



2021 Cenkos Securities plc
Annual Report

About Cenkos

Cenkos Securities plc* is an independent, specialist institutional stockbroking company

We act as a nominated adviser, sponsor, broker and financial adviser to a range of companies and investment funds, at all stages of their growth and across all sectors. We concentrate on companies that seek admission of their shares to trading on AIM or the Main market of the London Stock Exchange ("LSE") and companies that are already quoted on those markets. We seek long-term relationships with our clients throughout the various stages of their development. Our ethos is to focus on understanding our clients' financing needs to deliver good outcomes for them.

Cenkos' shares were admitted to trading on AIM in 2006. The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the LSE. It has offices in London and Edinburgh.

* The "Company", "Cenkos" or the "Firm"

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Continuing Operations

Revenue

2021	2020
£37.2m	£31.7m

Underlying profit *

2021	2020
£5.9m	£4.0m

Profit before tax

2021	2020
£4.0m	£2.3m

Profit after tax

2021	2020
£3.4m	£1.8m

Cash

2021	2020
£33.5m	£32.7m

Net Assets

2021	2020
£27.0m	£25.6m

Basic earnings per share

2021	2020
7.1p	3.7p

Total dividend per share

2021	2020
4.25p	3.5p

* Underlying profit is profit before restructuring costs, charges related to the Cenkos Incentive plans and tax. A reconciliation between underlying profit before tax and profit before tax is shown in the table on page 11.

Our Services

Corporate Finance

Cenkos focusses in particular on small and mid-cap growth companies and investment trusts across a wide range of sectors, including technology, healthcare, energy and industrial. The teams provide specialist technical advice on all forms of corporate transactions including IPOs, fund raisings, M&A, disposals, restructuring and tender offers. Our track record in raising substantial equity capital for our clients is underpinned by our wide and deep network of institutional investors.

Revenue (Corporate finance fees)		
	2021	2020
	£27.2m	£22.3m
Funds raised		
	2021	2020
	£1,207m	£944m
Number of transactions		
	2021	2020
	34	29
Number of transactions of which are IPOs		
	2021	2020
	2	4

Nomad, Broking and Research

At the heart of our business is the depth of our relationship with our retained corporate and investment fund clients. We act as the intermediary between our clients, existing shareholders and potential investors, with teams that have proven track records in raising equity finance and other funding solutions. In addition to transactional advice, Cenkos provides strategic advice, regulatory guidance, assistance with investor relations and research.

Revenue (Retainer fees and commission)		
	2021	2020
	£6.2m	£6.2m
Number of clients		
	2021	2020
	101	94
Number of clients of which AIM quoted		
	2021	2020
	74	70
Number of clients of which Main Market listed		
	2021	2020
	24	23

Execution Services

With access to multiple trading platforms, we provide liquidity and facilitate institutional business, making markets in both small and large cap equities and investment funds.

Revenue (net trading gains)		
	2021	2020
	£3.9m	£3.2m
Number of stocks we make markets in		
	2021	2020
	231	197

Chairman's statement

2021 was another strong year for Cenkos, as set out in more detail in the Chief Executive Officer's statement. The year also marked the handover of the Chief Executive Officer's role from Jim Durkin to Julian Morse, previously Head of Growth Companies. Jim retired in May 2021, having successfully led the Company for many years, over two stints as Chief Executive Officer, and I would like to thank him on behalf of the Firm and our shareholders for his dedication and commitment to ensuring Cenkos was transferred to the current leadership team on a firm footing.

I am pleased to report that Julian Morse, Chief Executive Officer and Jeremy Osler, Executive Director and Co-Head of Corporate Finance, were both appointed to the Board in the first half of the year, following FCA approval. Both Julian and Jeremy are already making an important difference to the culture, governance and performance of the Firm.

During the year, the Board made excellent progress in implementing its strategic plan to build a strong, market leading institutional stockbroking firm, with a focus on client service. The merit of this strategy has already become evident in the 2021 results, which saw strong growth in revenue and profitability. Importantly, we have also been able to attract bright talent to the Firm, with 18 new hires made during the year, including from the large investment banks and professional services firms. This has enhanced our growing reputation for quality service and the ability to execute successfully on behalf of our clients. A firm of our size depends entirely on reputation, and we are focussed on building and sustaining our standing as the first-choice partner for growth to ambitious companies seeking equity capital.

At the heart of this strategy is a 'team of teams' operating structure which leverages our dual strengths in Corporate Finance and Broking, together with driving increased collaboration across our sector specialisms. This 'team of teams' approach is reflected in the senior management leadership, which has been drawn from both sides of the business, to increase synergies and build on our core strengths across the whole Firm. This synergistic approach has been reflected in a reformed Executive Committee (Exco) focussed on firm-wide business development as well as governance. Our streamlined growth strategy has also resulted in the appointment of a Head of Business Development and the implementation and the deployment of a new CRM system, designed to deliver increased performance and service levels across the Firm.

I wrote last year about the importance of culture and employee engagement, and I was highly encouraged to see very positive feedback in our 2021 employee survey. Our Firm is only as good as our people and, therefore, we are committed to engaging openly and working with our colleagues to continue to drive Cenkos forward. Therefore, we will be carrying out this exercise every 6 months.

I continue to firmly believe in AIM as the destination of choice for ambitious companies. Cenkos can rightly claim a leading adviser position on AIM and we are committed to continuing to source and create high quality investment opportunities for the benefit of our clients, shareholders and employees.

Finally, as the world hopefully exits the lengthy pandemic period, we enter an equally challenging environment with economic uncertainty created by the war in Ukraine. However, I am confident that Cenkos will continue to make progress by seizing the opportunities for growth and by working as a team to successfully navigate any potential market headwinds we face in 2022.

I would like to thank all our employees, our corporate and institutional clients, and our shareholders for their support and look forward to being able to report further progress as the year unfolds.

Lisa Gordon

Non-executive Chairman

17 March 2022

Chief Executive Officer's statement

I am pleased to report that a continued focus on client service levels, recruiting and retaining quality talent and a disciplined approach to costs have enabled us to thrive during 2021. In what remained unchartered social and economic times, these remained the foundation from which we supported our clients and colleagues to achieve their aims. We continue towards our objective of being the first-choice partner for growth to ambitious companies seeking equity capital.

I would like to thank all of our colleagues for their continued drive and determination. These results are a testament to their continued hard work.

Financial resilience

2021 demonstrated the strength of Cenkos' business model with revenues up 18% to £37.2m (from £31.7m) underlying profit up 47% to £5.9m (from £4.0m) and EPS up 92% to 7.1p (from 3.7p). This performance was driven by an increase in transactions, with our teams completing 34 in the period, raising over £1.2bn for clients. Particularly pleasing were the two IPOs completed. We continue to maintain a healthy balance sheet and capital levels prudently above our regulatory minimums. We see this resilience as a key advantage as we move ahead with our strategic objectives.

A shift to quality

Looking back, 2021 was a strong year for AIM with over £8.7bn raised across IPOs and secondary fundraises; the highest amount since 2007. Trading on AIM was equally strong with a record total number of trades placed in a 12-month period (20.3m) and more than £394m of value traded on average across the market each day. The figures paint a healthy picture of AIM as a home for exciting, growing companies. AIM saw a slight increase in the number of companies in 2021. This is the first time since 2014 and, paired with general levels of activity, we believe this represents a gradual shift towards quality, with stronger, well-run companies at the heart of it. Particularly amongst our investment company contacts, we also see growing interest in the alternatives sector, with innovative proposals under consideration. With depth of expertise and an integrated approach across Corporate Finance, Research, Sales and Trading, these are trends that Cenkos is well placed to take advantage of.

Partners for growth

During the year, we have added 17 new companies to our client list. Our investment company and trading company client base is well spread across multiple sectors and the UK and other geographies. This year we have supported a diverse range of companies, from builders' merchants and music royalty businesses to smart fabrics and oncology diagnostics. With a broad pool of knowledgeable, committed investors, we partner with our clients to articulate investment cases and reduce risk in the fundraising process.

It is this variety that makes for a dynamic working environment. As we look to emerge from the disruption of the past couple of years, these ambitious companies will help drive the economic recovery. Levelling up and entrepreneurial opportunities sit at the heart of Cenkos and its ethos.

Our people

Cenkos is as strong as its people and we are proud to have launched a firm wide TSR based share incentive scheme for all colleagues to become owners of Cenkos and participate in its success. We believe that ownership amongst our colleagues is essential in incentivising long-term thinking and creating a sense of ownership.

With 18 new hires across the Firm during the year, we continue to strengthen our talent pool and have continued to build on this in 2022. Central to our strategy going forward is to maintain our high level of staff ratio to clients. By concentrating on service level, quality of advice and research we act as an effective link between corporates and investors, creating a virtuous circle.

We emerge from the global pandemic a more flexible, agile business. We continue to offer our colleagues the opportunity to work in the office or from home, always subject to the arrangements working to the best interests of our clients and the markets more generally. We recognise the importance of retaining the valuable, sometimes intangible, benefits of face-to-face collaboration.

Our focus is to create an entrepreneurial working environment suitable for 2022 and beyond. Diversity of thought and an inclusive approach will ensure we remain a compelling choice for talent and clients alike. Naturally, we consider how we operate and our impact

as a corporate citizen. Sustainability and the wider ESG journey, is a very important topic for us as a business and increasingly one we guide our clients on too.

We understand that providing an environment that colleagues find attractive and enjoyable to work in will lead to sustainable growth for our business and clients alike. We have invested in systems and training to ensure high service levels are maintained in an operationally resilient and risk aware way.

Dividend policy

The Board continues to reinvest into the Firm and looks to return significant shareholder value by establishing a level of consistency to its dividend payments while exploring other potential returns of excess capital as appropriate to its capital and liquidity requirements. The Board is confident in the Company's strong capital position and encouraged by its strategic direction and so is pleased to announce a final dividend of 3.0p per share (2020: 2.5p per share) which results in a total dividend for the year of 4.25p per share (2020: 3.5p per share).

Looking ahead

The broadly positive conditions from 2021 are not taken for granted as we turn our attention to 2022. The war in Ukraine with its horrendous personal cost to those involved is having a significant effect on global economies and markets. The lingering effects of COVID-19 on the labour market and supply chains could also impact growth and market recovery.

Despite the macro-environment, we remain confident in our business model and our track record of successful fundraising at every stage of the market cycle. Indeed, we have started the year well having already completed three IPOs, four placings and two M&A transactions in the first 10 weeks of 2022.

We strongly believe in supporting growing companies to access the capital markets and believe these markets remain attractive to good quality companies. The ability to maintain access to quality capital in periods of uncertainty will mark Cenkos out from the pack.

Julian Morse

Chief Executive Officer

17 March 2022

Strategic report

About this report

In accordance with Section 414A of the Companies Act 2006, the Directors are pleased to present their Strategic report on the development and performance of the Company during the year ended 31 December 2021, the financial position of the Company as at 31 December 2021 and the principal risks to which the Company is exposed.

This report is a key part of the Annual Report and Accounts and provides an opportunity for the Directors to communicate our objectives and strategy (Strategic objectives), the measures we used to determine how well the Firm is performing (Key performance indicators) and the key enterprise-wide risks (Principal risks) faced by the Firm which could prevent these goals from being achieved.

We also provide an overview of how the Firm is structured (Our business model) and a review of the Company's performance for the year ended 31 December 2021 (Review of performance) in order to add context to the results presented in the financial statements.

Finally, we summarise the Firm's financial position (Financial position) and have commented upon the future prospects for the Firm (Chief Executive Officer's statement).

Strategic objectives

Our aim is to be the first-choice partner for growth to ambitious companies seeking equity capital. We will achieve this through an integrated business model, providing corporate finance advice, sales, research and execution services to facilitate clients' access to knowledgeable, committed investors.

In support of this aim we have improved the strength and depth in our research capabilities, growing the team and tactically adding sector expertise to improve coverage and distribution. We have also invested in systems and dedicated resource to bolster business development efforts, ensuring we identify quality companies at an early stage in their growth. We are increasing collaboration across the business to continue to strengthen our network of investors.

To be the first-choice growth partner to ambitious companies, we must attract and retain the highest quality talent. To that end, we continue to review our career pathways for our colleagues to ensure appropriate incentivisation and development opportunities at each stage of their career at Cenkos. Agile working, training and an entrepreneurial culture are elements within a framework of non-financial incentives that we use to recognise achievement and support our team. We are also turning our attention to increasing the public profile of Cenkos, promoting our success more widely than before, in turn creating a proposition that appeals to both talent and clients alike.

	Progress	Outlook
<p>1</p> <p>Strategic Objective Provide an integrated capital market proposition, focussed on employing high quality talent providing responsive client service to develop our existing client base whilst attracting new ones</p>	<p>Number of clients 101 at 31 December 2021, compared to 94 in 2020</p> <p>During 2021 Cenkos won 17 (2020: 18) new clients</p> <p>Funds Raised £1.21bn at 31 December 2021, compared to £0.94bn in 2020</p>	<ul style="list-style-type: none"> ■ A strong ethos of client trust. ■ Growth in revenue and the client base will depend upon the health of the financial markets and investor sentiment. 2022 has started well with the completion of a number of transactions including three IPOs, although there are signs of a cooling in global markets.
<p>2</p> <p>Strategic Objective Develop a collaborative, entrepreneurial team culture that appropriately incentivises and develops careers to attract and retain the highest quality talent</p>	<p>Average number of staff 91 during 2021, compared to 91 in 2020</p> <p>Revenue per head £0.41m at 31 December 2021, compared to £0.35m in 2020</p>	<ul style="list-style-type: none"> ■ Culture conducive to the support and continuous development of staff. ■ Collaborative environment across Firm to leverage the talents of employees and ensure good outcomes for our clients.
<p>3</p> <p>Strategic Objective Follow a disciplined approach to operational efficiency</p>	<p>Administrative expenses to revenue 89% in 31 December 2021, compared to 93% in 2020</p>	<ul style="list-style-type: none"> ■ Keep fixed costs low to mitigate the impact of swings in the financial markets.
<p>4</p> <p>Strategic Objective Maintain our strong balance sheet and capital position to opportunistically grow the business</p>	<p>Cash £33.5m at 31 December 2021, compared to £32.7m in 2020</p> <p>Solvency ratio 305% at 31 December 2021, compared to 266% in 2020.</p>	<ul style="list-style-type: none"> ■ The Company has a strong balance sheet with cash resources of £33.5m as at 31 December 2021 (2020: £32.7m). ■ Maintain strong liquidity and capital position in excess of its regulatory requirements to mitigate the impact of swings in the financial markets.

Our business model

We sit at the intersection of corporates and capital markets. Cenkos provides an integrated approach to capital markets for trading and investment companies. We offer corporate finance advice, sales, research and execution in one place to enable our clients to reach their strategic goals.

Our clients

Our corporate clients are exciting, ambitious companies who are looking to use equity capital as part of their growth strategy. Cenkos works closely with its clients to review and understand their strategy. Our corporate finance team draws on a range of professional backgrounds and we strive to maintain corporate client to corporate finance adviser ratios that are among the most favourable in the City.

From this point of understanding, we have the research and broking capabilities to communicate the investment opportunity to the wider capital markets. With an average length of client relationship of over 5 years, we take a long-term view and look to partner with our clients during the fundraising process and beyond.

With a breadth of experience and expertise, we are able to source and have in our network a knowledgeable and committed base of investors.

Our network

We are proactive in maintaining contact with our institutional clients and are continuously identifying new pools of capital to draw on. Through a mixture of face to face and virtual communications, we take the time to understand our institutional clients' investment mandates. These relationships are built on trust and many have been built over a period of years.

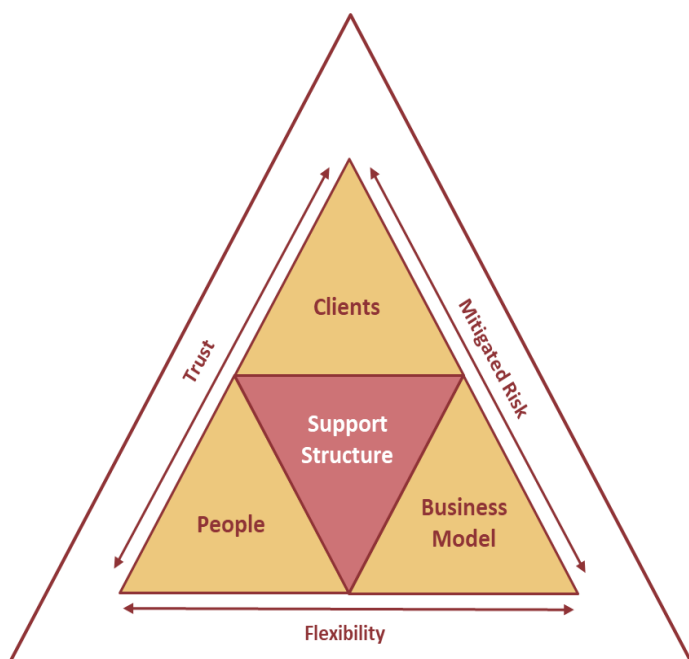
The relationship we have with institutional fund managers is strong and is based on the quality of the portfolio of corporate clients that we act for and on the quality of our institutional sales, research, execution and investor relations functions.

What this means in practice is that we understand what sort of investment opportunities our investor clients are looking for, both in terms of sector and size and where they may fit in their investment strategy.

Our people

At the core of our offering is our people. Cenkos is a collection of highly intelligent and talented individuals. It is our business to identify growth and success wherever it may occur and we apply the same principles to building our team. We recognise the significant benefits of developing an environment that engenders diversity of thought. This is always a work in progress but we are committed to employing talent regardless of cultural background or education or career route. We have a strong history of offering development opportunities to our staff and are delighted to have seen colleagues move around the business as they move forward in their careers.

Allied to our recruitment and development processes, we maintain a strong focus on culture and conduct. As a financial services business we, correctly, operate within a stringently regulated environment. More than this, however, ensuring good outcomes for our clients within proper standards of market conduct safeguards our reputation and enables us to partner clients for the long term. In short, it is simple business sense.



To develop our talent and guide our culture and conduct, all our employees are members of the Chartered Institute for Securities and Investment and each employee has a mandatory level of continuous professional development that must be completed each year. This is supplemented with training and programmes from our relevant professional and educational bodies as appropriate for role and career stage.

We also believe that our success is dependent on the effective operation of all our parts and therefore, collaboration between all of our talent, whether client-facing or not, is core to our strategy. The principles of honesty, integrity, competence and ensuring Cenkos is an enjoyable place to work are paramount.

We remunerate our people within a framework that incorporates basic and performance-related pay. This framework emphasises culture and conduct as the foundation of our business and recognises that without these elements we will not reach our strategic objectives. Our performance related pay includes deferrals, adjustments for conduct and clawback to align financial performance with our long term, sustainable focus.

Details of governance arrangements and associated risk management processes are outlined in more detail in the Governance, policy and framework section and, for financial risks, in note 24 of the financial statements.

Our business model

Cenkos is reliant on the health of the financial markets and investor sentiment, which in turn are impacted by macro-economic factors and geo-political events. The swings of the financial markets can lead to a certain amount of volatility in performance year-on-year. Part of our revenue is generated from corporate finance transactions, the commissions on which are usually large and irregular by nature. To mitigate this, we operate an efficient and flexible business model specifically designed to allow for volatility by keeping fixed costs low and controlled, while focusing on growing our client base. Our remuneration policy reflects the business model and disciplined approach to costs by aligning remuneration with the long-term success of Cenkos through the use of performance-related pay.

The main revenue streams are described below:

1 Corporate finance

Commission is earned on primary and secondary capital raising, where Cenkos brings together our clients requiring capital with those investors willing to provide capital and fees earned in relation to corporate finance advisory work, generally in connection with corporate actions, mergers and acquisitions, disposals, restructuring and tender offers. The revenue is generally dependent upon the size and complexity of the transaction.

2 Nomad, Broking and Research

Annual retainer fees are received for acting as Nomad, broker and/or financial adviser, generated from our corporate and investment trust clients.

3 Execution

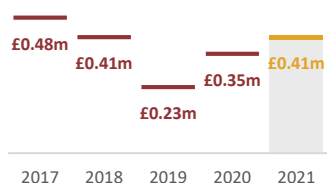
Gains or losses are made from positions in shares we hold as market maker or where we receive shares in lieu of fees. The role of a market maker is mainly that of providing liquidity to other market participants to ensure there is an active market in the relevant share.



Client-facing employees are underpinned by a support services team and selective outsourcing arrangements that provide high levels of resilience and expertise and an ability to scale to support higher revenues with very little additional cost.

Key performance indicators

Revenue per head



The total revenue expressed as a ratio to the total (full time equivalent) number of employees.

Link to strategic objective

1. Provide an integrated capital market proposition, focussed on employing high quality talent providing responsive client service to develop our existing client base whilst attracting new ones.
2. Develop a collaborative, entrepreneurial team culture that appropriately incentivises and develops careers to attract and retain the highest quality talent.
4. Maintain our strong balance sheet and capital position to opportunistically grow the business.

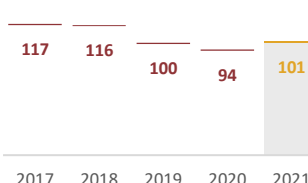
FY21 Progress

- Increase in the number of transactions completed to 34 (2020: 29) mirroring the increase in overall funds raised on AIM of £8.7bn (2020: £5.8 bn).
- Increase in the size of the client base to 101 clients (2020: 94).

Key Risks

- The lingering effects of COVID-19 on the labour market and supply chains, inflationary pressure, political tension and war in Ukraine all have the potential to impact market conditions. In turn this could result in lower placing and corporate finance fees.

Corporate client base



The total number of retained clients.

Link to strategic objective

1. Provide an integrated capital market proposition, focussed on employing high quality talent providing responsive client service to develop our existing client base whilst attracting new ones.
2. Develop a collaborative, entrepreneurial team culture that appropriately incentivises and develops careers to attract and retain the highest quality talent.

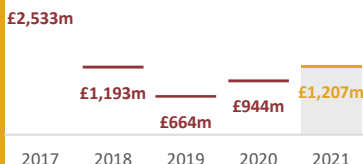
FY21 Progress

- Putting our corporate and investment trust clients at the core of what we do is a key factor in determining the long-term success of the business.
- Increase in the size of the client base to 101 clients (2020: 94).

Key Risks

- Client departures may continue to occur through M&A and other routes (for example, as their boards require advisors to rotate away).

Funds raised for clients



Total funds raised.

Link to strategic objective

1. Provide an integrated capital market proposition, focussed on employing high quality talent providing responsive client service to develop our existing client base whilst attracting new ones.
2. Develop a collaborative, entrepreneurial team culture that appropriately incentivises and develops careers to attract and retain the highest quality talent.

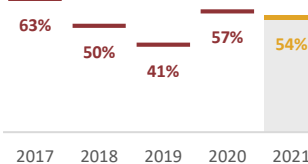
FY21 Progress

- A track record in raising funds on AIM with 10% of all raisings in 2021 (2020: 8%). In addition, we have built up expertise and a clear track record in taking clients to the LSE's Main Market.

Key Risks

- The lingering effects of COVID-19 on the labour market and supply chains, inflationary pressure, political tension and war in Ukraine all have the potential to impact market conditions. In turn this could result in fewer transactions completing, possibly smaller in size.
- Client departures may continue to occur through M&A and other routes (for example, as their boards require advisors to rotate away).

Non-corporate finance revenue to fixed costs



Link to strategic objective

1. Provide an integrated capital market proposition, focussed on employing high quality talent providing responsive client service to develop our existing client base whilst attracting new ones.
3. Follow a disciplined approach to operational efficiency.

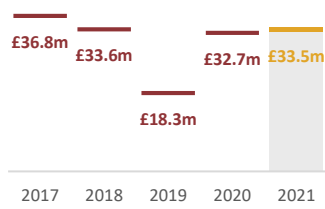
FY21 Progress

- We operate an efficient and flexible business model specifically designed to mitigate against the volatility in the financial markets.
- 2021 has further strengthened our already healthy liquidity and capital surplus. Combined with our low cost base, we are well placed to meet the challenges and opportunities ahead.

Key Risks

- The lingering effects of COVID-19 on the labour market and supply chains, inflationary pressure, political tension and war in Ukraine all have the potential to impact market conditions.
- Regulatory change continues with the supervisory imperatives set forth by the FCA, changes resulting from the UK's withdrawal from the EU and the continued focus on sustainability issues could render certain areas of business uneconomic.

Cash at Bank



Link to strategic objective

4. Maintain our strong balance sheet and capital position to opportunistically grow the business.

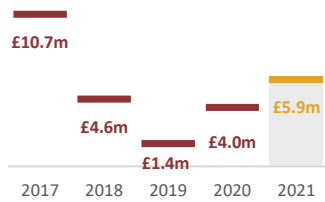
FY21 Progress

■ 2021 has further strengthened our already healthy liquidity and capital surplus. Combined with our low-cost base, we are well placed to meet the challenges and opportunities ahead.

Key Risks

■ The lingering effects of COVID-19 on the labour market and supply chains, inflationary pressure, political tension and war in Ukraine all have the potential to impact market conditions. In turn this could result in lower revenues and levels of cash generated.

Underlying profit



Link to strategic objective

1. Provide an integrated capital market proposition, focussed on employing high quality talent providing responsive client service to develop our existing client base whilst attracting new ones.

2. Develop a collaborative, entrepreneurial team culture that appropriately incentivises and develops careers to attract and retain the highest quality talent.

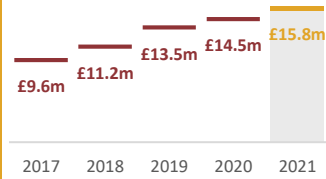
FY21 Progress

■ Underlying profit reflecting 2021's performance.

