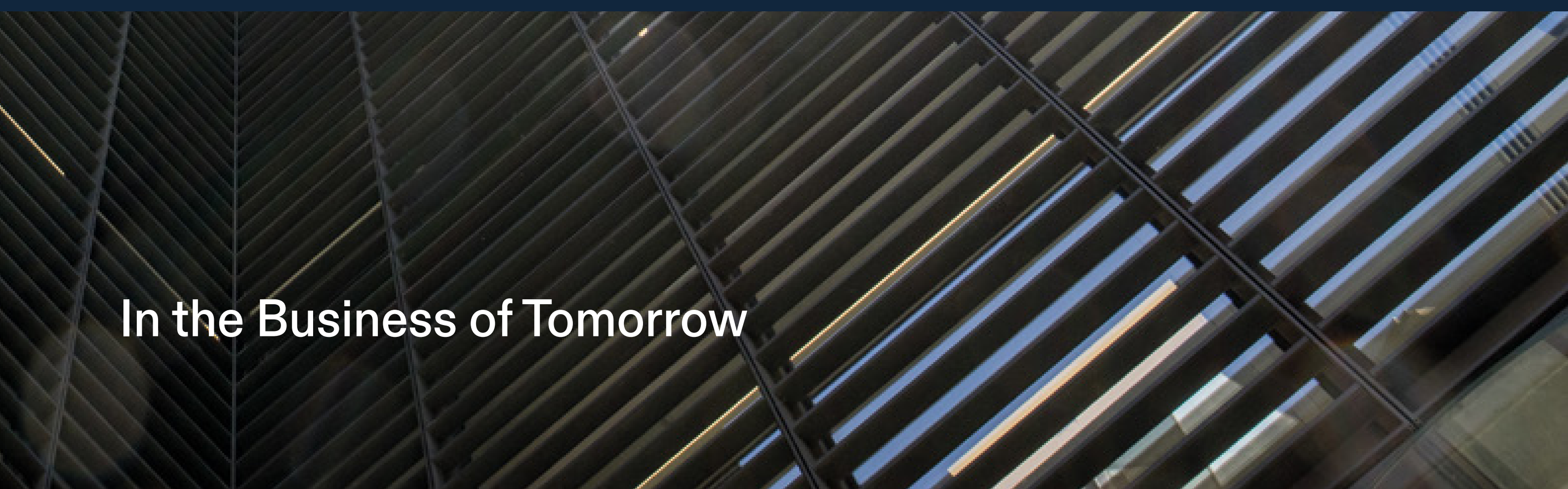
finnCap GROUP PLC

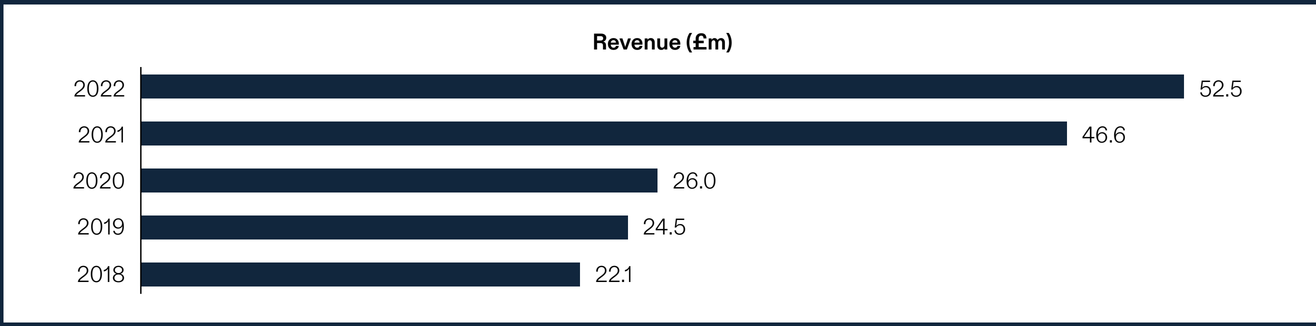
Report and Accounts

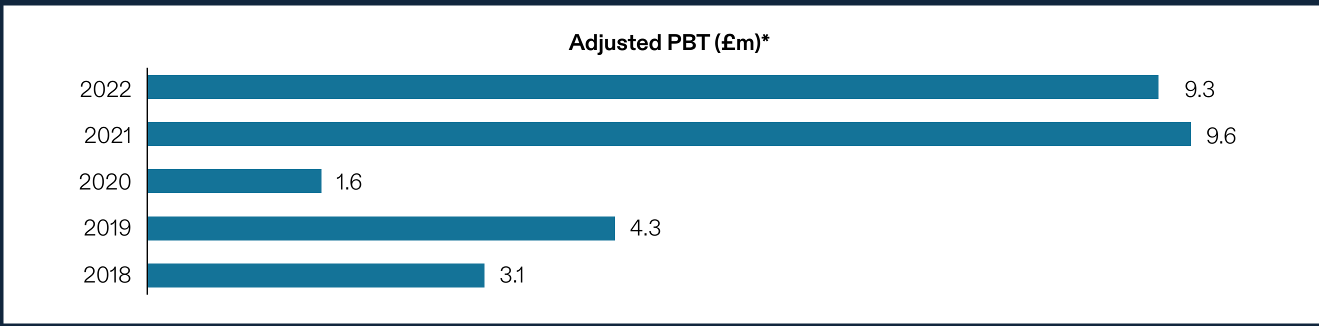
For the year ended 31 March 2022

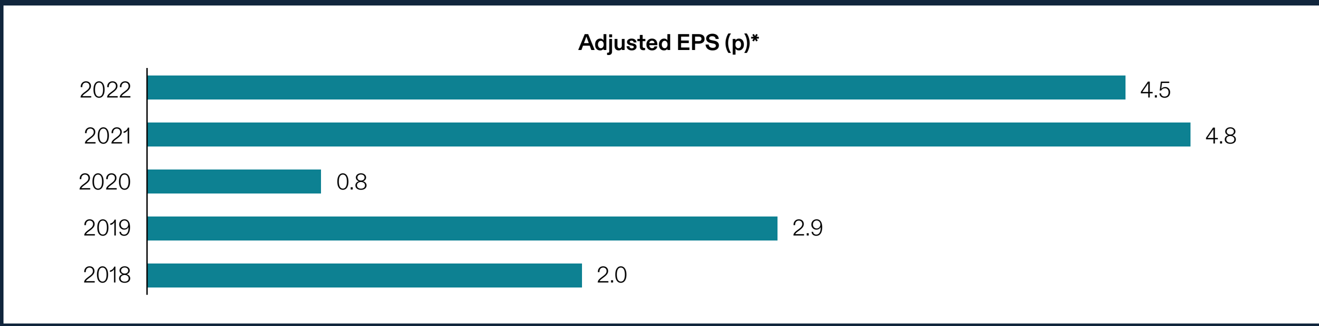


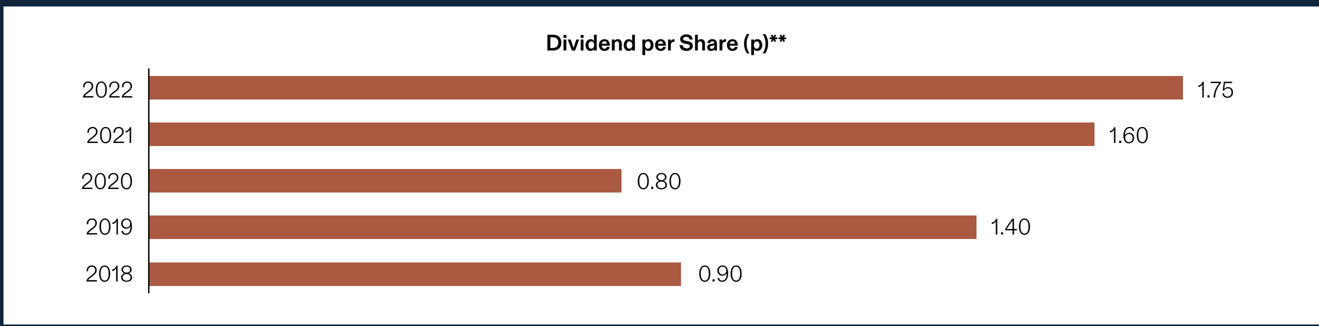
In the Business of Tomorrow

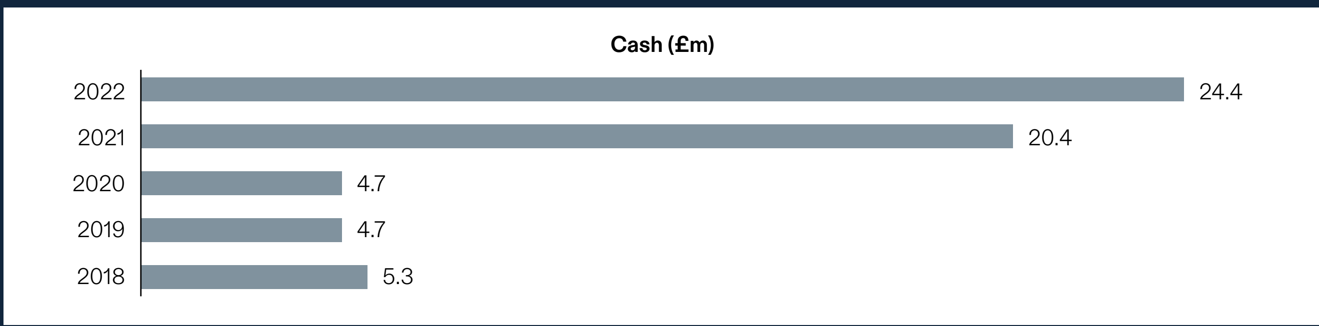
FINANCIAL HIGHLIGHTS











Notes: The FY18 figures are for finnCap Ltd before the Group acquired Cavendish Corporate Finance LLP and the consolidation of all businesses under a new holding company finnCap Group PLC which was implemented for its IPO on AIM in December 2018. The FY19 figures relate to the 11 month period from 1 May 2018 to 31 March 2019 due to a change in the Group's year-end as part of the acquisition and IPO and include the results of Cavendish Corporate Finance for the four months following its acquisition on 5 December 2018. *The basis for non-GAAP adjusted data is set out on page 88. **Dividends relating to the relevant financial year.

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finnCap Group PLC is a certified Carbon Neutral organisation

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Letter from the Chair

"Our team has delivered a record revenue performance which clearly demonstrates the benefits of our product diversification strategy."

Record Revenues

In FY22, the Group delivered record revenues across a wider range of advisory products than ever before.

With over £2bn of public and private M&A, and capital raising over £1bn, our people have shown that the finnCap Group has the ability to deliver great outcomes for mid-market clients across PE, private and listed company environments.

