and methodologies applied by management. The Committee's review considers reports and discussions with management and PwC, the Company's external auditor, with the objective of confirming that the estimates, judgements and assumptions of management were reasonable and appropriately applied.

Appointment of auditor and tenure
The Committee also 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 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. The audit partner changes every five years in accordance with professional guidance. Mr. Darren Meek is the current audit partner and he will rotate off from Numis' business at the appropriate time. There are no contractual obligations restricting the choice of external auditors.

The Committee having considered the above factors consider it appropriate to recommend to the Board and shareholders that PwC be reappointed as auditors at the 2019 AGM. 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 AGM.

The Committee undertook a review of its internal audit function and following a recommendation to re-tender for the position, a robust selection process was implemented. Grant Thornton LLP have resigned as internal auditor following eight years of professional services and KPMG LLP have been appointed in their stead.

Fees for audit and non-audit services

Fees	**2018 £'000**	2017 £'000
Audit services	**238**	244
Non-audit services	**140**	70

Committee effectiveness
In January 2018, 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 Internal Audit function and with the external auditors PwC, were considered. The findings of the evaluation confirmed that the Committee was operating effectively and responses indicated that meetings were well structured with an appropriate level of constructive challenge.

Priorities for 2019
- Reviewing preparations for the introduction of SMCR in December 2019
- Assessing the resilience of the technology infrastructure in the context of cyber security
- Continuing to review the Group's ICAAP and risk framework
- Considering the implications from Brexit including any change to the regulatory environment, business practices and risk profile of the Group.

Geoffrey Vero
Chairman – Audit and Risk Committee

Remuneration Committee Report

"Aligning remuneration to business performance and ensuring it is in the best interests of all stakeholders.

Members of the Committee
- Robert Sutton (Chairman)
- Catherine James
- Geoffrey Vero

For full biographies see pages 38 and 39.

Key activities
- Setting a remuneration strategy that ensures the most talented leaders are recruited, retained and motivated to deliver results
- Recommending salary levels and bonus arrangements across the Group
- Confirming remuneration arrangements for incoming CFO and Non-Executive Director
- Confirming remuneration arrangements for departing Non-Executive Director

Dear shareholder
As Chairman of the Remuneration Committee I am pleased to present the Committee's report for the year ended 30 September 2018. 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**

The report provides a comprehensive picture of the structure and scale of our remuneration framework and its alignment with the business strategy. Numis is passionate about its talented staff and adheres to a remuneration policy that encourages and rewards the right behaviours, values and culture, whilst also seeking to retain, motivate and incentivise staff. Our remuneration policy is aligned with the business performance to ensure the policy is in the best interest of the Company, its shareholders and stakeholders.

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.

Membership of the Remuneration Committee
I am supported in my role as Chairman of the Committee by Catherine James and Geoffrey Vero, both of whom are independent Non-Executive Directors. The Committee is comprised solely of independent Non-Executive Directors. Geoffrey Vero has served on the Committee for more than nine years but is viewed by the Board to demonstrate independence in his challenge of management and monitoring of the Executives' delivery of strategy within the risk and governance structure. Geoffrey is an experienced Non-Executive whose depth of financial and commercial experience combines to make him a highly valued member of the Committee.

The Co-CEOs and the heads of the 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.

Committee meetings
During the financial year the Committee held three meetings with full attendance by the members at each Committee meeting. A table of Board and Committee meetings scheduled and information on the attendance of those meetings is set out on page 43.

Remuneration Committee Report
continued

Role of the Committee
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 employees determined to be Code Staff under the FCA's Remuneration Code regulations.

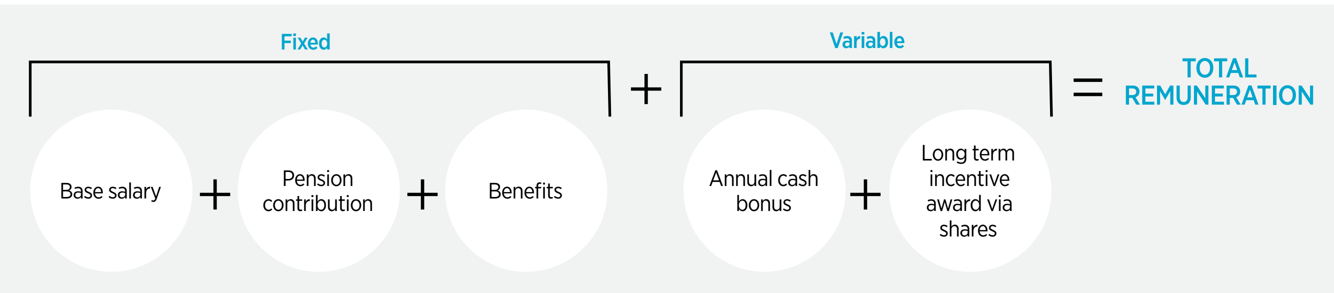
The Committee is responsible for determining the overarching remuneration policy applied by the Group, including the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments. The Remuneration Committee is authorised to 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.

Remuneration Committee activity
The Committee's key activities in the year included:

- 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 with regards to their impact
- 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 employees of the Group
- Reviewing external survey and bespoke benchmarking data in respect of salary
- Recommending salary levels for 2019 and bonus payments for 2018 across the Group
- Reviewing and approving the remuneration arrangements in respect of senior hires in the context of the Group's remuneration framework and policies

The Committee was also closely involved with the arrangements in relation to the appointment of Andrew Holloway as Chief Financial Officer following the departure of Simon Denyer and in respect of the appointment of Luke Savage, Non-Executive Director.

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.



Fixed compensation comprises principally base salaries and the Committee reviews these as part of their overall annual review 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. Other elements related to base salary include an employer contribution to a defined contribution pension saving scheme of 7% of base salary and 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. 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 other capital considerations as appropriate. In this way, 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.

Discretionary variable compensation can be delivered in two main forms:

- An annual cash bonus; and
- A long term incentive award which is typically delivered via one of the Company's share plans.

The Committee has the authority to apply deferrals to the annual cash bonus. Such deferrals usually take the form of a share award which requires three further years of service in order that the award vests in full. Clawback provisions are applied in accordance with regulatory guidelines and best practice.

The Executive Directors and other senior executives assess individual performance 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 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.

Executive Directors and members of the senior management team do not participate in decisions concerning their own remuneration.

I am pleased to report that Numis' remuneration policy continues to provide appropriate flexibility, while providing certainty that any payments made in the implementation of the policy are in the best interests of both the Company and our shareholders.

Remuneration for the year

The Directors' remuneration and other benefits during the year (excluding awards made under the Company's share schemes), in respect of the performance of their role as Director, were as follows:

	2018 £'000	2017 £'000
Emoluments	**3,808**	5,154
Money purchase contributions	**66**	49
	3,874	5,203

There were three Executive Directors (2017: two) who were members of a money purchase scheme, a form of defined contribution pension scheme, during the year. Contributions paid by the Group in respect of those Directors are shown above.

The constituent parts of Directors' emoluments during the year are detailed in Table 1 on page 56 (this table does not include awards made under any of the Company's share schemes or pension contributions, all of which are detailed elsewhere in this report).

Remuneration Committee Report
continued

Table 1
Directors' emoluments (audited)

Director	Base salary/fees £'000	Annual performance award 2018 £'000	Benefits 2018 £'000	Total 2018 £'000	Total 2017 £'000
Executive Directors					
Alex Ham	388	1,400	–	1,788	1,851
Ross Mitchinson	388	900	1	1,289	1,351
Andrew Holloway[1]	164	182	1	347	–
Simon Denyer[2]	54	–	4	58	360
Oliver Hemsley[3]	–	–	–	–	170
Lorna Tilbian[4]	–	–	–	–	545
Marcus Chorley[4]	–	–	–	–	557
Non-Executive Directors					
Alan Carruthers[5]	156	–	–	156	80
Geoffrey Vero	60	–	–	60	60
Robert Sutton	60	–	–	60	60
Catherine James	50	–	–	50	50
Gerald Corbett[6]	–	–	–	–	70
	1,320	**2,482**	**6**	**3,808**	**5,154**

Notes
1 appointed with effect from 8 January 2018.
2 stood down with effect from 8 January 2018.
3 retired with effect from 8 May 2017.
4 stood down with effect from 30 September 2017.
5 appointed with effect from 21 March 2017.
6 retired with effect from 21 March 2017.

Remuneration principles used in recruitment
We 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 preferred delivery vehicle for such awards is the Group's Restricted Stock Unit Share plan (RSU) on the basis that we view the awards as an investment in the individual's future with us. 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.

We do not make any form of guaranteed variable compensation commitment above and beyond buyout provisions (which are subject to the employee remaining in employment) or that fall outside the exceptional circumstances envisaged within the relevant regulation.

Basis of determining annual performance awards for Executive Directors
In determining the annual performance award for the Co-Chief Executives and other Executive Directors, the Committee made an assessment of the overall performance of the business and of each individual, including business performance within each individual's responsibilities as well as individual performance against annual objectives. A number of financial and non-financial factors were taken into account as well as recommendations made by the Chief Executives in respect of other Executive Directors. To ensure the Committee is adequately informed of any relevant compliance and risk management considerations applicable to the determination of remuneration, the Group's Head of Legal, Risk and Compliance provides input to the Committee's decision-making process. Members of the Remuneration Committee also serve on the Audit and Risk Committee.

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, the experience of the individual and the level of responsibility. 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.

Non-Executive Directors do not participate in decisions concerning their individual fees.

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.

Amounts relating to share awards (audited)
The aggregate value of shares received or receivable by Directors under share plans other than those involving the granting of share options totalled £193,000 (2017: £1,485,000).

Directors' service contracts
Executive Directors
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.

Table 2 below provides details of service contracts of the Executive Directors who served during the year ended 30 September 2018.

Table 2
Directors' service contracts – Executive Directors

	Date of appointment	Date of retirement	Nature of contract	Notice period from Company	Notice period from Director	Notice re-election
Alex Ham	1 July 2016		Rolling	6 months	6 months	2020
Ross Mitchinson	1 July 2016		Rolling	6 months	6 months	2019
Andrew Holloway	8 January 2018		Rolling	6 months	6 months	2020

Table 3
Directors' service contracts – Non-Executive Directors

	Date of appointment	Next re-election/election	Notice period
Alan Carruthers	21 March 2017	2020	1 month by either party
Geoffrey Vero	28 April 2003	N/A	1 month by either party
Robert Sutton	7 May 2014	2019	1 month by either party
Catherine James	20 May 2014	2021	1 month by either party
Luke Savage	5 February 2019	2019	1 month by either party

Remuneration Committee Report
continued

Non-Executive Directors

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.

Table 3 on previous page shows the date of appointment of the Non-Executive Directors who served during the year ended 30 September 2018 together with their next re-election date.

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.

Directors' interests under employee share plans

The Company has share incentive plans through which discretionary share-based awards may be made. The plans fall into three categories; Long Term Incentive Plans (LTIP), Restricted Stock Units (RSU) and Option Awards the nature of which are described fully in note 22 to the Financial Statements.

The number of shares to which Directors are prospectively entitled under awards granted, but not yet vested are detailed in Tables 4 and 5 on pages 58 to 60 together with the movement during the year. Share awards yet to be granted are not included in these tables.

Table 4

Share awards under the RSU 2008 and 2017 Plan (audited)

Director	Normal vesting profile from grant date	Outstanding as at 1 October 2017[1]	Granted during the year	Vested during the year	Forfeited during the year	Outstanding as at 30 September 2018[2]
Date of grant	**Anniversary**	**No. of shares**	**No. of shares**	**No. of shares**	**No. of shares**	**No. of shares**
Alex Ham						
19 January 2016	1st, 2nd and 3rd anniversary	52,505	–	(26,253)	–	26,252
						26,252
Ross Mitchinson						
19 January 2016	1st, 2nd and 3rd anniversary	20,286	–	(10,143)	–	10,143
						10,143
Andrew Holloway[3]						
11 March 2014	2nd, 3rd and 4th anniversary	9,668	–	(9,668)	–	–
19 January 2016	1st, 2nd and 3rd anniversary	4,773	–	(2,386)	–	2,387
19 January 2016	2nd, 3rd and 4th anniversary	23,866	–	(7,955)	–	15,911
15 December 2017	1st, 2nd and 3rd anniversary	–	31,746	–	–	31,746
						50,044
Simon Denyer[4]						
19 January 2016	1st, 2nd and 3rd anniversary	5,727	–	(5,727)	–	–
						–

Notes
1 or at date of appointment if later.
2 or at date of resignation if earlier.
3 appointed with effect from 8 January 2018.
4 stood down with effect from 8 January 2018.

Awards shown in Table 4 under the RSU 2008 Plan do not have performance conditions attached other than the requirement for continued employment within the Group

Awards made to A Ham and R Mitchinson (Co-CEOs) under the LTIP 2016 Plan

Awards shown in Table 5 on the next page made under the LTIP 2016 Plan were granted in 2016 as two separate awards with differing performance conditions attached.

Basic award

The basic award is subject to continued service throughout as well as the achievement of a number of subjective performance conditions set out in Table 6 on the next page.

The satisfaction of these performance conditions is judged solely by the Group's Remuneration Committee and is subject to the requirement that vesting shall not occur at all unless the grantee has displayed no material failings during the vesting period. That is to say that, in the opinion of the Remuneration Committee, the grantee has displayed no material failings in control process or transgressions of risk tolerance and no material shortcomings in conduct or behaviours.