Key Risks

■ The lingering effects of COVID-19 on the labour market and supply chains, inflationary pressure, political tension and war in Ukraine all have the potential to impact market conditions. In turn this could result in lower revenues and levels of profits generated.

Regulatory surplus over Pillar 1 capital requirements



Link to strategic objective

3. Follow a disciplined approach to operational efficiency.

4. Maintain our strong balance sheet and capital position to opportunistically grow the business.

Capital surplus over Pillar 1 capital requirements at 31 December.

FY21 Progress

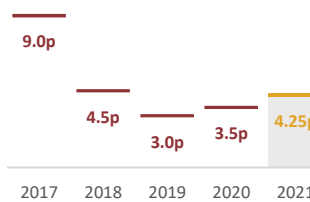
■ Regulatory surplus remains solid, calculated using the methods prescribed in CRD IV.

Key Risks

■ The lingering effects of COVID-19 on the labour market and supply chains, inflationary pressure, political tension and war in Ukraine all have the potential to impact market conditions. In turn this could result in lower revenues and levels of profits generated.

■ From January 2022, the capital surplus has been calculated under IFPR. We continue to maintain a comfortable surplus ahead of the capital requirement.

Dividend per share



Link to strategic objective

1. Provide an integrated capital market proposition, focussed on employing high quality talent providing responsive client service to develop our existing client base whilst attracting new ones.

4. Maintain our strong balance sheet and capital position to opportunistically grow the business.

FY20 Progress

■ Dividend per share reflecting 2021's performance and the strength of the business model.

Key Risks

■ The sustainability of the dividend per share will be dependent upon business performance and subject to the Board's dividend policy.

Review of performance

Revenue

After generating £18.2m of revenue in H1 2021, it is pleasing to report further improvement in performance leading to full year 2021 revenues of £37.2m, an increase of 18% over 2020 revenue of £31.7m. This result reflects the increase in corporate activity seen during the year, which led to total funds raised by companies on the AIM Market increasing by 52% to £8.7bn (2020: £5.8bn) (Source: LSE AIM Market factsheets December 2021).

A summary of the revenue streams from the Company's business activities is set out in the income statement below:

Revenue streams	2021 £ 000's	2020 £ 000's	% change
Corporate finance	27,184	22,250	22%
Nomad, broking and research	6,172	6,175	0%
Execution - net trading gains	3,869	3,229	20%
Revenue	37,225	31,654	18%
Other operating (expense) / income	(87)	259	-133%
Staff costs excluding restructuring costs and incentive plans	(24,080)	(21,304)	13%
Administrative expenses before restructuring and incentive plans	(7,158)	(6,585)	9%
Underlying profit	5,900	4,024	47%
Restructuring costs and incentive plans *	(1,796)	(1,625)	11%
Operating profit	4,104	2,399	71%
Investment income - interest income	17	30	-44%
Finance costs - interest on lease liability	(171)	(176)	-3%
Profit before tax	3,950	2,253	75%
Tax	(552)	(449)	23%
Profit after tax	3,398	1,804	88%
Basic earnings per share	7.1p	3.7p	91%

* Restructuring costs and incentive plans includes legal fees associated with redundancy.

Business activities

Corporate finance

Corporate finance revenue increased by 22% to £27.2m (2020: £22.3m), driven by the completion of 34 placing transactions (2020: 29) including two IPOs (2020: four). Cenkos raised £1.2bn (2020: £0.9bn) for its clients, of which £0.8bn (2020: £0.4bn) was raised on AIM. This is equivalent to 10% (2020: 8%) of all funds raised on AIM in 2021.

Notable deals completed during the year include the IPOs for Lords Group Trading plc raising £52m and GeninCode plc raising £17m and the placings for Marlowe plc raising £150m in aggregate, US Solar Fund plc raising US\$ 132m, Smart Metering Systems plc raising £175m and Brickability Group plc raising £93m.

Nomad, broking and research

Nomad, broking & research fees were flat at £6.2m (2020: £6.2m). Although Cenkos increased the size of its client base to 101 companies and investment trusts (2020: 94), which in turn drove an increase in retainer fees, this was offset by a reduction in commission income due to lower secondary trading volumes.

According to the Corporate Advisers Rankings Guide, as a financial adviser, Cenkos is ranked 2nd by number of AIM clients and 6th by their aggregate market capitalisation.

Execution services

Execution services delivered net trading gains of £3.9m in 2021 (2020: £3.2m), an increase of 20% against the prior year. This was achieved while limiting the use of capital to protect against volatile markets, but still maintaining a top 3 market share in 74% (2020: 84%) of clients' stocks. Cenkos makes markets in the stocks of 231 (2020: 197) companies and investment trusts listed on AIM and the Main Market of LSE.

Administrative expenses

Staff costs excluding restructuring costs and incentive plans

Staff costs increased by 13% to £24.1m (2020: £21.3m) due to an increase in variable remuneration in line with the improvement in Company performance. Average headcount stayed flat at 91 (2020: 91), although following the completion of the restructuring during the first half of the year, the Firm has continued its policy of selective recruitment in areas to support business expansion, such that the total number of staff employed at the year-end reached 95 (2020: 97).

Administrative expenses before restructuring and incentive plans

Administrative expenses before restructuring and incentive plan costs for the year increased by 9% to £7.2m (2020: £6.6m) due mainly to an increase transactions costs associated with corporate finance activity.

Restructuring costs and incentive plans

Costs associated with restructuring and incentive plans increased by 11% to £1.8m (2020: £1.6m) following the launch in March 2021 of the Company Share Option Plan ('CSOP') and in April of the Long-Term Incentive Plan ('LTIP'). The CSOP plan provides for the grant of HMRC tax advantaged and non-tax advantaged share options with an exercise price equivalent to the share price at the date of grant, vesting after 3 years subject to the achievement of targets based on Total Shareholder Return ('TSR'). The LTIP provides for the grant of nil paid share options to Executive Directors, Senior Managers and other key staff vesting in tranches after 3, 4 and 5 years subject to the achievement of certain TSR targets. The charge associated with the fair value of incentive plans allocated to this year amounts to £1.4m (2020: £0.9m). Also included under this caption is a charge of £0.4m (2020: £0.7m) being the final costs associated with the 2019 restructuring plan.

Profit and earnings per share

Underlying profit before tax increased by 47% to £5.9m (2020: £4.0m). This alternative performance measure is disclosed before costs associated with restructuring and incentive plans as the Directors believe it provides a clearer view of the performance of the business.

Profit before tax from continuing operations increased to £4.0m (2020: £2.3m). The tax charge for the year of £0.6m (2020: £0.4m) equates to an effective tax rate of 14% (2020: 20%) on continuing operations. Profit after tax on continuing operations increased by 88% to £3.4m (2020: £1.8m).

Basic earnings per share from continuing operations increased by 91% to 7.1p (2020: 3.7p).

Principal risks and uncertainties

The Board is responsible for determining the Company's risk appetite and ensuring that the risk management framework is appropriate and operating effectively.

An awareness and appreciation of risks to which our activities are exposed are built into our culture where employees are encouraged to take responsibility for ensuring that the identification, escalation and management of risk, be it reputational, operational, conduct, or other risks specific to their own business area, are integrated into their own working practices and thereby ensuring a robust governance framework from the bottom up as well as from the top down.

The day-to-day management of risk has been delegated by the Board to the senior executives across the Firm overseen by the Audit, Risk and Compliance Committee (ARCC) and underpinned by robust systems and controls proportionate with the Firm's risk appetite and governance arrangements.

Cenkos prides itself on its entrepreneurial and commercial approach, focussed on generating value and the best outcomes for its clients. However, the Board recognises that this must be balanced with a culture that seeks to ensure that all significant and relevant risk exposures are identified and appropriately managed and that mitigation strategies employed are effective.

The Governance policy and framework section on page 25 describes how the Board receives input from other key governance committees along with the framework employed by the Company to manage the risks faced in the normal course of business.

In financial terms, the Board's policy aim is to hold sufficient regulatory capital that, at a minimum, it will meet its own interpretation of the most severe but plausible stress test measures and, thereby, maintaining an additional capital buffer available for use should adverse circumstances arise outside the Firm's normal and direct control.

The broadly positive market conditions, heightened activity and stability seen in 2021, despite the ongoing COVID-19 pandemic, continued into 2022, with Cenkos being appointed by several new clients and completing a number of transactions including three IPOs. While the removal of remaining restrictions on individuals and businesses related to the pandemic were positive signs, looking ahead, the war in Ukraine develops and global sanctions, which continue to be applied to entities and individuals connected with the Russian Federation, in the short term at least it is unlikely we will see these conditions continue. Although Cenkos has no direct links to the Russian Federation, it is reliant on the health of financial markets and investor sentiment. There are signs of a cooling in global markets as the war in Ukraine and lingering effects of COVID-19 continue to affect the labour market and supply chains, which in turn is stoking inflation. Along with the UK's departure from the European Union and the impact of climate change, all have the potential to detrimentally impact investor sentiment and the health of the financial markets. Accordingly, the principal risks to which the Company is exposed are set out in the table below against the backdrop of the current economic climate. Although not exhaustive, this highlights the risks that are currently considered to be of most significance to the Company's activities and which could affect the ongoing financial health of the Firm.

Description	How the risk is mitigated	Change in the year and trend in residual risk
<p>People</p>	<p>At Cenkos the health and well-being of our employees is of fundamental importance as they are central to our success in delivering high quality service and advice to our clients and are a critical factor in determining the long-term success of the business. Attracting, developing and retaining talent is essential to maintain the Company's competitive advantage.</p>	<p>The retention, professional development and growth of our people remains at the top of the Board's agenda.</p> <p>We seek to minimise people risk by creating the right culture and working environment to drive the best outcomes for clients and by positively rewarding our people with a competitive total remuneration package. Company-wide culture surveys are used to drive employee engagement and understand their views and opinions.</p> <p>Our business continuity plans have evolved to ensure our ongoing operational resilience providing long-term support to employees working remotely, including the provision of IT solutions and equipment to ensure they can operate effectively from home.</p> <p>Further improvement in the Firm's financial performance in 2021 has meant an increase in variable remuneration payments to staff.</p> <p>During 2021, Cenkos ran several share incentive schemes, which now mean that all staff have an interest in the Firm's equity. The schemes will be run again in 2022.</p> <p>Demand for talent is high. This risk is therefore likely to remain high throughout 2022. No change in residual risk after mitigating actions.</p> <p>No Change</p>
<p>Health of financial markets and investor sentiment</p>	<p>Our income is heavily dependent upon the health of the financial markets and in particular the economic conditions of the UK and how they impact the equity capital markets.</p> <p>Cenkos continues to demonstrate success in raising capital for its corporate clients. The Company's financial performance has further enhanced its cash and capital position. This success, combined with the Company's strong institutional relationships and its flexible business model, means it is well-placed to withstand financial turmoil.</p>	<p>The war in Ukraine and global sanctions which continue to be applied to entities and individuals connected with the Russian Federation, in the short term at least mean it is unlikely that the broadly positive market conditions seen at the start of 2022 will continue. Although Cenkos has no direct links to the Russian Federation, it is reliant on the health of financial markets and investor sentiment. There are signs of a cooling in global markets as the war in Ukraine and lingering effects of COVID-19 continue to affect the labour market and supply chains, which in turn is stoking inflation. Along with the UK's departure from the European Union and the impact of climate change, all have the potential to detrimentally impact investor sentiment and the health of the financial markets.</p> <p>The risk is likely to remain high in 2022.</p> <p>No change</p>
<p>Reputational</p>	<p>One of the most significant risks the Company faces is the damage to our reputation and the potential impact that may have on relationships with our stakeholders including our clients and shareholders and the future performance of the business.</p> <p>Reputational risk can arise from financial, operational, legal or conduct risks or a failure to meet the expectation of one of the Company's stakeholders.</p> <p>The Board sets the Company's cultural tone by requiring a strong ethical and professional culture with a commitment to diversifying its cognitive thought.</p> <p>All new business is subject to rigorous multi-tier and multi-disciplinary committees each of which must approve any new business and/or appointments. These are both chaired by Nick Wells, Co-Head of Corporate Finance and Sponsor Services, with other independent, skilled and experienced members to appropriately support and challenge.</p> <p>Emphasis is placed upon hiring the right people with a strong work ethic and professional mindset.</p> <p>We regularly engage with stakeholders and market practitioners to understand how our reputation is perceived.</p>	<p>Given our market share of both IPO and secondary fund raisings in 2021, we believe our reputation remains strong. This has been enhanced by the Company's ability to continue to operate effectively and raise funds for its corporate clients throughout the ongoing period of uncertainty brought about by the COVID-19 pandemic including completing 34 transactions and two IPOs. There is, however, no room for complacency with a continued focus on all mitigating factors. The residual risk remains static.</p> <p>No change</p>

<p>Strategic</p>	<p>The Board recognises that the key to the Company's long-term success is the clear articulation and execution of its strategy.</p>	<p>The Executive Committee (ExCo) is subject to robust and healthy challenge from the Board and its sub-committees on the Company's strategic direction and execution. The Board reviews strategy execution and the risks that threaten the achievement of the strategy.</p> <p>The corporate governance structure and relatively small size of the Company ensures that the Board has sufficient, well-articulated, timely and accurate information on which they can make informed decisions and gain appropriate levels of assurance.</p>	<p>Cenkos' growth in revenue and profits in 2021 have further reinforced its already healthy cash and capital position. Combined with the increase in size of the client base demonstrate a reasonable execution of the strategy.</p> <p>2022 has started well with the completion of a number of transactions including three IPOs, although there are signs of a cooling in global markets and competition for clients mean this risk remains high.</p> <p>No Change</p>
<p>Conduct, regulatory & legal</p>	<p>Conduct risk is defined as the risk that inappropriate behaviour, conduct or practices result in poor outcomes for clients, the Company or for the wholesale markets.</p> <p>Regulatory and legal risk is the risk of fines, penalties, sanctions or legal action arising from the Company's failure to identify or meet regulatory, legislative or its legal requirements.</p> <p>The Senior Managers and Certification Regime has rightly put the focus on senior management and those performing FCA certification functions to be responsible and accountable. The Conduct Rules, which accompanied this in many ways, codified what is and should be the right behaviour and ensure the right culture.</p>	<p>The Company monitors and updates systems and controls where necessary and as new regulation and legislation requires this or where market practice and regulatory expectations develop.</p> <p>Continued enhancement of the Company's systems and controls remains a focus for the Compliance Function together with a continued strengthening of the corporate governance framework. Training continues to be carried out through a combination of internal training delivered by the Head of Compliance and other senior managers and external third parties as appropriate.</p> <p>The senior management team has continued to improve communication techniques to demonstrate leadership and enable close oversight of the Company's business activities.</p>	<p>Regulatory obligations are significant and the pace of change continues with the supervisory imperatives set forth by the FCA together with ongoing changes as a result of the UK's withdrawal from the EU, the continued focus on sustainability issues including the increase in prominence of ESG factors in business operations, company disclosures and investor sentiment and the role that the financial services sector plays in this important area. We continue to strengthen our systems and controls in order to ensure the Company's robust approach to its regulated activities enables it to remain relevant and focussed.</p> <p>The ongoing remote working environment, embedding of the certification regime within the Firm and the increased focus on conduct and operational resilience in light of COVID-19, the residual risk remains static.</p> <p>No Change</p>
<p>Operational resilience</p>	<p>Operational risks can arise from the failure of the Company's core business processes or one of its third-party providers which then materially impact its ability to provide services to clients.</p>	<p>We aim to be able to sustain resilient operations and client services with minimum disruption from a combination of strong supplier relations, cloud-based data storage, remote collaborative communication tools and business continuity planning.</p> <p>Senior management is actively involved in identifying and analysing operational risks to find the most effective means to mitigate them particularly where these involve the outsourcing of critical or important functions.</p>	<p>Operational risk exposures remain at similar levels to those in prior years, with the exception of technology, information security, cyber security and fraud, where the risk has increased as a result of the pandemic and the shift to online platforms.</p> <p>We continue to invest in systems and training our people to understand and manage those risks, especially in the hybrid working environment. Consequently, the residual risk after mitigating actions remains static.</p> <p>No Change</p>

Financial

Financial risks are set out and described in more detail in note 24 to the financial statements.

Financial risks include:

- Market;
- Credit/Counterparty;
- Liquidity; and
- Capital.

As a regulated entity, the Company is required to stress test its business model under various scenarios to measure its resilience in terms of its solvency and liquidity and its recovery capacity under stress. Previously, this was conducted under the Internal Capital Adequacy Assessment Process (ICAAP), the Individual Liquidity Adequacy Assessment (ILAA) and (Recovery and Resolution Plan (RRP)), although from January 2022, this will be combined under the Internal Capital and Risk Assessment (ICARA) process. These reports are updated regularly and reviewed by the ARCC and Board – see the Governance section.

The war in Ukraine and global sanctions which continue to be applied to entities and individuals connected with the Russian Federation, the lingering effects of COVID-19 on the labour market and supply chains and inflationary pressure all have the potential to detrimentally impact market conditions. These stresses have been modelled, in all but name, in the stress tests detailed in the Firm's ICARA. In addition, the strength of the Company's balance sheet, the flexibility of the business model and low fixed cost base, results in it being well placed to face the challenges ahead. Notwithstanding this strength, the financial risk remains high, similar to the previous year. Consequently, the residual risk after mitigating actions remains static.

No Change

Financial position

Cenkos' statement of financial position strengthened further during the year with net assets increasing to £27.0m (2020: £25.6m) due to the 2021 profits generated and the movement attributable to share based payments being only partially offset by dividends paid of £1.9m (2020: £1.0m) and own shares acquired of £3.1m (2020: £2.0m) to satisfy equity-settled employee incentive schemes. Cenkos' positive cash cycle and prudent management of its trading books and working capital means it has reinforced its already healthy liquidity and capital surplus, with cash and cash equivalents increasing to £33.5m (2020: £32.7m).

	2021	2020	Change
	£ 000's	£ 000's	£ 000's
Net assets summary			
Non-current assets	5,130	5,202	(72)
Other current financial assets	7,231	5,312	1,919
Other current financial liabilities	(1,915)	(1,011)	(904)
Net trading investments	5,316	4,301	1,015
Trade and other receivables	10,547	12,993	(2,446)
Trade and other payables - current	(23,027)	(24,520)	1,493
Trade and other payables – non-current	(4,436)	(5,086)	650
Cash and cash equivalents	33,457	32,735	722
	26,986	25,625	1,361

At 31 December 2021, Cenkos had surplus capital in excess of the Pillar 1 requirements of £15.8m (2020: £14.5m) equating to a solvency ratio of 305% (2020: 266%). From the beginning of January 2022, the prudential regime changed from Capital Requirements Regulation ('UKCRR') to Investment Firms Prudential Regime ('IFPR'), under which the Company continues to maintain a comfortable surplus ahead of regulatory capital requirements.

The Board continues to review the amount of capital held over and above the minimum regulatory requirement and the Company's liquidity position as part of its ICARA, especially in light of the war in Ukraine, the lingering effects of COVID-19 on the labour markets and supply chains and inflationary pressure.

The Board continues to reinvest into the Firm and looks to return significant shareholder value by establishing a level of consistency to its dividend payments while exploring other potential returns of excess capital as appropriate to its capital and liquidity requirements. The Board is confident in the Company's strong capital position and encouraged by its strategic direction and so is pleased to announce a final dividend of 3.0p per share (2020: 2.5p per share) which results in a total dividend for the year of 4.25p per share (2020: 3.5p per share).

From time to time, it is the intention to purchase shares to match unvested share awards and manage our issued share capital.

This report was approved by the Board of Directors on 17 March 2022 and signed on its behalf by:

Julian Morse
Chief Executive Officer
17 March 2022

Stakeholder engagement

A key focus of the Board is to promote the success of the Company for the benefit of its members while having regards to other matters as outlined in Section 172 of the Companies Act 2006. Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members. As part of the Board's decision-making process, the Board and its committees consider the potential impact of decisions made on relevant stakeholders whilst also having regard to a number of broader factors, including the impact on the Company's operations and the likely consequences of decisions made in the long term. Set out below are the Company's key stakeholder groups and how the Board and the Company have engaged with them during the year.

Staff

Our employees are central to our success in delivering high quality service and advice to our clients and are a critical factor in determining the longer-term success of the business. Establishing a corporate culture and working environment that attracts and retains talent is paramount. The Board and management are committed to creating a workplace and culture that is welcoming and inclusive for everyone. We value the contribution of all our people and recognise that diverse backgrounds, experiences, and ideas improve both culture and the quality of our client offering.

We engage closely with employees at all levels of the organisation to discuss their needs and support them. This approach underpins our core values, especially our collaborative and entrepreneurial way of working. We ensure that employee's views can be factored into account when making decisions that are likely to affect their interests or which are important to them. This was especially important during the lockdown periods when staff were working remotely. Regular departmental, team meetings, and one to one meetings took place to assist staff with issues concerning remote working and also with living with the pressures and uncertainties of COVID-19.

The Board through the Chairman, the Chief Executive Officer and management engages with its employees through various mediums, including staff forums and "Town Hall" meetings. Throughout much of the year, the Chief Executive Officer has led regular Town Hall meetings for all employees. These meetings have been used as a forum to keep employees updated on all the developments within the Company including business updates, regulatory and compliance issues, strategic initiatives and to ensure that employees were aware of issues and actions being taken to safeguard their wellbeing. With the relaxation on Government restrictions and the resultant increase in the number of employees back in the office at least some of the time, a bimonthly internal newsletter has been introduced to keep employees updated on developments within the Company.

A cultural assessment was undertaken in 2020 and during the year management has been implementing and building on the recommendations made through this assessment. The Company introduced its first employee survey to encourage feedback on what the Company does well, where it could improve and to seek other views that employees wished to provide. This has proved to be very successful and similar surveys will be repeated at regular intervals.

The transition to remote working during the lockdown periods or in accordance with other Government guidance was undertaken smoothly and highlighted the operational resilience of the Company. The Company operated normally throughout all such periods. All employees had been provided with the necessary IT solutions and equipment where needed to support them while working at home. Given how the Company successfully operated during the lockdown periods and following feedback received from employees, the Company has introduced certain flexible working initiatives including the adoption of an Agile Working Policy. Further details are set out on page 22.

Shareholders

The Board believes that it is important to maintain open and constructive relationships with shareholders and is committed to this communication. Such an approach is in accordance with Principle 2 of the QCA Corporate Governance Code with which the Company complies. During the year, the Chief Executive Officer was in regular contact with the Company's major institutional shareholders and was responsible for ensuring that shareholders' views were communicated to the Board. As well as being in dialogue with the institutional shareholders, the Chief Executive Officer was also in regular dialogue with several significant individual shareholders. Internally, staff also hold approximately 20% of the Company's ordinary share capital and regular briefings and updates are also provided to staff recognising the importance for the Company to act fairly and to engage appropriately with all its shareholders.

The Chief Executive Officer communicates the Company's strategy and results to shareholders and analysts through meetings following announcements of the Company's final and half-year results.

In normal circumstances, shareholders are also encouraged to attend the Annual General Meeting at which all members of the Board are available to answer questions. However due to the COVID-19 lockdown restrictions in 2021, shareholders were asked not to attend the 2021 Annual General Meeting but to submit questions in advance of the meeting.

The Company's website contains electronic versions of the latest and prior years' annual report and accounts and half-year reports, together with share price and other relevant information concerning the Company including copies of its regulatory announcements in accordance with AIM Rule 26.

Regulators

The Board and management recognise the importance of open and cooperative dialogue with its regulators and have a close ongoing relationship with both the Financial Conduct Authority, including Primary Market Oversight, and AIM Regulation both as an AIM Company and as a Nominated Adviser to AIM Companies. Through positive, constructive relationships with all our regulators including the Takeover Panel and the London Stock Exchange and active engagement with them we comply with best practice and position ourselves to understand emerging regulatory developments so that we can continue to provide regulatory compliant services to our clients. We have an open and transparent dialogue with the regulators and formal scheduled meetings were held throughout the year with them. A number of Board changes took place during the year as previously announced and as part of this process the FCA was consulted on each of the proposed changes.

The Board and management are kept apprised of regulatory issues and updates from the regulators through regular compliance reports presented by the Head of Compliance. During the year, as a member of the Quoted Company Alliance, other industry bodies or directly, we have engaged with our regulators on a number of consultation papers including those in relation to HM Treasury's UK Wholesale Markets Review, the UK FCA Investment Firm Prudential Regime (IFPR) and the impact of the IFPR on FCA authorised MiFID firms and the FCA's changes to UK MiFID II's conduct and organisational requirements.

The Board and management are committed to ensuring that all staff are appropriately trained on financial regulation and how it applies to their respective roles and regulatory training has taken place throughout the year covering not only current regulatory and Compliance-related issues but also emerging regulatory developments.

Clients

The Board recognises that the Company's clients' interests lie at the heart of the business. Management works closely with corporate clients to understand their needs and ambitions, so that Cenkos may provide the most appropriate advice and deliver its services most effectively. Whether this is in relation to fundraising strategies, merger and acquisitions, enhancing or diversifying shareholder lists or providing objective advice on board composition, the Company's goal is to achieve the best outcome for its corporate clients.

This ethos applies equally to the Company's institutional clients. The depth of our relationships means that we are well placed to understand their investment strategies and consequently able to assist in the delivery of those including introducing them to appropriate investment opportunities in terms of size, sector and stage of development.

The Board believes that these close relationships are a key factor in determining the long-term success of the business, with just under half of our corporate clients having been with Cenkos for five years or more. As a trusted adviser, the Company is actively involved with its corporate clients in helping them to achieve their respective objectives. Cenkos maintains regular dialogue with them, holding virtual and physical meetings, arranging investor meetings, undertaking site visits and hosting physical and virtual events such as the Annual Cenkos Growth & Innovation Forum.