finnCap Capital Markets which focuses on strategic advice and capital raising services, in particular around IPOs, equity issuance, public company mergers and take-overs, investor relations and equities trading, had its second-best year on record with a wide range of deals across our core sectors. In aggregate the Capital Markets team raised *c.*£660m (FY21: £720m) and advised on £820m (FY21: £235m) of public markets M&A. Our debt team, arranged new credit facilities of c.£370m (FY21: £120m).

finnCap Cavendish, which focuses on private M&A advice, took advantage of the strongest M&A market they have seen for several years and delivered record revenues of £24.3m (FY21: £12.1m) which were up 99% on last year on a total deal value of £1.3bn. (FY21: £340m).

Delivering our Strategy

At the time of the IPO, our management team set out its ambition to grow and diversify our revenue both organically and inorganically. The acquisition of our private M&A business finnCap Cavendish at IPO was the first, key step in this strategy. We have also established a debt advisory and private capital raising team since IPO.

We believe that adding new advisory services to the Group should give growth opportunities through cross selling and also enhance our ability to win and retain clients for the long term. Adding in advisory services with more recurring revenue will, in the medium term also provide better predictability to our earnings which were historically exposed to the stock market cycle. We are already seeing the benefit of this with the continuation of a vibrant M&A market as the equity markets have softened and issuance declined.