Performance award

The performance award is subject to continued service throughout as well as the achievement of specific performance targets relating to the Company's share price. The award is 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 does not reach or exceed the target level for a particular tranche then that tranche of the award shall lapse. The price target required for each tranche of the award to become eligible to vest along with the relevant number of shares under option is as follows:

Price target	Number of shares under option (audited)
209p	592,193
309p	888,289
409p	888,289
509p	592,192
	2,960,963

Should a tranche become eligible to vest by virtue of achieving the share price target condition, two further tests are applied:

1. The same subjective performance conditions as shown in Table 6 in respect of the basic award; and
2. A comparative performance underpin test to ensure that Numis has not obviously underperformed when compared to a relevant group of comparator companies.

These two conditions are tested at the time that the average share price target has been achieved.

The satisfaction of the above performance conditions is judged solely by the Group's Remuneration Committee. If all conditions are judged to have been satisfied for a tranche then there remains a service condition only through to the fifth anniversary of the date of grant in order for that particular tranche to vest in full.

A holding period is applied in the event that the performance condition of a particular tranche is achieved after the third anniversary of the date of grant. This ensures that vested awards cannot be sold within less than two years of the date on which the performance condition was achieved, notwithstanding the fact any vesting will always be subject to the service condition being met through to the fifth anniversary of the date of grant. Furthermore, malus and clawback provisions apply to both basic and performance awards made under this Plan.

Remuneration Committee Report
continued

Table 5
Option awards under the LTIP 2016 Plan (audited)

Director		Outstanding as at 1 October 2017	Granted during the year	Transfer	Outstanding as at 30 September 2018
Date of grant		**No. shares under option**	**No. shares under option**	**No. shares under option**	**No. shares under option**
Alex Ham					
5 September 2016	Basic award	592,193	–	–	592,193
5 September 2016	Performance award				
	Performance conditions not yet achieved	2,368,770	–	(1,776,578)	592,192
	Performance conditions achieved, service condition remains	592,193	–	1,776,578	2,368,771
		3,553,156	**–**	**–**	**3,553,156**
Ross Mitchinson					
5 September 2016	Basic award	592,193	–	–	592,193
5 September 2016	Performance award				
	Performance conditions not yet achieved	2,368,770	–	(1,776,578)	592,192
	Performance conditions achieved, service condition remains	592,193	–	1,776,578	2,368,771
		3,553,156	**–**	**–**	**3,553,156**

Note
The options awarded under the LTIP 2016 Plan shown in Table 5 have an exercise price of nil, a vesting date of 5 September 2021, an expiry date of 5 September 2026 and a performance period of five years.

Table 6
Subjective performance conditions

Criterion	Evaluation basis
"Good Citizen"	• An engaged relationship with the Board, balancing robust and appropriate challenge with a collaborative and effective style • Sound and functional relationship with other senior leadership • Effective relationship with reports • Strong external relationship (clients, regulator, industry)
Sound decision-making and judgement in all material matters	• Effective and clear decision-making, which takes a balanced view of varying perspectives and full account of risk issues
Sound approach to risk	• Adheres to Group policies and sound practices, including operating within risk tolerances agreed by Board • Applies risk criteria effectively in decision-making • Propagates understanding of risk in other senior leaders and staff in general
Competent steering and oversight	• Leads effectively at all levels of the organisation • Maintains effective controls throughout the organisation • Ensures behaviours are aligned with established good practice, and takes action to deal with issues arising

Considerations applied to the design of the LTIP 2016 Plan

In developing the LTIP 2016 Plan the Committee had two key requirements in mind:

1. To ensure that the succession plans surrounding the change in Chief Executive Officer which took place in September 2016 were supported by an appropriate share incentivisation plan; and
2. To promote stewardship of the business that encouraged strong share price growth over the medium to long term (i.e. 3-5 years).

The Plan comprises two parts. The smaller part of the award focuses on retention, but is underpinned with performance criteria around good stewardship and effective leadership of the business which was considered vital in the context of the CEO succession planning. The larger part of the award is based on growth in share price thereby aligning it with shareholder value.

With regard to the testing of the share price performance condition, the Committee structured this as a requirement to maintain an average daily share price over any consecutive 90 business day period falling within the five year performance period.

In making this decision the Committee considered the alternative of achieving the share price target on a "point-to-point" measurement, thereby requiring the target to be achieved, say, on the third (or fourth or fith) anniversary of the award being made. Given the historic volatility of Numis' share price, the Committee came to the view that picking a particular point in time to achieve the target carried a significant risk and might result in the value of the award being heavily discounted in the eyes of the grantee. In order to ensure the award was sufficiently motivating and stretching, the Committee adopted the average price approach.

This approach ensures that the price has to be maintained once it reaches the hurdle and cannot simply reach the hurdle through a short-term spike. Secondly, once the hurdle is reached, the award does not automatically vest as it is subject to additional non-financial performance conditions and the grantee has to remain employed through to the end of the full vesting performance period (five years) to receive the award.

Finally, the target prices for each tranche cannot be reset.

The Committee deliberated long and hard over the design of the awards and took independent advice from professional share plan consultants. Key shareholders were engaged prior to the awards being granted and the main features of the award structure discussed. The Committee firmly believes the Plan structure is right for the Company and its shareholders.

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.

In January 2018, 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 with an appropriate level of constructive challenge.

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

Statement of Directors' Responsibilities

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company Financial Statements in accordance with IFRS as adopted by the European Union. Under company law the 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 and Company 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 IFRSs as adopted by the European Union have been followed for the Group Financial Statements and IFRSs as adopted by the European Union have been followed for the Company Financial Statements, 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 keeping adequate accounting records that are sufficient to show and explain the Group 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 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The Directors are also 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 of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Report confirm that, to the best of their knowledge:

- the Company Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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 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 and Company's auditors are aware of that information.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 43. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Report

The Directors serving during the year ended 30 September 2018 and up to the date of signing the Financial Statements present their report on the affairs of the Company (Numis Corporation Plc) and its subsidiaries (collectively the Group), together with the Company Financial Statements and audited consolidated Financial Statements of the Group and the associated independent auditors' report thereon, for the year ended 30 September 2018.

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 Company's standalone Financial Statements have been prepared in accordance with IFRS as adopted by the EU and form the basis of any future distribution.

Dividends
The Directors are recommending a final dividend of 6.5p per share (2017: 6.5p) which, together with the interim dividend of 5.5p per share already declared and paid, makes a total for the year ended 30 September 2018 of 12.0p per share (2017: 12.0p). Subject to approval at the Annual General Meeting, the final dividend will be paid on 8 February 2019 to shareholders on the register of members at the close of business on 14 December 2018.

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 27 to the consolidated Financial Statements.

Relations with shareholders
The Co-Chief Executive Officers and Chief Financial Officer 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.

Independent auditors
A resolution to reappoint PricewaterhouseCoopers LLP will be placed before the Annual General Meeting of the Company on 5 February 2019.

Employment policy
The Group's employment policies are based on a commitment to equal opportunities from the selection and recruitment process through to training, development, appraisal and promotion.

The Group provides employees with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its competitive and entrepreneurial edge.

The Group encourages the involvement of employees in its performance through the use of employee share plans.

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 (2017: nil).

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
There were no changes in authorised or issued share capital of the Company during the year. Further detail of the Company's share capital is set out in note 21 to the consolidated Financial Statements.

Directors' Report
continued

Directors' conflicts of interest
The Company has procedures in place for managing conflicts of interest. Should a Director become aware that they, or any of their other 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 2018 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 7 on page 65.

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 2018 to 10 December 2018.

Substantial shareholders
Except for the Directors' interests previously noted, the Directors have been notified of substantial shareholders, detailed in Table 8 on page 65, who are interested in 3% or more of the Company as at 30 September 2018.

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 2018 the Trust purchased an aggregate of 1,702,096 (2017: 1,398,456) ordinary shares of the Company having a nominal value of £85,105 (2017: £69,923). The shares were purchased to satisfy outstanding awards under the Group's share plan arrangements.

The number of shares purchased representing 1.61% of the Company's issued share capital as at 30 September 2018 (2017: 1.31%) was for an aggregate consideration of £5,860,000 (2017: £3,593,000).

In accordance with shareholder authority, during the year 2,875,000 (2017: 7,870,000) ordinary shares with an aggregate nominal value of £143,750 (2017: 393,500) were purchased into Treasury. The aggregate consideration paid was £10,675,000 (2017: £19,588,000). During the year 2,000,000 shares (2017: 1,000,000) were transferred out of Treasury to the Trust. The number of shares held in Treasury, as at 30 September 2018, totals 12,436,088 (2017: 11,561,088).

This report was approved by the Board on 10 December 2018 and signed on its behalf by:

A. Holloway

Andrew Holloway
Company Secretary & Chief Financial Officer
10 December 2018

Numis Corporation Plc
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Table 7
Directors and their Interests

	30 September 2018 ordinary shares[1]	30 September 2017 ordinary shares[2]
Executive Directors		
Alex Ham	**594,828**	580,914
Ross Mitchinson	**293,415**	288,040
Andrew Holloway (appointed 8 January 2018)	**49,739**	39,135
Simon Denyer (stood down 8 January 2018)	**27,663**	24,629
Non-Executive Directors		
Alan Carruthers (appointed 21 March 2017)	**25,000**	25,000
Geoffrey Vero	**20,000**	20,000
Robert Sutton	**12,500**	12,500
Catherine James	**12,000**	12,000

Notes
1 or at date of retirement if earlier
2 or at date of appointment if later

Table 8
Substantial shareholders as at 30 September 2018

	Registered holding number of ordinary shares	% of remaining ordinary shares in issue[1]
Anders Holch Povlsen	**23,154,945**	22.78
Aviva Investors	**5,774,269**	5.45
Hargreaves Lansdown Nominees Ltd	**4,822,999**	4.55
GVQ Investment Management	**4,669,279**	4.40
Unicorn Asset Management	**3,933,598**	3.71
Marcus Chorley	**3,719,245**	3.51
Polar Capital UK Value Opportunities Fund	**3,250,331**	3.07

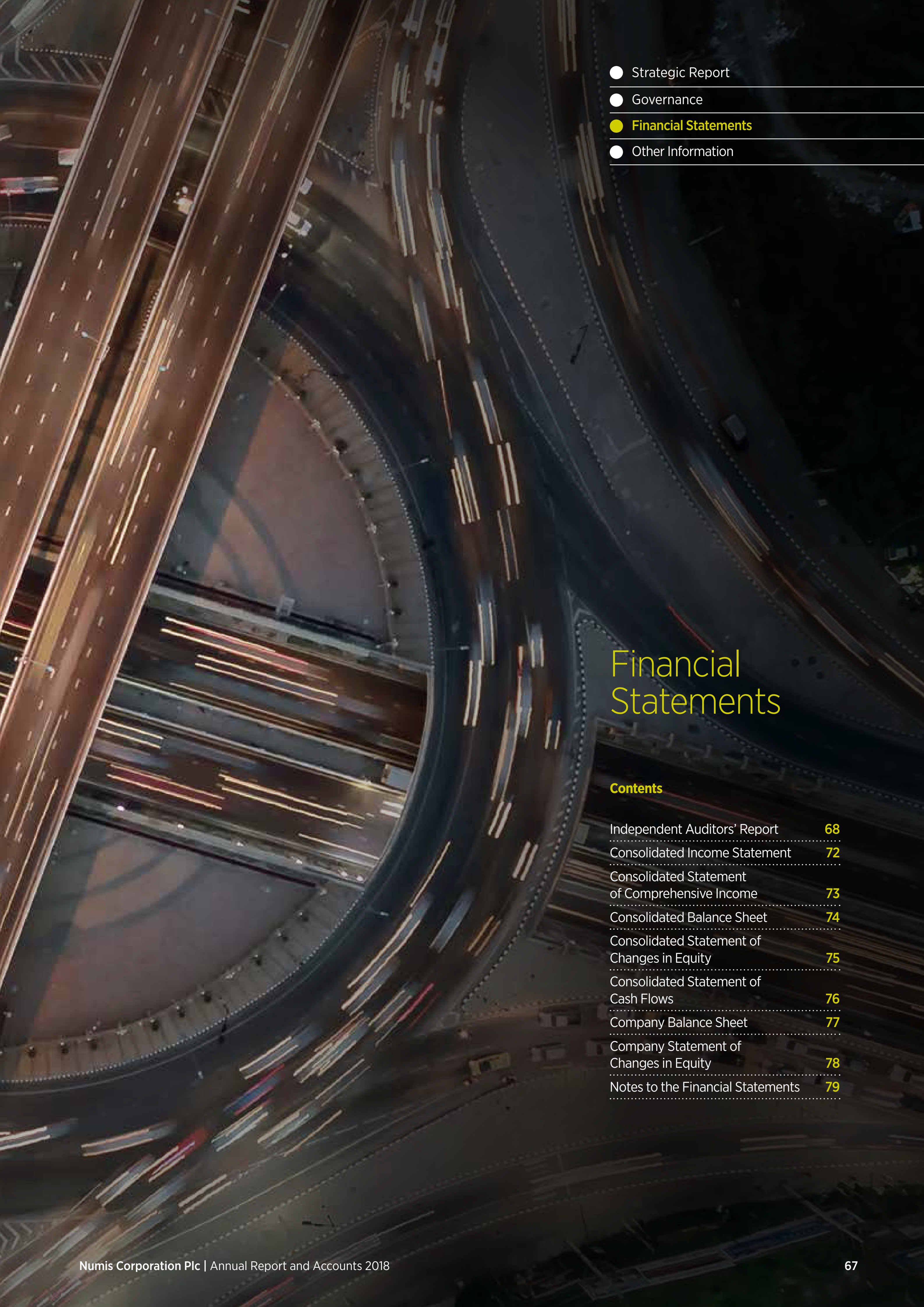
Note
1 excludes ordinary shares held in Treasury.