Suppliers

During the year, Cenkos reviewed its arrangements with a number of its key outsource providers and following a move to remote working it also reviewed its supplier arrangements in this regard. The Company also reviewed its Modern Slavery and Human Trafficking Statement to ensure that this delivers on the spirit of the legislation.

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

Community and environment

During the year, the Company established a Charity Committee which on a more formal and on-going basis, will develop and support the Company's engagement with the local community and the charitable causes that it supports. The Company regularly supports its employees to volunteer with raising funds for local communities and charitable causes. Following consultations with employees the Charity Committee agreed to support Great Ormond Street Hospital Children's Charity financially and the committee is considering of other ways of providing further support to this charity as well as others.

As detailed in the 2021 ESG Report on pages 21 to 22, the Company has continued to take steps to reduce its impact on the environment in reducing our carbon footprint. The Company will endeavour to build and positively influence the ESG agenda through engaging with stakeholders to understand what and how ESG factors are positively or negatively impacting on their objectives and understanding how we might help them to achieve sustainable businesses.

Members of the Board, both individually and collectively, consider that they have acted together, in good faith, and in a way, that would be most likely to promote the success of the Company for the benefit of its members (having regard to the stakeholders and matters set out in section 172 (1) (a-f) of the Companies Act 2006).

This report was approved by the Board of Directors on 17 March 2022 and signed on its behalf by:

Julian Morse
Chief Executive Officer
17 March 2022

2021 ESG report

Introduction

At Cenkos, we recognise the importance of embedding sustainability into business practice to help mitigate the issues that our societies and environment face at a global scale. By considering environmental, social and governance (ESG) factors within our operations, we can identify opportunities to reduce our negative impact, contribute to positive real-world outcomes and increase our resilience in a rapidly changing world. This report summarises our ESG activities over the last year and highlights our ambition for future progress.

Given the importance of ESG, the Company has established an ESG Committee that reports directly to the Company's Executive Committee. The ESG Committee comprises members from various areas of the organisation including executive management and is responsible for the development of the Company's ESG policies, procedures and associated reporting, and for making recommendations to the Executive Committee and ultimately the Board in this regard. With the assistance of an independent ESG consultant, the ESG Committee has developed a formal ESG policy and framework which has been adopted by the Company and is now set out in a separate ESG section of our website. We will continue to develop the initiatives and the related disclosures detailed there to strengthen the sustainability of our business and better integrate ESG factors into the Company's governance framework.

ESG at Cenkos

For the various elements that fall under the topic of ESG, we have highlighted the initiatives we have implemented to date, as well as indicating our plans for future progress.

Environmental

The existential threats that the world faces through climate change and biodiversity loss, mean that all businesses, including Cenkos, must identify and reduce their environmental impact where possible.

Our main environmental impact continues to lie in direct and indirect carbon emissions from energy consumption in our offices and from employee travel. Employee travel has remained at low levels as a result of the COVID-19 pandemic and associated travel restrictions in place from time to time. In addition, we have adopted a Green Travel Plan which seeks to identify and promote ways to encourage our employees to use a range of sustainable, more environmentally friendly transport modes and sets out how we as a business look to ensure our conduct reduces our Firm's and our colleagues' carbon footprints when travelling, thereby collectively reducing our carbon emissions.

In keeping with the Green Travel Plan, the Company is introducing an electric vehicle leasing scheme for employees to encourage take up and use of non-polluting vehicles. Cycling continues to be a popular form of commuting and for staff based in the London office. As a result, the Company provides storage for bicycles as well as showering and dressing room facilities. The Company also promotes the Cycle to Work Scheme which allows employees a tax-free loan to purchase a bicycle and associated equipment.

Our key challenge remains as an occupier of older office space, seeking to increase the energy efficiency of our London and Edinburgh premises. This challenge will be, in part, addressed by a move of the Edinburgh office to new and more modern premises which is expected to complete during 2022. In London, with the assistance of a dedicated facilities manager, we continue to explore energy saving initiatives and, following the commission and review of an energy efficiency report, we are in the process of exploring the practicalities of upgrading significant amounts of ceiling lighting to a more energy efficient system. In 2021, our Edinburgh office consumed 16,432 Kwh (2020: 13,755 Kwh) of energy, while our London office consumed 155,485 Kwh (2020: 148,510 Kwh) of energy.

Beyond reducing our energy consumption footprint to lower carbon emissions, we continue to put other initiatives in place to further minimise our environmental impact. In particular, we have reconstituted our waste and recycling arrangements, removing individual bins and centralising waste arrangements to encourage greater recycling. In respect of recycling and waste management during the year, our London office generated 1022 kg of recyclable waste. We have made arrangements for the future to monitor the proportion of recyclable waste we generate in proportion to landfill which will form part of our future disclosures. We have also registered for the Clean City Award Scheme which promotes good sustainability practices across a variety of areas.

We look to take an environmentally friendly approach even in the smaller things we do, for example, using recycled printing paper, recycling ink cartridges, eliminating the use of plastic bottled water and even recycling old carpet tiles into new underlay as part of a recent refurbishment to part of our London office.

Longer term, the Company is looking to explore the practicalities of achieving carbon neutrality and will report on its progress as appropriate.

Social

Our people are our main asset, and their wellbeing is of fundamental importance. We also recognise how this view fits into broader society and our role in encouraging fairness and decent work practices for all.

Response to the COVID-19 pandemic

We supported our people through the varied restrictions and ever-changing guidance issued in relation to COVID-19. We avoided making any employee redundant as a result of the pandemic or placing any employee on furlough. We also did not need to make use of any of the Government financial support schemes.

During the course of the year and following feedback from our employees via an employee survey, we introduced a new Agile Working Policy which, subject to overriding restrictions and Government advice from time to time, gives employees the flexibility to work in a hybrid fashion, part of the time from home and part of the time from the office. In order to maximise the benefit of being together in the office, the policy encourages attendance at the office on certain key days to provide what we believe is the best of both worlds. We believe that this approach, in accordance with the majority view of our employees, offers a flexible approach which should help retain and attract a more diverse workforce.

All employees continue to be provided with IT solutions, support and equipment to ensure that they can operate effectively from home while the office is maintained as a COVID-19 compliant environment with appropriate sanitising and PPE measures in place to protect those in the office.

Culture and employee engagement

As noted previously, our employees are central to our success in delivering high quality service and advice to our clients. Establishing a corporate culture and working environment that attracts and retains talent is paramount. Our current data confirms a continuing average length of service of 6.5 years per employee. We believe this demonstrates our ability to retain talent and continue to provide our employees with the challenges and development that they seek during their tenure.

In order to ensure continued direct feedback from employees to management (outside of the usual management channels and end of year performance review process), the Company introduced its first anonymous employee survey to encourage candid feedback on what the Company does well, where it could improve and to seek other views that employees wished to provide. This approach was well received with constructive feedback provided and 76% of the workforce engaging. Management has committed to continuing this process on an approximate six monthly basis to continue to allow employees to feedback and to be able to monitor employee sentiment.

Another initiative to improve employee communications has been to introduce a bimonthly internal newsletter to keep employees updated on developments within the Company to replace the weekly townhall calls that were held during the lockdown scenarios of 2020. The first of these went out in December and was well received.

Learning and development

The Board is committed to ensuring that its staff are appropriately trained on financial regulation and how it applies to their respective roles. During 2021, our staff participated in undertaking in total over 2,476 individual hours of compliance and continuing professional development training. This training took a number of mediums including online courses and virtual sessions delivered in-house by senior members of Compliance and the Company's core business areas and tailored virtual training from external third-party providers. During 2022, the HR department will continue to work on development of a wider training programme for employees as part of our ongoing investment in and development of our employees.

Diversity and inclusion

We are committed to creating a workplace and culture that is welcoming and inclusive for everyone. We value the contribution of all our people and recognise that diverse backgrounds, experiences, and ideas improve both culture and the quality of our client offering.

The Company is committed to achieving a working environment which provides equality of opportunity and freedom from discrimination. The Company believes that all employees and clients are entitled to be treated with respect and dignity and is committed to actively opposing all forms of discrimination. The Company has specific policies in place on diversity and inclusion, family related, and flexible working policies to assist its workforce. The percentage of females in our workforce has increased marginally on last year to 29% and increasing this percentage further remains a focus of the Board.

The Company has also signed up to the 10,000 Black Interns Programme, designed to help transform the horizons and prospects of young Black people in the UK by offering paid work experience and looks forward to welcoming the first interns under that programme later in the year.

Anti-corruption and bribery and the Modern-Day Slavery Act

We are committed to ensuring that the behaviours and practices of our organisation, including those within our supply chains, reflect our own high business standards and compliance with applicable laws and standards. We have a zero-tolerance approach to slavery and human trafficking and bribery and corruption within our workforce and set the same robust expectations in relation to our supply chain and vendors.

As a provider of financial services, we do not have a very long or complex supply chain – our main vendors are either providers of office supplies and support services such as reprographics, IT, recruitment, and facilities management or professional advisers such as legal, accountancy and advisory firms. Whilst we consider our vendors to be at relatively low risk of engaging in practices of modern slavery and human trafficking and/or bribery and corruption, we nevertheless remain committed to preventing the occurrence of such practices both in our business and our supply chain.

We are confident that the policies and procedures that we have in relation to anti-slavery and human trafficking are in compliance with the Modern Slavery Act 2015 and our public statement, to this effect, is available on the Cenkos website.

Health and safety

We are committed to providing a safe environment for our employees and visitors. We have arrangements in place to ensure that we meet ongoing health and safety obligations to our employees and other stakeholders, such as visitors to our premises. Our Board is ultimately responsible for the overarching Health and Safety policies and procedures and we confirm that we comply with the Health and Safety at Work Act 1974 and all associated regulations and codes.

Community

During the course of the year, Cenkos established a new Charity Committee, mandated to identify, implement and oversee the Firm's charitable initiatives. The initial objective of the Charity Committee was to identify a charity which Cenkos, its employees and wider stakeholders could support in 2021 and beyond. With the benefit of employee feedback and having had previous engagement with it, the Charity Committee identified Great Ormond Street Hospital Children's Charity which it has supported financially during the year while continuing to explore other ways to provide additional support in the future.

In addition to the ongoing financial support of Great Ormond Street Hospital Children's Charity, Cenkos has also introduced a scheme whereby it will donate to employees' personal fundraising initiatives or indeed match employees' personal charitable donations up to £250 per annum. Through this initiative, the Company supported a further 16 charities further enhancing its objective to positively impact on many varying members of the community. The Company also continues to make employees aware of its give as you earn scheme.

The Charity Committee has an ongoing remit to explore further ways in which it can promote and support other charitable and wider community initiatives and will report on its progress accordingly.

Community apprenticeships

During 2021, the Company contributed over £87,000 to the Apprenticeships Levy Scheme. The Company continues to look at how to assist in supporting charity funded programmes through the Apprenticeship Levy Gifting Opportunities scheme, whereby a proportion of the levy incurred by the Company can be transferred to provide apprenticeship funding in the community and to charitable organisations.

Governance

Good governance breeds success. It requires effective oversight, sound decision making and a tone from the top that permeates through the organisation facilitating the right 'tone from above'. This in turn shapes our culture and results in the best outcome for our clients and reduction of potential harm to them, to us and to the market more generally. The Board is fully committed in driving the ESG agenda throughout the Company.

As an AIM Company, Cenkos has adopted the QCA Code of Corporate Governance for Smaller Companies. Further disclosures in this regard are set out on pages 25 to 27. The Board has a female independent Chairman in Lisa Gordon and an additional two independent Non-Executive Directors, providing a majority of independence on the Board and going beyond the minimum requirements for compliance with the QCA Code in this respect. The Chief Executive Officer and other Executive Director are from the Sales and Corporate Finance sides of the firm respectively, providing an appropriate balance of skills and outlooks to drive an appropriate compliant culture within the Company.

The Governance framework includes not only the Board and its sub-committees noted on page 28 but also a number of executive management committees providing diversity of thought and ensuring that the Company conducts its business appropriately considering not just the commercial aspects of a relationship but also the reputational and regulatory aspects as well. These structures together with the close engagement of the Board allow our employees to excel and to be able to harness the entrepreneurial spirit on which the Company was originally created.

Further details on the Company's Governance and Risk Management framework are set out on page 25.

Whistleblowing policy

Whilst we believe we have a robust governance framework in place and a commitment to doing the right thing, where these high standards have not been met, we encourage our workforce to speak up and come forward through our Whistleblowing Policy and provided all colleagues with 'speak-up' training during 2021 in order to further evidence the psychologically safe environment that we strive to provide.

Going forward

The focus for 2022 will be to further develop the Company's ESG credentials and policies, including considering such issues as further reduction of the Company's environmental impact and additional charitable and community initiatives to be explored by the Charity Committee. We intend to provide periodic updates and relevant disclosure from time to time via the ESG section of our website.

This report was approved by the Board of Directors on 17 March 2022 and signed on its behalf by:

Julian Morse
Chief Executive Officer
17 March 2022

Governance policy and framework

Governance policy

The Board recognises the importance of high standards of corporate governance and considers that the Company's success is enhanced by the imposition of a strong corporate governance framework.

The Board has agreed to apply the Quoted Companies Alliance Corporate Governance Code (the QCA Code). The QCA Code is based around 10 broad principles of good corporate governance, aimed at delivering growth, maintaining a dynamic management framework and building trust. The application of the QCA Code requires Cenkos to apply these 10 principles and to explain how the Company meets these principles. The Board does not consider there to be any practices that differ from the expectations set by the QCA Code during 2021.

The following report sets out how Cenkos has measured itself against these principles in terms of the substance and form of good Corporate Governance.

Principle one

Establish a strategy and business model which promotes long-term value for shareholders.

Over the past 18 years the Company has established a successful platform that has been profitable in every year of its existence and delivered strong returns to shareholders. The prime strategy is to become the pre-eminent UK institutional broker to growth companies and investment funds admitted to trading or listed on a UK market. We aim to achieve this through:

- Understanding the needs of our clients, enabling us to deliver successful fund raisings and advice through an innovative and entrepreneurial approach.
- Delivering sustainable, diversified and growing income streams.
- Growing revenues by retaining existing clients and gaining new clients.
- Creating a strong team culture aimed at attracting and developing talent.
- Using our strong balance sheet and capital position to grow the business.
- Managing costs and risks carefully.
- Upholding a strong ethical and regulatory culture.
- Delivering increased shareholder returns.

We have an integrated business model that allows the combined expertise from within the Company to work together for the benefit of our clients.

Our business is about providing an integrated service to our clients. We offer advice and access to equity finance at all stages of our clients' development and provide corporate finance, Nomad and broking, research and execution services to small and mid-cap growth companies and investment funds across a wide range of sectors.

Further details concerning the Company's strategy and business model can be found on pages 5 to 8.

Principle two

Seek to understand and meet shareholder needs and expectations.

The Board believes that it is important to maintain open and constructive relationships with shareholders and is committed to this. During the year, the Chief Executive Officer was in regular contact with the Company's major institutional shareholders and was responsible for ensuring that shareholders' views were communicated to the Board. As well as being in dialogue with the institutional shareholders, the Chief Executive Officer was in regular dialogue with several significant individual shareholders. Internally, staff also hold approximately 20% of the Company's ordinary share capital and regular briefings and updates are provided to staff.

Principle three

Considering wider stakeholder and social responsibilities.

The Board recognises that the long-term success of the Company is reliant upon open communication with its internal and external stakeholders: shareholders, clients, regulators and of course its employees. The Company has close ongoing relationships with a broad range of its stakeholders and provides them through regular contact with the opportunity to raise issues and provide feedback.

Further details concerning the Company's wider stakeholder and social responsibilities can be found on pages 18 to 20.

Principle four

Embed effective risk management throughout the organisation.

The Board is responsible for determining the Company's risk appetite and for ensuring that the risk management framework is appropriate and operating effectively. The day-to-day management of risk has been delegated by the Board to the senior managers across the Firm overseen by the Executive Committee and is underpinned by proportionate systems and controls. The management of risk is embedded into the Company's culture where each employee takes on the responsibility of ensuring that the management of risk is built into all their working practices. The Company continues to develop its risk management framework and an IT Solutions provider is assisting in enhancing the risk management framework, in implementing an automated system to assist management on reviewing its risk.

Further details concerning the Company's risk management framework can be found on pages 13 to 16 of the Strategic Report.

Principles five and six

Maintain the Board as a well-functioning, balanced team led by the Chairman; and that the Directors have the necessary up to date experience, skills, and capabilities.

The Board has been undergone a number of changes to its composition and these changes are detailed further on page 32.

The Board currently consists of two Executive and three Non-executive Directors. The Directors collectively bring a broad range of business experience to the Board which is considered essential for the effective management of the Company. The Board is responsible for strategic and major operational issues affecting the Company. It reviews financial performance, regulatory compliance, monitors key performance indicators and will consider any matters of significance to the Company, including corporate activity. Certain matters can only be decided by the Board, and these are contained in the schedule of matters reserved to the Board. The Board also delegates certain responsibilities to committees of the Board and reviews the decisions of those committees at each of its meetings. The day-to-day management of the Company's business is delegated to the Chief Executive Officer. He is assisted by the Executive Committee. The Non-executive Chairman is responsible for leading the Board, ensuring its effectiveness, and steering its agenda. The Non-executive Directors bring independent judgement, knowledge, and experience to the Board.

Further details concerning the current Directors and their biographies can be found on pages 29 to 30.

Principle seven

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

An evaluation of the performance of the Board was undertaken by the Non-executive Chairman of the Board in respect of 2021. The evaluation followed on from previous issues that arisen in respect of the 2020 evaluation. The evaluation process included Board members having individual meetings with the Non-executive Chairman and also completing a questionnaire. The review assessed if improvements had been made following a number of recommendations made in the 2020 evaluation in respect of board structure, functionality, administration, management, strategy, and succession planning. The Chairman assessed the feedback and reported her findings to the Board. Some of the main themes and recommendations resulting from the Board evaluation included:

- Increasing the employee engagement process;
- Enhancing the flow and content of management information to the Board to allow the Board to have more time to consider strategic issues;
- Further development on the Company's strategy and on its business plans; and
- Further consideration on succession planning to include the senior and middle management levels.

Further details including an explanation of how the evaluation was undertaken and the results of evaluation can be found on page 33.

Principle eight

Promote a corporate culture that is based on ethical values and behaviours.

The corporate governance arrangements that the Board has adopted are designed to instil a firm ethical code to be followed by all staff. The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company which in turn will impact the Company's performance. The Company strives to achieve and maintain an open and respectful dialogue with shareholders, clients, regulators, and its staff. The importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

During the year, all staff members undertook relevant training on the FCA's Senior Manager and Certification Regime. This culture is reinforced by all staff having to also undertake compulsory mandatory online training on various regulatory and compliance related issues as well as on ethical values and behaviours with the Chartered Institute for Securities and Investment.

To assist in strategic and organisational change initiatives, corporate cultural developments, and employee engagement a number of initiatives have been undertaken in 2021 to improve the culture and employee engagement in the Company.

Further details including Culture and Engagement can be found on page 22.

Principle nine

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The ultimate authority for all aspects of the Company's activities rests with the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved for the Board. Certain responsibilities have been delegated to Board committees. The respective Chairman of those committees reports on those committee issues to the Board. The Chairman is responsible for the effectiveness of the Board, while the Chief Executive Officer is responsible for the executive running of the Company on a daily basis.

The Board retains full and effective control over the Company and holds regular meetings at which financial, operational, regulatory and other reports are considered. The Board is responsible for the Company's strategy and key financial and compliance issues.

Further details concerning the reporting and governance structure of the Board and its committees can be found on pages 31 to 34.

Principle ten

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

All shareholders can raise questions with the Board at the Annual General Meeting and are encouraged to attend. However, due to the lockdown restrictions that were in place, this meeting was held as a closed meeting in 2021. The results of all General Meetings are announced as soon as possible following the conclusion of the meeting.

All result announcements, annual reports, regulatory news announcements and items detailing recent transactions concerning clients are made available on the Company's website (www.cenkos.com).

The Chief Executive Officer meets regularly whether by video, conference call or in person with the main institutional shareholders and also with the larger individual shareholders at least twice a year (normally after the announcement of the interim and final results of the Company). The staff also hold approximately 20% of the Company's ordinary share capital and regular briefings and updates are also provided to staff by the Chairman and Chief Executive Officer.

Further details detailing how the Company maintains a dialogue with shareholders and other relevant stakeholders can be found on pages 18 to 20.

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 to the Chief Executive Officer to manage the business through management committees.

The diagram below sets out the main components of the Company's governance framework, the delegations of authority by the Board together with an indication of how this achieves the required levels of independent oversight.

The Board

The Board has principal responsibility for promoting the long-term strategy and success of the Company and providing strategic leadership. It sets the Company's values and standards which underpins our culture.

The Board delegates certain responsibilities to formal Board committees below, whilst maintaining an appropriate level of oversight throughout regular reports from committee Chairs.

The Matters Reserved for the Board and the Terms of Reference for the Board Committee can be found on the Investor Relations section of the website.

Delegated Committees

Audit, Risk & Compliance Committee

The committee assists the Board in meeting its responsibility for overseeing the integrity of the Company's, financial reporting, risk management, internal controls as well as monitoring the effectiveness and objectivity of the internal and external auditors.

Nomination Committee

The committee ensures that the Board exercises responsibility for reviewing and recommending changes to the composition of the Board and its committees and to ensure that the Board retains an appropriate balance of skills to support the strategic objectives of the Company. It also ensures that there is an effective framework for succession planning.

Remuneration Committee

The committee exercises independent judgement on remuneration policies and practices. It also oversees personal objectives, performance appraisal and individual compensation packages for Executive Directors.

Executive Committee

The purpose of the Executive Committee is to support the Chief Executive Officer in the implementation and formation of strategy, as well as overseeing all the day-to-day operational issues of the Company. It agrees operational decisions that are not otherwise reserved for the Board. The committee consists of the Chief Executive, and members of senior management from different areas of the business.

New Business Committee

To provide oversight of all new corporate and client relationships and to also consider matters more generally which could give rise to reputational and/or commercial risks to Cenkos and/or its clients.

Supervisory Committee

To provide oversight for all Corporate Finance transactions which require NBC approval, ensuring deal teams have the necessary expertise to manage and execute deals and to provide relevant advice before they are recommended to the NBC.

Conduct Risk Committee

To consider periodically or on an ad-hoc basis compliance-related and HR-related breaches in the context of the Conduct Rules and where necessary escalate these accordingly.

Crisis Management Team

To consider matters giving rise to invocation of the Company's business continuity plan and to consider Cenkos' ongoing operational resilience.

ECM Taskforce

To consider the management of Company-wide of the sales and equity strategy on fund raisings for clients.

Recovery Plan Steering Group

To consider and initiate the actions (if ever needed) as per the Recovery Plan.

ESG Committee

To consider and develop the Company's ESG initiatives, framework and reporting.

Board of Directors (as at 17 March 2022)

Executive Directors

Julian Morse — Chief Executive Officer

Julian was appointed as an Executive Director of the Company in May 2020 and to the position of Chief Executive Officer in May 2021.

Julian was previously the Head of the Cenkos Growth Companies Team, having led that team since 2016. He was one of the founding members of the team having joined Cenkos in 2006. He has over 25 years' experience in the City where he has advised and raised equity on IPO's and secondary fund raisings for a wide range of companies across a broad range of sectors. Previously, Julian was a Director at Beeson Gregory and Evolution Securities.

Jeremy Osler — Executive Director

Jeremy was appointed as an Executive Director to the Company in May 2021.

Jeremy is Co-Head of Corporate Finance and acts as General Counsel, having joined the Company in 2016. Jeremy has over 20 years of corporate finance experience across multiple sectors covering both equity capital markets and M&A transactions for AIM quoted and Main List companies. Prior to joining Cenkos, Jeremy was at J.P. Morgan for 8 years and latterly Hannam & Partners for 2 years, holding both corporate finance and legal positions, and prior to that he was a corporate solicitor at Ashurst where he qualified.

Non-executive Directors

Lisa Gordon — Non-executive Chairman

Lisa was appointed as a Non-executive Director and Chairman of the Company in June 2020.

Lisa has more than 25 years of board experience, in both Executive and Non-Executive roles at both listed and private companies. Lisa is a Non-executive Director of Alpha FX Group plc, an AIM quoted corporate foreign exchange specialist and she chairs their Remuneration and Audit Committees. She is also the Senior Independent Non-executive Director at M&C Saatchi Plc, the listed global marketing group and a Non-executive Director of Magic Light Pictures Limited, a leading film and television production company.

Lisa has held a number of senior and board positions. She was a founding director and the Corporate Development Director of Local World plc (prior to its acquisition by Trinity Mirror) (2012-2015); the Chief Operating Officer of Yattendon Group (2007-2013), a private conglomerate; and the Director of Corporate Development of Chrysalis Group PLC, the media group (1994-2004). Prior to this, Lisa's early background was in financial services as an analyst with County NatWest Securities.

Lisa is the Chairman of the Company's Nomination Committee and is a member of the Audit, Risk and Compliance Committee, as well as the Remuneration Committee.

Andrew Boorman — Non-executive Director

Andrew was appointed a Non-executive Director of the Company in November 2017.

Andrew has extensive financial services experience and has worked with main boards covering remuneration, finance and risk issues as well as setting business strategies and delivering change management programmes. Since 2013, he has acted as an independent consultant and has advised boards on strategic human resources issues including conduct, governance, risk management and remuneration. He has previously held a number of senior roles at Henderson Group plc over a period of 10 years, including Managing Director, Corporate Services and Group HR Director. Andrew is also a director of BESTrustees Limited which provides governance services and advice to a number of companies.