Our acquisition of a 50% interest in Energise Limited, completed after the year end, has given us exposure to a new and key area of strategic advice, Sustainability, which is a key issue for our clients' shareholders and directors. Energise's service combines both strategic advice around energy efficiency and net zero strategy as well as more regular and audit like services covering carbon measurement and compliance with regulations. It is growing rapidly and we expect to acquire the remaining interest in 2025/2026. Our investment will enable Energise to accelerate the growth of its existing practice and develop a Culture, Diversity and Inclusion advisory business.

We will continue to look to acquire specialist advisory firms where they would strengthen our existing financial advisory business or bring relevant and new services to the Group and help us grow into a better and more broadly based strategic advisory firm.

Sustainable Shareholder Returns with Balance Sheet Strength

Taking into account our strong financial performance in FY22 and our significant cash reserves, we announced the intention to pay a final dividend of 1.15p bringing the total for the year to 1.75p.

Our priority is to build a consistent track record of regular, attractive and sustainable dividend payments across the economic cycle.

We are confident of our ability to deliver our strategy and growth in the medium-term and, although results in FY23 will be substantially lower than in FY22 due primarily to equity market conditions, we expect to pay an attractive dividend for FY23 but will make the decision on quantum later in the current financial year once market conditions and our financial performance for FY23 becomes clearer.

Board Changes

In January I was delighted to announce the appointment of Annette Andrews as an independent non-Executive Director she joined the Board's Remuneration committee, as Chair, and became a member of the Nomination Committee.

Annette brings substantial HR, culture and people expertise to the Board after a 30-year career in HR roles in both regulated financial and commercial environments. In the past 15 years she held senior HR leadership positions at Lloyd's of London (Chief People Officer), Catlin Insurance (HR Director), Lloyds Banking Group PLC (various roles including Head of HR Americas) and the Ford Motor Company. Annette will help us achieve our objective of becoming one of the best places to work in the financial and strategic advisory industry.

In May we announced that Stuart Andrews, an Executive Director of the Company and the Managing Director of finnCap Limited had decided to step down from his roles in order to pursue other interests. Stuart served on the Board since our IPO in 2018 and of finnCap Limited since 2014. He was a senior leader of our ECM business for over a decade. Through his dedicated leadership of our capital markets business, that team achieved many firsts and remained the leading nominated adviser on AIM.

I would like to thank Stuart for his role in building finnCap and wish him the very best with his future endeavours.

In June, after 24 years leading the finnCap business, Sam Smith, CEO, has announced her intention to step back from the CEO role in the autumn this year and move into an advisory role in the Group. In 1998, Sam established a corporate finance business for JM Finn & Co. Ltd and led a MBO of this business in 2007.

Under her leadership, she and her team have grown the finnCap business into a leadership position as a NOMAD and broker to AIM companies having executed its IPO and acquisition of Cavendish Corporate Finance LLP ("Cavendish") in 2018.

The IPO and acquisition of Cavendish enabled the Group to pursue a strategy of revenue diversification and, alongside its original equity capital markets service, the Group now offers private and plc M&A advice services and has established debt advisory and private capital teams. In May 2022, the Group made its first move outside of financial services with its acquisition of a 50% stake in Energise Ltd, an ESG related sustainability consultancy.

Sam Smith will step down as CEO and as a Director on 1 September 2022 and, in light of her knowledge and experience, she will remain as an adviser to the new leadership team and to Energise. She intends to pursue a plural career advising and supporting companies focused on ESG, sustainability and diversity and inclusion advisory or related services.

We wish her the very best for the future and thank her for her huge contribution to the creation and development of finnCap over the past 24 years.

Concurrently with Sam's decision to step back, we announced that John Farrugia, Managing Partner of finnCap Cavendish, the Group's M&A advisory business, would become a Director of the Company and CEO Designate and, following FCA approval, will become CEO after Sam's departure.

John Farrugia became Managing Partner of finnCap Cavendish and joined the Group's executive committee in November 2020. He has over 20 years' experience in investment banking, primarily within mergers and acquisitions.

In addition to the above, the Board also appointed Geoff Nash, a founding shareholder and key member of the 2007 MBO, as a Director of the Group. Geoff is a senior leader in the ECM business and his appointment establishes a balanced and appropriate Board structure that reflects the two key business within the Group.

Outlook

Our FY22 performance tangibly demonstrates the benefit of our strategy of product diversification that was established at the time of our IPO.

So far in FY23 – and in line with our competitors – our performance has been substantially lower than last year. Activity in our Capital Markets business has been significantly impacted by lower investor confidence caused by the conflict in Ukraine, inflation concerns and general economic uncertainty. In contrast, private M&A activity has remained good.

We are adopting an appropriately cautious approach to the current financial year. However, our balance sheet is stronger than before the COVID-19 pandemic hit in 2020 and we are better able to withstand further volatility and retain the ability to drive our strategy and invest in opportunities as they arise.

Thank You to our People

In FY22, finnCap's people have seized every opportunity to deliver on our client's ambitions and generate another year of record revenue performance.

I would like to thank them and her for their exceptional work in making this happen.

Robert Lister
Non-Executive Chairman

13 July 2022


BARTHOLOMEW

Chief Executive Officer's Report

"A record of £3bn of deals - delivering our clients' ambitions - good strategic progress."

FY22: Deals for Clients

In the year ended 31 March 2022, we delivered another record revenue performance, with our second-best result in the finnCap Capital Markets ("ECM") business and doubling revenues in finnCap Cavendish, our private M&A business.

In FY22 total revenue was £52.5m, up 13% on FY21 (£46.6m). Adjusted PBT at £9.3m was broadly in line with last year. Our cash position remained strong and, at the year end, stood at *c.*£24.4m (FY21: £20.4m).