3

We are Driven

We take our clients and our business to the next level.

We strive to be the investment bank of a generation, market leaders that never treat our work as done. It's the relentless pursuit of better.



Financial Statements

Contents

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 2018 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 Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions 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 and Accounts 2018 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 September 2018; the Consolidated Income Statement and 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.

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 include the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

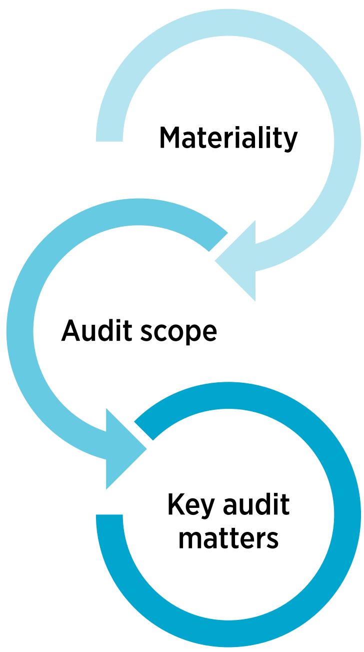
- Overall Group materiality: £1,568,000 (2017: £1,866,000), based on 5% of profit before tax.
- Overall Company materiality: £2,189,000 (2017: £1,223,000), based on 1% of total assets (2017: based on 5% of profit before tax).

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors (including evaluation of history of misstatement through fraud or error).
- The Group is composed of four operating entities, Numis Corporation Plc (UK) ("NCP"), Numis Securities Limited (UK) ("NSL"), Numis Securities Inc (US) ("NSI") and Numis Asset Management Limited (UK) ("NAM").
- We performed audit procedures over reporting entities considered financially significant in the context of the Group (full scope audit) or in the context of individual primary statement account balances (audit of specific account balances), using the materiality levels set out above.

Key audit matters

- Timing of revenue recognition in relation to corporate finance fees and placing commissions.
- Valuation of strategic unquoted investments.
- Share-based compensation charges.



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. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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.

Key audit matter	How our audit addressed the key audit matter
Timing of revenue recognition in relation to corporate finance fees and placing commissions Revenue relating to corporate finance fees and placing commissions is recognised once the relevant contractual terms have been achieved, and other recognition criteria have been met. We focused on this area as there is a risk of corporate finance fees and placing commissions being recognised in an inappropriate period.	• Updated our understanding of the design and implementation of controls over corporate finance and placing income recognition. • Tested a sample of contracts to determine whether fees and commissions were recognised in accordance with contractual terms, and those arising or recorded either side of the balance sheet date were properly recognised in the appropriate period. We found no exceptions in performing these tests.
Valuation of strategic unlisted investments We focused on this area because management makes significant judgements over the valuation of unlisted investments since there is often no available observable data upon which to base valuation estimates. This impacts both the financial position as at the reporting date and the resulting unrealised gains/losses reported in the income statement.	• Updated our understanding of the design and implementation of controls over the valuation of strategic unlisted investments. • Assessed the appropriateness of the valuation techniques, and the assumptions and inputs to methods utilised. • Tested a sample of valuation inputs to supporting evidence. • Involved our auditors' expert to help us evaluate the valuation techniques used by management for a sample of unquoted investments. • Evaluated the 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). We concluded that management's estimates in respect of the valuation of unlisted investments are reasonable in the context of the information available.
Share-based compensation charges We focused on this area because there is significant judgement involved in determining the share-based compensation charges in the consolidated income statement. The Group has share incentive schemes providing equity shares and options to its UK and US based employees. The value attributable to the awards (and therefore also the related charges to the income statement) involves assumptions related to future revenue and share price performance, as well as discretionary adjustments to awards related to non-market conditions, which are subject to determination by the Remuneration Committee.	• Updated our understanding of the design and implementation of controls over scheme charges computation. • Tested the share-based compensation charges to the related award contractual terms. • Tested that charges have been accurately accounted for and that the corresponding balance sheet impact has been captured correctly. • Reviewed areas of management judgement for example, assumptions made around revenue and share price performance, and leavers assumptions, and considered whether these are reasonable and supported by the evidence presented. We found no exceptions in performing these tests.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

Independent Auditors' Report to the members of Numis Corporation Plc
continued

How we tailored the audit scope
We tailored the scope of our audit to ensure that we obtained sufficient and appropriate audit evidence 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 over financial reporting, and the industry in which they operate.

The Group operates in the UK and US, with the UK being the most significant territory and is composed of four operating entities. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed over the significant individual operating entities, as well as any material items within entities that were not considered significant. We also considered the presence of any significant audit risks and other qualitative factors (including evaluating history of misstatements through fraud or error).

This approach gave us coverage of 100% of Group total assets and account balances in the consolidated income statement.

The Group's US subsidiary, NSI, is audited by a non-PwC firm. The Group audit team instructed work to be performed on our behalf, performed a review of the auditors' working papers and evaluated the results of their audit procedures.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£1,568,000 (2017: £1,866,000).	£2,189,000 (2017: £1,223,000).
How we determined it	5% of profit before tax.	1% of total assets (2017: 5% of profit before tax).
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 believe that total assets is an appropriate benchmark as the primary purpose of the Company is to act as a holding company. The benchmark applied is different from the prior year.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £78,000 (Group audit) (2017: £93,000) and £109,000 (Company audit) (2017: £61,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

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 the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 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.

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 set out on page 62, 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.

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 received 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 are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

The Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Darren Meek

Darren Meek
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London
10 December 2018

Consolidated Income Statement

For the year ended 30 September 2018

	Notes	2018 £'000	2017 £'000
Revenue	4	**136,047**	130,095
Other operating income	5	**1,733**	3,431
Total income		**137,780**	133,526
Administrative expenses	6	**(106,348)**	(95,395)
Operating profit		**31,432**	38,131
Finance income	8	**393**	293
Finance costs	9	**(181)**	(105)
Profit before tax		**31,644**	38,319
Taxation	10	**(4,967)**	(7,942)
Profit after tax		**26,677**	30,377
Attributable to:			
Owners of the parent		**26,677**	30,377
Earnings per share			
Basic	23	**25.1p**	27.4p
Diluted	23	**23.0p**	25.9p

The notes on pages 79 to 111 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2018

	2018 £'000	2017 £'000
Profit for the year	**26,677**	30,377
Items that may be reclassified to the Income Statement on fulfilment of specific conditions:		
Exchange differences on translation of foreign operations	**115**	21
Other comprehensive income for the year, net of tax	**115**	21
Total comprehensive income for the year, net of tax, attributable to owners of the parent	**26,792**	30,398

The notes on pages 79 to 111 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 September 2018

	Notes	2018 £'000	2017 £'000
Non current assets			
Property, plant and equipment	12	**3,200**	2,998
Intangible assets	13	**77**	33
Deferred tax	16	**4,938**	3,116
		8,215	6,147
Current assets			
Trade and other receivables	17, 29	**369,304**	247,204
Trading investments	18	**43,800**	47,424
Stock borrowing collateral	1(k)	**7,906**	8,606
Derivative financial instruments	15	**350**	35
Cash and cash equivalents	19	**111,673**	95,852
		533,033	399,121
Current liabilities			
Trade and other payables	20, 29	**(381,607)**	(246,070)
Financial liabilities	1(h)	**(14,632)**	(19,875)
Current income tax		**(1,873)**	(5,697)
		(398,112)	(271,642)
Net current assets		**134,921**	127,479
Non current liabilities			
Deferred tax	16	**–**	–
Net assets		**143,136**	133,626
Equity			
Share capital	21	**5,922**	5,922
Share premium	21	**–**	–
Other reserves	21	**17,537**	13,416
Retained earnings		**119,677**	114,288
Total equity		**143,136**	133,626

The notes on pages 79 to 111 form an integral part of these financial statements.

The financial statements on pages 68 to 111 were approved and authorised for issue by the Board on 10 December 2018 and signed on its behalf by:

Alex Ham and Ross Mitchinson
Co-Chief Executive Officers

Numis Corporation Plc

Consolidated Statement of Changes in Equity

For the year ended 30 September 2018

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2017	5,922	–	13,416	114,288	133,626
Profit for the year				26,677	26,677
Other comprehensive income			115	–	115
Total comprehensive income for the year	**–**	**–**	**115**	**26,677**	**26,792**
Dividends paid				(12,763)	(12,763)
Net movement in Treasury shares				(5,750)	(5,750)
Net movement in respect of employee share plans			4,006	(3,779)	227
Deferred tax related to share-based payments				1,004	1,004
Transactions with shareholders	**–**	**–**	**4,006**	**(21,288)**	**(17,282)**
Balance at 30 September 2018	**5,922**	**–**	**17,537**	**119,677**	**143,136**
Balance at 1 October 2016	5,922	38,854	8,238	76,063	129,077
Profit for the year				30,377	30,377
Other comprehensive income			21	–	21
Total comprehensive income for the year	–	–	21	30,377	30,398
Share premium cancellation		(38,854)		38,854	–
Dividends paid				(13,473)	(13,473)
Net movement in Treasury shares				(17,238)	(17,238)
Movement in respect of employee share plans			5,157	(546)	4,611
Deferred tax related to share-based payments				251	251
Transactions with shareholders	–	(38,854)	5,157	7,848	(25,849)
Balance at 30 September 2017	5,922	–	13,416	114,288	133,626

The notes on pages 79 to 111 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 September 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities	24	55,661	50,410
Interest paid		(222)	(14)
Taxation paid		(9,609)	(7,027)
Net cash from operating activities		**45,830**	43,369
Investing activities			
Purchase of property, plant and equipment		(1,314)	(493)
Purchase of intangible assets		(93)	–
Interest received		393	295
Net cash from investing activities		**(1,014)**	(198)
Financing activities			
Purchases of own shares – Treasury		(10,675)	(19,588)
Purchases of own shares – Employee Benefit Trust		(5,597)	(3,298)
Dividends paid		(12,763)	(13,473)
Net cash used in financing activities		**(29,035)**	(36,359)
Net movement in cash and cash equivalents		**15,781**	6,812
Opening cash and cash equivalents		95,852	89,002
Net movement in cash and cash equivalents		15,781	6,812
Exchange movements		40	38
Closing cash and cash equivalents		**111,673**	95,852

The notes on pages 79 to 111 form an integral part of these financial statements.

Company Balance Sheet

As at 30 September 2018

	Notes	2018 £'000	2017 £'000
Non current assets			
Investment in subsidiary undertakings	14	**68,246**	57,496
		68,246	57,496
Current assets			
Trade and other receivables	17	**18,850**	28,554
Trading investments	18	**–**	14,022
		18,850	42,576
Current liabilities			
Trade and other payables	20	**(1)**	(1)
Current income tax		**(9)**	(387)
		(10)	(388)
Net current assets		**18,840**	42,188
Net assets		**87,086**	99,684
Equity			
Share capital	21	**5,922**	5,922
Share premium	21	**–**	–
Other reserves	21	**16,303**	12,297
Retained earnings		**64,861**	81,465
Total equity		**87,086**	99,684

The notes on pages 79 to 111 form an integral part of these financial statements.

The financial statements on pages 68 to 111 were approved and authorised for issue by the Board on 10 December 2018 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 2018

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2017	5,922	–	12,297	81,465	99,684
Profit for the year				90	90
Total comprehensive income for the year	**–**	**–**	**–**	**90**	**90**
Net movement in Treasury shares				(5,750)	(5,750)
Dividends paid				(12,763)	(12,763)
Net movements in respect of employee share plans			4,006	1,819	5,825
Transactions with shareholders	**–**	**–**	**4,006**	**(16,694)**	**(12,688)**
Balance at 30 September 2018	**5,922**	**–**	**16,303**	**64,861**	**87,086**
Balance at 1 October 2016	5,922	38,854	7,140	46,782	98,698
Profit for the year				23,779	23,779
Total comprehensive income for the year	–	–	–	23,779	23,779
Share premium cancellation		(38,854)	–	38,854	–
Net movement in Treasury shares				(17,238)	(17,238)
Dividends paid				(13,473)	(13,473)
Movement in respect of employee share plans			5,157	2,761	7,918
Transactions with shareholders	–	(38,854)	5,157	10,904	(22,793)
Balance at 30 September 2017	5,922	–	12,297	81,465	99,684

The notes on pages 79 to 111 form an integral part of these financial statements.

The Company had no cash or cash equivalent balances as at 30 September 2016, 30 September 2017 or 30 September 2018. Similarly, there were no movements in cash or cash equivalents during the year ended 30 September 2017 or the year ended 30 September 2018. 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 company incorporated and domiciled in the United Kingdom. The address of its registered office is 10 Paternoster Square, London EC4M 7LT.