Andrew is Chairman of the Remuneration Committee and a member of the Audit, Risk and Compliance Committee as well as the Nomination Committee.

Jeremy Miller — Non-executive Director

Jeremy was appointed a Non-executive Director of the Company in July 2019.

Jeremy has over 30 years' investment banking experience working for leading financial services firms. He held senior roles at Centerview Partners (2009 - 2016) including London Chief Operating Officer, Simon Robertson Associates (2004 - 2009), Dresdner Kleinwort Wasserstein (1991 - 2003) including being Head of the European M&A Department and James Capel (1985 -1991). Prior to 1985 he qualified as a Chartered Accountant with KPMG and had been seconded to The Takeover Panel. He was previously a Non-executive Director at Countryside Properties and chaired their Audit and Remuneration Committees. He is Chairman of The National Merchant Buying Society, one of the UK's largest co-operative societies, and a Non-Executive Director and Chairman of the Audit Committee of CPP Group plc and also of This Land Limited.

Jeremy is Chairman of the Audit, Risk and Compliance Committee and a member of the Remuneration Committee as well as the Nomination Committee.

The Board

Chairman and Chief Executive Officer

The Chairman is responsible for leading the Board, ensuring its effectiveness and steering its agenda. The Chairman is also responsible for promoting a healthy culture of challenge and debate and to also ensure the successful implementation of good corporate governance practices with the Board. The Chairman evaluates the performance of the Chief Executive Officer and is responsible for succession planning and leads the Nomination Committee. Lisa Gordon served as the Non-executive Chairman of the Company throughout 2021.

The Chief Executive Officer is responsible for the executive running of the Company on a daily basis and making recommendations to the Board on strategy. Jim Durkin served as the Chief Executive Officer until his retirement from the Company in May 2021. Julian Morse succeeded Jim Durkin and has served as the Chief Executive Officer since May 2021.

The Board

The Board is responsible for the stewardship of the Company, overseeing this strategy, conduct and affairs to create sustainable value and growth.

The Directors collectively bring a broad range of business experience to the Board, which is essential for the effective running of the Company. This is achieved through its own decision-making and by delegation of certain responsibilities to Board committees and by authority to manage the business to the Chief Executive Officer.

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 present to the Board regularly on thematic topics, providing training that is relevant to the business and to keep them abreast with developments in governance and AIM regulations. During the year, this included advice from Travers Smith LLP, Simmons & Simmons LLP and Spark Advisory Partners Limited (the Company's NOMAD). At each Board meeting the Board also receives regular updates from the Chief Executive Officer, Head of Finance, and the Head of Compliance and throughout the year presentations were also made to the Board from each of the operating businesses from within the Company.

All Directors have access to the Company's NOMAD, Company Secretary, legal advisers and auditors and are able to obtain independent advice from other external professionals as and when required. The Directors receive internal and external training tailored to the specific requirements.

All Directors are properly briefed to enable them to discharge their duties and are provided with detailed Board packs which are distributed several days in advance of formal scheduled meetings.

The Board meets a set number of times a year and at other times as necessary to discuss formal matters reserved for its decision which include:

- The Company's strategy and its associated risks.
- Acquisition, disposals, closures and other material transactions.
- Risk management strategy and risk appetite.
- Financial performance, annual budgets, periodic forecasts, half year results, the Annual Report and Accounts and dividends.
- Changes to the Company's capital structure.
- Appointments to and removals from the Board and committees of the Board.
- Remuneration policy.
- Communication with shareholders.
- Conflicts of interest relating to Directors.

The biographical details, skills and experiences of each current serving Director is set out on pages 29 to 30.

Board and committee composition

Board composition

The current composition of the Board reflects good corporate governance by having a majority of Non-executive Directors in place.

Lisa Gordon, Andrew Boorman, Jeremy Miller and Julian Morse have served throughout the year. In December 2020, Jim Durkin informed the Board of his intention to retire from the Company and from the position of Chief Executive Officer at the next Annual General Meeting of the Company. In accordance with the Company's succession plan, the Company announced that Julian Morse, Executive Director and Head of the Growth Companies Team, was to be Jim Durkin's successor. Following Jim Durkin's retirement from the Company on 12 May 2021, Julian Morse was appointed to the position of Chief Executive Officer of the Company. Jeremy Osler Co-Head of Corporate Finance and General Counsel was also appointed as an Executive Director of the Company in May 2021.

Board and Committee attendance

The Board is responsible for overseeing the management of the business and for ensuring that high standards of corporate governance are maintained throughout the Company. There were eight scheduled and three ad-hoc Board meetings held during the year.

The attendance at Board Meetings during the year is set out below.

	Position At 31 December 2021 or retirement/resignation if earlier	Board		Committee			Considered Independent
		Maximum possible attendances	Meetings attended	Audit, Risk and Compliance committee	Remuneration Committee	Nomination Committee	
Jim Durkin ⁽¹⁾	Chief Executive Officer	5	5				
Julian Morse ⁽²⁾	Chief Executive Officer	11	11				
Jeremy Osler ⁽³⁾	Executive Director	6	6				
Lisa Gordon	Non-executive Chairman	11	11	☑	☑	☑	Y
Andrew Boorman	Non-executive Director	11	11	☑	☑	☑	Y
Jeremy Miller	Non-executive Director	11	11	☑	☑	☑	Y

☑ Chairman ☑ Member

¹ Retired from the position of Chief Executive Officer and as an Executive Director on 12 May 2021.

² Appointed as Chief Executive Officer on 12 May 2021.

³ Appointed as an Executive Director on 12 May 2021.

Balance and independence

During the year ended 31 December 2021, the Board maintained a balance of Executive and Non-executive Directors.

The QCA Code requires that a board should have an appropriate balance between Executives and Non-executive Directors and should have at least two independent Non-executive Directors. The primary objective is that a board should be of sufficient size that the requirements of the business can be met and that an appropriate combination of Executive and Non-executive Directors should be maintained to ensure that no one individual or small group can dominate the board's decision making. As at 31 December 2021, there were five Directors: the Non-executive Chairman, the Chief Executive Officer, an Executive Director and two further Non-executive Directors.

The Board considers that the Non-executive Directors bring considerable valuable and relevant experience to the Board and that they act in the best interests of the Company, free of any conflicts or undue influence. The Board was satisfied that the Non-executive Directors remained independent throughout the year.

The Board has determined that the formal appointment of a senior independent Director is unnecessary given the structure and composition of the Board. In addition, given the size of the Company and active dialogue with the institutional shareholders, the Board considers such an appointment would not provide any further benefit in assisting with shareholder communication.

Directors' appointments and time commitment

The Company's Articles of Association require that at every Annual General Meeting all Directors offer themselves for either election or re-election to the Board.

Non-executive Directors' letters of appointments stipulate that they are required to commit sufficient time to carry out their duties. The Board reviews the time commitments of any external appointments that each Non-executive Director may have prior to recommending their election or re-election to shareholders.

Board induction and training

A personalised induction programme is provided to all new Directors in order to help familiarise them with their duties, the Company's culture, strategy, and business model. The programme includes:

- Meeting all members of the Board and its committees.
- One-to-one meetings with other senior management from all parts of the business.
- Access to Board, committee reports, corporate documents, and minutes.
- Meeting with relevant external advisers including the Nomad, the external and internal auditors.

A series of technical updates and briefing sessions are arranged with internal and external sources to ensure the ongoing training requirements of Directors have been satisfied.

Board evaluation

An evaluation of the performance of the Board and its Committees for 2021 has been undertaken.

The Non-Executive Chairman of the Board undertook the formal internal annual evaluation process of the Board and that of its Committees. The evaluation process included Board members having individual meetings with the Non-executive Chairman and also completing a questionnaire. The questionnaire was designed to be proportionate to the nature and size of the Company and to take account of the various Board changes that had taken place during the year and was also based on a follow-up from the issues raised in the 2020 evaluation.

The Chairman assessed the feedback and reported her findings to the Board. The outcomes and principal findings were discussed with the Board and, where appropriate, an action list of objectives, targets and aspirations for the coming year is made in order that the Board can measure its effectiveness in achieving those targets throughout the year.

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

- Increasing the employee engagement process.
- Enhancing the flow and content of management information to the Board to allow the Board to have more time to consider strategic issues.
- Further development on the Company's strategy and its business plans.
- Further consideration on succession planning to include the senior and also middle management levels.

Board committees

The Board has delegated certain of its responsibilities to its Audit, Risk and Compliance Committee, Remuneration Committee and the Nomination Committee. Each committee has appropriate terms of reference which have been approved by the Board.

The respective chairman of each committee formally reports to the Board on the activities undertaken by the committee.

Audit, Risk and Compliance Committee (ARCC)

The ARCC is responsible for monitoring the Company's risk framework, internal control environment and financial reporting. The ARCC reports to the Board on the Company's full and half-year results. In addition, the committee has direct and unrestricted access to the internal and external audit functions and sets the scope of their work and monitors their effectiveness, independence and objectivity.

The ARCC Report is set out on pages 42 to 44.

Remuneration Committee

The Remuneration 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 managers and those employees determined to be Remuneration Code Staff under the FCA's Remuneration Code rules.

The Remuneration Committee is also responsible for determining the overarching remuneration policy of the Company, including the quantum of variable remuneration after taking into account relevant regulatory and corporate governance developments.

The Remuneration Committee Report is set out on pages 35 to 41.

Nomination Committee

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

The Nomination Committee Report is set out on pages 45 to 46.

Management Committees

To assist the Chief Executive Officer and senior management in the discharge of their duties, the Company has a number of management committees. These committees are set out on page 28 under the Governance Framework.

This report was approved by the Board on 17 March 2022 and signed on its behalf by:

Lisa Gordon
Non-executive Chairman
17 March 2022

Remuneration Committee report

Introduction

The Remuneration Committee has delegated responsibility from the Board for developing the Company's remuneration strategy and for setting the remuneration of its Executive Directors and senior managers.

Members and meetings

The Remuneration Committee comprises all Non-executive Directors and is chaired by Andrew Boorman. As set out in his biography on page 29, Andrew has significant and related experience advising main boards on strategic human resource issues including governance, risk management and remuneration. Lisa Gordon and Jeremy Miller served as members of the Committee throughout the year. The members of the Remuneration Committee have significant experience in corporate governance and financial matters in the financial services sector.

The Remuneration Committee met six times during the year. The Chief Executive Officer, Head of Human Resources, Head of Compliance, Head of Finance, the other Executive Director and relevant senior managers are invited to attend these meetings as appropriate but are not present when their own remuneration is discussed. The secretary of the Remuneration Committee is the Company Secretary. External advisers are consulted on remuneration and regulatory issues, when appropriate.

The composition and attendance of the Remuneration Committee for the year ended 31 December 2021 is set out below:

	Maximum possible attendances	Meetings attended
Andrew Boorman - Chairman of the Committee	6	6
Lisa Gordon	6	6
Jeremy Miller	6	6

Role of the Remuneration Committee

The Remuneration Committee's primary responsibility is to review salary levels, discretionary variable remuneration (including share awards) and the terms and conditions of service of the Executive Directors. It also reviews the compensation decisions made in respect of all other senior managers and those employees determined to be Remuneration Code Staff under the FCA's Remuneration Code rules and any other member of staff whose remuneration is in the same range. The Remuneration Committee is also responsible for determining the overarching remuneration policy applied by the Company for all staff, including share awards, the quantum of variable remuneration and the method of delivery, taking into account relevant regulatory and corporate governance developments including the Senior Managers and Certification Regime (SMCR).

Remuneration Policy

The Company's remuneration policy is designed to attract and retain individuals of the highest calibre and probity and reward them so that they are motivated to grow and share in the long-term development and success of the business. The Remuneration Committee considers the need to balance all stakeholders' interests and to be flexible in its approach to determining the remuneration policy. A substantial proportion of the total remuneration is performance related and therefore aligned to performance measures that benefit all shareholders. A significant component of variable compensation is also deferred over three years or more and subject to malus, clawback and customary good/bad leaver provisions.

Remuneration consists of two components, fixed remuneration consisting of a base salary together with benefits and variable remuneration based on a performance (financial and non-financial) related bonus award and share option awards. The performance related bonus award is a discretionary award which reflects the extent of the Company meeting its targets and objectives and is, therefore, substantially reflective of the Company's overall financial performance. The quantum of the discretionary bonus pool is determined by the Committee considering the corporate financial and non-financial performance, overall Company culture, attitude to risk as well as having regard to the need to balance all stakeholder interests. All individual awards are made at the discretion of the Remuneration Committee reflecting the individual's performance, after risk factors (including behaviour and conduct) have been considered. This policy applies to all revenue generating and non-revenue generating staff. All variable remuneration is subject to the terms and conditions of the Company's bonus share deferral scheme whereby a portion of variable remuneration is deferred and

vests in shares or cash over a three-year period. The Committee also agreed to introduce a bonus clawback scheme going forward, to apply to all client-facing staff and certain material risk takers, whereby the Company has, in certain circumstances, the option to seek repayment of a percentage of bonuses.

A review of the Firm's Remuneration Policy is undertaken annually. To ensure that every employee had an equity share interest in the Company, thereby aligning their interests with the shareholders, awards were made under the existing Company Share Option Plan to all staff and also under a newly established Long Term Incentive Plan for Executive Directors' and senior managers. All the awards contain a performance hurdle and the purpose of the awards under the Long-Term Incentive Plan is to incentivise the new management team in delivering increased shareholder value. Further details are set out on page 39.

Regulatory considerations applying to the Company's remuneration approach

The Company's approach to remuneration takes account of relevant legislation, regulation, corporate governance standards and guidance issued by regulators and shareholder representative bodies. For 2021, the Company continued to follow the IFPRU Remuneration Code (the "Code"); however, on the basis of proportionality guidance provided by the FCA, the Company disapplies certain remuneration principles within the Code. This includes the application of a bonus cap and certain elements of the deferral provisions, although the Company does have a bonus deferral scheme in place for all employees. This together with the option and share schemes in place aligns employees' interests with those of the shareholders.

Remuneration for the year

The Directors' remuneration and other benefits (medical and life assurance cover) during the year in respect of the performance of their role as a Director for the year ended 31 December 2021 (or date of resignation if earlier) are set out in the table below.

	Base salary /fees 2021	Annual Performance Award 2021 ⁽⁴⁾	Vested cash received in respect of the 2019 deferred bonus scheme	Value of vested share awards received in respect of the deferred bonus scheme and the short term incentive plan ⁽⁵⁾	Payment In lieu of Notice	Benefits 2021	Total 2021	Total 2020
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Directors								
Executive Directors								
Jim Durkin ⁽¹⁾	91	100	-	-	125	2	318	628
Julian Morse	229	940	20	341	-	3	1,533	685
Jeremy Osler ⁽²⁾	127	216	-	-	-	2	345	-
Non-								
Lisa Gordon	150	-	-	-	-	-	150	59
Andrew Boorman	66	-	-	-	-	-	66	66
Jeremy Miller	66	-	-	-	-	-	66	78
Jeff Hewitt ⁽³⁾	-	-	-	-	-	-	-	40
	729	1,256	20	341	125	7	2,478	1,556

¹ Retired as an Executive Director on 12 May 2021.

² Appointed as an Executive Director on 12 May 2021. The remuneration in the above table is from the date of appointment as an Executive Director of the Company.

³ Retired as a Non-executive Director on 28 February 2020.

⁴ The Annual Performance Award for 2021 is subject to the Company's Deferred Bonus Scheme at the rate of 20% of the total award. This takes the form of a share and cash award which vests equally over a three-year period. Amounts shown for Executive Directors are net of the deferred amount. See note 23 for further details on the Deferred Bonus Scheme.

⁵ The value of the vested awards to Julian Morse are based on the share price as at the date of vesting. In respect of the deferred bonus scheme for 2018 and 2020, this was 8 April 2021 and amounted to £93,014 and in respect of the Short-Term Incentive Plan this was as at 29 April 2021 and amounted to £247,585. None of the LTIP or CSOP awards vested during the year.

The Company has a workplace pension scheme (the "Scheme") with Aviva. Jim Durkin had opted out of the Scheme. During the year, the Company contributed £1,319 in respect of Julian Morse and £881 in respect of Jeremy Osler to the Scheme. The Non-executive Directors are ineligible for this Scheme. The Company does not operate any other pension scheme on behalf of its employees or Directors.

Basis of determining annual performance awards for Executive Directors

The annual performance related bonus award is a significant variable component of the overall remuneration of Directors and senior managers and is at the sole discretion of the Remuneration Committee. The level of performance award that is made to the Executive Directors is based upon a number of performance measures that are assessed by the Remuneration Committee including:

- The financial performance of the Company;
- Shareholder returns;
- Risk factors including conduct and SMCR adherence; and
- Individual performance measures:
 - - Strategic development of the Company;
 - - Leadership and culture; and
 - - Development of the executive team.

In respect of the Chief Executive Officer, the performance award also takes into account his contribution within the Growth Companies Team.

Remuneration principles used in recruitment

The Company may choose to compensate potential employees for remuneration forfeited by them as part of the recruitment process, where amounts are reasonable and there is tangible proof in support of forfeiture. The Company will 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.

Payments for loss of office

The Remuneration Committee may agree additional exit payments where such payments are made in good faith to discharge existing legal obligations, or as damages for breach of such obligations, or in settlement (but not necessarily admission) or compromise of any claim. No payments for loss of office were made in 2021 (2020: £nil).

Non-executive Directors' remuneration

Non-executive Directors' remuneration is set by the Board based upon the recommendation of the Executive Directors considering comparisons with peer group companies, experience, and responsibility of the individual and the level of work carried out in the year.

Remuneration comprises an annual fee with reimbursement of all reasonable expenses. The Chief Executive Officer has recommended that if any additional work is undertaken by a Non-executive Director (at the request of the Company) then a further fee may be paid to them covering the additional work and time required. Any such work is usually undertaken providing the Board is fully satisfied that the Non-executive Director is independent, and objectivity is not compromised in any matter. There were no additional fees paid in 2021 (2020: £nil).

The annualised base fee for 2022 for the Non-executive Chairman is set at £150,000 and for the remaining Non-executive Directors' is set at £61,000. Jeremy Miller and Andrew Boorman will also receive an additional fee of £10,000 for undertaking the chairmanship of a board committee.

The Non-executive Directors' base fees, and extra responsibility allowances for acting as chairman of a committee during the year, are set out below.

	Base fee 2021	Additional fee for acting as Chairman of a Committee 2021	Total 2021	Total 2020
	£000s	£000s	£000s	£000s
Lisa Gordon ⁽¹⁾	150	-	150	59
Andrew Boorman ⁽²⁾	61	5	66	66
Jeremy Miller ⁽²⁾	61	5	66	78
Jeff Hewitt ⁽³⁾	-	-	-	40
	272	10	282	243

¹ Within the base fee was £10,000 which was awarded in shares in the Company.

² Within the base fee was £5,000 which was awarded in shares in the Company.

³ Retired as a Non-executive Director on 28 February 2020.

Directors' service contracts

Executive Directors

The general principle is that all Executive Directors will 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 parties are expected to rely on employment rights conferred by law.

The table below provides details of service contracts of the Executive Directors as at 31 December 2021.

	Date of Appointment	Nature of contract	Notice period from Company	Notice period from Director	Next re-election
Executive Director					
Julian Morse	13 May 2020	Rolling	6 months	6 months	2022
Jeremy Osler	12 May 2021	Rolling	6 months	6 months	2022

Non-executive Directors

Non-executive Directors are engaged under letters of appointment, which are available for shareholders to view at the Company's registered office and will be available at the Annual General Meeting.

The table below provides details of the date of appointment of the Non-executive Directors together with the next election or re-election date as at 31 December 2021.

	Date of Appointment	Next election or re-election	Notice period by either party
Non-executive Directors			
Lisa Gordon	25 June 2020	2022	3 months
Andrew Boorman	17 November 2017	2022	1 month
Jeremy Miller	22 July 2019	2022	1 month

Directors' interests in share incentive plans and employee share plans

The Company has the following share incentive plans (the Non-executive Directors are ineligible for these) through which discretionary share-based awards can be made:

Short Term Incentive Plan

The plan provides an award of restricted shares, which are subject to vesting restrictions and will generally be released over a two-year period with 50% of the restricted share award being released after one year and the remainder being released after the second year. The shares are subject to certain forfeiture conditions. 27 employees hold restricted share awards in the plan.

The Executive Directors' interest in the Company's Ordinary Shares that are held in the Short-Term Incentive Plan as at 31 December 2021 are set out below.

	Restricted Share Award as at 31 December 2020	Awarded during the year	Vested during the year	Restricted Share Award as at 31 December 2021
Executive Directors				
Jim Durkin ⁽¹⁾	-	-	-	-
Julian Morse	586,000	-	293,000	293,000
Jeremy Osler ⁽²⁾	-	-	-	-

¹ Retired as an Executive Director on 12 May 2021.

² Appointed as an Executive Director on 12 May 2021.

The share awards that vested in 2021 are included within the remuneration for the year table on page 36.

Company Share Option Plan (CSOP)

The CSOP provides for the grant of HMRC tax advantage and non-tax advantage share options. As at 31 December 2021, a total of 81 employees held 4,372,500 HMRC tax advantaged and non-tax advantaged share options (2020: none). These options were granted with an option price of 73.5p over the ordinary shares in the Company and they will be exercisable after three years if the total shareholder return (TSR) growth measurement over the three-year period exceeds 35%.

The Executive Directors' interests in the Company's Ordinary Shares that were awarded under the CSOP as at 31 December 2021 are set out below.

	Number of shares under option as at 31 December 2020	Awarded during the year	Lapsed during the year	Vested during the year	Number of shares under option as at 31 December 2021
Executive Directors					
Jim Durkin ⁽¹⁾	-	-	-	-	-
Julian Morse	-	40,000	-	-	40,000
Jeremy Osler ⁽²⁾	-	40,000	-	-	40,000

¹ Retired as an Executive Director on 12 May 2021.

² Appointed as an Executive Director on 12 May 2021.

Long Term Incentive Plan (LTIP)

Under the LTIP, Executive Directors and a number of senior managers of the Company have been granted nil cost options over ordinary shares in the Company. The purpose of the awards is to ensure appropriate ongoing incentivisation of the new executive management team and to align rewards with an increase in shareholder value. As at 31 December 2021, 13 employees held a total of 5,070,000 share options. The LTIP is based on a five-year period and each award is separated into three equal tranches. The vesting of the awards is conditional on meeting a TSR growth measurement over a three, four and five-year period as detailed below:

Tranche	Measurement Period	Performance Condition	Number of Awards that vest if the Performance Condition is satisfied
Tranche 1	1 January 2021 to 31 December 2023	Tranche 1 TSR Growth is equal to or greater than 50% of the base TSR of 66.8645p	Fixed number at grant equal to 33.3% of total and rounded down to the nearest whole Award
Tranche 2	1 January 2021 to 31 December 2024	Tranche 2 TSR Growth is equal to or greater than 75% of the base TSR of 66.8645p	Fixed number at grant equal to 33.3% of total and rounded down to the nearest whole Award
Tranche 3	1 January 2021 to 31 December 2025	Tranche 3 TSR Growth is equal to or greater than 100% of base TSR of 66.8645p	Balance of total Awards

There is a further two-year holding period requirement for Executive Directors and certain other senior managers during which any ordinary shares held as a result of exercise of any award cannot be sold. The awards are subject to standard malus and clawback provisions. Vesting awards will also be subject to an underpin whereby the Remuneration Committee will need to be satisfied that vesting is warranted based on financial, compliance, culture and risk performance over the performance period. The Remuneration Committee retains standard discretions in terms of the ability to amend or adjust the performance conditions if an event occurs which means the original measure is no longer appropriate. It is expected that further awards under the LTIP will be made in 2022.

The Executive Directors' interests in the Company's ordinary shares that are awarded under the LTIP as at 31 December 2021 are set out below.

	Number of shares under option as at 31 December 2020	Awarded during the year	Lapsed during the year	Vested during the year	Number of shares under option as at 31 December 2021
Executive Directors					
Jim Durkin ⁽¹⁾	-	-	-	-	-
Julian Morse	-	1,460,000	-	-	1,460,000
Jeremy Osler ⁽²⁾	-	510,000	-	-	510,000

¹ Retired as an Executive Director on 12 May 2021.

² Appointed as an Executive Director on 12 May 2021.

Share Investment Plan (SIP)

The SIP is a HMRC approved plan and consists of free shares, partnership shares, matching shares and dividend shares. Under the terms and conditions of the SIP, the free and matching shares are subject to certain forfeiture conditions if they are not held for three years from the award date. 47 employees participate in the SIP.

The Executive Directors' interests in the Company's ordinary shares that are held in the SIP as at 31 December 2021 are set out below.

	Shares held at 31 December 2020 or date of appointment if later	Shares held as at 31 December 2021
Executive Directors		
Jim Durkin ⁽¹⁾	-	-
Julian Morse	18,842	18,842
Jeremy Osler ⁽²⁾	8,274	8,274

¹ Retired as an Executive Director on 12 May 2021.

² Appointed as an Executive Director on 12 May 2021.

Save As You Earn Scheme (SAYE)

The SAYE is an HMRC approved plan. 35 employees have entered a three-year savings contract with an option to purchase a fixed number of shares at the maturity date. If a participant stops saving at any time before the end of the savings term the option may lapse.

The Executive Directors' interests in SAYE options over ordinary shares in the Company as at 31 December 2021 are set out below.

	Number held as at 31 December 2020 or date of appointment if later	Number held as at 31 December 2021	Exercise price	Date of grant	Earliest exercise date	Latest exercise date
Executive Directors						
Jim Durkin ⁽¹⁾	-	-	-	-	-	-
Julian Morse:	44,698	44,698	40.27p	16 Nov 20	1 Jan 24	30 Jun 24
Jeremy Osler ⁽²⁾	44,698	44,698	40.27p	16 Nov 20	1 Jan 24	30 Jun 24

¹ Retired as an Executive Director on 12 May 2021.