Post year end, we also made further progress with our strategy of building a more broadly based advisory business through our acquisition of a 50% stake in Energise Limited, a rapidly growing sustainability consultancy. Energise brings us a new set of advisory services outside the Group's historic, financial services focus and I am pleased that we have the option to acquire the remainder after September 2025.

Market Dynamics

Overall equity issuance on the AIM market was again high with *c.*£6bn raised in the year (FY21: £5.3bn). Our market share was *c.*11% (fundraisings greater than £5m) reflecting our particular strength and historic investment in the technology, life sciences and consumer sectors. Volumes and activity reduced during Q4 with issuance reduced to levels not seen since the summer of 2019. The start to FY23 has been very quiet across the market reflecting investor uncertainty around the implications of the war in Ukraine and the challenges for the global economic outlook.

The M&A market was vibrant in the UK, our primary geographic market, with strong interest in assets from both private equity and strategic buyers. This was driven by significant liquidity, in particular from PE investors and pent-up corporate demand from COVID-19 related disruption. In calendar year 2021, total deals completed were up *c.*33% on 2020 by number and up *c.*75% by aggregate value.

Strong Divisional Performance

finnCap Capital Markets generated its second highest level of revenue at £28.3m 18% down on last year's record performance (FY21: £34.5m).

Retainers – Total fees from retainers in the period were up 3% at £6.6m (FY21: £6.4m). We won 18 new clients during FY21 and, reflecting normal levels of M&A, de-listing and client turnover, client numbers were essentially stable at 118 at the year end. (FY21: 119).

Transactions – Total fees received from transactions in the period were £15.8m (FY21: £21.3m).

During the year, **finnCap Capital Markets** executed 34 transactions, raising over £661m (FY21: £720m) across 21 equity fundraisings for listed clients and three IPOs.

Notable equity deals (>£10m) included:

Life Sciences: Angle PLC (£20m)

Tech: Access Intelligence (£50m); Argo Blockchain (£126m); Ideagen (£104m)

Consumer: BOTB (£60m); Revolution Bars (£21m)

Resources: Chariot Oil & Gas (£16m); Savannah Resources (2 deals: £59m)

Other key deals: K3 Capital (£10m); GRIT (£57m)

It was pleasing to bring three great companies to market in the year:

IPOs: Poolbeg Pharma (£25m); Eneraqua (£20m); and Gelion (£19m).

We also advised on a total of 7 plc M&A deals with an aggregate deal value of £822m.

PLC M&A transactions included:

The sale of Telit Communications PLC (£307m); Cambria Bidco's offer for Cambria Automobiles PLC (£83m); a mandatory offer for Gulfsands Petroleum PLC (£23m); the sale of Proactis Holdings PLC (£75m); a mandatory offer for Photo-Me International PLC (£285m); the sale of Universe Group PLC (£33m); and an offer by Polygon for Watchstone Group PLC (£17m).

The debt advisory team, which works across both finnCap and Cavendish, completed 9 mandates raising £370m.

Trading - Trading revenues were £5.9m (FY21: £6.8m). Although market activity was substantially lower than in FY21 – where we benefitted from significant COVID-19 related trading by institutional clients – this decline in revenue was offset by a good contribution from our Analytics team and an increased volume of block trades for corporate clients.

Following the commencement of the war in Ukraine and development of broader concerns over inflation and economic growth, equity market activity in Q1 was lower and our pipeline is much quieter than in the comparative period last year.

finnCap Cavendish took advantage of strong M&A market conditions and, having built a sizeable book of sale mandates throughout FY21, delivered excellent outcomes for both sellers and buyers.

finnCap Cavendish generated revenues of £24.3m, up 101% on FY21 (£12.1m). In total, it closed 22 private M&A transactions (FY21: 11) with an aggregate value of over £1.3bn (FY21: £340m).

Key deals included the sales of: Reward Gateway; Pimlico Plumbers; Sentenial; Xexec; Rayware; Responsible Life; KM Products; Wood Thilsted; Boku; Mail Manager; Intelling; Soundbite Learning; Datrix and Big Green Smile.

In Q1 22, activity levels remain good across the M&A market and in finnCap Cavendish. We have around 40 live deals under execution and, if conditions in the M&A market remain good, this should provide a sound basis to deliver a good result in the current year.

Diversified services – Delivering our Strategy

In 2018, before our IPO, finnCap's business was concentrated almost entirely on services related to the Equity Markets which, historically – a cyclical business with performance highly linked to equity market performance. The IPO enabled the acquisition of Cavendish, a private M&A business and since then we have grown other areas of adjacent service – public market take-over advice, debt advisory, private capital raising, PE coverage and a focused origination team. We have also expanded the scope of our institutional equities business into large and hedge fund investors through our Analytics team.

In FY22, the revenue from these new services represented around half of the Group's total.

Whilst the Group's current set of services have their own market cycle, this diversification is a key part of building a different type of advisory firm that can service the needs of Boards, Private Equity and Institutional Investors focused on mid-market companies. As we broaden our range of services we should increase our relevance to clients and potential clients and, ideally, reduce market related cyclicality.

We continued to invest in people to drive our broad financial services strategy across the business.

In FY22, we have made key hires across:

- Consumer M&A;
- Life Sciences: Senior ECM and Research;
- Series A private growth capital fundraising;
- Senior M&A execution; and
- expanded our origination/lead generation function to primarily support our M&A efforts.

In Sales and Trading, our Analytics team started operating and made a good contribution to sales and trading revenues. Our debt advisory business delivered just under £1m revenue and, in Q1, our Private Growth Capital team completed their first material mandate.

In M&A we have made good progress in developing stronger relationships with Private Equity firms through our origination team. This has been rewarded with an increased number of PE buy-side mandates and a number of PE sell-side mandates. Our lead generation team, which we hired in late FY21, has developed our in-house database of potential sale candidates, begun active marketing of all the Group's products and originated its first pitches and mandates. We have also sectorised our M&A teams and developed our sector teams across all disciplines of the firm to increase our idea generation and the quality of coverage we give to existing and target clients.