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 Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention as modified by 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 s408 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 2018.

The are no new mandatory standards, amendments or interpretations for the Group's and the Company's accounting year ended 30 September 2018.

As at the date of authorisation of the financial statements, the following relevant standards, amendments and interpretations to existing standards are not yet effective and have not been early adopted by the Group:

IFRS 9 "Financial Instruments", introduces new requirements for classifying and measuring financial assets. However, the standard is not applicable until the Group's 2019 accounting year end. The Group has yet to fully assess the impact of this standard but initial indications are that the impact will not prove to be material as all the relevant financial assets held by the Group are held either at fair value through profit and loss or at amortised cost which approximates fair value. In addition, the Group has no debt instruments in issue.

IFRS 15 "Revenue from Contracts with Customers" is a convergence standard aimed at improving the financial reporting of revenue and the comparability of the revenue line in financial statements globally. However, the standard is not applicable until the Group's 2019 accounting year end and has not yet been endorsed by the EU. Consequently the Group has yet to fully assess the impact of IFRS 15 but initial indications are that the impact will not prove to be material due to the type of revenue which is earned within the Group and the absence of any long-term contract arrangements.

IFRS 16 "Leases" brings virtually all leases on to the balance sheet with a liability representing future lease payments and an asset representing right of use. This will impact the Group in so far as it has leases which fall within scope. Such leases are likely to be confined to the property leases which the Group has in place. However, the standard is not applicable until the Group's 2020 accounting year end and has not yet been endorsed by the EU. Consequently the Group has yet to fully assess the impact of IFRS 16 but initial indications are that the impact will not prove to be material to the income statement, albeit that it will introduce additional balances to the assets and liabilities of the Group.

(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 the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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.

The purchase method of accounting is used to account for the acquisition of businesses and subsidiaries.

Notes to the Financial Statements
continued

1. Accounting policies continued

(c) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group. Revenue comprises institutional income from net trading gains or losses, institutional commissions and research fees, corporate retainers and deal fees (advisory fees and capital markets revenue). Institutional commissions due are recognised on trade dates while research fees are accrued over the period to which they relate.

Corporate retainers are accrued over the period for which the service is provided. Advisory fees and capital markets commissions are only recognised once there is a contractual entitlement for the Group to receive them. 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 and comprise all gains and losses from changes in the fair value of financial assets and liabilities held for trading, together with any related dividend on positions held. Net trading gains or losses also include gains and losses arising from unlisted investments carried at fair value and on derivative contracts relating to equity options and warrants received in lieu of corporate finance fees.

(d) Segment reporting
The Group is managed as an integrated investment banking business and although there are different revenue types the nature of the Group's material 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 chief operating decision-maker, 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 term of the lease or estimated useful economic life whichever is the shorter.

(f) Intangible assets
Computer software (acquired and costs associated with development) are stated at cost less accumulated amortisation and provisions for impairment which are reviewed at least annually. Amortisation is calculated to write off their cost on a straight-line basis over the estimated useful lives as follows:

Computer software	3 years

(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 estimated in order to determine the extent of impairment loss.

(h) Financial assets and liabilities
The Group's financial assets and liabilities comprise trading investments (listed and unlisted), financial liabilities, derivative financial instruments, trade and other receivables, stock borrowing and lending collateral, cash and cash equivalents, trade and other payables and provisions. 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 carried at fair value through profit or loss are initially recognised at fair value on trade date and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are recognised on trade date and are derecognised when they are extinguished.

Trading investments and financial liabilities represent market making positions and other investments held for resale in the near term and are classified as held for trading. Purchases and sales of investments are recognised on trade date. Gains and losses arising from changes in fair value are taken to the income statement. Financial liabilities comprise short market making positions and include securities listed on the LSE Main and AIM markets as well as overseas exchanges.

For trading investments and financial liabilities which are quoted in active markets, fair values are determined by reference to the current quoted last price, with financial assets marked at the bid price and financial liabilities marked at the offer price. Where 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.

Financial assets included within trade and other receivables are classified as loans and receivables. Loans and receivables are non-derivative financial instruments which have a fixed or easily determinable value. The Group makes an assessment at each balance sheet date as to whether there is any objective evidence of impairment, being any circumstance where an adverse impact on estimated future cash flows of the financial asset or group of assets can be reliably estimated.

(i) Derivative financial instruments

The Group utilises forward 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 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 and related amounts receivable are recorded at fair value at each period end. Fair value is calculated using the settlement rates prevailing at the period end.

All gains and losses resulting from the settlement of the contracts are recorded within finance income/costs in the income statement.

The Group does not enter into forward 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.

(j) 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.

(k) Stock borrowing collateral

The Group enters stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with cash advanced as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at an agreed price.

The securities purchased are not recognised on the balance sheet. An asset is recorded on the balance sheet as stock borrowing collateral at the amount of cash collateral advanced.

On the rare occasion where trading investments have been pledged as security these remain within trading investments and the value of the security pledged disclosed separately except in the case of short-term highly liquid assets with an original maturity of three months or less, which are reported within cash and cash equivalents with the value of security pledged disclosed separately.

Notes to the Financial Statements
continued

1. Accounting policies continued

(l) Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. Such evidence includes ageing of the debt, persistent lack of communication and internal awareness of third-party trading difficulties. The amount of any provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement within administrative expenses.

Included within trade and other receivables are client, broker and other counterparty balances representing unsettled sold securities transactions which are recognised on a trade date basis.

Prepayments arise where the Group pays cash in advance of services. As the service is provided, the prepayment is reduced and the expense recognised in the income statement. Accrued income includes fees or other amounts due and payable to the Group but yet to be either invoiced or received as at the reporting date.

(m) Trade and other payables
Trade and other payables (excluding deferred income) 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 services being performed.

(n) Cash and cash equivalents
Cash comprises cash on hand 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.

(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 believed to relate to periods greater than 12 months 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.

The amounts held on behalf of clients at the balance sheet date are included in note 19.

(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 year 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 incentive 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 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 22, which provide a mechanism for the Board to reward employees of the Group 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.

On consolidation, the cost of shares held by the Employee Benefit Trust is deducted as an adjustment to equity. Gains and losses arising on the Employee Benefit Trust related transactions are taken directly to equity. No expense is recognised in respect of option awards granted before 7 November 2002 or which have vested before 1 October 2005.

(v) Dividends

Dividend distribution is recognised in equity in the financial statements in the period in which dividends are paid. 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 estimates that have a significant effect on the carrying amounts of assets and liabilities are set out below:

Valuation and unrealised revenue recognition of unlisted investments

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 as 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.

Notes to the Financial Statements
continued

1. Accounting policies continued

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 certain 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. Different assumptions about these factors to those made by the Group could affect the reported value of share-based payments. The timing of awards and the relevant vesting period means the value of share-based payments is not materially impacted by the assumptions made by the Group and consequently no sensitivity analysis has been presented.

However, in addition to the assumptions noted above, the majority of unvested share awards are also subject to non-market performance conditions. The Group's Remuneration Committee periodically assess compliance with these conditions for all material unvested awards in order to determine, in their view, whether the number of shares which will ultimately vest is likely to be reduced through non-compliance with such conditions. As at 30 September 2018, the Group's Remuneration Committee have determined that for all material unvested awards, it is highly unlikely that the grantees will leave the employment of the Group prior to the end of the relevant performance period. Furthermore, the Group's Remuneration Committee have determined that the grantees have met the non-market performance conditions in full to-date and that there is currently no evidence to suggest these conditions will not continue to be met in future. Should this determination change at some future date, there will be a reassessment of the number of award shares likely to vest at the end of the performance period which in turn will give rise to a reduction in the accumulated charge recognised.

Income taxes

The Group is subject to income taxes. Judgement is required in determining the extent to which it is probable that taxable profits will be available in the future against which deferred tax assets can be utilised. Based on forecasts the Group expects to materially recover its deferred tax assets within the next three years. If the Group forecasts were 10% higher or lower the Group would still expect to recover its deferred tax assets within the next three years.

(x) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented on the consolidated balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. The application of this policy has seen a restatement of £8.7m within Trade and other receivables and Trade and other payables within the prior period comparatives on the Balance Sheet. Refer to note 29.

(y) 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.

(z) 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 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 £90,000 (2017: £23,779,000).

3. Geographical information

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 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:

	2018 £'000	2017 £'000
United Kingdom	**124,990**	119,867
United States of America	**11,057**	10,228
	136,047	130,095

The following is an analysis of the carrying amount of non-current assets (excluding financial instruments and deferred tax assets) by the geographical area in which the assets are located.

	2018 £'000	2017 £'000
United Kingdom	**2,713**	2,982
United States of America	**564**	49
	3,277	3,031

Other information

In addition, the analysis below sets out the revenue performance and net asset split between our investment banking business and the small number of equity holdings which constitute our investment portfolio.

	2018 £'000	2017 £'000
Equities income	**47,460**	44,799
Corporate retainers	**12,430**	11,578
Total deal fees	**76,157**	73,718
Revenue (see note 4)	**136,047**	130,095
Investment activity net gains	**1,733**	3,431
Contribution from investment portfolio (see note 5)	**1,733**	3,431
Total	**137,780**	133,526
Net assets		
Investment banking activities	**15,121**	9,633
Investing activities	**16,342**	28,141
Cash and cash equivalents	**111,673**	95,852
Total net assets	**143,136**	133,626

Notes to the Financial Statements
continued

4. Revenue

	2018 £'000	2017 £'000
Net trading gains	**9,594**	9,047
Institutional income	**37,866**	35,752
Equities revenue	**47,460**	44,799
Corporate retainers	**12,430**	11,578
Advisory[1]	**17,335**	14,356
Capital Markets[1]	**58,822**	59,362
CB&A revenue	**88,587**	85,296
	136,047	130,095

1 Certain fees charged in relation to Capital Markets transactions were previously categorised as Advisory revenues and have been reclassified. The value of fees affected by this reclassification is £2,115,000 for 2017 full year. In prior years Capital Markets revenue was disclosed as Placing Commissions.

5. Other operating income

	2018 £'000	2017 £'000
Investment activity net gains	**1,733**	3,431

Other operating income represents net gains made on unlisted investments which are held outside of the market making portfolio.

6. Administrative expenses
Administrative expenses comprise the following:

	2018 £'000	2017 £'000
Depreciation of property, plant and equipment	**1,113**	1,226
Amortisation of intangible assets	**49**	89
Operating lease costs	**2,149**	2,061
Staff costs (see note 7)	**75,326**	68,999
Other non-staff costs	**27,335**	22,706
Auditors' remuneration		
Audit services		
Audit fee for Company's financial statements and Annual Report	**31**	31
Year end audit services to subsidiaries of the Company	**140**	138
Audit services provided to a subsidiary entity by Moore Stephens P.C.	**66**	75
Other services		
Tax services	**22**	22
Regulatory and other services	**118**	48
	106,348	95,395

The average number of employees during the year increased to 253 (2017: 220) with the number as at 30 September 2018 totalling 273 (30 September 2017: 235). Compensation costs as a percentage of revenue has increased to 55% (2017: 53%).

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. Investment relating to regulatory requirements and in respect of our platform continue to impact such costs.

7. Staff costs

Particulars of employees (including Executive Directors) are as shown below.

Employee costs during the year amounted to:

	2018 £'000	2017 £'000
Wages and salaries	**53,292**	48,171
Social security costs	**9,477**	8,160
Severance payments	**223**	132
Other pension costs (see note 25d)	**1,751**	2,082
Share-based payments	**10,583**	10,454
	75,326	68,999

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:

	2018 Number	2017 Number
Monthly average for the year		
Front office	**193**	170
Support functions	**60**	50
	253	220
At the year end	**273**	235

Details of Directors' emoluments are presented in the Remuneration Report on page 55.

8. Finance income

	2018 £'000	2017 £'000
Interest income	**393**	293
	393	293

Interest income comprises interest on surplus cash balances placed on call deposit and interest receivable on certain staff loans.

9. Finance costs

	2018 £'000	2017 £'000
Interest expense	**14**	25
Net foreign exchange losses	**167**	80
	181	105

Interest expense comprises amounts paid on overdrawn balances with clearing institutions.

Notes to the Financial Statements
continued

10. Taxation
The tax charge is based on the profit for the year and comprises:

	2018 £'000	2017 £'000
Current tax		
Corporation tax at 19.0% (2017: 19.5%)	**5,741**	9,262
Adjustments in respect of prior years	**44**	(110)
Total current tax	**5,785**	9,152
Deferred tax		
Origination and reversal of timing differences	**(739)**	(1,185)
Changes in tax rate	**(79)**	(25)
Total tax charge	**4,967**	7,942

Factors affecting the tax charge for the year:

	2018 £'000	2017 £'000
Profit before tax	**31,644**	38,319
Profit before tax multiplied by the standard rate of UK corporation tax	**6,012**	7,472
Effects of:		
Non-deductable expenses and non-taxable income	**350**	223
Profits taxed at rates other than 19.0%, principally banking surcharge tax impact	**287**	1,233
Losses available for utilisation	**(348)**	(216)
Permanent differences in respect of share-based payments	**(1,264)**	(669)
Corporation tax under provided in previous year	**44**	(110)
Changes in tax rate and other temporary differences	**(114)**	9
Total tax charge	**4,967**	7,942

The standard rate of corporation tax in the UK was 19% throughout the reporting period. Future UK corporation tax rate reductions to 17% by April 2020 have been enacted and reflected in the valuation of the deferred tax assets.