² Appointed as an Executive Director on 12 May 2021.

Deferred Bonus Scheme

All variable remuneration is subject to the terms and conditions of the Company's Deferred Bonus Scheme which takes the form of a share award and in certain cases, in addition, a cash award, which vests over a three-year period. Further details on the Deferred Bonus Scheme can be found in note 23 of the Notes to the Financial Statements. 76 employees have deferred shares under this scheme.

The awards that had been made to the Executive Directors under the Deferred Bonus Scheme are set out below:

	Deferred share awards outstanding as at 31 December 2020 or date of appointment if later	Shares vested during the year or since the date of appointment if later	Awarded during the year or since the date of appointment if later	Deferred share award as at 31 December 2021
Executive Directors	No of shares	No of shares	No of shares	No of shares
Jim Durkin ⁽¹⁾	-	-	106,418	106,418
Julian Morse	222,808	125,695	266,047	363,160
Jeremy Osler ⁽²⁾	93,470	-	-	93,470

¹ Retired as an Executive Director on 12 May 2021.

² Appointed as an Executive Director on 12 May 2021.

These awards will vest over a three-year period, one-third vesting on each of the anniversaries from the date of grant. The awards that vested in 2021 are included within the remuneration for the year table on page 36.

Directors' interests in ordinary shares

The Directors' interests in the ordinary shares in the Company as at 31 December 2021 are shown on page 49 within the Directors' report. To ensure appropriate alignment with the interests of our shareholders, Executive Directors, individually or with their connected persons, are expected to satisfy a shareholding guideline of acquiring shares in the Company where that value at least matches their basic salary within three years from their date of appointment which is being met.

This report was approved by the Remuneration Committee on 17 March 2022 and signed on its behalf by:

Andrew Boorman
Chairman of the Remuneration Committee
17 March 2022

Audit, Risk and Compliance Committee report

Introduction

The Audit, Risk and Compliance Committee (“ARCC”) has delegated responsibility from the Board and is responsible for monitoring the Company’s risk and regulatory framework, internal control environment and financial reporting.

Members and meetings

The ARCC is chaired by Jeremy Miller. As set out in his biography on page 30, as well as being a qualified accountant, Jeremy has recent and relevant financial experience. Lisa Gordon and Andrew Boorman served as members of the Committee throughout the year. The ARCC meets at least four times every year. Internal and external auditors are invited to attend all meetings. The Head of Compliance, the Head of Finance and members of the Board are also invited to attend. The secretary of the ARCC is the Company Secretary.

The composition and attendance of the ARCC for the year ended 31 December 2021 is set out below:

	Maximum possible attendances	Meetings attended
Jeremy Miller - Chairman of the Committee	4	4
Andrew Boorman	4	4
Lisa Gordon	4	4

Roles and responsibilities

The Board has delegated certain responsibilities to the ARCC and the terms of reference of the ARCC are available on the Company’s website. The key responsibilities of the ARCC include:

- Monitoring the content and integrity of financial reporting.
- Reviewing appropriateness of accounting estimates and judgements.
- Reviewing the Company’s risk and compliance policies.
- Reviewing the Company’s regulatory reporting procedures and relationship with the regulators.
- Reviewing the Company’s risk appetite and making recommendations to the Board.
- Reviewing and approving of financial and other risk limits and adherence to them.
- Reviewing and challenging the Company’s process for the ICAAP and the ILAA.
- Reviewing the performance of the Internal Audit function.
- Reviewing the performance of the External Auditors.

The ARCC reported to the Board on how it has discharged its responsibilities during the year. This has included reporting and making recommendations on remedial action to address any matters or areas in the Company where the Committee has considered improvements were required.

Significant issues and material judgements

In discharging its duties during the year, the ARCC considered the following significant issues in relation to the financial statements for the year:

- Ensuring correct revenue recognition for any corporate finance transactions that straddled reporting periods to ensure compliance with the Company’s accounting policies, as explained in note 1 of the financial statements. There were no issues with revenue recognition during 2021 or at the year-end;
- The appropriateness of valuations of financial instruments, including the valuation of warrants and options held over AIM stocks and unquoted investments held by the Company, classified as Level 3 in the fair value hierarchy. Valuation factors considered for any instruments classified as Level 3 include an external option pricing model and associated inputs from external valuation specialists and for unquoted holdings, the International Private Equity and Venture Capital (“IPEV”) valuation guidelines – as explained in note 24 of the financial statements;

- The deferred bonus scheme and the associated accounting treatment and disclosures in 2021 which included the deferral to future years of £1.7m (2020: £1.5m) of bonuses from the current year and inclusion of £0.7m (2020: £0.6m) from prior years and an assessment of the vesting conditionality of the deferrals; and
- The adverse impact that the war in Ukraine, the lingering effects of COVID-19, which continue to affect the labour market and supply chains, along with the UK's departure from the European Union and climate change could have, in particular in relation to the effect on fee revenue and in adopting the going concern basis in preparing the financial statements. Further details in relation to going concern are set out in note 1 of the financial statements.

Risk management, compliance and internal controls

The Board is responsible for the overall adequacy of the Company's system of internal controls and risk management. The Board has delegated responsibility to the ARCC for reviewing and monitoring the effectiveness of the Company's systems of risk management, regulatory compliance and internal control.

The systems of internal control are designed to manage, rather than eliminate, risk. Consequently, these controls provide reasonable, but not absolute, assurance against material misstatement or loss. The risk management and internal control framework in place during the year was as follows:

- Principal risks have been identified and evaluated by the Board (see Principal risks on pages 13 to 16). Significant risks were identified and evaluated by the Senior Managers in the areas of business for which they held responsibility guided by the Compliance and Finance Functions, and these formed the basis for the risk register compiled centrally and regularly reviewed by the ARCC. The Board inputted a top-down view of risks into this review. Actions to mitigate risks were a major focus of the Board with delegated accountabilities to relevant management.
- The Compliance Function's review of regulatory and internal control requirements including the risk register form the basis for testing the efficacy of the control environment and informing internal audit planning. Oversight and challenge have been maintained by a series of reviews at the ARCC and the Board.

The identification and evaluation of the risks from the above processes are aligned with the ICAAP, ILAA and the Recovery and Resolution Plan and will be used to inform the Firm's ICARA going forward.

Following a review, the ARCC has concluded that the risk management process supports the Board's summary of the principal risks presented in the Strategic report on pages 13 to 16 of this Annual Report.

Internal audit

The internal audit function provided independent assurance over the adequacy and effectiveness of the systems of internal control throughout the Company.

Following a review of the Company's three line defence model in the year, the decision to fully outsource the internal audit function to RSM (UK) LLP was approved by the ARCC and by the Board.

During the year a number of internal audit reviews were undertaken, and the findings were presented in the first instance directly to the Chairman and, subsequently, to the ARCC.

External auditor independence

The ARCC ensures the external auditor has longstanding safeguards in place to avoid the possibility that objectivity and independence could be compromised. These safeguards include the auditor's report to the ARCC on the actions it takes to comply with professional, ethical, and regulatory requirements and best practice which are, designed to ensure its independence.

The annual appointment of the auditor by shareholders in the Annual General Meeting is a fundamental safeguard to auditor independence, but beyond this, the ARCC monitors and controls additional, non-audit, work provided by the auditor. The ARCC considers there are some areas of work that are prohibited by the external auditor, including where:

- The provision of the services would contravene any relevant regulation or ethical standard.
- The external auditor is not considered to be expert providers of the non-audit service.
- The provision of such services by the external auditor creates a conflict of interest for the Board.
- The potential services provided are considered to be likely to inhibit the auditor's independence or objectivity of auditors.

The ARCC has stipulated that the fees paid to the auditor for any individual item of non-audit work should not exceed £20,000 without approval by the ARCC. Any such service should be agreed by the ARCC prior to commencement of the services and be accompanied by terms regarding liability, cost and responsibilities.

External auditor performance and appointment

The ARCC evaluates the performance of the auditor annually factoring the objectivity and effectiveness of the audit, the quality of formal and informal communications with the ARCC and the views of management.

The ARCC has confirmed that it is satisfied with the performance of BDO LLP and has recommended to the Board that the auditors be-reappointed, and that there will be a resolution to that effect at the forthcoming Annual General Meeting.

External auditor's fees for audit and non-audit services

The ARCC evaluates the fees charged in light of the performance of the auditor.

	2021	2020
	£000's	£000's
Fee payable to the Company's auditor for the audit of the Company's annual accounts and consolidation	230	225
Other assurance services	47	42
Non-audit services	-	3
Total fees payable to the Company's auditor and their associates	277	270

This report was approved by the ARCC on 17 March 2022 and signed on its behalf by:

Jeremy Miller
 Chairman of the Audit, Risk and Compliance Committee
 17 March 2022

The Nomination Committee Report

Introduction

The Nomination Committee has delegated responsibility from the Board for ensuring that the Board has the right balance and skills to ensure that the Board, its committees and the senior management can discharge its respective duties and responsibilities.

Members and meetings

The Committee comprises all Non-executive Directors and was chaired by Lisa Gordon. Andrew Boorman and Jeremy Miller served as members of the Committee throughout the year. The members of the Committee have significant experience in corporate governance and financial matters in the financial services sector.

The Chief Executive Officer and relevant senior managers are invited to attend these meetings as appropriate. The secretary of the Committee is the Company Secretary. External advisers are consulted on issues, when appropriate. The Committee met twice during the year.

The composition and attendance of the committee for the year ended 31 December 2021 is set out below.

	Maximum possible attendances	Meetings attended
Lisa Gordon - Chairman of the Committee	2	2
Andrew Boorman	2	2
Jeremy Miller	2	2

Role of the committee

The Committee's primary roles are:

- 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 competency and experience required for specific Board appointments 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.
- To review, support and challenge senior management development and succession plans in order to ensure the executive team is equipped to oversee governance, financial controls and risk management.

Nomination Committee activity

The Committee focussed on senior management development and succession during the year.

In December 2020, Jim Durkin announced his intention to retire from the Company and from the position of Chief Executive Officer. In accordance with the succession plan in place it was announced that Julian Morse would be appointed to the position of Chief Executive Officer of the Company. Following Jim Durkin's retirement from the Company on 12 May 2021, Julian Morse was appointed to the position of Chief Executive Officer of the Company.

As part of the selection criteria for the new Chief Executive Officer, the Committee considered that the successor needed to possess an excellent understanding of the business and be fully conversant with the regulatory and conduct issues faced within a broking firm. The successor also needed to be able to deliver results, have the vision and drive to implement strategic initiatives and to reinforce a strong regulatory and ethical culture within the Company. The Committee had also considered the Company's longer-term strategic plans noting that Julian Morse has been pivotal in developing the plans as part of the existing management team. His appointment also provides longer term stability within the Company going forward.

In December 2020, it was announced that as part of the internal succession plans in place to have senior management presence on the Board, the Committee recommended the appointment of Jeremy Osler, Co-Head of Corporate Finance and General Counsel to the position of Executive Director. Following receipt of regulatory approval Jeremy Osler was appointed as an Executive Director on 12 May 2021.

Diversity

The Board seeks to ensure it remains an effective driver of diversity in its broadest sense, having regard to gender, ethnicity, background, skill set and breadth of experience, both in Executive and Non-executive appointments and in recruitment practices throughout the Company.

Induction Process

On joining the Board, new members receive a comprehensive induction, involving meetings with management and external advisers. If required, they will also receive training and regulatory updates to enable them to undertake their roles. The programme is tailored for their role.

This report was approved by the Nomination Committee on 17 March 2022 and signed on its behalf by:

Lisa Gordon
Chairman of the Nomination Committee
17 March 2022

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with UK adopted international accounting standards. 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 company and of the profit or loss of the company for that period. The Directors are also required to prepare financial statements in accordance with rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Strategic report on pages 1 to 24 includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks that it faces.

This statement was approved by the Board of Directors on 17 March 2022 and signed on its behalf by:

Julian Morse
Chief Executive Officer
17 March 2022

Directors' report

The Directors serving during the year ended 31 December 2021 and up to the date of signing the financial statements present their report on the affairs of the Company (Cenkos Securities plc) together with the audited financial statements and the associated independent auditor's report thereon, for the year ended 31 December 2021.

Cenkos is an independent, specialist institutional securities company, focussed on small and mid-cap companies and investment funds. Its principal activity is institutional stockbroking.

Business review and future developments

A review of the Company's operations and performance during the financial year, setting out the position at the year end, significant changes during the year and the principal risks to which the Company is exposed is provided within the Strategic Report, along with an indication of the outlook for the future. Our risk management processes are outlined in more detail in the Governance section and in note 24 of this Annual Report. The Directors have considered section 172 of the Companies Act 2006 and are aware of their wider responsibilities not only to the Company and its members but also to a wider group of stakeholders; further details concerning the Company's considerations of stakeholder engagement can be found on pages 18 to 20.

Results and dividends

The results for the year are set out in the income statement on page 59.

An interim dividend of 1.25p per share was paid to shareholders on 4 November 2021 (2020: interim dividend of 1.0p per share). The Directors recommend the payment of a final dividend of 3.0p per share (2020: final dividend of 2.5p per share).

The total interim and final dividends in respect of the year ended 31 December 2021 are 4.25p (2020: 3.5p). Subject to approval at the Annual General Meeting to be held on 11 May 2022 the final dividend will be paid on 23 June 2022 to the shareholders on the register at the close of business on 27 May 2022.

Directors

The names of the current serving Directors of the Company are set out on pages 29 to 30. These Directors have served throughout the year or since their respective appointments to the Board.

Jim Durkin retired from the Board on 12 May 2021. Jeremy Osler served as an Executive Director of the Company since 12 May 2021.

At the Annual General Meeting to be held on 11 May 2022, Lisa Gordon, Jeremy Miller, Andrew Boorman and Julian Morse will offer themselves for re-election to the Board and Jeremy Osler will offer himself for election to the Board.

Share capital

The Company's share capital comprises one class of ordinary share with a nominal value of 1p per share. As at 31 December 2021, 56,694,783 (2020: 56,694,783) ordinary shares were in issue. No new shares were issued by the Company in 2021 (2020: nil). The total voting rights in the Company as at 31 December 2021 was based on 56,694,783 (2020: 56,694,783) ordinary shares.

Directors' interests in ordinary shares

The Directors' interests in the share capital of the Company as at 31 December 2021 are set out below.

	Number held as at 31 December 2021	Percentage interest as at 31 December 2021	Number held as at 31 December 2020 or date of appointment if later	Percentage interest as at 31 December 2020 or date of appointment if later
Directors				
Executive Director				
Julian Morse ⁽¹⁾	1,637,750	2.89%	1,371,703	2.42%
Jeremy Osler ^{(1) (2)}	151,371	0.27%	151,371	0.27%
Non-executive				
Lisa Gordon	100,000	0.18%	-	-
Andrew Boorman	108,152	0.19%	88,152	0.16%
Jeremy Miller	55,000	0.10%	40,000	0.07%

¹ This includes interests in shares held in the Company's share schemes.

² Appointed as an Executive Director on 12 May 2021.

The Directors have confirmed that none of their ordinary shares have been used for security or have had a charge, lien or other encumbrance placed upon them.

Directors' interests in options

The Directors' interests in options over ordinary shares in the Company as at 31 December 2021 are set out on pages 38 to 40 in the Directors' Remuneration Report.

Directors' indemnities

Directors' and officers' liability insurance is maintained by the Company for all directors and officers of the Company as permitted by the Companies Act 2006. The Company indemnifies its directors against any claim made against them as a consequence of the execution of their duties as a director of the Company, to the extent permitted by law and in accordance with its Articles of Association. The indemnity was in force during the year and up to the date of approval of the financial statements.

Substantial shareholders

In addition to the Directors' interests shown above, the Directors have been notified of substantial shareholders, set out below, who have an interest in 3% or more of the Company as at 31 December 2021.

Holder	Number held at 31 December 2021	Percentage interest at 31 December 2021
Canaccord Genuity Group Inc	5,500,000	9.70%
The Estate of Andrew Stewart (Deceased)	5,477,162	9.66%
Jim Durkin	4,659,728	8.22%
Nick Wells	2,214,174	3.91%

Purchase of own shares

The Company has Employee Benefit Trusts (EBTs) to service its share schemes and the Deferred Bonus Scheme. The EBTs are funded by the Company and have the power to acquire shares from the Company or in the open market to meet the Company's future obligations. During the year ended 31 December 2021, the EBTs purchased an aggregate of 3,477,942 (2020: 3,889,889) ordinary shares in the Company. The number of shares purchased represents 6.13% of the Company's issued share capital as at 31 December 2021 (2020: 6.86%) for an aggregate consideration of £2.73m (2020: £1.96m).

No shares were repurchased by the Company for Treasury (2020: nil).

Employment policies

The Company's employment policies are based upon a commitment to equal opportunities from selection and recruitment processes through training, development, appraisal and promotion.

The Company provides its employees with information on matters of concern to them so that their views can be factored into account when making decisions that are likely to affect their interests.

Employees participate in the success of Cenkos through performance-based incentive schemes including the use of employee share plans.

Political donations

During the year the Company made no political donations (2020: £nil).

Charitable donations

During the year the Company made charitable donations of £20,133 (2020: £nil).

Energy and carbon emissions

This is the Company's second year reporting on carbon emissions under UK Streamline Energy & Carbon Reporting Regulations (SECR). The Company's business is predominantly conducted from our offices in London and Edinburgh and as an office-based business our activities are generally not regarded as having a high environmental impact. The Company's total carbon emissions for the year have been determined by multiplying the Company's total consumption of electricity for the year together with a relevant conversion factor for Scope 2 electricity.

Energy use and emissions

	Energy KWh	Factor per unit kgCO ₂ e/kWh*	Emissions teCO ₂ e	Percent	2021 change from 2020	2020
Energy and emissions						
London Office (Scope 2)	155,485	0.21233	33.014	90.4%		
Edinburgh Office (Scope 2)	16,432	0.21233	3.489	9.6%		
Total	171,917		36.503	100.0%		
Intensity ratio: emissions						
Business metric:	89				2.30%	87
Intensity ratio units	kgCO ₂ e/FTE					
Intensity ratio value	0.410				(1.44%)	0.416

* BEIS June 2021 Conversion factor

Intensity ratio

The emissions intensity ratio is based on the average number of full-time equivalents (FTE) over the year. We consider the FTE as the most relevant business metric for the purposes of ongoing intensity ratio reporting.

Energy efficient initiatives that have been undertaken

The Company is working to identify and focus on initiatives where it can make positive difference and some of the existing sustainability initiatives include:

- Ongoing replacement and updating of energy inefficient IT hardware.
- Encouragement and assistance is given to staff to cycle to work.
- Increased use of video conferencing.
- Flexible and remote working initiatives to reduce the need for staff to commute.

Beyond reducing our carbon emissions, a number of other initiatives have been put in place over the last two years to further minimise our environmental impacts, including the reduction of single use plastic, water saving devices, and recycling and waste management initiatives.

Further details concerning the Company's progress in reducing its impact on the environment can be found on pages 21 to 23 of the 2021 ESG Report.

Going concern

The Board reviewed the financial information prepared by management to support the fact that it is appropriate to adopt the going concern basis in preparing the financial statements presented in this Annual Report and Accounts. This included financial forecasts and modelling which reflected the current and anticipated trading performance for the period to December 2023. These forecasts were then stress tested to reflect possible adverse trading conditions that could impact on fee revenue, including a slowdown in the economy, global political tensions, and the war in Ukraine resulting in market uncertainty and impacting on investor sentiment. As part of the sanctions imposed on the Russian Federation a full review of the Company's client base, their boards and shareholders has also been undertaken and whilst there is a very small number of clients who may be impacted by the sanctions the Board believes that this will have little impact on Cenkos and its revenues. Following this detailed assessment, the Board concluded that it is appropriate to adopt the going concern basis in preparing the financial statements in this Annual Report and Accounts. Further details in relation to going concern are set out in note 1 of the notes to the financial statements.

Disclosure of information to the Auditor

Each of the persons who are directors at the date of approval of this Annual Report and Accounts confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is 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 Company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditor

BDO LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint BDO LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at 6.7.8 Tokenhouse Yard, London EC2R 7AS on 11 May 2022 at 9.30 am. A copy of the Notice of the Annual General Meeting together with an explanation of the Resolutions to be proposed is set out on pages 92 to 97.

If any changes are made to the holding of the Annual General Meeting these will in the first instance be detailed on the Company's website. Shareholders should visit the <https://www.Cenkos/investors/agm> for the latest updates.

This report was approved by the Board of Directors on 17 March 2022 and signed on its behalf by:

Stephen Doherty,
Company Secretary
17 March 2022

Independent Auditor's report to the Members of Cenkos Securities Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cenkos Securities plc (the 'Company') for the year ended 31 December 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We have discussed, evaluated and challenged the Directors' assessment of the Company's ability to continue as a going concern;
- We have reviewed management's trading and cash flow forecasts for a period of at least 12 months from the date when the financial statements were authorised for issue ;
- We have substantiated key inputs into forecasts used in management's cash flow forecasts;
- We have considered the ability of management to forecast accurately by comparing actual performance to forecasts in the prior year;
- We have challenged management's assessment including their stress test analysis and reverse stress testing, to determine the risk posted to the Company in respect of going concern;
- We have critically assessed the assumptions used by management in making their assessment and have considered whether the events or conditions that impact going concern give rise to management bias; and
- We have read the disclosures in the financial statements regarding management's going concern assessment and assessed whether it met the requirements of the financial reporting framework and was in line with our understanding gained throughout the audit

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters

- Revenue recognition over retainer fees and placing fees.
 - Valuation of material options and warrants classified as Level 3 in the fair value hierarchy.
- The same Key audit matters were identified in 2020.

Materiality

- Financial statements as a whole – 2021: £557k based on 1% of revenue. (2020: £318k based on 1% of revenue)

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified, 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 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.

Key audit matter	How the scope of our audit addressed the key audit matter	Key observations
Revenue recognition over retainer fees and placing fees (notes 1 and 3)		
<p>Revenue is a key area for the users as it is a strong indicator of performance.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ■ We read the accounting policies for retainer and placing fees and assessed their suitability in accordance with IFRS 15. 	<p>Based on our procedures performed, we did not identify any matters which would indicate that revenue is not materially recognised in accordance with the requirements of applicable accounting standards.</p>
<p>We have determined that there is specific risk relating to the recognition of both retainer fees (included in “Nomad Broking and Research” revenue) and commission on capital raising fees “placing fees” (included in “Corporate Finance” revenue). The risk identified relates both to the timing of the recognition of revenue and whether it is appropriately supported by signed engagement letters.</p>	<p>Placing fees We obtained a list of placing fees prepared by management and agreed this to the trial balance at as 31 December 2021.</p> <p>For a sample of fees:</p> <ul style="list-style-type: none"> ■ We recalculated the fee with reference to the terms of the engagement letter; ■ Where there are amendments to fees since the date of the signed engagement letter, we have obtained alternative evidence to support fee rates, including an updated engagement letter and email correspondence with clients ■ We agreed the amount recognised to the invoice and bank receipt ■ We inspected that the engagement letters were appropriately signed by all parties ■ We tested the date on which placement fee was recognised comfort over the point in time of revenue recognition by agreeing to correspondence or external announcements of the completion of deals. ■ We tested that revenue was recorded in the correct period by selecting a sample of transactions recorded around year end (both in December 2021 and January 2022) and, with reference to source documents (such as engagement letters and publicly available information), inspected that the revenue was recorded in the period in which the performance obligations were satisfied. 	
<p>Revenue for these different streams is recognised, respectively, over the life of the contract or at a point in time, when the obligations under the contract have been fulfilled.</p>	<p>Retainer fees For a sample of retainer fees:</p> <ul style="list-style-type: none"> ■ We recalculated the fee with reference to the terms of the engagement letter to gain assurance over the revenue recognised in the period and any associated accrued and deferred income ■ Where there are amendments to fees since the date of the signed engagement letter, we have obtained alternative evidence to support fee rates, including an updated engagement letter and email correspondence with clients ■ We agreed the revenue and deferred income recognised, where appropriate, to the invoice and bank receipt ■ We inspected that the engagement letters were appropriately signed by all parties ■ We tested that engagement letters were appropriately signed by all required parties. 	
<p>Because there is judgement involved in determining when each performance obligation has been met, we considered that there was increased risk that revenue is not recognised in accordance with the contractual entitlement, particularly in relation to significant deals occurring at or around financial year end.</p>		

Key audit matters	How the scope of our audit addressed the key audit matter	Key observations
Valuation of options and warrants (notes 1 and 17)		
<p>Financial instruments, include options and warrants, which are received by the Company in lieu of fees. We consider the valuation of these financial instruments to be an area where increased judgement is applied by management.</p> <p>Options and warrants are measured at each reporting period using a Monte Carlo simulation. This model is prepared by managements experts using inputs and assumptions which are unobservable and therefore subject to estimation uncertainty.</p> <p>Because of the nature of these valuations, we determined that there was a possible risk of misstatement, and further because of the nature of the inputs into the valuation, specifically volatility, more extensive audit effort, including the involvement of experts, was required to carry out our procedures.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ■ We obtained the valuation reports prepared by management's experts and agreed these to the trial balance as at 31 December 2021. ■ With the assistance of our internal valuations experts, We obtained an understanding of the valuation methodology used by management and tested that the valuation techniques and assumptions were appropriate ■ We tested the key inputs and assumptions in the model, such as volatility, by agreeing them to third party evidence, such as warrant instrument documentation. ■ We tested that the valuation methodology applied is in accordance with the International Private Equity and Venture Capital ("IPEV") valuation guidelines. ■ We ensured that the valuation methodology applied is in accordance with the International Private Equity and Venture Capital ("IPEV") valuation guidelines. 	<p>Based on our procedures performed, we did not identify any matters which would indicate that assumptions and judgements used by management in valuing the options and warrants were inappropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Company financial statements	
	2021 £000's	2020 £000's
Materiality	■ 557	■ 318
Basis for determining materiality	<ul style="list-style-type: none"> ■ 1.5% of revenue <p>Our risk assessment procedures, experience and understanding with the entity, lead us to conclude it was appropriate to increase materiality from 1% to 1.5%.</p>	<ul style="list-style-type: none"> ■ 1% of revenue
Rationale for the benchmark applied	<ul style="list-style-type: none"> ■ We believe that users of the financial statements would typically focus on an activity-based measure. Given the prominence of revenue as reflected in the Company's trading updates to the market, and revenue being the key benchmark used by the stakeholders to assess the performance of the Company, we concluded that revenue is the most appropriate basis of materiality. 	
Performance materiality	■ 389	■ 206
Basis for determining performance materiality	<ul style="list-style-type: none"> ■ 70% of materiality <p>On the basis of our experience with the entity (including managements attitude towards identifying and responding to risk, the overall control environment, and the level of expected misstatement), our own risk assessment and planned audit procedures, our judgment was that overall performance materiality should be increased to 70%, for the current year.</p>	<ul style="list-style-type: none"> ■ 65% of materiality <p>Based on our risk assessment and planned procedures, together with our assessment of the company's overall control environment and the expected level of misstatement, we determined that a performance materiality of 65% of materiality was appropriate.</p>

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £13,000 (2020: £6,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<p>Strategic report and Directors' report</p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> ■ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ■ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<p>Matters on which we are required to report by exception</p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> ■ adequate accounting records have not been kept by the Company; or ■ the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ■ certain disclosures of Directors' remuneration specified by law are not made; or ■ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the accounting standards and the Financial Conduct Authority's regulations.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance including consideration of known or suspected non-compliance with laws and regulations and fraud; and
- review of minutes of board meetings throughout the period.