We have also made good progress with our inorganic strategy. In late 2020 we began to review potential M&A opportunities including business services sectors and specific companies that might form part of a third leg of the finnCap Group, with a particular emphasis on professional service companies that focus on advising boards on sustainability, diversity, inclusion and related areas. We believe that these services have become increasingly important to boards in the mid-market in the past two to three years and that there will be continued growth for companies that offer good advice at an appropriate price level for mid-market companies, ideally coupled with a tech or software aspect.

In April 2022 we were delighted to announce the acquisition of a 50% stake in Energise Limited, a net zero and sustainability consultancy, for *c.*£2.1m. Energise offers a broad range of services from strategic advice to Boards around energy efficiency, net zero planning and risk management to more regular annual services such as SECR and carbon footprint calculations. In late 2021, it launched a tech enabled service – the net Zero Club for smaller businesses to use to measure carbon footprints and evolve their net zero plans. Energise is a rapidly growing business. It generated revenue of *c.*£1.1m for its year ended 30 September 2021 and is on track to increase this by *c.*50-70% in its current financial year. Most of the Group's investment has been put into Energise to fund its expansion, including into the Diversity and Inclusion advisory business. It will continue to be led by its founders as co-CEOs and we have the option to acquire the remaining 50% interest in the 12 months after the accounts for the year ended 30 September 2025 have been drawn up.

Operating Responsibly

finnCap continues to operate responsibly and engages actively with its key stakeholders and the wider community, in particular encouraging youth entrepreneurship through education.

We believe that businesses should be involved in social good, and, in terms of wider social engagement, since the start of FY22, we have:

- Acted as lead sponsor for the "Your Side Hustle" youth entrepreneurship competition with our partners YourGamePlan and ACCA. Staff members have signed up to provide regular business mentoring which is offered to all competitors who made the final in London. We are running the second event in the Summer of 2022.
- Created an Entrepreneurship Module with YourGamePlan educational products to support young people who would like to start their own business or develop key life skills to improve their career opportunities. Over 1,200 students have completed the module to date.
- Supported the All-Party Parliamentary Group for Entrepreneurship to develop a white paper on Entrepreneurship Education to advise government on the benefits of including entrepreneurship into the UK school curriculum.
- Continued our support (both financial and through volunteering) for *icanyoucantoo* which seeks to turn inequality into opportunity for non-privileged young people.
- Sponsored ten Ukrainian refugees to gain English language and UK accreditation through sponsorship of Refuaid – part of the Ukraine Business Consortium.
- Supported the Whitechapel Mission (an East London based charity that provides food, clothing and support for people in need) through employee volunteering.

We have now operated our Employee Volunteer scheme for over 12 months. Staff members have volunteered over 300 hours to clean up canals, train as Swimming Judges, run winter coat collections, and raise money for a wide variety of charities.

We have also hosted client education events around ESG, targeting NEDs, executives and investors focused on ESG reporting.

Shareholder Returns

Given the strong financial performance in FY22 and the improved balance sheet position of the Group, the Directors have proposed a final dividend of 1.15p per share – up 15% on FY21 - bringing a total dividend for FY22 to 1.75p.

The dividend will be approved at and paid after our AGM in September.

As we grow and diversify the Group it is important that we continue to reward shareholders with regular and attractive dividends. Although results in the current year will be substantially lower than in FY22 due primarily to equity market conditions, we expect to pay an attractive dividend for the current financial year but will make the decision on quantum later in the year once market conditions and our financial performance become clearer.

Q1 Trading and Outlook

The current financial year has been complicated by the tragic conflict in Ukraine and rising macro risk including rising inflation, high energy prices, concerns over food prices and the consequent impact on consumer confidence in key markets. This has significantly impacted the level of ECM activity, IPOs and equity issuance across all market participants.

Equity issuance through our Capital Markets division has been very low but we continue to execute plc M&A mandates. Sales and trading activity has remained broadly stable.

In contrast, the private M&A market and our team's M&A performance has been strong and we have closed several private M&A transactions post year end.

As we enter Q2, our public and private M&A pipeline remains good and we have seen some marginal signs of improvement in ECM activity. The outcome for the year will remain highly influenced by the geopolitical and macroeconomic factors outlined above.

As a result of market conditions, we expect revenue and financial performance to be substantially lower than FY22. However, we have a strong client base and a growing range of services to offer them and will continue to selectively invest in people to drive future growth in the medium-term.

We have a stronger balance sheet than before the COVID-19 pandemic and are confident, with our broader product offering across the Group, that the business will grow once external conditions improve.

Thank You to our People and Goodbye

Our FY22 results have been delivered by a great team built over many years and the expertise and sector knowledge they use to serve clients supported by a dedicated and capable operations team in everything they do. I would like to thank everyone for their contribution to these great client outcomes during FY22.

After the year end, Stuart Andrews, a Director and Managing Director of our Capital Markets business decided to leave us after over a decade of service to pursue other interests. I would like to thank Stuart on behalf of us all and wish him the very best with his future endeavours. He leaves behind a strong team of professionals in ECM ready to take the business to new levels.

After 24 years building finnCap into a leading advisory business for the mid-market, the completion of the integration of our excellent M&A division, finnCap Cavendish, and our expansion into other advisory services with our recent investment into Energise, an exciting sustainability consultancy, in June I decided that was time for me to step back and become an adviser to the Group.

After two record years of financial performance, I have begun a handover process to John Farrugia our CEO Designate. I have worked with him since our acquisition of Cavendish in 2018 and I know that in this role he can grow finnCap to the next stage.

As an adviser to him and his team, I will help them deliver a successful management transition and prepare for the growth opportunities ahead. I will also remain as an adviser to Energise to help it drive growth in this exciting new business area.

It is an exciting time for workplace culture, ESG and diversity and Inclusion and I am looking forward to focusing on a non-executive career to champion these issues which I passionately believe in.

We have a truly great business with some amazing people, that I have loved working with and I am delighted to leave it in their very capable hands. FY23 will bring new challenges to them and our clients.

I know they will meet them in our dynamic, smart-thinking and collegiate finnCap way.