11. Dividends

	2018 £'000	2017 £'000
Final dividend for year ended 30 September 2016 (6.50p)		7,308
Interim dividend for year ended 30 September 2017 (5.50p)		6,165
Final dividend for year ended 30 September 2017 (6.50p)	**6,902**	
Interim dividend for year ended 30 September 2018 (5.50p)	**5,861**	
Distribution to equity holders of Numis Corporation Plc	**12,763**	13,473

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.

On 4 December 2018 the Board proposed a final dividend of 6.5p per share for the year ended 30 September 2018. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by the shareholders. Based on the number of shares in issue at the year end the total amount payable would be £6,868,877.

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 30 September 2017	417	5,435	2,978	8,830
Additions	398	240	676	1,314
Disposals	(12)	(413)	(28)	(453)
Exchange adjustment	–	–	–	–
At 30 September 2018	**803**	**5,262**	**3,626**	**9,691**
Accumulated depreciation				
At 30 September 2017	339	3,055	2,438	5,832
Charge for the year	51	589	473	1,113
Disposals	(12)	(413)	(28)	(453)
Exchange adjustment	–	(1)	–	(1)
At 30 September 2018	**378**	**3,230**	**2,883**	**6,491**
Net book value				
At 30 September 2017	78	2,380	540	2,998
At 30 September 2018	425	2,032	743	3,200

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Total £'000
Cost				
At 30 September 2016	475	5,368	3,309	9,152
Additions	26	81	386	493
Disposals	(84)	–	(714)	(798)
Exchange adjustment	–	(14)	(3)	(17)
At 30 September 2017	**417**	**5,435**	**2,978**	**8,830**
Accumulated depreciation				
At 30 September 2016	395	2,439	2,584	5,418
Charge for the year	28	628	570	1,226
Disposals	(84)	–	(714)	(798)
Exchange adjustment	–	(12)	(2)	(14)
At 30 September 2017	**339**	**3,055**	**2,438**	**5,832**
Net book value				
At 30 September 2016	80	2,929	725	3,734
At 30 September 2017	78	2,380	540	2,998

Notes to the Financial Statements
continued

13. Intangible assets
Group
The movement during the year and the prior year was as follows:

	2018 Purchased software £'000	2017 Purchased software £'000
Cost		
At 1 October	1,011	1,034
Additions	93	–
Disposals	–	(23)
At 30 September	**1,104**	1,011
Accumulated amortisation		
At 1 October	978	912
Charge for the year	49	89
Disposals	–	(23)
At 30 September	**1,027**	978
Net book value		
At 1 October	33	122
At 30 September	77	33

14. Investment in subsidiary undertakings
Company
a) Company investment in subsidiaries

	2018 £'000	2017 £'000
As at 1 October	**57,496**	47,229
Additions	**10,750**	10,267
As at 30 September	**68,246**	57,496

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 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 Asset Management Limited	United Kingdom	Financial services	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 Group

The Company and all subsidiaries, with the exception of Numis Securities Inc, have their registered office at 10 Paternoster Square, London, EC4M 7LT, England. Numis Securities Inc has its registered office at 575 Fifth Avenue, 25th Floor, New York, NY 10017, USA.

15. Derivative financial instruments

Group

	2018 £'000	2017 £'000
At 1 October	**35**	616
Exercised	**–**	(784)
Additions	**219**	–
Revaluation to fair value in the year recognised in the income statement	**96**	203
At 30 September	**350**	35

	2018 £'000	2017 £'000
Included in current assets – listed	**350**	35
Included in current assets – unlisted	**–**	–
Included in non-current assets – unlisted	**–**	–
	350	35

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 and unlisted distinction relates to the underlying security. As at 30 September 2018 the fair value of outstanding foreign exchange contracts was nil (2017: £1,000).

16. Deferred Tax

Group

The movement in the deferred tax balance is as follows:

	2018 £'000	2017 £'000
At 1 October	**3,116**	1,654
Amounts credited to the income statement	**818**	1,211
Amounts recognised on share-based payments – equity	**1,004**	251
At 30 September	**4,938**	3,116

	Capital allowances £'000	Share plan arrangements £'000	Other £'000	Total £'000
1 October 2017	24	3,057	35	3,116
(Charged)/credited to income statement	(1)	819	–	818
Recognised in equity	–	1,004	–	1,004
30 September 2018	**23**	**4,880**	**35**	**4,938**

As at 30 September 2018 deferred tax assets totalling £4,938,000 (2017: £3,116,000) 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 £1,610,000 (2017: £1,121,000) is expected to be recovered within 12 months.

A deferred tax asset of £503,000 (2017: £1,104,000) relating to unrelieved trading losses incurred has not been recognised as there is insufficient supportable evidence that there will be taxable gains in the relevant legal entities in the future against which the deferred tax asset could be utilised.

Notes to the Financial Statements
continued

17. Trade and other receivables
The following amounts are included within trade and other receivables:

Group	2018 £'000	2017 £'000
Due from clients, brokers and other counterparties (excluding corporate finance receivables)	**354,404**	226,428
Loans to employees	**180**	414
Other receivables, including corporate finance receivables	**11,815**	18,048
Prepayments and accrued income	**2,905**	2,314
	369,304	247,204

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.

Trade and other receivables are stated net of impairment adjustments totalling £409,000 (2017: £106,000). The movement in impairment provision during the year comprised £Nil for utilisation (2017: £nil) and £303,000 net increase in the level of the provision (2017: £81,000 net reduction) booked to the income statement through administrative expenses. Loans to employees principally arise from arrangements under the Group's share plans.

As a result of their short-term nature, the fair value of trade and other receivables held at amortised cost approximates to their carrying value.

The Group and the Company have a legally enforceable right and intention to set-off with a clearing house. We have applied the off-setting rules to the current year and prior period. The prior period now reflects the application of the offsetting rules and this does not affect the prior period net assets value. For further details see note 29.

Company	2018 £'000	2017 £'000
Amounts due from subsidiaries	**18,843**	28,547
Other receivables	**7**	7
	18,850	28,554

18. Trading investments

Group	2018 £'000	2017 £'000
Listed on the LSE main market	**18,134**	7,691
Listed on AIM	**8,821**	9,585
Listed overseas	**1,234**	3,599
Listed on the LSE ORB market	**–**	–
Listed fund	**–**	12,416
Unlisted UK investments	**15,306**	13,289
Unlisted overseas investments	**305**	844
	43,800	47,424

Company	2018 £'000	2017 £'000
Listed on AIM	**–**	1,593
Listed fund	**–**	12,416
Unlisted UK investments	**–**	13
	–	14,022

19. Cash and cash equivalents

Group	2018 £'000	2017 £'000
Cash and cash equivalents included in current assets	**111,673**	95,852

Cash and cash equivalents comprise cash in hand and deposits held at call with banks and other institutions.

The balances exclude interest-bearing 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. The balance at 30 September 2018 held in segregated bank accounts in respect of client monies amounted to £1,045,508 (2017: £3,429,012).

20. Trade and other payables

Group	2018 £'000	2017 £'000
Amounts due to clients, brokers and other counterparties	**342,705**	209,095
VAT payable	**415**	1,032
Social security and PAYE	**1,354**	877
Other payables	**1,668**	315
Accruals and deferred income	**35,465**	34,751
	381,607	246,070

Trade and other payables principally comprise amounts due to and due from 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.

As result of their short-term nature, the fair value of trade and other payables held at amortised cost approximates to their carrying value.

The Group and the Company have a legally enforceable right and intention to set-off with a clearing house. We have applied the off-setting rules to the current year and prior period. The prior period now reflects the application of the offsetting rules and this does not affect the prior period net assets value. For further details see note 29.

Company	2018 £'000	2017 £'000
Amounts due to subsidiaries	**1**	1

21. Share capital, share premium and other reserves

Share capital

Group and Company	2018 £'000	2017 £'000
Authorised		
140,000,000 (2017: 140,000,000) 5p ordinary shares	**7,000**	7,000
Allotted, issued and fully paid		
118,438,536 (2017: 118,438,536) 5p ordinary shares	**5,922**	5,922

During the year there were no ordinary shares issued (2017: nil).

During the year 2,875,000 (2017: 7,870,000) ordinary shares of 5p with an aggregate nominal value of £143,750 (2017: £393,500) were purchased into Treasury. Distributable reserves have been reduced by £10,675,000 (2017: £19,588,000) being the consideration paid for these shares. Also during the year, 2,000,000 (2017: 1,000,000) ordinary shares of 5p were transferred from Treasury to the Group's Employee Benefit Trust at a weighted average value of £2.46 per share (2017: £2.35 per share).

The number of shares held in Treasury as at 30 September 2018 totals 12,436,088 (2017: 11,561,088).

Notes to the Financial Statements
continued

21. Share capital, share premium and other reserves continued

Share pemium

Group and Company

At a general meeting held on 30 August 2017 shareholders passed a special resolution approving the cancellation of the entire amount standing to the credit of the share premium account, subject to confirmation by the High Court. On 20 September 2017 the confirmation from the High Court was issued, the share premium account was cancelled and an amount of £38,853,868 was credited to a distributable reserve as shown in the September 2017 Annual Report and in the comparative figures in this report.

Other reserves Group	Foreign exchange translation £'000	Equity settled share plans £'000	Total other reserves £'000
Balance at 1 October 2017	1,118	12,298	13,416
Exchange difference on translation of foreign operations	115	–	115
Employee share plans: value of employee service	–	10,750	10,750
Employee share plans: transfer to retained profit on vesting of awards	–	(6,744)	(6,744)
Balance at 30 September 2018	**1,233**	**16,304**	**17,537**

	Foreign exchange translation £'000	Equity settled share plans £'000	Total other reserves £'000
Balance at 1 October 2016	1,097	7,141	8,238
Exchange difference on translation of foreign operations	21	–	21
Employee share plans: value of employee service		10,267	10,267
Employee share plans: transfer to retained profit on vesting of awards		(5,110)	(5,110)
Balance at 30 September 2017	1,118	12,298	13,416

Other reserves Company	Equity settled share plans £'000
Balance at 1 October 2017	12,297
Employee share plans: value of employee service	10,750
Employee share plans: transfer to retained profit on vesting of awards	(6,744)
Balance at 30 September 2018	**16,303**

	Equity settled share plans £'000
Balance at 1 October 2016	7,140
Employee share plans: value of employee service	10,267
Employee share plans: transfer to retained profit on vesting of awards	(5,110)
Balance at 30 September 2017	12,297

22. 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. As at 30 September 2018 the trust owned 327,409 ordinary 5p shares in the Company (2017: 197,793) with a market value of £1.1m as at 30 September 2018 (2017: £0.6m).

	2018 Number of shares	2017 Number of shares
At 1 October	**197,793**	985,493
Acquired during the year	**1,757,180**	1,398,456
Transferred from Treasury	**2,000,000**	1,000,000
Shares vested in employees	**(3,350,153)**	(2,796,654)
Shares used to satisfy option exercises	**(277,411)**	(389,502)
At 30 September	**327,409**	197,793

The figures in the above table are presented on a trade date basis.

At 30 September 2018 the number of shares held by the trust in respect of awards made to, but not yet vested in, employees was nil (2017: nil shares).

A description of the Group's active share plans and their operation is set out below:

Long Term Incentive Plan (LTIP) 2008

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan

The plan provides a framework by which employees are awarded a free share in exchange for their purchasing a stake in the Company.

The free, or "matching", shares replicate the number of shares purchased by the participant. Both the purchased and matched shares are held in Trust. Shares vest in three equal tranches at the end of the third, fourth and fifth anniversaries of the award date if the participant continues to be employed by the Group at these dates.

On vesting, the matching and purchased shares are transferred into the personal ownership of the participant. Awards granted under this plan are equity settled.

US Restrictive Stock Plan (USRSP) 2008

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 Numis Securities Incorporated (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 2008 plan. Differences arise in treatment of awards under differing tax jurisdictions.

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 of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Notes to the Financial Statements
continued

22. Employee share plans continued

Nature of plan

This plan is open to both UK and US Directors and employees and operates as a deferred bonus payment in the form of shares. Awards vest in the hands of the participant in three equal tranches no earlier than at the end of the first, second and third anniversaries following the award date if they continue to be employed by the Group on those dates. Awards granted under this plan are equity settled.

Long Term Incentive Plan 2016

The Board approved this plan on 5 September 2016.

Eligibility

Any Director of the Company, or a Group company, and any 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 fith anniversary of grant but, in certain circumstances, a holding period extending beyond the fith 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 Incorporated (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 of 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.

Awards granted under this plan are equity settled.

Restricted Stock Unit (RSU) 2017 Plan

The Board approved this plan on 6 January 2017.