We considered the risk of fraudulent revenue recognition that could give rise to material misstatement, as described in the Key Audit Matter section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Fung-On (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

17 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial statements

Income statement

For the year ended 31 December 2021

	Note	2021 £ 000's	2020 £ 000's
Continuing operations			
Revenue	3	37,225	31,654
Other operating (expense) / income	4	(87)	259
Administrative expenses		(33,034)	(29,514)
Operating profit		4,104	2,399
Investment income - interest income	5	17	30
Finance costs - interest on lease liability	6	(171)	(176)
Profit before tax from continuing operations for the year	8	3,950	2,253
Tax	9	(552)	(449)
Profit after tax for the year		3,398	1,804
Attributable to:			
Equity holders of Cenkos Securities plc		3,398	1,804
Basic earnings per share	11	7.1p	3.7p
Diluted earnings per share	11	6.0p	3.3p

The notes on pages 63 to 91 form an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 December 2021

	2021 £ 000's	2020 £ 000's
Profit for the year	3,398	1,804
Amounts that will not be recycled to income statement in future periods		
Loss on FVOCI financial asset	-	(35)
Tax on FVOCI financial asset	-	6
Other comprehensive losses	-	(29)
Total comprehensive income for the year	3,398	1,775
Attributable to:		
Equity holders of Cenkos Securities plc	3,398	1,775

The notes on pages 63 to 91 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2021

	Notes	2021 £ 000's	2020 £ 000's
Non-current assets			
Property, plant and equipment	12	398	382
Right-of-use assets	13	3,577	4,059
Intangible asset	14	-	33
Deferred tax asset	20	1,154	727
Investments in subsidiary undertakings	15	1	1
		5,130	5,202
Current assets			
Trade and other receivables	16	10,547	12,993
Other current financial assets	17	7,231	5,312
Cash and cash equivalents	18	33,457	32,735
		51,235	51,040
Total assets		56,365	56,242
Current liabilities			
Trade and other payables	19	(23,027)	(24,520)
Other current financial liabilities	17	(1,915)	(1,011)
		(24,942)	(25,531)
Net current assets		26,293	25,509
Non-current liabilities			
Trade and other payables	19	(4,436)	(5,086)
Total liabilities		(29,378)	(30,617)
Net assets		26,987	25,625
Equity			
Share capital	21	567	567
Share premium		3,331	3,331
Capital redemption reserve	21	195	195
Own shares	22	(8,360)	(6,607)
FVOCI reserve		(170)	(170)
Retained earnings		31,424	28,309
Total equity		26,987	25,625

The notes on pages 63 to 91 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2022.

They were signed on its behalf by:

Julian Morse
Chief Executive Officer
17 March 2022
Registered Number: 05210733

Cash flow statement

For the year ended 31 December 2021

	Notes	2021 £ 000's	2020 £ 000's
Profit for the year		3,398	1,804
Adjustments for:			
Investment income - interest income		(17)	(30)
Finance costs - interest on lease liability		171	176
Tax expense	9	552	449
Depreciation of property, plant and equipment, ROU assets and intangible asset		649	691
Shares and options received in lieu of fees		(1,820)	(11)
Share-based payment expense		2,920	2,395
Operating cash inflow before movements in working capital		5,853	5,474
Decrease in net trading investments and FVOCI financial assets		804	2,867
Decrease in trade and other receivables		2,459	468
(Decrease) / Increase in trade and other payables		(1,742)	8,301
Net cash inflow from operating activities before interest and tax paid		7,374	17,110
Tax paid		(783)	(99)
Net cash inflow from operating activities		6,591	17,011
Investing activities			
Interest received		4	24
Purchase of property, plant and equipment	12	(150)	(41)
Net cash outflow from investing activities		(146)	(17)
Financing activities			
Landlord incentive received as part of lease arrangement			500
Rent paid under lease arrangement		(754)	(117)
Dividends paid	10	(1,922)	(1,027)
Proceeds from sale of shares to employees on dividend reinvestment		20	12
Acquisition of own shares		(3,067)	(1,960)
Net cash used in financing activities		(5,723)	(2,592)
Net increase in cash and cash equivalents		722	14,402
Cash and cash equivalents at beginning of year		32,735	18,333
Cash and cash equivalents at end of year		33,457	32,735

The notes on pages 63 to 91 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2021

	Equity attributable to equity holders						
	Share capital £ 000's	Share premium £ 000's	Capital redemption reserve £ 000's	Own shares held in treasury £ 000's	FVOCI reserve £ 000's	Retained earnings £ 000's	Total £ 000's
At 1 January 2020	567	3,331	195	(5,436)	(141)	26,142	24,658
Profit for the year	-	-	-	-	-	1,804	1,804
Loss on FVOCI financial assets net of tax	-	-	-	-	(29)	-	(29)
Total comprehensive income for the year	-	-	-	-	(29)	1,804	1,775
Issue of shares to employees on dividend reinvestment	-	-	-	13	-	-	13
Transfer of shares from share plans to employees (note 22)	-	-	-	776	-	(776)	-
Acquisition of own shares	-	-	-	(1,960)	-	-	(1,960)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	2,166	2,166
Dividends paid (note 9)	-	-	-	-	-	(1,027)	(1,027)
At 31 December 2020	567	3,331	195	(6,607)	(170)	28,309	25,625
Balance at 1 January 2021	567	3,331	195	(6,607)	(170)	28,309	25,625
Profit for the year	-	-	-	-	-	3,398	3,398
Loss on FVOCI financial assets net of tax	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	3,398	3,398
Issue of shares to employees on dividend reinvestment	-	-	-	12	-	8	20
Transfer of shares from share plans to employees (note 22)	-	-	-	1,302	-	(1,302)	-
Acquisition of own shares	-	-	-	(3,067)	-	-	(3,067)
Credit to equity for equity-settled share-based payments	-	-	-	-	-	2,839	2,839
Deferred tax on share-based payments	-	-	-	-	-	94	94
Dividends paid (note 9)	-	-	-	-	-	(1,922)	(1,922)
At 31 December 2021	567	3,331	195	(8,360)	(170)	31,424	26,987

The notes on pages 63 to 91 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

General information

Cenkos Securities plc is a public company limited by shares incorporated in England, United Kingdom under the Companies Act 2006 (Company Registration No. 05210733). These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Basis of accounting

The Company's financial statements are properly prepared in accordance with UK adopted International Accounting Standards. As the Company has no material subsidiaries, the financial statements presented are for the Company only.

Adoption of new and revised standards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective from 1 January 2021, none of which have a material impact on these financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows, capital and liquidity position are set out in the Strategic report on pages 1 to 24. In addition, note 24 includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

The broadly positive market conditions, heightened activity and stability seen in 2021, despite the ongoing COVID-19 pandemic, continued into 2022, with Cenkos being appointed by several new clients and completing a number of transactions including three IPOs. While the removal of remaining restrictions on individuals and businesses related to the pandemic were positive signs, looking ahead, the war in Ukraine and global sanctions which continue to be applied to entities and individuals connected with the Russian Federation, in the short term at least mean it is unlikely we will see these conditions continue. Although Cenkos has no direct links to the Russian Federation, it is reliant on the health of financial markets and investor sentiment. There are signs of a cooling in global markets as the war in Ukraine and lingering effects of COVID-19 continue to affect the labour market and supply chains, which in turn is stoking inflation. Along with the UK's departure from the European Union and the impact of climate change, all have the potential to detrimentally impact investor sentiment and the health of the financial markets. For Cenkos, this could result in a reduction in fees generated from placing and corporate finance and a decline in fair values of listed and unlisted equities, options and warrants. This has been considered when conducting the impact analysis as part of the going concern assessment. Cenkos' Compliance team has also undertaken a review of our client base, including the links between our corporate clients, their boards, shareholders and operations with to the Russian Federation. Whilst, we are aware of a small number of clients who are or may be impacted by evolving global sanctions regimes, we believe this will have only limited indirect impact on Cenkos and its revenue.

The principal risks to which the Company is exposed are set out on pages 13 to 16 against the backdrop of the current economic climate.

In order to mitigate the risk associated with fluctuations in the financial markets, the Company operates a flexible business model which links risk adjusted variable remuneration to corporate performance. Fixed costs are kept low and controlled, providing a strong foundation. Cenkos is not reliant on external borrowings but is funded entirely by share capital and retained earnings. The business is not capitally intensive. The trading book is tightly controlled by book limits and, apart from shares received in lieu of fees, is held for market making purposes or to facilitate client business. Cenkos has a positive cash cycle and does not run any liquidity mismatches. Cash is the largest asset on the statement of financial position and consequently its exposure to credit risk is largely due to its bank deposits before risk weighting.

Management has also performed an impact analysis as part of its going concern assessment using information available to the date of issue of these financial statements. As part of this analysis, a number of adverse scenarios have been modelled to assess the potential impact on the Company's revenue streams, in particular corporate finance fees, and on asset values, liquidity and capital adequacy. In addition, a reverse stress test has been modelled to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement or insufficient cash resources and includes an assessment of any relevant mitigations management has within their control to implement. Having performed this analysis, management believes regulatory capital requirements continue to be met and the Company has sufficient liquidity to meet its liabilities for the next 12 months from

the date when the financial statements were authorised for issue and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Cenkos Securities Employee Benefit Trust (EBT)

The Cenkos Securities Employee Benefit Trust (EBT), the Deferred Bonus Scheme EBT, the shares held in the Short-Term Incentive Plan (STIP) and the Share Incentive Plan (SIP) are included in the Company only numbers and treated as an extension of the Company rather than as a separate subsidiary company. The Company has no material subsidiaries as the remaining subsidiaries are all dormant companies, and, as a result, the Company is able to take advantage of the exemption under section 405 of the Companies Act 2006 and prepare separate financial statements for the Company only, rather than prepare both consolidated and parent company financial statements. This provides a clearer view of the financial performance and position of the Company for the users of the financial statements.

Intangible asset

Intangible assets relate to the acquisition of a client list, which was initially measured at cost being the fair value at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Amortisation is provided at rates calculated to write off the cost over its estimated useful life, which for the client list is three years.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are recognised and derecognised on trade date when the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, any transaction costs that are directly attributable to their acquisition or issue.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" ("FVTPL"), "fair value through other comprehensive income" ("FVOCI") and "amortised cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when they fail the contractual cash flow test or they are held in a business model that is to manage them and evaluate their performance on a fair value basis.

Financial assets are classified as financial assets at FVTPL – held for trading where the Company acquires the financial asset principally for the purpose of selling it in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, as well as all derivatives that are not designated as FVTPL and hedging instruments. Financial assets at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables.

Trading investments

Trading investments pertain to investment securities which are held for trading purposes. These investments comprise both long and short positions and are initially measured at fair value excluding transaction costs. Subsequently and at each reporting date, these investments are measured at their fair values, with the resultant gains and losses arising from changes in fair value being taken to the income statement. Trading investments include securities which have been received as consideration for corporate finance and other services rendered.

Derivative financial assets

Derivative financial assets include equity options and warrants over listed securities earned by the Company as part of fee arrangements. The Directors consider that the initial valuation reflects fair consideration for the services provided. All gains and losses on subsequent valuations are recorded in the income statement.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash at bank

Cash at bank comprises cash on hand and demand deposits, which are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is held for trading.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of disposal in the near future; or
- It is part of an identified portfolio of financial instruments that the Company manages together and has a recent pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value plus any transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest which is recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Trade and other payables

Trade payables are initially measured at fair value. At each reporting date, these trade payables are measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds are received, net of direct issue costs.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. If re-issued, the amount of consideration above the carrying amount is recognised in the share premium account, while if re-issued at an amount less than the carrying amount the difference is recognised in retained earnings.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the year on transactions denominated in foreign currencies are translated at the prevailing rate and included in the income statement.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost, less any provision for impairment.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

At the commencement date of a lease, the liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) is recognised. The interest expense on the lease liability and the depreciation expense on the right-of-use asset are charged to the income statement and separately recognised.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

- Leasehold improvements: Remaining term of the lease.
- Fixtures and fittings: Three years.
- IT equipment: Three years.

The carrying values of property, plant and equipment are subject to annual review and any impairment is charged to the income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax on share-based payments is recognised in the income statement up to the level of the income statement charge with any excess DTA above this being credited directly to equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

All revenue streams apart from Execution – net trading gains, are recognised in accordance with IFRS 15, to the extent that the fair value of the consideration received or receivable is expected to flow to the Company. It represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Where consideration includes financial instruments or other non-cash items, revenue is measured at fair value using an appropriate valuation method.

Corporate finance

Revenue under this caption comprises commission earned on primary and secondary capital raising and fees earned in relation to corporate advisory services, all of which are taken to the income statement at the point in time when, under the terms of the contract,

the conditions have been met such that Cenkos is entitled to the fees specified. For instance, commission earned on primary and secondary fund raisings are recognised on the later of the trade date and the date of the client's EGM to approve the transaction.

Nomad broking and research

Revenue under this caption comprises:

- Retainer fees from clients for ongoing advice and research services are taken to the income statement over the period of time on a straight-line basis when, under the terms of the contract, the conditions have been met such that Cenkos is entitled to the fees specified.
- Commission earned from trading shares on an agency basis, which is recognised at the point in time when receivable in accordance with the date of the underlying transaction.

Execution – net trading gains

Revenue under this caption comprises:

- Net trading gains, both realised and unrealised, on financial assets and financial liabilities, arrived at after taking into account attributable dividends and directly related interest are taken to income on a trade date basis.
- Dividend income from investments which is recognised when the shareholder's right to receive payment has been established.

Other operating income/(expense)

Revenue under this caption comprises fair value gains and losses on options and warrants over securities which have been received as consideration for corporate finance services rendered. The initial value of the options or warrants is posted to corporate finance revenue and any gain or loss on subsequent re-measurement posted to this caption.

Segment reporting

IFRS 8 requires that an entity discloses financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments. Cenkos is managed as an integrated UK institutional stockbroking business and although it has different revenue streams it has one consolidated reportable segment. It considers its activities to be subject to similar economic characteristics. The internal reports used by the ExCo, as chaired by the Chief Executive Officer, for the purpose of monitoring performance and allocating resources reflect that integration.

Share-based payments

The Company has applied the requirements of IFRS 2 "Share-based payments". The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The cost of these awards is measured by reference to the fair value determined at the grant date of the equity-settled share-based payments and the expected number of employees likely to become fully entitled to the award. This cost is expensed on a straight-line basis over the vesting period. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Deferred Bonus Scheme

In April 2015, Cenkos introduced a Deferred Bonus Scheme (the "Scheme"), the deferred element of any bonus award is to be held in Cenkos ordinary shares in an EBT and released to the employee evenly split on each of the three anniversaries of deferral into the Scheme. In 2019, the deferred element of any bonus was to be held in cash on the Company's statement of financial position and released in the same manner. The fair value of the cash deferral is recognised as a staff cost over a similar period with the recognition of a corresponding liability. In 2021, as in 2020, the deferred element of any bonus award is to be held in Cenkos ordinary shares in an EBT. The Company has applied the requirements of IFRS 2: Share-based payments. The cost of equity-settled and cash-settled awards are fair valued at the date of grant and expensed on a straight-line basis over the vesting period. The assets and liabilities of the EBT have been accounted for as part of the Company.

Related party disclosures

The compensation of the key management personnel of the Company and their interests in the shares and options over the shares of Cenkos Securities plc are set out in note 25.

Key management personnel comprise senior managers who are members of Executive Committee as they are able to exert significant influence over the financial and operating policies of the Company.

2. Significant accounting judgement and key sources of estimation uncertainty

The preparation of financial statements in conformity with adopted IFRS requires the use of judgements, 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 estimates.

The key sources of estimation uncertainty and areas of critical accounting judgement that could have a significant effect on the carrying amounts of assets and liabilities are set out below:

a) Equity-settled share-based payments

The fair value of share-based payments is calculated by Mercer Limited, a third-party valuation specialist, using a Monte Carlo simulation. Inputs into the model are based on management's best estimates of expected volatility and risk-free rate of return. As a measure of implied volatility of the share-based payment is not available, a measure of the historic volatility of Cenkos' share price has been used as a proxy. This expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share-based payment is indicative of future trends, which may not necessarily be the actual outcome. Further details of the Company's share-based payment schemes are provided in note 23.

b) Valuation of derivative financial assets and contractual obligations to pay away to third parties

Derivative financial assets comprise equity options and warrants over listed securities which include those received as non-cash consideration for advisory and other services. Contractual obligations to pay away to third parties relates to the obligation to pay away part of the proceeds on exercise or sale of warrants acquired. On the grant date, these instruments are fair valued. Thereafter, at each period end, where there is no traded market price, they are revalued using a Monte Carlo simulation by an external third-party specialist. Inputs to the model include share price, risk free rate of return and implied volatility. Although the underlying securities are listed, the equity options and warrants themselves are not. As a measure of implied volatility of the instrument is therefore not available, either the historic volatility of the underlying securities share price or that of a comparable company has been used as a proxy. The Directors consider that the initial valuation reflects fair consideration for the services provided. Further details of the Company's derivative financial assets are provided in note 24.

c) Revenue recognition under the Corporate Finance where a capital raising transaction straddles a period end

As stated in the accounting policies in note 1, commission earned on a primary and secondary capital raising is taken to the income statement at the point in time when, under the terms of the contract, the conditions have been met such that Cenkos is entitled to the fees specified. Where transactions straddle reporting periods consideration is given as to the point in time when Cenkos became unconditionally entitled to the fees, usually the later of the trade date and the date of the client's general meeting to approve the transaction to ensure revenue is recognised in the correct accounting period.

3. Revenue

Revenue is wholly attributable to the principal activity of the Company and arises solely within the UK.

Major Clients

In the year to 31 December 2021, one client contributed more than 10% of Cenkos' total revenue. The aggregate amount was £3.8m (2020: two clients each contributed more than 10% of Cenkos' total revenue. The aggregate amount was £8.2m).

	2021	2020
	£ 000's	£ 000's
Revenue streams		
Corporate finance	27,184	22,250
Nomad, broking and research	6,172	6,175
Total fee and commission income	33,356	28,425
Execution - net trading gains	3,869	3,229
	37,225	31,654
Total fee and commission income may be further disaggregated as follows:		
Services transferred at a point in time	28,178	23,558
Services transferred over a period of time	5,178	4,867
	33,356	28,425

All of Cenkos' contracts are either for the provision of services within the next 12 months or where revenue is recognised on the satisfaction of a performance obligation for which the practical expedient in paragraph 121(a) of IFRS 15 applies.

	Contract Assets		Contract Liabilities	
	2021	2020	2021	2020
	£ 000's	£ 000's	£ 000's	£ 000's
Movements in contract balances				
1 January	178	316	(549)	(427)
Transfer to trade and other receivables	(178)	(316)	-	-
Recognised as revenue during the period	603	178	549	427
Cash recognised in advance not recognised as revenue during the year	-	-	(646)	(549)
31 December	603	178	(646)	(549)

Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They relate to accrued and deferred client retainer fee income for ongoing advice and research services which under the terms of the contract, are billed either annually, half-yearly or quarterly in advance or in arrears. These fees are recognised in the Income statement over the period-of-time to which they relate, once the conditions have been met such that Cenkos is entitled to the fees specified which may not necessarily equal the cumulative payments received from clients at each balance sheet date.

4. Other operating (expense) / income

	2021	2020
	£ 000's	£ 000's
Initial gain on warrants acquired	1,116	-
Fair value movements of options and warrants	(2,627)	259
Fair value movement in pay away to third party	1,424	-
	(87)	259

Other operating expense includes the fair value gains and losses on options and warrants, which this year has been shown separately from execution – net trading gains under the revenue caption as the Directors believe this provides a clearer view of the performance of the business by separating out from revenue the gains and losses on level 3 instruments.

During the year, a number of warrants were acquired from a third-party and it was agreed that were any value to be realised from the sale or exercise of the warrants, a portion of the proceeds would be paid back to the third party. This is disclosed under the caption pay away to third party in the note above.

5. Investment income - interest income

	2021 £ 000's	2020 £ 000's
Interest income generated from:		
Cash and cash equivalents	1	16
Trade and other receivables	15	14
	16	30

Interest income generated from cash and cash equivalents comprises the interest generated from instant access deposits held with banks.

6. Finance costs - interest on lease liability

	2021 £ 000's	2020 £ 000's
Interest on lease liability	171	176
	171	176

The interest on lease liability represents the incremental cost of borrowing applied to the lease liability.

7. Staff costs

	2021 £ 000's	2020 £ 000's
Staff costs comprise:		
Wages and salaries	18,700	16,977
Social security costs	3,148	2,525
Compensation for loss of office *	388	597
Defined contribution pension	126	102
IFRS 2 share-based payments	2,840	2,166
Cash-settled deferred bonus payments relating to the current year	122	229
	25,324	22,596

To comply with the Pensions Act, Cenkos has enrolled all qualifying employees into a defined contribution pension scheme. Under this scheme, qualifying employees are required to contribute a percentage of their relevant earnings. The Company contributed 3% of relevant earnings (2020: 3% of relevant earnings).

Cenkos has a Deferred Bonus Scheme for all employees. As a result, £2.5m (2020: £2.2m) of staff costs have been removed from the current income statement and deferred to future years. See note 23 for further details.

	2021	2020
The average number of employees (including Executive Directors) was:		
Corporate finance	21	20
Corporate broking	35	34
Support services	35	37
	91	91

	2021 £ 000's	2020 £ 000's
The total emoluments of the highest paid Director serving during the year were:	1,533	685

Details of the remuneration of key management personnel are set out in note 25. Details of the Directors' remuneration is set out in the Remuneration Committee Report on pages 35 to 41.

8. Profit for the year

	2021 £ 000's	2020 £ 000's
Profit for the year has been arrived at after charging / (crediting)		
Operating lease rentals	-	3
Amortisation of right-to-use asset	481	481
Amortisation of intangible asset	33	34
Depreciation of property, plant and equipment	135	176
Auditors' remuneration (refer to analysis below)	277	270
Staff costs (see note 7)	25,324	22,596
Net gains from financial assets at FVTPL on trading book	(3,808)	(3,210)
Exchange differences recognised in profit or loss	(24)	(40)
Change in fair value of share options and warrants at FVTPL	(544)	(553)
Provision for impairment	83	-
	2021	2020
	£ 000's	£ 000's
The analysis of auditors' remuneration is as follows:		
Audit of financial statements	230	225
Fees payable to the auditor and their associates for the audit of the annual accounts	230	225
Other assurance services	42	42
Other non-audit advisory services, including taxation	5	3
Total fees payable to the auditor and their associates	277	270

The movement in administrative expenses is further discussed on page 12 in the Review of Performance.

Other assurance services include the fee for the review of the Interim Financial Information and CASS limited assurance report.

A description of the work of the ARCC is set out on pages 42 to 44 of this Annual Report and includes an explanation of how auditor objectivity and independence are safeguarded when non-audit services are provided by the auditor.

9. Tax

The tax charge is based on the profit for the year (see page 11 of the Review of Performance) and comprises:

	2021 £ 000's	2020 £ 000's
Current tax		
United Kingdom corporation tax at 19.00% (2020 - 19.00%) based on the profit for the year	885	671
Adjustment in respect of prior period		
United Kingdom corporation tax at 19.00% (2020: 19.00%)	1	19
Total current tax	886	690
Deferred tax		
Charge on account of temporary differences	(334)	(223)
Deferred tax prior year adjustment	-	(18)
Total deferred tax (refer to note 20)	(334)	(241)
Total tax on profit on ordinary activities from continuing operations	552	449

A reconciliation of the tax expense for 2021 and 2020, and the accounting profit multiplied by the standard rate of UK corporation tax of 19.00% (2020: 19.00%), is set out below:

	2021 £ 000's	2020 £ 000's
Profit before tax from continuing operations	3,950	2,253
Tax on profit on ordinary activities at the UK corporation tax rate of 19% (2020: 19%)	751	428
Tax effect of:		
Non-deductible expenses for tax purposes	45	35
Fair value movements in relation to the DTA on share-based payments	(44)	45
Deferred tax rate change adjustment	(201)	(59)
Adjustment in respect of prior year deferred tax	-	(18)
Adjustment in respect of prior year current tax	1	18
Tax expense for the year	552	449

The effective tax rate for the Company during the year is 14% (2020: 20%).