Sam Smith
Chief Executive Officer

13 July 2022

BUSINESS MODEL – IN THE BUSINESS OF TOMORROW

finnCap Group provides strategic advice, capital raising and related services to mid-market corporates, institutional investors of all sizes, private equity, and high net-worth investors and their family offices. Through its 50% investment (acquired in April 2022) in Energise, it also provides clients with strategic advice and assurance services around net zero planning and implementation, energy efficiency and sustainability.

finnCap was established in 2007 and has built a strong track record in equity advice and fundraisings, public and private M&A, debt arrangement and advice. It acts as NOMAD and/or broker for 118 clients with a particular focus on the technology, life sciences, consumer and business services sectors.

We understand that every business success does not just benefit its shareholders, but also delivers innovation, employment, economic prosperity and benefits society and the world at large. Our ambition is to partner with innovative, entrepreneurial and determined businesses to take them through each stage of their development. Together we unlock potential and deliver transformational business growth. Our corporate clients usually have values of between £20m and £500m and a need to raise capital to take advantage of or adapt to strategic change or to gain liquidity for their investments. Our sales and trading teams service institutional clients which focus on investment across a wide range of assets under management, strategy and geographic and sector focus.

We operate in a highly competitive market but, beyond our ability to deliver for clients, we believe that we offer three key differentiators. **Our people** – who are highly capable and united by our unique, collaborative culture; the **partnership approach** we take with our clients; and **our ability to advise and deliver** across **a wider and more comprehensive range of services** than our peers.

Our products and services

We provide a comprehensive range of services through two brands – finnCap Capital Markets and finnCap Cavendish. We believe that we offer a wider range of products than our direct peers and this enables us to advise on a wider range of alternative solutions for our clients. As finnCap executes its strategy – as we have shown through our investment in Energise – the range of services we offer will grow:

Brands

Services

finnCap CAPITAL MARKETS

Equities

Research

In-depth research on UK listed companies.

Particular leadership in tech, life sciences, consumer and industrial tech sectors.

Distribution and Execution

Outstanding listed equity distribution and execution for institutional investors and corporate clients.

finnCap Analytics

Trading ideas and execution for larger hedge funds and institutional investors.

Access to the next level of investor for our corporate clients.

finnCap CAVENDISH

Investment banking

Strategic advice and capital

finnCap helps companies and their owners achieve their ambition by providing strategic advice and raising appropriate capital to drive change, unlock growth and crystallise capital. These services include:

- Public market fundraisings including: placings, rights issues and open offers.
- IPOS
- Public company M&A (acquisition, Rule 3, defence)
- Private M&A (sell-side or buy-side)
- Debt arrangement and advice
- Private capital fundraisings
- Acting as corporate broker/ NOMAD on a retained basis
- General advice on strategic options

Energise

ESG: Sustainability

Net zero and sustainability consulting

Energise helps companies assess, measure and connect with and manage their carbon footprint. They provide strategic advice and planning to enable clients to deliver their Net Zero carbon strategy.

For smaller companies, Energise offers the Net Zero Club online and digital products to enable smaller companies to meet requirements of supplying larger groups as well as to shape and deliver their own goals.

Assurance

We help our clients measure and comply with the requirements of TCFD, SECR, ESOS, ISO50001, LCA and Embodied Carbon Analysis and various forms of energy and carbon surveys and audits.

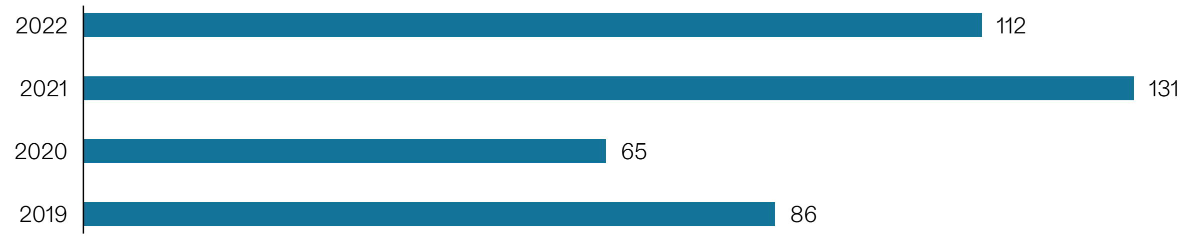
finnCap Group PLC owns 50% of Energise Limited.

Our Clients

We offer our services to a wide range of clients, predominantly located within the UK.

- Listed Companies
- Private Companies
- Private Equity Funds
- Institutional Investors
- Family Offices
- Investment Trusts
- Hedge Funds
- Private Client Fund Managers

Average Listed Client Market Capitalisation



Our People and Values

finnCap is a unique financial services firm with a distinct set of values and is focused on creating value through strong partnerships between our people and our clients and with a focus on our contribution to the wider community in which we operate.

finnCap's values reflect the way in which its people operate and define its culture and way of doing business. These values have remained, essentially, unchanged since we founded finnCap in 2007.

Collegiate

We work as a team to ensure that our clients get the best possible advice based on a very wide set of options. We are inclusive and make use of everyone's different skills and perspectives.

Smart Thinking

To compete in our markets requires us to be innovative and proactive in developing ideas and relevant solutions for our clients.

Dynamic

We deliver our client's ambitions with energy, focused solely on their objectives.

The Right Way

The people in finnCap combine this set of values with established best practice within our markets and our wider engagement with stakeholders to do business in the right way.

We believe that this approach ensures that our culture remains strong and attractive to both our existing employees and new talent and, most importantly, results in us delivering the best service and outcomes for our clients in a way that recognises our impact on wider society and the world we live in.

Our Objective

We are an intensely client focused organisation, determined to provide the best advice and solutions in our market.

Ambition Delivered

FINNCAP'S STRATEGY TO CREATE VALUE FOR SHAREHOLDERS

finnCap is focused on delivering shareholder returns through building its reputation for unlocking value and opportunity for growth companies whilst continuing to operate responsibly.