Eligibiliity

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan

The plan was devised broadly to follow the terms of the 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 2018 is detailed in the tables below:

	LTIP 2008 Number of shares	RSU 2008 Number of shares	RSU 2018 Number of shares	Total Number of shares
Award shares at 1 October 2017	–	7,791,363	–	7,791,363
New awards	–	–	2,723,266	2,723,266
Vesting of awards	–	(3,310,471)	(39,682)	(3,350,153)
Forfeiture of awards	–	(79,377)	(60,317)	(139,694)
Award shares at 30 September 2018	**–**	**4,401,515**	**2,623,267**	**7,024,782**

	LTIP 2008 Number of shares	RSU 2008 Number of shares	RSU 2018 Number of shares	Total Number of shares
Award shares at 1 October 2016	48,421	8,949,918	–	8,998,339
New awards	–	1,639,308	–	1,639,308
Vesting of awards	(48,421)	(2,748,233)	–	(2,796,654)
Forfeiture of awards	–	(49,630)	–	(49,630)
Award shares at 30 September 2017	–	7,791,363	–	7,791,363

Under the share plans shown above, awards of 2,723,266 shares (2017: 1,639,308 shares) were granted during the year at a weighted average share price of 323.6p (2017: 218.6p). The weighted average market price on grant date for all awards made during the year was 348.3p (2017: 243.2p).

Option plans

The Group may grant options under three different plans – the Long Term Incentive Plan 2016 described above, the Long Term Incentive Plan (US) 2017 described above and an employee option plan which was originally formulated and approved in 2001.

As at 30 September 2018 there were 11,314,778 unexercised options outstanding (2017: 11,592,189).

Movements in the number of outstanding share options during the year and their weighted average exercise prices are as follows:

	2018		2017	
	Average exercise price (pence per share)	**Outstanding options**	Average exercise price (pence per share)	Outstanding options
At 1 October	**8.58**	**11,592,189**	13.31	9,989,596
Granted	**–**	**–**	–	2,000,000
Forfeited	**–**	**–**	256.38	(7,905)
Exercised	**178.43**	**(277,411)**	80.87	(389,502)
At 30 September	**4.42**	**11,314,778**	8.58	11,592,189

Notes to the Financial Statements
continued

22. Employee share plans continued
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 7.85 years (2017: 8.78 years).

The weighted average share price, at exercise date, of options exercised during the year was 350.38p (2017: 253.37p). There were no new options granted in 2018. The weighted average fair value of options granted during 2017 was 184p .

At 30 September 2018 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	39,524	253.0p	16 December 2016	16 December 2023
16 December 2013	158,101	253.0p	16 December 2016	16 December 2023
2 February 2016	677,507	0.0p	2 February 2021	2 February 2026
2 February 2016	1,333,334	0.0p	2 February 2021	2 February 2026
5 September 2016	7,106,312	0.0p	5 September 2021	5 September 2026
9 January 2017	1,500,000	0.0p	9 January 2021	9 January 2027
24 January 2017	500,000	0.0p	24 January 2021	24 January 2027

Options granted after 7 November 2002 are measured at fair values 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 shares 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.

23. Earnings per share
Basic earnings per share is calculated on a profit after tax of £26,677,000 (2017: £30,377,000) and 106,435,314 (2017: 110,919,356) 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.

	2018 Number Thousands	2017 Number Thousands
Weighted average number of ordinary shares in issued during the year – basic	**106,435**	110,919
Dilutive effect of share awards	**9,374**	6,328
Diluted number of ordinary shares	**115,809**	117,247

24. Consolidated statement of cash flows

Group

Reconciliation of profit before tax to cash from operating activities:

	2018 £'000	2017 £'000
Profit before tax	**31,644**	38,319
Net finance income	**(212)**	(188)
Depreciation charges on property, plant and equipment	**1,113**	1,226
Amortisation charges on intangible assets	**49**	89
Share plan charges	**10,583**	10,454
Decrease in current asset trading investments	**3,624**	1,029
Increase in trade and other receivables	**(122,100)**	(85,583)
Increase in stock borrowing collateral	**700**	(4,705)
Increase in trade and other payables	**130,580**	89,188
Increase/(decrease) in derivatives	**(320)**	581
Cash flows from operating activities	**55,661**	50,410

Cash flows in 2018 benefited from higher revenues, a net divestment in our investment portfolio and temporary movement in the market making positions. These were offset by a higher expense base compared to 2017.

Company

The Company does not hold any cash balances, and cash-based transactions are effected on its behalf by Numis Securities Limited, a wholly owned subsidiary. The operating profit of the Company includes fair value gains on investments of £120,000 (2017: £3,032,000) and investing activity related dividend income of £39,000 (2017: £432,000) that passed through intercompany accounts.

25. Guarantees and other financial commitments

a) Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil for the Group (2017: £nil).

b) Contingent liabilities

In the ordinary course of business, the Group has given letters of indemnity in respect of lost certified stock transfers and share certificates. No claims have been received in relation to the year ended 30 September 2018 (2017: nil). The contingent liability arising thereon cannot be quantified, although the Directors do not believe that any material liability will arise under these indemnities.

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. As at 30 September 2018 the Group did not have any indebtedness to Barclays Bank plc (2017: nil).

The Company has given a guarantee to Pershing LLC for any indebtedness of Numis Securities Inc. Pershing LLC provides securities clearing and settlement services to Numis Securities Inc. for some of its broker activities. As at 30 September 2018 that company did not have any indebtedness to Pershing LLC (2017: nil).

c) Investment commitments

During the accounting period the Company signed two investment subscription agreements where the full amount of the subscription had not been called upon at the balance sheet date.

An investment in a US private fund with a total subscription value of $1.0m had been signed. The fund calls upon capital as it is required and at the balance sheet date $0.4m had been called up and paid. This is classified within Trading Investments. The remaining $0.6m 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 fith anniversary of the agreement, which is June 2023.

An investment in a UK unlisted company with a total subscription value of £0.5m had been signed. The investment is dependent on the company receiving regulatory approval, which is in process but had not been received at the balance sheet date. Therefore a commitment of £0.5m exists at the balance sheet date which we expect to pay over within 12 months of the balance sheet date.

Notes to the Financial Statements
continued

25. Guarantees and other financial commitments continued
d) Operating leases
At 30 September 2018 the Group had annual commitments under non-cancellable operating leases in respect of land and buildings of £2,149,000 (2017: £2,061,000). The total future aggregate minimum lease payments are as follows:

Property	2018 £'000	2017 £'000
Within one year	**2,081**	2,028
In two to five years	**4,953**	5,055
After five years	**1,945**	–
	8,979	7,083

The annual property rental on the principal property leased by the Group was subject to review in September 2016. There is no further rent review for the duration of the lease period which ends in September 2021. A new property was taken in New York and the lease on the old property has elapsed. The new property in New York has a lease term of 10 years.

e) Pension arrangements
The pension cost charge for the year was £1,751,000 (2017: £2,082,000).

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.

f) Underwriting arrangements
The Group provides underwriting services in the ordinary course of business. Before the year end the Company had entered into material underwriting arrangements, the commitments under which were conditional on events occurring after the 30 September 2018. The transactions closed satisfactorily after the year end, and, save in relation to the fees recorded, without material impact on the Group. The associated fees were recognised in the following reporting period accordingly.

26. Financial instrument risk management
Group
Risk management
The Group places great weight on the effective management of exposures to market, credit, liquidity and operational risk and our risk management policies and framework are designed to identify, monitor and manage such exposures to ensure that the operating activities of the Group are managed within the risk parameters set out by the Plc Board (the Board).

The Group's risk management framework is designed to incorporate all material risks to which the Group is or may be exposed. The Board is responsible for supervision of the risk management framework, approval of risk management policies and setting the overall risk appetite of the Group. All risk management functions ultimately report to the Board. The Board receives regular risk management reporting which provides an assessment of the exposures across the Group together with more detailed reports on market, credit and liquidity risk amongst others.

Risk exposures are monitored, controlled and overseen by separate but complementary committees which consist of senior management from revenue generating areas, compliance and finance. Management oversight and segregation of duties are fundamental to the risk management framework.

The Audit and Risk Committee 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 Audit and Risk Committee receives risk updates which detail the Group's exposure to market, credit, liquidity, and operational risks. Controls and policies are reviewed and challenged to ensure their effectiveness and to reflect changes in requirements and best practice.

The Risk Oversight Committee is responsible for exercising senior level oversight of all risk related issues (both financial and non-financial). It has specific responsibility for the in-depth assessment and reporting of all material risks faced by the Group including the selection and scoring of the risks, the implementation of appropriate key risk indicators and controls designed to provide risk mitigation.

The Financial Risk Committee is responsible for ensuring that the day-to-day operating activities are managed within the financial risk appetite and controls framework approved by the Board and the Audit and Risk Committee, The Financial Risk Committee has delegated responsibility for preparing the financial risk management policies for review and approval by the Board and the Audit and Risk Committee. It also 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 exposures associated with our equity and derivative positions
- Trading book and individual stock Value-at-Risk (VaR) with comparison to limits
- Performance of the trading book overall and at individual stock level
- Credit risk exposures to trading counterparties and deposit-taking counterparties
- Liquidity and concentration risk of the cash and cash equivalent assets
- Currency risk exposures of foreign currency denominated deposits
- Capital resources of the Group compared to the Capital Requirements Directive Pillar I and Pillar 2 capital requirement and additional internal economic capital measures
- Client asset requirements and resources
- Operating events

The Risk Management department has day-to-day responsibility for monitoring and reporting financial risk exposures within the Group and escalation of issues to senior management. The trading system has real-time trading book, stock and VaR limit alerts to flag individual stock holdings and trading book positions which are approaching their predefined limit. There is daily reporting of market, credit and liquidity risk key indicators to senior management. Margin requirement at Central Counterparties is also monitored continuously and automated intra-day reporting is in place for credit exposures and associated credit limit breaches.

Independent assurance of the suitability and effectiveness of the Group's risk management framework and controls is provided to the Audit and Risk Committee by the utilisation of an outsourced, independent Internal Audit function.

The categorisation of the Group's assets and liabilities analysed by accounting treatment is summarised below:

As at 30 September 2018:

	Loans and receivables/ liabilities at amortised cost £'000	Fair value through profit or loss held for trading £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	–	–	3,200	3,200
Intangible assets	–	–	77	77
Deferred tax	–	–	4,938	4,938
Trade and other receivables	366,219	–	3,085	369,304
Trading Investments	–	43,800	–	43,800
Stock borrowing collateral	7,906	–	–	7,906
Derivative financial instruments	–	350	–	350
Cash and cash equivalents	111,673	–	–	111,673
Total assets	**485,798**	**44,150**	**11,300**	**541,248**
Liabilities				
Trade and other payables	(378,171)	–	(3,436)	(381,607)
Financial liabilities	–	(14,632)	–	(14,632)
Current income tax	–	–	(1,873)	(1,873)
Total liabilities	**(378,171)**	**(14,632)**	**(5,309)**	**(398,112)**
Total equity	**107,627**	**29,518**	**5,991**	**143,136**

Notes to the Financial Statements
continued

26. Financial instrument risk management continued

As at 30 September 2017:

	Loans and receivables/ liabilities at amortised cost £'000	Fair value through profit or loss held for trading £'000	Non-financial instruments and other £'000	Total £'000
Assets				
Property, plant and equipment	–	–	2,998	2,998
Intangible assets	–	–	33	33
Deferred tax	–	–	3,116	3,116
Trade and other receivables	245,804	–	1,400	247,204
Trading Investments	–	47,424	–	47,424
Stock borrowing collateral	8,606	–	–	8,606
Derivative financial instruments	–	35	–	35
Cash and cash equivalents	95,852	–	–	95,852
Total assets	**350,262**	**47,459**	**7,547**	**405,268**
Liabilities				
Trade and other payables	(243,814)	–	(2,256)	(246,070)
Financial liabilities	–	(19,875)	–	(19,875)
Current income tax	–	–	(5,697)	(5,697)
Total liabilities	**(243,814)**	**(19,875)**	**(7,953)**	**(271,642)**
Total equity	**106,448**	**27,584**	**(406)**	**133,626**

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 understand the potential impact of such movements.

The Group utilises a VaR model to measure market risk. The model uses a "Historical Simulation" approach which shocks market risk positions by the actual daily market moves observed during a rolling 256 business day window. 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 relevant risk management staff. On a daily basis the Risk Management department computes the Historical Simulation 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.

	Long £'000	**Short £'000**	**Gross £'000**	**2018 Net £'000**
Highest position	48,669	(25,363)	71,303	30,555
Lowest position	25,333	(7,277)	43,172	5,403
Average position	35,067	(18,647)	53,714	16,420
As at 30 September 2018	**28,540**	**(14,632)**	**43,172**	**13,907**

	Long £'000	Short £'000	Gross £'000	2017 Net £'000
Highest position	47,599	(27,143)	74,742	36,194
Lowest position	33,326	(10,101)	46,615	13,451
Average position	38,979	(17,355)	56,334	21,625
As at 30 September 2017	33,326	(19,875)	53,200	13,451

The table below shows the highest, lowest, average, and year end equity VaR.

	2018 £'000	2017 £'000
Highest VaR	**915**	990
Lowest VaR	**140**	247
Average VaR	**271**	436
As at 30 September	**253**	263

The table above is unaudited.

In addition, the Group holds positions totalling £14,672,000 (2017: £14,133,000) in unlisted securities. These are reported to senior management together with positions in listed securities on a daily basis.

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, Finance Director 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 Audit and Risk Committee, and the Financial Risk Committee, and monitored and reported by the Risk Management department 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 Management department. Excesses are either addressed by the traders or, if they are unable to take corrective action, will be discussed with the Risk Management department 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 at the year end indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £2,819,000 (2017: £4,724,000).