In addition to the tax expense presented in the income statement, the following amounts have been recognised through other comprehensive income and directly in equity:

	2021 £ 000's	2020 £ 000's
Other Comprehensive Income (OCI)		
Current tax credit arising on FVOCI financial asset	-	(6)
Statement of Changes in Equity (SOCIE)		
Deferred tax charge / (credit) arising on share-based payments	(93)	-

10. Dividends

Amounts recognised as distributions to equity holders in the year:

	2021 £ 000's	2020 £ 000's
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2020 of 2.5p (2019: 1.0p) per share	1,280	515
Interim dividend for the period to 30 June 2021 of 1.25p (June 2020: 1.0p) per share	642	512
	1,922	1,027

A final dividend of 3.0p per share has been proposed for the year ended 31 December 2021 (2020: 2.5p). The proposed final dividend is subject to approval at the Annual General Meeting and is not recognised as a liability as at 31 December 2021.

11. Earnings per share

	2021	2020
From continuing operations		
Basic earnings per share	7.1p	3.7p
Diluted earnings per share	6.0p	3.3p

The calculation of the basic and diluted earnings per share is based on the following data:

	2021 £ 000's	2020 £ 000's
Earnings from continuing operations		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders	3,398	1,804

	2021 No.	2020 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	47,965,471	49,181,282
Effect of dilutive potential ordinary shares	8,298,363	5,303,193
Weighted average number of ordinary shares for the purpose of diluted earnings per share	56,263,834	54,484,475

In accordance with IAS 33, when calculating the weighted average number of shares for the purpose of basic earnings per share, contingently issuable shares held by the SIP and DBS for the benefit of employees have been deducted. This adjustment is required by IAS 33 notwithstanding the fact that the employees have an un-forfeitable right to the dividend prior to the date of vesting from the date of grant. These contingently issuable shares have been included when calculating diluted earnings per share.

12. Property, plant and equipment

Cost	Leasehold improvements £ 000's	Fixtures and fittings £ 000's	IT equipment £ 000's	Total £ 000's
At 31 December 2019	1,818	320	1,995	4,133
Additions	-	-	41	41
At 31 December 2020	1,818	320	2,036	4,174
Additions	60	2	88	150
At 31 December 2021	1,878	322	2,124	4,324
Accumulated depreciation				
At 31 December 2019	(1,491)	(285)	(1,840)	(3,616)
Charge for the year	(55)	(23)	(98)	(176)
At 31 December 2020	(1,546)	(308)	(1,938)	(3,792)
Charge for the year	(61)	(11)	(62)	(134)
At 31 December 2021	(1,607)	(319)	(2,000)	(3,926)
Net book value				
At 31 December 2021	271	3	124	398
At 31 December 2020	272	12	98	382

13. Right-of-use assets

Present value of future lease payments	Liverpool £ 000's	Edinburgh £ 000's	London £ 000's	Total £ 000's
At 31 December 2019	13	130	5,025	5,168
At 31 December 2020	13	130	5,025	5,168
At 31 December 2021	13	130	5,025	5,168
Amortisation of right-to-use assets				
At 31 December 2019	(13)	(40)	(575)	(628)
Amortisation of right-to-use asset	-	(40)	(441)	(481)
At 31 December 2020	(13)	(80)	(1,016)	(1,109)
Amortisation of right-to-use asset	-	(40)	(442)	(482)
At 31 December 2021	(13)	(120)	(1,458)	(1,591)
Net book value				
At 31 December 2021	-	10	3,567	3,577
At 31 December 2020	-	50	4,009	4,059

The right-of-use assets represents the discounted value of the contracted payments and receipt of landlord lease incentives under the terms of the leases for the Edinburgh and London offices at the later of lease commencement, IFRS16 date of initial application and the date of the lease modification. The lease payments have been discounted by a rate equivalent to the incremental cost of borrowing. The right-of-use assets are being amortised over the remaining terms of the leases. The Edinburgh office lease expires on 18 March 2022 and the rent is fixed up until that point. New leases over the London offices were signed on 8 August 2019 for a term of 10 years to 31 January 2030, with a tenant's break option on 1 February 2025. The rent is fixed up to 1 February 2025. The Company

has taken advantage of the low value asset exemption with respect to the lease of car parking spaces at the Edinburgh Offices. Having reviewed the impact of COVID-19 on the business, the Directors do not consider there to have been an impairment of the right-to-use assets at 31 December 2020. Further details relating to the lease liability can be found in note 19.

14. Intangible asset

Cost	Total £ 000's
At 31 December 2019	100
Additions	-
At 31 December 2020	100
Additions	-
At 31 December 2021	100
Amortisation	
At 31 December 2019	(33)
Amortisation	(34)
At 31 December 2020	(67)
Amortisation	(33)
At 31 December 2021	(100)
Net book value	
At 31 December 2021	-
At 31 December 2020	33

Acquisition of client list

On 11 December 2018, Cenkos completed the acquisition of the Nominated Adviser and Corporate Broker client list of Smith & Williamson. Under the terms of the agreement, Cenkos agreed to pay Smith & Williamson deferred consideration equal to 20% of all corporate finance fees earned during the 12 months following completion from existing clients transferring to Cenkos. The estimated amount of this consideration is included as an intangible asset and within accruals under current liabilities. Following initial recognition, intangible assets are recognised at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is provided at rates calculated to write off the cost over its estimated useful life of three years. No impairment has been recognised during the year.

15. Investment in subsidiaries

Cost	Shares in subsidiary undertakings	
	2020 £ 000's	2019 £ 000's
At 31 December	1	1

The Company has investments in the following subsidiary undertakings, consisting solely of ordinary shares, of:

Direct holdings	Principal activity	Proportion of ordinary shares and voting rights held
Cenkos Nominee UK Limited	Nominee company	100%
Cenkos Securities (Trustees) Limited	Nominee company	100%
Cenkos Fund Management Limited	Dormant company	98%
Tokenhouse Limited	Dormant company	100%
Tokenhouse Stockbrokers Limited	Dormant company	100%
Tokenhouse Yard Securities Limited	Dormant company	100%
Tokenhouse Partners Limited	Dormant company	100%
THY Securities Limited	Dormant company	100%

All of these subsidiary undertakings are registered in England. The registered address for all subsidiaries is 6.7.8. Tokenhouse Yard, London EC2R 7AS. In the opinion of the Directors, the value of the investments is not less than the amount at which they are stated in the Company's statement of financial position.

The assets and liabilities of the Cenkos Securities Employee Benefit Trust (EBT), the Deferred Bonus Scheme Employee Benefit Trust and the Cenkos Securities plc Share Incentive Plan Trust (SIP) excluding the Partnership and Dividend shares (see note 23) are included in the Company Statement of Financial Position.

16. Trade and other receivables

	2021 £ 000's	2020 £ 000's
Current assets		
Financial assets		
Market and client receivables	8,432	11,478
Accrued income	184	196
Contract assets	606	178
Other receivables	700	639
	9,922	12,491
Non-financial assets		
Prepayments and other assets	625	502
	10,547	12,993

As at 31 December, the ageing analysis of financial assets is, as follows:

	Total £ 000's	Not past due £ 000's	Days past due			
			< 30 days £ 000's	30-60 days £ 000's	61-90 days £ 000's	> 91 days £ 000's
31 December 2021	9,922	8,059	1,142	183	222	316
31 December 2020	12,491	10,809	1,281	236	112	53

The average credit period taken is 22 days (2020: 19 days). The Company has recognised expected credit losses amounting to £82,910 (2020: £nil) in accordance with the requirements of IFRS 9. The amount charged to the income statement for impairment is £82,910 (2020: £nil).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Having reviewed the impact of the war in Ukraine and the global sanctions being applied to the Russian Federation, the lingering effects of COVID-19, the UK's departure from the European Union and climate change on the business, the Directors have not changed their assessment of credit risk and consequently their credit risk policy or approach.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets include retainer fee income accrued for ongoing advice to clients.

Credit risk

The Company's principal financial assets are cash at bank (see note 18), trade and other receivables and investments. The Company's credit risk is primarily attributable to its cash at bank and trade and other receivables. Trade and other receivables include amounts due from Cenkos' corporate and investment trust clients for corporate finance advisory services and Nomad, broking and research retainer fees. The amounts presented in the statement of financial position are net of allowance for impairment. An allowance for impairment is made where there is an expectation of credit losses over the remaining life of the exposure based on future expected default rates. The Company has no significant concentration of credit risk, other than those disclosed in note 24. In addition, the risk associated with financial assets is set out in note 24.

17. Other current financial assets and liabilities

	2021 £ 000's	2020 £ 000's
Financial assets at FVTPL		
Trading investments carried at fair value	4,096	4,305
Derivative financial assets - share options and warrants	3,135	1,007
	7,231	5,312
Financial liabilities at FVTPL		
Contractual obligation to acquire securities	(1,351)	(1,011)
Contractual obligation to pay away to third party	(564)	-
Contractual obligation to acquire securities	(1,915)	(1,011)

Trading investments carried at fair value included above under financial assets at FVTPL and financial liabilities at FVTPL include long positions and short positions (contractual obligations to acquire securities), respectively, in listed equity securities that present the Company with the opportunity for return through dividend income and net trading gains. The fair values of these securities are based on quoted market prices. Net trading gains from the financial assets and liabilities at FVTPL relate to market making activities and are included under Execution - Net Trading Gains in the Income Statement. The management of risk resulting from these positions is described in note 24.

Derivative financial assets include options over the shares of client companies taken in lieu of fees. See notes 1 and 2 (b) for an explanation of how they have been treated in these financial statements.

	2021 £ 000's	2020 £ 000's
Movements in net trading and FVOCI investments in the cash flow statement		
Financial assets at FVTPL	(1,919)	3,661
Financial liabilities at FVTPL	904	(829)
FVOCI investments, net of tax	(1)	24
Shares and options received in lieu of fees	1,820	11
	804	2,867

18. Cash and cash equivalents

	2021 £ 000's	2020 £ 000's
Cash and cash equivalents	33,457	32,735

Cash at bank comprises cash held by the Company and instant access bank deposits. The carrying amount of these assets approximates their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies (see note 24).

19. Trade and other payables

	2021 £ 000's	2020 £ 000's
Current liabilities		
Financial liabilities		
Trade creditors	6,781	9,404
Lease liabilities	563	584
Cash-settled deferred bonus scheme	115	145
Accruals	13,961	12,962
Other creditors	372	391
	21,792	23,486
Non-financial liabilities		
Contract liabilities	646	549
Corporation tax payable	589	485
	1,235	1,034
	23,027	24,520
Non-current liabilities		
Financial liabilities		
Lease liabilities	4,366	4,927
Cash-settled deferred bonus scheme	70	159
	4,436	5,086

	Edinburgh £ 000's	London £ 000's	Total £ 000's
Lease liabilities on a discounted basis			
At 1 January 2020	81	4,871	4,952
Accretion of interest	2	174	176
Rent prepaid and paid during the year	(42)	426	384
At 31 December 2020	41	5,471	5,512
Accretion of interest	1	170	171
Rent prepaid and paid during the year	(42)	(712)	(754)
At 31 December 2021	-	4,929	4,929
Maturity analysis of lease liabilities on an undiscounted basis			
Within one year	41	712	753
In the second to fifth years inclusive	-	2,849	2,849
After five years	-	2,745	2,745
At 31 December 2020	41	6,306	6,347
Within one year	-	712	712
In the second to fifth years inclusive	-	2,849	2,849
After five years	-	2,033	2,033
At 31 December 2021	-	5,594	5,594
The following are the amounts recognised in the income statement			
Depreciation expense on right-of-use assets	40	441	481
Interest expense on lease liabilities	2	174	176
Charge for the year ended 31 December 2020	42	615	657
Depreciation expense on right-of-use assets	40	442	482
Interest expense on lease liabilities	1	170	171
Charge for the year ended 31 December 2021	41	612	653

The lease liabilities represent the discounted value of the contractual payments and receipt of landlord lease incentives under the terms of the leases for the Edinburgh and London offices at the later of the beginning of the year or the date of the lease modification. The lease payments are offset against this liability and interest charged on the outstanding balance at a rate equivalent to the incremental cost of borrowing. For further details of the leases see note 13.

20. Deferred tax

Deferred tax arises on all taxable and deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The following are the deferred tax assets and liabilities recognised by the Company and the movement thereon during the current and prior reporting year.

	Bonus payments £ 000's	Property, plant & equipment £ 000's	Temporary differences	
			Share-based payments £ 000's	Total £ 000's
Deferred tax assets				
At 31 December 2019	555	(12)	(57)	486
Origination and reversal of temporary differences credit / (expense)	201	1	21	223
Deferred tax prior year adjustment	-	18	-	18
At 31 December 2020	756	7	(36)	727
Origination and reversal of temporary differences (expense) / credit	154	(14)	193	333
Deferred tax credit to equity	-	-	94	94
At 31 December 2021	910	(7)	251	1,154

The standard corporation tax in the UK was 19% throughout the reporting period. As announced at Budget 2020, the corporation tax rate for the fiscal years 2021 and 2022 will remain at 19%. Finance Bill 2021, which includes provision for the main rate of corporation tax to increase to 25% with effect from 1 April 2023, was substantially enacted on 24 May 2021. The deferred tax balances at 31 December 2021 have been stated at 25% and 19% as these are the expected prevailing rates when the individual temporary differences are expected to reverse.

The Company has unutilised capital losses on which a deferred tax asset has not been recognised as future utilisation of the losses is dependent on future chargeable gains. The unrecognised deferred tax asset in respect of capital losses carried forward is gross £302,261 (net £75,565 at 25%).

21. Share capital and capital redemption reserve

	2021 £ 000's	2020 £ 000's
Authorised:		
179,185,700 (2020 - 179,185,700) ordinary shares of 1p each	1,792	1,792
20,814,300 (2020 - 20,814,300) B shares of 1p each	208	208
	2,000	2,000
Allotted:		
56,694,783 (2020: 56,694,783) ordinary shares of 1p each fully paid	567	567

1 January 2020 to 31 December 2020

There were no shares issued or cancelled during the year.

1 January 2021 to 31 December 2021

There were no shares issued or cancelled during the year.

	2021 Number	2020 Number	2021 £ 000's	2020 £ 000's
Capital redemption reserve				
At 1 January	19,466,388	19,466,388	195	195
At 31 December	19,466,388	19,466,388	195	195

Nature and purpose of reserve

The capital redemption reserve was created to hold the nominal value of own shares purchased and cancelled by the Company.

22. Own shares

Own shares represent the cost of shares purchased by the Company's Employee Benefit Trust (EBT) and those transferred to the Short-Term Incentive Plan (STIP), deferred bonus scheme EBT and the Cenkos Securities plc Share Incentive Plan (SIP).

The EBT was established by the Company in 2009. It is funded by the Company and has the authority to acquire Cenkos Securities plc shares. The EBT is treated as an extension of the Company and therefore the shares held by the EBT are included under own shares in equity.

	2021		2020	
	Number of shares	Cost £ 000's	Number of shares	Cost £ 000's
Shares held by the EBT				
At 1 January	3,024,352	1,475	2,334,463	1,312
Acquired during the year	3,477,942	2,733	3,889,889	1,960
Transferred to the deferred bonus scheme and STIP EBT	(2,921,040)	(1,424)	(3,200,000)	(1,797)
At 31 December	3,581,254	2,784	3,024,352	1,475
Shares held in the deferred bonus scheme EBT				
At 1 January	2,135,982	2,279	3,346,584	2,958
Transferred in from the EBT	2,921,040	1,424	-	-
Vesting shares transferred to employees	(946,134)	(461)	-	-
Acquired during the year	375,137	334	(1,210,602)	(679)
At 31 December	4,486,025	3,576	2,135,982	2,279
Shares held in the STIP				
At 1 January	3,200,000	1,797	-	-
Vesting shares transferred to employees	(1,600,000)	(780)	3,200,000	1,797
At 31 December	1,600,000	1,017	3,200,000	1,797
Free and matching shares held by the SIP				
At 1 January	920,011	1,056	1,116,437	1,166
Dividend re-investment	(24,227)	(12)	-	-
Shares transferred to employees	(125,003)	(61)	(196,426)	(110)
At 31 December	770,781	983	920,011	1,056
At 31 December: Total own shares	10,438,060	8,360	9,280,345	6,607

23. Share-based payments

The Company has a Save-As-You-Earn (SAYE) scheme, a Share Incentive Plan (SIP), a Deferred Bonus Scheme (DBS), a Short-Term Incentive Plan (STIP), a Company Share Option Plan (CSOP) and a Long-Term Incentive Plan (LTIP) for all qualifying employees of the Company.

Save-As-You-Earn (SAYE) scheme

In May 2018, Cenkos launched a SAYE scheme, which was followed by a second scheme being launched in November 2020. Under the scheme employees may elect to save up to £500 per month from their net salary over three years. At the end of this period, employees have the option to acquire Cenkos ordinary shares at an exercise price which was set at a 20% discount to the share price at the date of the launch of the scheme. Details of the SAYE share options outstanding during the year are as follows.

	2021		2020	
	Number of shares options	Weighted average exercise price (in £)	Number of shares options	Weighted average exercise price (in £)
Outstanding at beginning of year	1,050,495	0.42	319,694	0.85
Lapsed during the year	(38,811)	0.85	(280,883)	0.85
Issued during the year	-	-	1,011,684	0.40
Forfeited during the year	(44,698)	0.40	-	-
Outstanding and exercisable at the end of the year	966,986	0.40	1,050,495	0.42

	Date of Grant	Vesting date	Date of Expiry	Remaining contractual life, months	2021	2020
					Number of shares options	Number of shares options
Options exercisable at £0.853 per share	May-18	Jul-21	Nov-21	-	-	38,811
Options exercisable at £0.4027 per share	Nov-20	Jan-24	Jun-24	30	966,986	1,011,684
Options in issue at the end of 31 December					966,986	1,050,495

The options outstanding at 31 December 2021 have a weighted average remaining contractual life of 2.5 years (2020: 3.4 years). At the date of grant, the options had an aggregate estimated fair value of £143,661 (2020: £152,081).

Share incentive plan (SIP)

In June 2014, Cenkos introduced a SIP scheme, whereby employees were invited to sacrifice up to £1,800 of earnings in order to acquire Cenkos ordinary shares ("Partnership Shares") to be held in trust. Shares acquired under this scheme were matched by Cenkos on the basis of two "Matching Shares" for every Partnership share held. In addition, employees were also offered the chance to apply for "Free Shares" to be held in trust. The SIP scheme was launched again for staff in December 2017 and completed on January 2018 on the same basis as previous schemes.

The table below gives details of the number of shares held within the scheme:

		2021	2020
		Number of shares	Number of shares
At 1 January		1,268,606	1,531,588
Contributions during the year	Dividend shares	24,227	24,486
Free and matching shares transferred to employees		(149,230)	(196,426)
Partnership and dividend shares transferred to employees		(71,338)	(91,042)
At 31 December		1,072,265	1,268,606
At 31 December			
SIP shares allocated to individuals		861,352	1,040,060
Forfeited shares held by SIP		210,913	228,546
		1,072,265	1,268,606

Deferred bonus scheme (DBS)

In April 2015, Cenkos introduced a Deferred Bonus Scheme (the "Scheme"), whereby a percentage of staff bonus awards was deferred over a three-year period. The deferred element of any bonus award being released to the employee evenly split on each of the three anniversaries of deferral into the Scheme. With respect to 2021, the deferred element of bonus awards was either held in Cenkos ordinary shares in an EBT or into cash. The fair value of the deferral at the date of grant is charged to the Income Statement as a staff cost over the service period with a corresponding amount credited to reserves where equity-settled or recognised as a liability where cash-settled.

Under the Scheme, £2.49 million of 2021 bonus was deferred (2020: £2.19 million), in aggregate £3.54 million (2020: £2.62 million) will be charged to the P&L in future years over the life of the scheme.

	2021			
	Amount brought forward from prior years £ 000's	Gross bonus deferred £ 000's	Charge to income statement £ 000's	Amount to be charged in future years £ 000's
2018, 2019 & 2020 Bonus deferral into cash	270	-	80	190
2021 Bonus deferral into cash	-	130	42	88
	270	130	122	278
2017, 2018, 2019 & 2020 Bonus deferral into shares	2,349	-	668	1,681
2021 Bonus deferral into shares	-	2,353	775	1,578
2017 - 2021 Bonus deferral into shares	2,349	2,353	1,443	3,259
	2,619	2,483	1,565	3,537

	2020			
	Amount brought forward from prior years £ 000's	Gross bonus deferred £ 000's	Charge to income statement £ 000's	Amount to be charged in future years £ 000's
2016, 2018 & 2019 Bonus deferral into cash	473	-	220	253
2020 Bonus deferral into cash	-	26	9	17
	473	26	229	270
2016, 2017, 2018 & 2019 Bonus deferral into shares	1,307	-	409	898
2020 Bonus deferral into shares	-	2,162	711	1,451
2016-2020 Bonus deferral into shares	1,307	2,162	1,120	2,349
	1,780	2,188	1,349	2,619

	2021 Number of shares	2020 Number of shares
Shares held in the deferred bonus scheme EBT		
At 1 January	2,135,982	3,346,584
Shares acquired during the year to settle prior year scheme awards	3,296,177	-
Vesting shares transferred to employees	(946,134)	(1,210,602)
At 31 December	4,486,025	2,135,982

Short Term Incentive Plan (STIP)

In April 2020, Cenkos introduced a Short-Term Incentive Plan (STIP) as a one-off plan to retain and incentivise key members of staff. Under the plan, share awards were made using shares already held in the EBT, which will vest on the first and second anniversaries of grant. The fair value of the deferral is charged to the Income Statement as a staff cost over the service period with the recognition of a corresponding credit to reserves.

	2021 Number of shares	2020 Number of shares
Shares held in the STIP		
At 1 January	3,200,000	-
Shares acquired during the year to settle scheme awards	-	3,200,000
Vesting shares transferred to employees	(1,600,000)	-
Forfeited shares held by	-	-
At 31 December	1,600,000	3,200,000

Company Share Option Plan (CSOP)

The plan provides for the grant of HMRC tax advantaged and non-tax advantaged share options. In March 2021, under the plan, share options were awarded to all employees with an exercise price equivalent to the share price at the date of grant. The options vest after 3 years subject to the achievement of a performance condition over that period based on an Absolute TSR (Total Shareholder Return) target. Comprehensive malus and clawback provisions have been included. The options granted under the plan were fair valued at the date of grant and charged to the Income Statement as a staff cost over the vesting period with a corresponding credit recognised in reserves.

Details of the CSOP share options outstanding during the year are as follows:

	2021		2020	
	Number of shares options	Weighted average exercise price (in £)	Number of shares options	Weighted average exercise price (in £)
Outstanding at beginning of year	-	-	-	-
Issued during the year	5,112,500	0.74	-	-
Forfeited during the year	(740,000)	0.74	-	-
Outstanding and exercisable at the end of the year	4,372,500	0.74	-	-

					2021	2020
	Date of Grant	Vesting date	Date of Expiry	Remaining contractual life, months	Number of shares options	Number of shares options
Options exercisable at £0.735 per share	Mar-21	Mar-24	Mar-31	27	4,372,500	-

Long Term Incentive Plan (LTIP)

In April 2021, under the plan, nil paid share options were awarded to Executive Directors', senior managers and other key staff. The LTIP awards are split into three tranches, vesting only on the satisfaction of performance conditions, measured over a period of three, four or five years respectively. The performance conditions are based on the achievement of certain Absolute TSR (Total Shareholder Return) targets. Comprehensive malus and clawback provisions have been included along with an additional two-year holding period for Executive Directors and certain other senior managers. The options granted under the plan were fair valued at the date of grant and charged to the Income Statement as a staff cost over the vesting period of each tranche with a corresponding credit recognised in reserves.

Details of the LTIP share options outstanding during the year are as follows:

	2021		2020	
	Number of shares options	Weighted average exercise price (in £)	Number of shares options	Weighted average exercise price (in £)
Outstanding at beginning of year	-	-	-	-
Issued during the year	5,070,000	-	-	-
Forfeited during the year	-	-	-	-
Outstanding and exercisable at the end of the year	5,070,000	-	-	-

	Date of Grant	Vesting date	Date of Expiry	Remaining contractual life, months	2021	2020
					Number of shares options	Number of shares options
Options exercisable at £nil per share	Apr-21	Apr-24	Apr-31	27	-	-
Options exercisable at £nil per share	Apr-21	Apr-25	Apr-31	39	-	-
Options exercisable at £nil per share	Apr-21	Apr-26	Apr-31	51	-	-

During the year the Company recognised expenses of £2,839,560 (2020: £2,165,890) related to equity-settled share-based payment transactions. These consist of charges in respect of the SAYE scheme of £43,683 (2020: credit £24,206), the SIP schemes of £643 (2020: £140,462), the STIP scheme of £542,639 (2020: £929,218), the CSOP scheme of £288,296 (2020: £nil), the LTIP scheme of £521,536 (2020: £nil) and the deferred bonus scheme of £1,442,763 (2020: £1,120,416).

In addition, the Company recognised expenses of £122,990 (2020: £228,858) related to cash-settled payment transactions of the deferred bonus scheme.