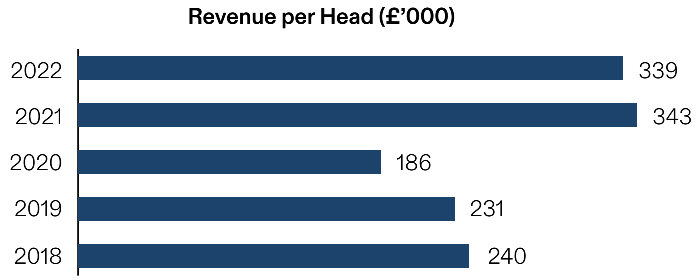
finnCap focus on five strategic priorities:

1. Grow Corporate Franchise We have established a strong retained corporate client base in finnCap Capital Markets and are expanding our M&A offering within finnCap Cavendish beyond entrepreneurs to Private Equity and Corporates. Our primary focus is on winning mandates from ambitious companies with equity values of £20m to £500m whether public or private. We then seek to focus on helping our clients unlock growth and shareholder value.	**Key KPIs** Revenue per head Advisory Revenue Corporate Client Base	**Risks** Strategic Risk People Risk Conduct, Regulatory and Legal Risk Reputational Risk
2. Extend Product Offering In order to deliver growth or unlock value our clients often need services beyond our core ECM and M&A offering. We therefore develop complementary products alongside the Group's current core financial services (e.g. Debt Arrangement and Advice) to assist our clients and give them the widest range of alternative options to achieve their goals.	**Key KPIs** Advisory Revenue	**Risks** Strategic Risk People Risk Conduct, Regulatory and Legal Risk Operational Risk
3. Diversify Through Acquisition finnCap has developed wide recognition as an adviser to growing companies and specifically for its financial services offering. Our clients often require advisory and related services beyond those within the Group in order to achieve their ambitions. Where it is not realistic to develop organically such services, we intend to acquire of companies with services that help clients unlock value or growth (e.g. Energise Limited).	**Key KPIs** Advisory Revenue	**Risks** Strategic Risk People Risk Conduct, Regulatory and Legal Risk Other Operational Risk
4. Maintain Operating & Capital Discipline In a cyclical and regulated business, good cost control, operating efficiency and an adequate balance sheet are necessary to withstand the impact of changing environment and to meet regulatory capital and trading risk requirements.	**Key KPIs** Non-employment cost per head Cash Resources	**Risks** Strategic Risk Technology Risk People Risk Conduct, Regulatory and Legal Risk Other Operational Risk
5. Grow Shareholder Returns We are focused on rewarding shareholders for the capital they give us.	**Key KPIs** Adjusted Earnings per Share Dividend per Share	**Risks** All operating risks can impact our ability to deliver attractive shareholder returns. Risk of rising corporation or other tax rates.

KEY PERFORMANCE INDICATORS[1]

We use a range of financial and non-financial indicators to measure our performance at different levels of the business and assess alignment with our strategy. All measures, except dividend per share, are non-GAAP measures.

The main KPIs used to assess the Group's performance are set out below:

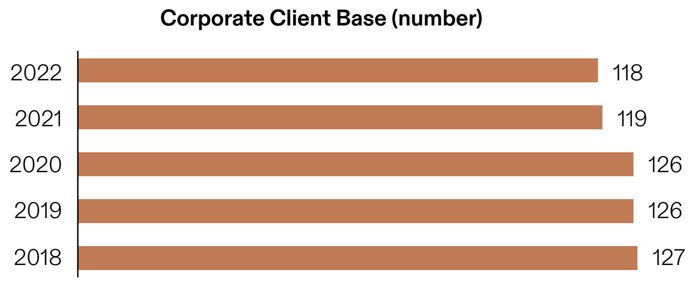


Measures our productivity per employee and reflects the performance of our business.

In FY22, revenue per head was again strong reflecting our second best ever revenues in finnCap Capital Markets and a record year for finnCap Cavendish.

The start to FY23 has been slower than last year. Although M&A continues to be highly active, the impact of the conflict in Ukraine, rising inflation and economic uncertainty has materially impacted equity deal activity across the markets.

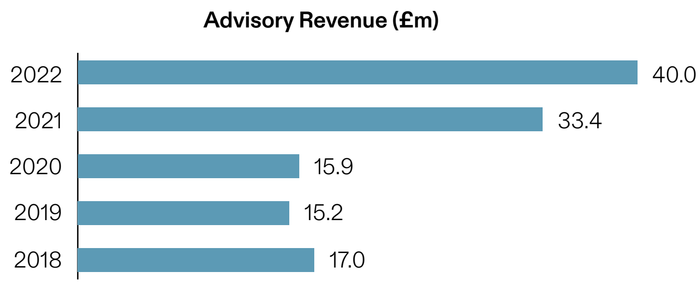
Revenue per head in each financial period is calculated as Total revenue (see note 5) divided by Total number of employees (see note 7)



Measures the size of our finnCap Capital Markets franchise.

We aim to win new corporate clients across a broad range of sectors with a particular focus on clients with the need to raise capital to support growth. Successfully winning and retaining clients provides the firm with a source of recurring revenue (retainers) and a stronger deal flow over time.

In FY22, our client base was broadly stable with 14 client wins and 15 losses including 8 from takeover or delisting. The stable client number masks the increase in average market capitalisation and propensity to transact.



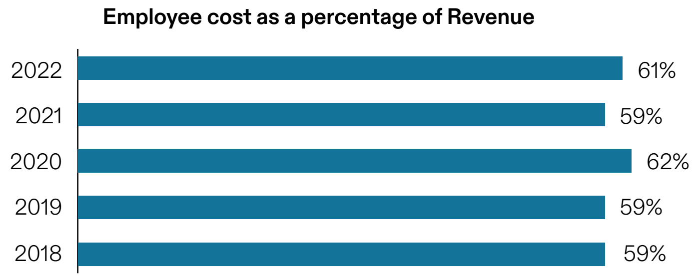
Reflects predominantly ECM and M&A fees and will grow with an increasing client base, overall market activity and as we diversify revenue into new advisory services.