An annual sensitivity analysis of unlisted investments has been assessed and deemed as immaterial.

Financial liabilities
Financial liabilities comprise short positions in quoted stocks arising through the normal course of business in facilitating client order flow. Equity risk on financial liabilities 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/decrease in underlying equity prices on the financial liabilities 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 £1,463,000 (2017: £1,988,000).

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. This category may also include foreign exchange contracts used to hedge transactional exposures arising from normal operational activities.

Equity risk arising on derivatives is the day-to-day responsibility of the Head of Trading. Exposures are measured using the Group's VaR methodology and reported to senior management daily along with a detailed inventory of options and warrant holdings which are either in-the-money or close to being in-the-money.

Notes to the Financial Statements
continued

26. Financial instrument risk management continued

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 £369,000 (2017: £215,000) and decrease of £227,000 (2017: £34,000) 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 foreign currency denominated corporate finance fees, supplier payments or Treasury activities; and foreign currency denominated investments in subsidiaries of the Group. The Risk Management department is responsible for monitoring the Group's currency exposures which are reported to senior management daily.

Currency risk is measured using a similar VaR methodology as that used for the Group's measurement of equity risk. The table below shows the highest, lowest and average foreign currency VaR.

	2018 £'000	2017 £'000
Highest VaR	**151**	138
Lowest VaR	**78**	50
Average VaR	**113**	88
As at 30 September	**127**	102

The table above is unaudited.

The Group's net assets by currency as at 30 September were as follows:

	Sterling £'000	Euro £'000	Canadian $ £'000	US $ £'000	Other £'000	Total £'000
2018						
Sterling equivalent	**122,194**	**6,549**	**887**	**11,929**	**1,577**	**143,136**
2017						
Sterling equivalent	122,080	2,797	160	6,555	2,034	133,626

The Group hedges all significant transactional currency exposures arising from trading activities using spot or forward foreign exchange contracts. The fair value of derivative financial instruments held to manage such currency exposure as at 30 September 2018 was immaterial (2017: immaterial). 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$ and Euro in terms of transactional and translational exposures.

10 cent increase (strengthening £):

	US $ £'000	Euro £'000	Total £'000
Profit before tax	(846)	(536)	(1,382)
Equity	(714)	(536)	(1,250)

10 cent decrease (weakening £):

	US $ £'000	Euro £'000	Total £'000
Profit before tax	986	641	1,627
Equity	712	641	1,353

Market risk – interest rate risk
Interest rate risk arises as a result of changes to the 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 the management's view of yields on offer, liquidity requirements, and credit risk considerations. As the Group has limited exposure to interest rate risk and has no external debt (2017: £nil) it does not use derivative instruments to hedge interest rate risk.

The table below shows the interest rate profile of the Group's cash and cash equivalent investments and, while not interest-bearing, also shows the Group's exposure to listed investments as these have an indirect sensitivity to significant changes and volatility of interest rates.

	2018			2017		
Currency	Cash and cash equivalents £'000	Listed investments £'000	Total £'000	Cash and cash equivalents £'000	Listed investments £'000	Total £'000
Sterling	**103,099**	**12,634**	**115,733**	90,858	11,449	102,307
US Dollars	**1,873**	**1,144**	**3,017**	2,841	1,880	4,721
Euro	**4,498**	**(238)**	**4,260**	748	11	759
Canadian Dollars	**911**	**(7)**	**904**	184	–	184
Other	**1,292**	**375**	**1,667**	1,221	111	1,332
At 30 September	**111,673**	**13,908**	**125,581**	95,852	13,451	109,303
Fixed rate	**–**			–		
Floating rate	**111,673**			95,852		

In addition to the above, cash collateral balances of £8,630,000 (2017: £9,530,000) and stock borrowing collateral balances of £7,906,000 (2017: £8,606,000) are subject to daily floating rate interest.

The Group has no material exposures to fair value movements arising from changes in the market rate of interest as at 30 September 2018 or 30 September 2017. Therefore no material sensitivity to changes in the prevailing market rates of interest exist as at 30 September 2018 or 30 September 2017.

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.

Notes to the Financial Statements
continued

26. Financial instrument risk management continued
The Group's financial instruments held at fair value are analysed as follows:

As at 30 September 2018:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	**28,189**	**–**	**15,611**	**43,800**
Derivative financial instruments	**–**	**350**	**–**	**350**
Assets	**28,189**	**350**	**15,611**	**44,150**
Financial liabilities	**(14,632)**	**–**	**–**	**(14,632)**
Liabilities	**(14,632)**	**–**	**–**	**(14,632)**

As at 30 September 2017:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	33,291	–	14,133	47,424
Derivative financial instruments	–	35	–	35
Assets	33,291	35	14,133	47,459
Financial liabilities	(19,875)	–	–	(19,875)
Liabilities	(19,875)	–	–	(19,875)

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 based on the lower level input that is significant to the fair value measurement as a whole. Transfers are recorded as if the transfer took place at the beginning of the reporting year except in the case of a Level 2 or Level 3 holding being elevated to Level 1 by virtue of the company in question listing on a recognised exchange, for example through an IPO. In this instance price changes post the IPO date are treated as Level 1 movements whereas price changes prior to the IPO date would generally fall into Level 3. There was one transfer between Level 3 and Level 1 during the year with a current year value of £730,000 (prior year value £583,000). This was due to an IPO.

Movements in financial assets categorised as Level 3 during the year were:

	2018 £'000	2017 £'000
At 1 October	**14,133**	13,126
Net gains/(losses) included in other operating income in the income statement	**2,387**	(319)
Additions	**1,578**	1,326
Disposals	**(1,904)**	–
Reclassified to Level 1	**(583)**	–
At 30 September	**15,611**	14,133

Level 3 financial instruments comprise minority equity holdings in unlisted 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.

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.

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 Management department 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 hourly intra-day reporting of all gross inward, outward and net cash flow exposures by individual counterparty against assigned limits is monitored by the Risk Management department 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.

Cash and cash equivalents are with large commercial clearing 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 as at 30 September 2018 of balance sheet financial instruments before taking account of any collateral held or other credit enhancements. As at 30 September 2018 there were no collateral amounts held by the Group as security against amounts receivable (2017: £nil).

As at 30 September 2018 (£'000):

		Overdue not impaired						
	Not overdue	**0 to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Over 1 year**	**Impaired**	**Total**
Derivative financial instruments	**350**	**–**	**–**	**–**	**–**	**–**	**–**	**350**
Trade and other receivables	**338,028**	**26,546**	**459**	**1,649**	**–**	**86**	**433**	**367,201**
Trading investments	**43,800**	**–**	**–**	**–**	**–**	**–**	**–**	**43,800**
Stock borrowing collateral	**7,906**	**–**	**–**	**–**	**–**	**–**	**–**	**7,906**
Cash and cash equivalents	**111,673**	**–**	**–**	**–**	**–**	**–**	**–**	**111,673**
	501,757	**26,546**	**459**	**1,649**	**–**	**86**	**433**	**530,930**

As at 30 September 2017 (£'000):

		Overdue not impaired						
	Not overdue	0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 1 year	Impaired	Total
Derivative financial instruments	35	–	–	–	–	–	–	35
Trade and other receivables	220,003	24,769	190	2	–	14	130	245,108
Trading investments	47,424	–	–	–	–	–	–	47,424
Stock borrowing collateral	8,606	–	–	–	–	–	–	8,606
Cash and cash equivalents	95,852	–	–	–	–	–	–	95,852
	371,920	24,769	190	2	–	14	130	397,025

Notes to the Financial Statements
continued

26. Financial instrument risk management continued

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 on an hourly basis 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.

As at 30 September 2018 the exposure to the following categories of counterparty was as follows: brokers £251.2m (2017: £109.6m), long only funds £66.0m (2017: £82.2m), hedge funds £11.6m (2017: £19.4m) and other £25.2m (2017: £16.1m).

Concentration of credit risk to a particular counterparty or issuer may also arise from deposits placed with UK licensed banks, investments in cash equivalents and as a result of normal trading activity through Central Counterparties, such as the London Clearing House. The credit quality of these counterparties is kept under review by management. Concentration of trading investments by market is disclosed in note 18. There are no significant concentration risks arising in any other class of financial asset as at 30 September 2018 (2017: £nil).

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 Group currently maintains substantial excess liquidity so that it can be confident of being able to settle transactions and continue operations even in the most difficult foreseeable circumstances.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:

As at 30 September 2018 (£'000):

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	**375,949**	**3,082**	**1,876**	**–**	**380,907**
Financial liabilities	**14,632**	**–**	**–**	**–**	**14,632**
	390,581	**3,082**	**1,876**	**–**	**395,539**

As at 30 September 2017 (£'000):

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	240,287	6,222	1,255	–	247,764
Financial liabilities	19,875	–	–	–	19,875
	260,162	6,222	1,255	–	267,639

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 (known as the ICAAP) performed in accordance with guidelines and rules governed by the Financial Conduct Authority (FCA). Under this process the Group is satisfied 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.

Both the Pillar 1 and Pillar 2 minimum regulatory capital requirements are compared with total available regulatory capital resources on a daily basis and monitored by the Risk Management department. The excess capital resources, under both measurements, are reported to the Financial Risk Committee and to the Audit and Risk Committee and the Board at each time they meet.

As at 30 September 2018, the Group had £126.6m of regulatory capital resources, which is significantly in excess of both its regulatory capital requirements. The regulatory capital of £126.6m increases to £136.3m following the completion of the financial audit.

The Group has adopted the standardised approach to credit risk and market risk and the basic indicator approach for operational risk. Compliance with FCA capital related regulatory requirements was maintained throughout the year.

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 & 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 16 and in the Group section of this note starting on page 60. The Company's specific risk exposures are explained below:

Equity risk

The Company is exposed to equity risk on its trading investments, derivative financial instruments and investments in subsidiaries. Trading investments and derivative financial instruments comprise holdings in quoted and unquoted securities.

In addition to risk measures reported on the Group's equity-based holdings as a whole, a sensitivity analysis based on a 10% increase/decrease in the underlying equity prices on the aggregate trading investments and derivative financial instruments held at the year end has been performed and indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by (nil) (2017: £1,402,000).

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 primarily its subsidiaries or employees of the Group and therefore there is limited 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.

Notes to the Financial Statements
continued

26. Financial instrument risk management continued
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.

As at 30 September 2018:

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Trading investments	**–**	**–**	**–**	**–**
Assets	**–**	**–**	**–**	**–**

As at 30 September 2017:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Trading investments	14,009	–	13	14,022
Assets	14,009	–	13	14,022

There were no transfers between Level 1, Level 2 and Level 3 during the year.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation at the end of each reporting year based on the lower level input that is significant to the fair value measurement as a whole. All trading investments were sold during the year.

Movements in financial assets categorised as Level 3 during the year were:

	2018 £'000	2017 £'000
At 1 October	**13**	82
Disposals	**(13)**	(69)
At 30 September	**–**	13

Level 3 financial instruments comprise 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 Company 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.

There is no material difference between the carrying value and fair value of the Company's financial assets and liabilities.

27. Post-balance sheet events
Final dividend
A final dividend of 6.5p per share (2017: 6.50p) was proposed by the Directors at their meeting on 4 December 2018. These financial statements do not reflect this dividend payable.

28. Related party transactions
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 operating subsidiaries, who are also Directors of those subsidiaries:

	2018 £'000	2017 £'000
Short-term employment benefits	**6,736**	7,259
Post-employment benefits	**97**	63
Share-based payments	**2,083**	2,431
	8,916	9,753

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 20.

b) Key management compensation

The compensation paid to key management is set out below.

	2018 £'000	2017 £'000
Short-term employment benefits	**3,808**	5,154
Post-employment benefits	**66**	49
Share-based payments	**1,842**	2,028
	5,716	7,231

Details of the remuneration of each Director, including the highest paid Director, can be found within the Remuneration Report on pages 53 to 61. The compensation in the above table has been paid on the Company's behalf by a subsidiary of the Company.

29. Offsetting arrangements

The Group and the Company have a legally enforceable right and intention to set-off with a clearing house. The Directors have applied the off-setting rules to the current year and prior period below:

As at 30 September 2018:

	Gross amounts £'000	Gross amounts set off in the balance sheet £'000	Net amounts presented in the balance sheet £'000
Trade and other receivables	**382,480**	**(13,176)**	**369,304**
Trade and other payables	**(394,783)**	**13,176**	**(381,607)**

As at 30 September 2017:

	Gross amounts* £'000	Gross amounts set off in the balance sheet £'000	Net amounts presented in the balance sheet £'000
Trade and other receivables	255,933	(8,729)	247,204
Trade and other payables	(254,799)	8,729	(246,070)

* The gross amounts as presented in the prior year financial report.

The prior period has been restated on the Consolidated Balance Sheet reflecting the application of the offsetting rules. This does not affect the prior period net assets value and there has been no impact on reported results for either financial period.

4

We are Focused

We focus in order to excel for our clients and as a firm.

We focus on excellence and we excel by focusing. Within our chosen area of UK investment banking we devote ourselves rigorously and energetically to being the very best – building the expertise, relationships and insights at the core of helping our clients achieve their ambitions.

Other Information

Contents

Notice of Annual General Meeting

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, The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT on **Tuesday 5 February 2019, at 2.00p.m.** to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 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 2018, together with the Directors' Report and Auditors' Report.