24. Financial instruments

Capital risk management

The Company manages capital to ensure that it will be able to continue as a going concern while aiming to maximise the return to stakeholders. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. At present the Company has no gearing and it is the responsibility of the Board to review the Company's gearing levels on an ongoing basis.

Externally imposed capital requirement

The Company is required to retain sufficient capital to satisfy the FCA capital requirements. These requirements vary from time to time depending on the business conducted by the Company. The Company always retains a buffer above the FCA minimum requirements and has complied with these requirements during and subsequent to the period under review.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management objectives

The Chief Executive Officer monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including price risk), credit risk and liquidity risk. Summaries of these reports are reviewed by the Board. Compliance with policies and exposure limits is reviewed by the Chief Executive Officer and senior management on a continuous basis.

Interest rate risk management

The Company is exposed to interest rate risk because it has financial instruments on its statement of financial position which are at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate instruments.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity and interest rate risk table section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate assets, the analysis is prepared based on the average rate due on the asset or liability through the year. A 25 basis points increase or decrease is considered reasonable by senior management as it represents their assessment of significant change in interest rates prompted by economic events.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2021 would increase/decrease by £0.06m (2020: increase/decrease by £0.03m). This is attributable to the Company's exposure to interest rates on its variable rate instruments.

Market risk (including equity price risks)

The Company is exposed to market risk arising from short-term positions in market making stocks in predominantly AIM quoted companies. The Company has a low market risk appetite and manages this risk by establishing individual stock position limits and overall trading book limits. It is exposed to equity price risk arising from these equity investments, which present the Company with opportunity for return through dividend income and net trading gains.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date and, in the opinion of senior management, a material movement in equity prices. This is based on the largest fall in the All-Share AIM index in one day and over a two week period. These parameters are also considered in the Company's ILAA.

If equity prices had been 25% higher/lower, net profit for the year ended 31 December 2021 would have been £1.33m higher/lower (2020: £1.08m higher/lower) due to change in the value of FVTPL held for trading investments.

The Company's exposure to equity price risk is closely managed. The Company has built a framework of overall and individual stock limits and these along with Value at Risk metrics are actively monitored by senior management on a daily basis. This framework also limits the concentration of risks. The Company's overall exposure to equity price risk is set by the Board.

Foreign currency risk

The Company has limited exposure to foreign currency risk arising from short-term positions in market making stocks and cash balances denominated in US Dollars and Euros. The Company has a low appetite for foreign currency risk and manages this risk by establishing individual stock position limits and maintaining sufficient foreign currency only to cover its immediate needs and those of its clients.

Foreign currency risk sensitivity analysis

If foreign exchange rates had been 25% higher/lower, net profit for the year ended 31 December 2021 would have been £0.89m higher/lower (2020: £0.23 million higher / lower) due to change in the value of FVTPL held for trading foreign currency denominated investments and cash balances. A 25% movement in currency rates is considered reasonable by senior management as it represents their assessment of significant change in foreign exchange rates prompted by economic events.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. These parties may default on their obligations due to the bankruptcy, lack of liquidity, operational failure and other reasons. The exposure of the Company to its counterparties is closely monitored and the limits set to minimise the concentration of risks. An allowance for impairment is made where there is an expectation of credit losses over the remaining life of the exposure.

The majority of the Company's credit risk arises from the settlement of security transactions. However, the settlement model primarily used by the Company does not expose the Company to counterparty risk as a principal to a trade. Rather, the Company's exposure lies solely with Pershing Securities Limited (Pershing), a wholly owned subsidiary of the Bank of New York Mellon Corporation, a AA- (2020: AA-) rated bank. In addition, in circumstances in which the Company does act as principal when acting as a market maker, the counterparty will normally be an FCA regulated market counterparty rather than a corporate or individual trader. The Company does not have any significant credit risk exposure to any single counterparty with the exception of Pershing.

Cash resources also give rise to potential credit risk. The Company's cash balances are held with HSBC Bank plc (an AA- rated bank), Royal Bank of Scotland plc (an A+ rated bank) and Barclays Bank plc (an A+ rated bank). The banks with which the Company deposits money are reviewed at least annually by the Board and are required to have at least an investment grade credit rating. To limit the concentration risk in relation to cash deposits, the maximum amount which may be deposited with any one financial institution is set at no more than 100% of the Company's regulatory capital.

Trade receivables not related to the settlement of market transactions consist almost entirely of outstanding corporate finance fees and retainers and are spread across a wide range of industries. Contract assets consist almost entirely of accrued corporate finance fees and retainers and are spread across a wide range of industries. All new corporate finance clients are subject to a review by the New Business Committee. This Committee considers, amongst other issues, the financial soundness of any client taken on.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained. Having reviewed the impact of COVID-19 on the business, the Directors have not changed their assessment of credit risk and consequently their credit risk policy or approach.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The table below summarises the Company's exposure to credit risk by asset class and credit rating. All assets within each class are uncollateralised.

Exposure to credit risk		2021	2020
		£ 000's	£ 000's
Derivative financial assets - share options and warrants	Unrated	3,135	1,007
Market and client receivables	Unrated	6,429	9,270
Market and client receivables	AA-	1,897	1,808
Market and client receivables	A+	259	154
Market and client receivables	BBB+	-	246
Accrued income	Unrated	187	196
Contract assets	Unrated	603	178
Other receivables	Unrated	547	639
Cash and cash equivalents	AA-	20,342	21,620
Cash and cash equivalents	A+	13,115	11,115
Cash and cash equivalents	A	-	-
		46,514	46,233

The expected credit losses in relation to the above credit exposures amount to £ nil (2020: £nil).

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board. It has, however, delegated day-to-day management to the Chief Executive Officer. The Company has in place an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Given the nature of the Company's business, it does not run any material liquidity mismatches, financial liabilities are on the whole short-term and the Company has sufficient liquid assets to cover all of these liabilities.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay. The table includes both interest and principal cash flows. The tables also detail the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. No maturity date has been listed where there is no contractual maturity for the financial assets.

	Weighted average effective interest rate	No Maturity Date £ 000's	Within 1 year £ 000's	Within 5 years £ 000's	After 5 years £ 000's	Total £ 000's
31 December 2021						
FVOCI financial assets	NIB	-	-	-	-	-
Financial assets at FVTPL	NIB	4,096	117	3,018	-	7,231
Trade and other receivables	NIB, FIRI	-	9,922	-	-	9,922
Financial liabilities at FVTPL	NIB	-	(1,915)	-	-	(1,915)
Trade and other payables	NIB	-	(21,792)	(2,919)	(2,033)	(26,744)
Cash at bank	VIRI(0%)	-	33,457	-	-	33,457
		4,096	19,789	99	(2,033)	21,951

NIB - Non-interest bearing

VIRI - Variable interest rate instruments

FIRI - Fixed interest rate instruments

	Weighted average effective interest rate	No Maturity Date £ 000's	Within 1 year £ 000's	Within 5 years £ 000's	After 5 years £ 000's	Total £ 000's
31 December 2020						
FVOCI financial assets	NIB	-	-	-	-	-
Financial assets at FVTPL	NIB	4,305	-	1,007	-	5,312
Trade and other receivables	NIB, FIRI	-	12,491	-	-	12,491
Financial liabilities at FVTPL	NIB	-	(1,011)	-	-	(1,011)
Trade and other payables	NIB	-	(23,486)	(3,008)	(2,745)	(29,239)
Cash at bank	VIRI(0%)	-	32,735	-	-	32,735
		4,305	20,729	(2,001)	(2,745)	20,288

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value hierarchy

All financial instruments carried at fair value are placed in three categories, defined as follows:

Level 1 – Quoted market prices

Level 2 – Valuation techniques (market observable)

Level 3 – Valuation techniques (non-market observable)

The Company held the following financial instruments measured at fair value:

	2021			Total £ 000's
	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	
FVOCI financial assets	-	-	-	-
Financial assets at FVTPL:				
Market and client receivables	8,586	-	-	8,586
Derivative financial assets - share options and warrants	-	-	3,135	3,135
Non-derivative financial assets held for trading	4,096	-	-	4,096
	12,681	-	3,135	15,816
Financial liabilities at FVTPL:				
Contractual obligation to acquire securities	1,351	-	-	1,351
Contractual obligation to pay away to third party	-	-	564	564
	1,351	-	564	1,915

	2020			Total £ 000's
	Level 1 £ 000's	Level 2 £ 000's	Level 3 £ 000's	
FVOCI financial assets	-	-	60	60
Financial assets at FVTPL:				
Market and client receivables	11,478	-	-	11,478
Derivative financial assets - share options and warrants	-	-	1,007	1,007
Non-derivative financial assets held for trading	4,305	-	-	4,305
	15,783	-	1,007	16,790
Financial liabilities at FVTPL:				
Contractual obligation to acquire securities	1,011	-	-	1,011

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 categorisation (based on the lower-level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy

	Share options and warrants £ 000's	Pay away to third party £ 000's	Total £ 000's
Opening balance 1 January 2021	1,007	-	1,007
Disposal of warrants	(908)	496	(412)
Exercise of warrants	(219)	-	(219)
Options and warrants received in lieu of fees	1,650	-	1,650
Fair value of warrants acquired	3,105	(1,989)	1,116
Fair value movement recognised in income statement	(1,500)	928	(572)
Closing balance 31 December 2021	3,135	(565)	2,570

	Unlisted securities at FVTPL £ 000's	Unlisted securities at FVOCI £ 000's	Share options and warrants £ 000's	Total £ 000's
Opening balance 1 January 2020	101	60	567	728
Disposal of unlisted securities	-	(25)	-	(25)
Change in fair value recognised in Comprehensive income	-	(35)	-	(35)
Shares transferred from level 3 following the re-admission of shares to trading	(101)	-	-	(101)
Exercise of warrants	-	-	(294)	(294)
Unlisted shares, options and warrants received in lieu of fees	-	-	181	181
Fair value gain	-	-	553	553
Closing balance 31 December 2020	-	-	1,007	1,007

Level 3 financial instruments consist of derivative financial assets and shares with no quoted market price.

The unlisted equity shares are classified as Level 3 within the fair value hierarchy. A number of valuation techniques have been used to provide a range of possible values for the investments in accordance with the International Private Equity and Venture Capital (IPEV) valuation guidelines. The carrying values have been adjusted to values within these ranges. There have been no other factors brought to the Board's attention which would suggest that there has been a further fall in fair value which has not been recognised in these financial statements.

The derivative financial assets are carried as financial assets at FVTPL classified as Level 3 within the fair value hierarchy and comprise equity options and warrants over listed securities.

Impact of reasonably possible alternative assumptions

The significant unobservable input used in the fair value measurement of Cenkos' holdings of share options and warrants is the volatility measure. Significant increases/decreases in the volatility measure would result in a significantly higher/lower fair value measurement.

A sensitivity analysis based on a 25% increase/decrease in the volatility measure used as an input in the valuation of the share options and warrants shows the impact of such a movement would be an increase of £1.27m or a decrease of £0.64m respectively to the profit in the income statement.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments measured at fair value on an ongoing basis include trading assets and liabilities and financial investments classified as FVOCI.

Financial instruments are valued using models where one or more significant inputs are not observable. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value

measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are “non-observable”. For these instruments, the fair value derived is more judgemental. “Non-observable” in this context means that there are few or no current market data available from which to determine the level at which an arm’s length transaction would be likely to occur. It generally does not mean that there is absolutely no market data available upon which to base a determination of fair value (historical data may, for example, be used). Furthermore, the assessment of hierarchy level is based on the lowest level of input that is significant to the fair value of the financial instrument.

The valuation models used where quoted market prices are not available incorporate certain assumptions that the Company anticipates would be used by a third-party market participant to establish fair value.

	Fair value at 31 December 2021 £ 000's	Valuation Technique	Unobservable input	Range
Share options and warrants	3,135	Monte Carlo simulation	Volatility	38-71%
Pay away to third party	(564)	% value of related warrant	Value of related warrant	n/a
	2,571			

25. Related party transactions

Transactions with related parties are made at arm's length. There were no outstanding balances with related parties at the year-end (2019: none). There have been no guarantees provided or received for any related party receivables or payables. The Board includes those employees considered to be key management personnel. The compensation of the key management personnel of the Company (including the Directors) and their interests in the shares and options over the shares of Cenkos Securities plc were as follows:

	2021 £ 000's	2020 £ 000's
Aggregate emoluments	2,478	1,556

To comply with the Pensions Act, all qualifying employees are enrolled in a pension scheme. Under the scheme, qualifying employees are required to contribute a percentage of their relevant earnings. The Company also contributes 3% (2019: 3%) of relevant earnings. During the year ended 31 December 2021, Cenkos paid £2,642 (2020: £833) into this scheme in respect of the Directors.

Related party interests in ordinary shares of Cenkos Securities plc	2021 No.	2020 No.
Number of shares	2,052,273	6,548,421
Percentage interest	4%	12%

The related party interests in ordinary shares of Cenkos Securities plc include the following interests held in the SIP scheme:

	No. of shares held subject to forfeiture conditions		No. of shares held	
	2021 No.	2020 No.	2021 No.	2020 No.
Related party interests in SIP	27,116	6,594	27,116	18,842
Related party interests in STIP	293,000	586,000	293,000	586,000
Related party interests in DBS	456,630	222,808	456,630	222,808

Related party interests in share options	Exercise price	Grant date	Earliest exercise date	Latest exercise date	2021 No.	2020 No.
SAYE Scheme	£0.40	17/11/2020	01/01/2024	30/06/2024	89,936	44,698
LTIP Scheme	£ nil	08/04/2021	08/04/2024	07/04/2031	656,667	-
LTIP Scheme	£ nil	08/04/2021	08/04/2025	07/04/2031	656,667	-
LTIP Scheme	£ nil	08/04/2021	08/04/2026	07/04/2031	656,667	-
CSOP Scheme	£0.74	26/03/2021	26/03/2024	25/03/2031	80,000	-

26. Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

It is not expected that the amendments listed above, once adopted, will have a material impact on the financial statements.

27. Events after the reporting period

There were no material events to report on that occurred between 31 December 2021 and the date at which the Directors signed the Annual Report.

28. Contingent liabilities

From time to time the Company may become subject to various litigation, regulatory or employment related claims. The Directors have considered any current matters pending against the Company. Based on the evidence available, the facts and circumstances and insurance cover available, the Board has concluded that the outcome of these will be resolved with no material impact on the Company's financial position or results of operations.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Cenkos Securities plc (the "Company") will be held at 6.7.8 Tokenhouse Yard, London EC2R 7AS on 11 May 2022 at 9.30 am (the "Meeting") for the transaction of the following business:

To consider and, if thought fit, to pass the following Resolutions, each of which will be proposed as an ordinary resolution, save for Resolutions 11 and 12 which will be proposed as special resolutions:

1. That the Company's Annual Accounts for the year ended 31 December 2021, together with the Directors' Report and the Auditor's Report on those accounts, be received.
2. That the final dividend recommended by the Directors of 3.0p per ordinary share for the year ended 31 December 2021 be declared payable on 23 June 2022 to the holders of ordinary shares registered at the close of business on 27 May 2022.
3. That Andrew Boorman be re-elected as a Director of the Company.
4. That Jeremy Miller be re-elected as a Director of the Company.
5. That Julian Morse be re-elected as a Director of the Company.
6. That Lisa Gordon be re-elected as a Director of the Company.
7. That Jeremy Osler be elected as a Director of the Company.
8. That BDO LLP be re-appointed as auditor to the Company until the conclusion of the next Annual General Meeting of the Company.
9. That the Directors be authorised to fix the auditor's remuneration.
10. That the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company:
 - 10.1 up to a nominal amount of £188,982.00; and
 - 10.2 comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £188,982.00 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 to allot securities under paragraphs 10.1 and 10.2 will expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 or, if earlier, at 6.00pm on 11 August 2023 (unless previously renewed, varied or revoked by the Company at a general meeting). The Company may before these authorities expire, make an offer or enter into an agreement which would or might require such securities to be allotted after such expiry and the Directors may allot such securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.
11. That, subject to the passing of Resolution 10 set out in the Notice convening the Meeting, the Directors be and are empowered in accordance with section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that Resolution 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) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this Resolution shall be limited to:
 - 11.1 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 Resolution 10.2 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, in each case subject only to such limits, restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

- 11.2 the allotment of equity securities for cash (otherwise than pursuant to sub-paragraph 11.1 above) up to an aggregate nominal value not exceeding £28,347.00,

and these authorities shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2023 or, if earlier, at 6.00pm on 11 August 2023, but shall extend to the making, before such expiry of an offer or agreement that 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 authority conferred hereby had not expired.

12. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 (the “Act”) to make market purchases (as defined in section 693 of the Act) of ordinary shares of 1 penny each in the capital of the Company (“ordinary shares”) provided that:

- 12.1 the maximum number of ordinary shares hereby authorised to be purchased is 5,663,808;
- 12.2 the minimum price (exclusive of expenses) that may be paid for such ordinary shares is 1 penny per ordinary share, being the nominal amount thereof;
- 12.3 the maximum price (exclusive of expenses) that may be paid for such ordinary shares shall be an amount equal to the higher of (i) 5% above the average of the middle market quotations for such shares taken from the AIM appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out;
- 12.4 the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this Resolution is passed; and
- 12.5 the Company may make a contract to purchase its own ordinary shares under the authority conferred by this Resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract.

By order of the Board
Stephen Doherty
Company Secretary
17 March 2022

Registered office:
6.7.8 Tokenhouse Yard
London
EC2R 7AS

Notes in respect of Coronavirus and the Annual General Meeting

Whilst the Board hope and expect to be able to welcome shareholders in person to the Annual General Meeting, in light of the uncertainty caused by the COVID-19 pandemic, the arrangements may be subject to change at short notice. If any changes are required to the holding of the Annual General Meeting these will in the first instance be detailed on the Company's website <https://www.Cenkos/investor/agm>. Due to the ongoing uncertainty, the Board encourages shareholders to appoint the Chair of the AGM as their proxy (either electronically or by post) with their voting instructions.

We are, as always, committed to engagement with our shareholders. If you have questions which you would like to discuss in advance of the Annual General Meeting, please contact the Company Secretary by email on Secretariat@Cenkos.com or send it in writing with your Form of Proxy to the Registrar, to arrive no later than two days in advance of the AGM. The Company Secretary will pass your questions on to the appropriate person at the Company who will endeavour to respond as soon as practicable. Responses will either be made by return email or published on our investors' website at www.Cenkos.com/investors, as deemed appropriate by the Board.

Notes in respect of casting proxy votes

- A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his/her place. A proxy need not be a member of the Company.
- A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
- To appoint a proxy you may use the Form of Proxy enclosed with this Notice. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 9.30 am on 9 May 2022 (being not less than 48 hours before the Meeting, not including any part of a day that is not a working day), or in the event of any adjournment not less than 48 hours (excluding any part of a day that is not a business day) before the time appointed for holding the adjourned meeting, at the offices of the Company's registrars, Link Group PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. Completion of the Form of Proxy will not prevent you from attending and voting in person.
- CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST-sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and International's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10), by the latest time for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and International does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001 (as amended).

Appointment of a proxy through CREST will not prevent a member from attending and voting in person, should this be permitted under applicable COVID-19 restrictions.

- To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company by close of business on 9 May 2022 (or, in the event of any adjournment on the date which is two days before the time of the adjourned Meeting, excluding non-business days).

Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

- In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- As at 17 March 2022 (being the last business day prior to publication of the Notice), the Company's issued share capital consists of 56,694,783 ordinary shares of one penny each, carrying one vote each. No shares are held in treasury. Therefore, the total voting rights in the Company as at 17 March 2022 are 56,694,783.

Explanatory notes to the Notice of Annual General Meeting

Resolution 1

Company's Annual Report and Accounts 2021 (ordinary resolution)

Company law requires the Directors to present to the Annual General Meeting the Annual Accounts, the Directors' Report and the Auditor's Report on those accounts.

Resolution 2

Final dividend (ordinary resolution)

The payment of a final dividend of 3.0p per ordinary share in respect of the year ended 31 December 2021, which is recommended by the Board, requires the approval of the shareholders at the Annual General Meeting.

Resolution 3 to 7

Re-election and election of Directors (ordinary resolutions)

The Articles require that all serving Directors should submit themselves for re-election and election each year. At the Annual General Meeting, Andrew Boorman, Jeremy Miller, Julian Morse and Lisa Gordon will retire and submit themselves for re-election and Jeremy Osler, who was appointed since the last AGM, will submit himself for election. Resolutions 3 to 7 propose their re-elections and elections.

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 seeking re-election or election can be found on page 29 and 30 of the 2021 Annual Report.

Resolutions 8 and 9

Re-appointment of auditor and determination of their remuneration (ordinary resolutions)

The Company is required to appoint an auditor at each Annual General Meeting at which accounts are presented, to hold office until the conclusion of the next such meeting. The Audit, Risk and Compliance Committee (ARCC) has reviewed the effectiveness, independence and objectivity of the external Auditor, BDO LLP, on behalf of the Board. Resolution 8 proposes the re-appointment of BDO LLP as the Company's Auditor and Resolution 9 authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the Auditors. In practice, the ARCC will consider the audit fees for recommendation to the Board.

Resolution 10

Authority to allot shares (ordinary resolution)

Resolution 10 asks shareholders to grant the Directors authority under section 551 of the Companies Act 2006 (the "Act") to allot shares or grant subscription or conversion rights as are contemplated by section 551 (a) and (b) of the Act respectively up to a maximum aggregate nominal value of £377,964, being approximately 66% of the nominal value of the issued share capital of the Company as at 17 March 2022 (being the latest practicable date prior to the publication of this document), £188,982 of this authority is reserved for a fully pre-emptive rights issue. This is the maximum permitted amount under best practice corporate governance guidelines. The authority will expire at the end of the Annual General Meeting of the Company in 2023 or, if earlier, at 6.00 pm on 11 August 2023. The Directors have no present intention of exercising such authority. The Resolution replaces a similar resolution passed at the Annual General Meeting held in 2021.

Resolution 11

Disapplication of pre-emption rights (special resolution)

If the Directors wish to allot new shares or other equity securities for cash or sell any shares which the Company holds in treasury following a purchase of its own shares pursuant to the authority in Resolution 12 below (or otherwise), the Act requires that such shares or other equity securities are offered first to existing shareholders in proportion to their existing holding. Resolution 11 asks shareholders to grant the Directors authority to allot equity securities for cash up to an aggregate nominal value of £28,347 (being approximately 5% of the Company's issued share capital as at 17 March 2022) without first offering the securities to existing shareholders. The Resolution also disapplies the statutory pre-emption provisions in connection with a rights issue, but only in relation

to the amount permitted under Resolution 10.2, and allows the Directors, in the case of a rights issue, to make appropriate arrangements in relation to treasury shares, fractional entitlements, record dates or other legal, regulatory or practical problems which might arise. 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 per cent. of the Company's issued ordinary share capital in any rolling three-year period without prior consultation with shareholders. The authority will expire at end of the Annual General Meeting of the Company in 2023 or, if earlier, at 6.00pm on 11 August 2023. The Resolution replaces a similar resolution passed at the Annual General Meeting of the Company held in 2021.

Resolution 12

Authority to purchase the Company's own ordinary shares (special resolution)

Resolution 12 to be proposed at the Annual General Meeting seeks authority from shareholders for the Company to make market purchases of its own ordinary shares, such authority being limited to the purchase of 9.99% of the ordinary shares of 1 penny each in issue as at 17 March 2022. The maximum price payable for the purchase by the Company of its own ordinary shares will be limited to the higher of 5% above the average of the middle market quotations of the Company's ordinary shares, as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange, for the five business days prior to the purchase and the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out.

The minimum price payable by the Company for the purchase of its own ordinary shares will be 1 penny per ordinary share (being the nominal value of an ordinary share). The authority to purchase the Company's own ordinary shares will only be exercised if the Directors consider there is likely to be a beneficial impact on the earnings per ordinary share and that it is in the best interests of the Company at the time. This Resolution renews a similar resolution passed at the Annual General Meeting held in 2021. The Company is allowed to hold in treasury any shares purchased by it using its distributable profits. Such shares will remain in issue and will be capable of being re-sold by the Company or used in connection with certain of its share schemes. The Company would consider, at the relevant time, whether it was appropriate to take advantage of this ability to hold the purchased shares in treasury.

Options to subscribe for 10,387,138 ordinary shares have been granted and are outstanding as at 17 March 2022 (being the latest practicable date prior to publication of this document) representing 18.32% of the issued ordinary share capital at that date. If the Directors were to exercise in full the power for which they are seeking authority under Resolution 12, the options outstanding as at 17 March 2022 would represent 20.35% of the ordinary share capital in issue following such exercise.

Information for shareholders

Directors	Lisa Gordon Andrew Boorman Jeremy Miller Julian Morse Jeremy Osler	(Non-executive Chairman) (Non-executive Director) (Non-executive Director) (Chief Executive Officer) (Executive Director)
Company Secretary	Stephen Doherty	
Anticipated Financial Calendar	March May June September November	Year-end results announced Annual General Meeting Final dividend paid Half-year results announced Interim dividend paid
Company Registration Number and Country of Incorporation	05210733, England	
Registered Office	6.7.8 Tokenhouse Yard London EC2R 7AS	
Banker	HSBC Corporate Banking 60 Queen Victoria Street London EC4N 4TR	
Solicitors	Simmons & Simmons City Point 1 Ropemaker Street London EC2Y 9SS	
	Travers Smith LLP 10 Snow Hill London EC1A 2AL	
Auditors	BDO LLP 55 Baker Street London W1U 7EU	
Registrars	Link Asset Services The Registry 10 th Floor Central Square 29 Wellington Street Leeds LS1 4DL	
Nominated Adviser	Spark Advisory Partners Limited 5 St John's Lane London EC1M 4BH	
Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS	
Website	www.cenkos.com	



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