2. To declare a final dividend for the year ended 30 September 2018 of 6.5p per ordinary share payable on 8 February 2019 to shareholders on the register at 6.00p.m. on 14 December 2018.

3. To reappoint as a Director Mr. Luke Savage who was appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.

4. To reappoint as a Director Mr. Ross Mitchinson, 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 as a Director Mr. Robert Sutton, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

6. To reappoint PricewaterhouseCoopers LLP as Auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.

7. To authorise the Audit and Risk Committee to determine the remuneration of the Auditor on behalf of the Board.

8. THAT in accordance with sections 366 and 367 of the Companies Act 2006 (the Act), the Company is, and all companies that are, at any time during the period for which this resolution has effect, subsidiaries of the Company as defined in the Act, are hereby authorised in aggregate to:
   (i) to make political donations as defined in section 364 of the Act, to political parties and/or independent electoral 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 2020 or at 6.00p.m. on 1 May 2020, whichever is sooner. In any event, the aggregate amount of political expenditure made or incurred under this authority shall not exceed £100,000.

9. THAT:
   (i) 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 £1,758,374.00 (equivalent to 35,167,482 ordinary shares); and
      (b) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount equal to £1,758,340.00 (equivalent to 35,167,482 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 2020, or, if earlier, at 6.00p.m. on 1 May 2020, 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

10. THAT, subject to and conditional upon the passing of resolution 9 set out in the notice of this meeting, the Directors be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution 9 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
    a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 9 above, by way of a rights issue only) to:
       (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) holders of other equity securities as required by the rights of those securities or, subject to such rights as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

b) the allotment (otherwise than pursuant to sub-paragraph a) above) of equity securities having an aggregate nominal amount not exceeding £263,756.00 (equivalent to 5,275,122 ordinary shares),

and this power shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2020 or, if earlier, at 6.00p.m. on 1 May 2020, unless previously revoked, varied or renewed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

11. THAT, subject to the passing of resolution 9, the Directors be given powers pursuant to sections 570 and 573 of the Act and in addition to any authority granted under resolution 10, to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by resolution 9 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) to (6) of section 562 of the Act did not apply to any such allotment, provided that such power be:
    a) limited to the allotment of equity securities up to a nominal amount of £263,756.00; 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 (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 annual general meeting of the Company to be held in 2020 or at 6.00 p.m. on 1 May 2020), whichever is sooner (unless previously renewed, varied or revoked by the Company at a general meeting). The Company may before this authority expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

12. THAT the Company be generally authorised pursuant to section 701 of the 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 10,550,244 ordinary shares (equivalent to £527,512.00);
    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% 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 2020, or, if earlier, 1 May 2020, 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.

13. THAT the Articles of Association produced to the meeting and for the purpose of identification initialled by the Chairman, be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company as deemed to be altered by virtue of section 28 of the Companies Act 2006.

By order of the Board

Andrew Holloway
Chief Financial Officer & Company Secretary
10 December 2018

Registered in England & Wales
Company Registered No: 2375296
Registered Office
10 Paternoster Square
London
EC4M 7LT

Notice of Annual General Meeting
continued

Notes:

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 3 February 2019 at 2.00p.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. The Proxy Form must be received by the Company's registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time of the holding of the Annual General Meeting. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Computershare (under CREST participant ID 3RA50) by no later than 2.00p.m. on 3 February 2019. The time of receipt will be taken to be the time from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

5. The return of a completed proxy form or the transmission of a CREST Proxy Instruction 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

6. 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 6.00p.m. on 3 February 2019 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

7. 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

8. 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

9. As at 7 December 2018, being the latest practicable date prior to the date of this Notice, the Company's issued share capital consisted of 105,502,488 ordinary shares, carrying one vote each, and 12,936,088 treasury shares. Therefore, the total number of voting rights in the Company as at 7 December 2018 was 105,502,488.

Documents available for inspection

10. There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), and for at least 15 minutes prior to and during the Annual General Meeting, copies of:
    - the Service Contract of each Executive Director and the Letters of Appointment of each Non-Executive Director;
    - the current Articles of Association of the Company; and a copy of the proposed Articles of Association of the Company.

Explanatory notes to the Notice of 2019 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 2018, 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 6.5p per ordinary share be paid on 8 February 2019 to ordinary shareholders who are on the Register of Members at 6.00p.m. on 14 December 2018.

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 Numis instead of any cash dividend to which they would otherwise have been entitled. The DRIP allows shareholders to increase their shareholding 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% 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 6.00p.m. on 16 January 2019. If you have already joined the DRIP and wish to continue receiving dividends in shares, or if you have not already joined the DRIP and wish to continue receiving dividends in cash, you need take no further action.

Resolutions 3 to 5 – Election 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. In addition, any Director who has been appointed since the last Annual General Meeting must also retire and may offer him or herself for re-election and such Directors are not counted in calculating the number of Directors to retire by rotation.

Mr. Luke Savage (Non-Executive Director) was appointed to the Board since the last Annual General Meeting and as required under the Articles of Association, offers himself for re-election.

Messrs. Sutton (Independent Non-Executive Director) and Mitchinson (Co-CEO) are subject to retire by rotation and offer themselves for re-election as required under the Articles of the Company.

The Directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the Non-Executive Directors are independent in character and judgement. Biographical details of all our Directors can be found on pages 38 and 39 of the 2018 Annual Report and on Numis' Corporate website **www.numis.com**

Resolution 6 and 7 – Reappointment and remuneration of auditor

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. The resolution proposes the reappointment of the Company's existing auditors, PricewaterhouseCoopers LLP.

Resolution 7 proposes that the Audit & Risk Committee be authorised to determine the level of the auditors' remuneration on behalf of the Board.

Resolution 8 – Authority to make political donations

The Companies Act 2006 prohibits companies from making any political donations to EU political organisations, independent candidates or incurring EU political expenditure unless authorised by shareholders in advance. The Company does not make and does not intend to make donations to EU political organisations or independent election candidates, nor does it incur any EU political expenditure.

However, the definitions of political donations, political organisations and political expenditure used in the Companies Act 2006 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.

Notice of Annual General Meeting
continued

The Board is therefore seeking authority to make political donations to EU political organisations and independent election candidates not exceeding £50,000 in total and to incur EU 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 Companies Act 2006. 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 Companies Act 2006.

Resolution 9 – Authority to allot relevant securities

Resolution 9 is proposed to renew the Directors' powers to allot shares. The Directors' existing authority, which was granted (pursuant to section 551 of the Companies Act 2006) at the Annual General Meeting held on 6 February 2018, will expire at the end of this year's Annual General Meeting. Accordingly, paragraph (i) of resolution 9 would renew and increase this authority by authorising the Directors (pursuant to section 551 of the Act) to allot relevant securities up to an aggregate nominal amount equal to approximately one third of the current issued share capital of the Company.

In accordance with The Investment Association's Share Capital Management Guidelines, Resolution 9(b) seeks to grant the Directors authority to allot ordinary shares equal to a further one third of the Company's issued share capital in connection with a rights issue in favour of ordinary shareholders. If the Directors were to use this additional authority, then all of the Directors would submit themselves for re-election at the following Annual General Meeting.

Save in respect of the issue of new ordinary shares pursuant to the Company's share incentive schemes or as a result of scrip dividends, the Directors currently have no plans to allot relevant securities, but the Directors believe it to be in the interests of the Company for the Board to be granted this authority, to enable the Board to take advantage of appropriate opportunities which may arise in the future.

The authorities sought under paragraphs (a) and (b) of this resolution will expire at the conclusion of the Annual General Meeting of the Company to be held in 2020, or at 6.00p.m. on 1 May 2020, whichever is sooner, unless renewed or revoked prior to such time.

Resolutions 10 and 11 – Disapplication of statutory pre-emption rights

Resolutions 10 and 11 are to approve the disapplication of pre-emption rights. The passing of these resolutions would allow the Directors to allot shares for cash and/or sell treasury shares without first having to offer such shares to existing shareholders in proportion to their existing holdings.

The authority under Resolution 10 would be limited to:

(a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board considers necessary; and

(b) allotments or sales (otherwise than pursuant to (a) above) up to an aggregate nominal amount of £263,756, which represents approximately 5% of the Company's issued ordinary share capital as at 7 December 2018 (being the latest practicable date prior to the publication of this Notice).

Resolution 11 would give the Directors authority to allot a further 5% of the issued ordinary share capital of the Company as at 7 December 2018 (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 disapplication authorities under Resolutions 10 and 11 are in line with guidance set out in the Pre-Emption Group's Statement of Principles. The Pre-Emption Group's Statement of Principles allow a board to allot shares for cash otherwise than in connection with a pre-emptive offer (i) up to 5% of a company's issued share capital for use on an unrestricted basis and (ii) up to a further 5% 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 Pre-Emption Group's Statement of Principles, the Directors confirm that they do not intend to issue shares for cash representing more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period (save in accordance with Resolution 11) without prior consultation with shareholders.

The authorities contained in Resolutions 10 and 11 will expire at the conclusion of the annual general meeting of the Company to be held in 2020 or at 6.00 p.m. on 1 May 2020, whichever is sooner.

Resolution 12 – Authority to purchase Company's own shares

Resolution 12 seeks to grant the Directors authority (until the next Annual General Meeting to be held in 2020 or, if earlier, 1 May 2020, 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 10,550,244 ordinary shares (equivalent to £527,512.00), being an amount equal to approximately 10% of the current issued share capital of the Company. The maximum price payable would be an amount equal to 105% 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 share.

The directors intend 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 purchases of shares would enhance earnings per share, and be in the best interest 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 13 – Adoption of new Articles of Association and summary of changes to Articles of Association

Resolution 13 proposes that the Company adopt new Articles of Association (the New Articles), principally in order to reflect developments in law and practice since the Company's current articles (the Current Articles) were adopted in 2009.

A copy of the New Articles and a copy marked to show the changes from the Current Articles are available for inspection as and can be viewed on Numis' website **www.numis.com**. Copies of the New Articles will also be available at the Annual General Meeting.

The substantive changes being proposed in the New Articles are intended to reflect developments in market practice and the law. A range of minor and technical amendments have also been made to provide clarity and ensure that the New Articles are in line with the provisions of the Companies Act 2006 and with the Company's practice. A summary of the principal changes is set out below.

Hybrid meetings: The New Articles give the Directors the power to convene a hybrid general meeting, being a meeting which has the facilities for shareholders to attend both in a physical place and via electronic platforms. The New Articles do not give the Directors the power to hold a solely electronic General Meeting. The provisions included in the New Articles include, for example, the details that need to be provided to shareholders if such a meeting is to be held and a requirement that all resolutions must be taken on a poll in the event of a hybrid meeting. The Board does not have any current intention of calling a hybrid meeting but believes that it is useful for shareholders if the Directors have this flexibility.

Companies Act 1985 provisions: As the Current Articles were adopted before the Companies Act 2006 was fully in force, there are various transitional and historic provisions (including authorised share capital) which have been removed from the New Articles.

Untraced members: In line with market practice, the New Articles provide additional flexibility in relation to the sale of shares owned by shareholders who are untraced after a period of at least 12 years. Under the Current Articles, the Company is required to give notice to untraced shareholders of an intention to sell their shares by way of an advertisement in one national daily newspaper and one local newspaper circulating in the area in which the shareholder's last known address is. Under the New Articles the Company must instead send a notice to the last registered or known address of the shareholder and use reasonable steps to trace the shareholder including, if considered appropriate, using a professional asset reunification company or other tracing agent.

Director disqualification: The provisions in relation to the disqualification of Directors have been updated to comply with the Mental Health (Discrimination) Act 2013.

Fractions: In line with market practice, the New Articles permit the Company, following any share consolidation, to retain a de minimis sum of £5.00 or less arising from fractions and to donate this sum to charity registered in England and Wales.

Share transfers: In order to cater for any future change in the law which may allow a transfer of certificated shares to be executed in electronic form, the New Articles provide that the Directors may permit transfers to be effected other than by an instrument in writing.

Notices: To make it clearer for shareholders, the notice provisions in the New Articles have been updated so that the relevant provisions are included in the articles themselves, rather than being in the Companies Act 2006.

Recommendation

The Directors believe that the resolutions being proposed and described above, are in the best interests of the Company and its shareholders as a whole and recommend you to give them your support by voting in favour of all the resolutions, as they intend to in respect of their own beneficial shareholdings.

Information for shareholders

Financial calendar

2018–2019

December	Year end results announced
January	Annual Report issued
February	Annual General Meeting
February	Final dividend paid
May	Half year results announced and half year report issued
July	Interim dividend paid

Company information

Company registration number
2375296

Registered office
10 Paternoster Square
London
EC4M 7LT

mail@numis.com
www.numis.com

Nominated broker
Numis Securities Ltd
10 Paternoster Square
London
EC4M 7LT

Nominated adviser
Grant Thornton LLP
30 Finsbury Square
London
EC2P 2YU

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Independent auditors
PricewaterhouseCoopers LLP
7 More London
Riverside
London
SE1 2RT

Bankers
Barclays Bank plc
Level 28
1 Churchill Place
London
E14 5HP

Numis corporation Plc
10 Paternoster Square
London
EC4M 7LT

mail@numis.com
www.numis.com

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Numis

Numis Corporation Plc
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

+44 (0)20 7260 1000
mail@numis.com
www.numis.com