In FY22 Advisory Revenue was at a record level again with c.63% from services new to the Group since before the acquisition of finnCap Cavendish being private M&A, debt advisory and private capital advisory revenue. (FY21: 40%). In finnCap Capital Markets overall activity was lower than in FY21. We raised c.£661m (FY21: £720m) in equity and £370m in debt (FY21: £124m).

In finnCap Cavendish, the team executed a larger number of deals than in FY21 and, with several fee ratchets being triggered as the team delivered higher than expected results, fee levels were substantially up on FY21.

Advisory revenue from all Services in each financial period is calculated as the sum of finnCap Capital Markets – Transactions revenue and finnCap Cavendish – private M&A advisory revenue (Note 5)

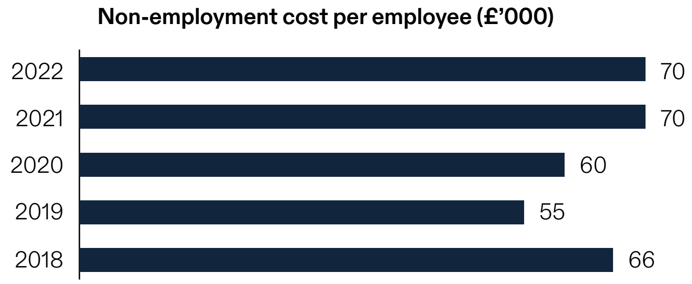
Notes: (1) The FY18 figures are for finnCap Ltd before the Group acquired Cavendish Corporate Finance LLP and the consolidation of all businesses under a new holding company finnCap Group PLC which was implemented for its IPO on AIM in December 2018. The FY19 figures relate to the 11 month period from 1 May 2018 to 31 March 2019 due to a change in the Group's year-end as part of the acquisition and IPO and include the results of Cavendish Corporate Finance for the four months following its acquisition on 5 December 2018. The basis for non-GAAP adjusted data is set out on page 88.



This measures the Group's ability to manage pay as market conditions and revenues fluctuate.

In FY22 the percentage increased slightly reflecting, in particular, a highly competitive market for M&A professionals.

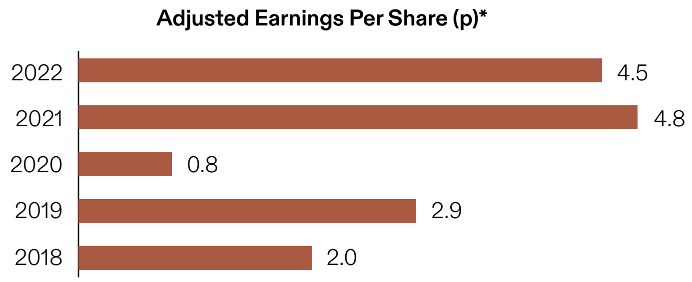
Employee cost as a percentage of Revenue in each financial period is calculated as Total employment benefit expense less Share-based payments (see Note 7) divided by Total Revenue (see Note 5).



Measures our operating efficiency outside our employment cost.

Non-employment costs per employee reflects our efficient operating model and can be used to benchmark against our competitors. The increase in FY22 was predominantly due to increased property costs following the Group's move to its new premises in the Summer of 2020. Costs also increased due to higher variable trading costs.

Non-employment cost per employee in each financial period is calculated by deducting Total Employee cost (Note 7) from Total Administrative expenses (Note 6) and dividing this – the non-people cost – by the Total number of employees (Note 7) in the respective financial year.

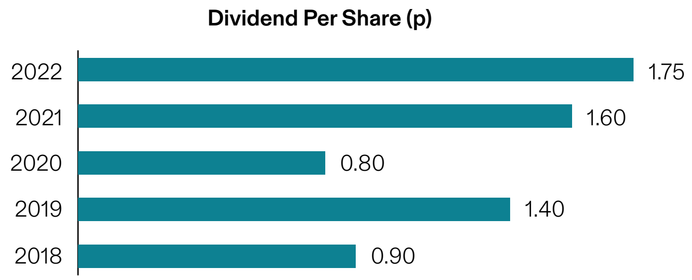


Adjusted EPS is our key measure of profitability for shareholders.

When undertaking transactions or strategic investment we assess the expected outcome using EPS accretion as a key metric.

In FY22 adjusted earnings were broadly in line with FY21 but the average shares in issue rose following exercise of options granted to employees, in particular the options granted to employees in exchange for salary reductions in Q1 FY20 to prepare the Group for the potential adverse impact of COVID-19.

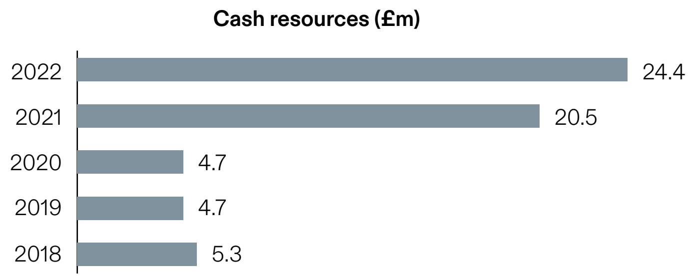
*The basis for non-GAAP adjusted data is set out on page 88.



Our dividend payment reflects a key part of our shareholder return.

In FY23, the Group plans to pay aggregate dividends of 1.75p per share in line with FY22 subject to unforeseen circumstances and being able to maintain the Group's liquidity objectives.

The Group's financial resources have improved during FY22, which, we believe, improves the Group's ability to manage cyclicality and support dividend payments.



A strong balance sheet supports our ability to invest for growth and our ability to sustain dividends to shareholders during periods of weaker demand for the Group's services.

In FY22 another year of strong financial performance and cost control further increased the year-end cash resources.

Chief Financial Officer's Report

"The finnCap team has delivered another year of excellent financial performance and further improved our liquidity and financial position enabling us to invest in growth and protecting returns to our shareholders."

Through cost control and liquidity management, the Group has converted a period of exceptional revenue performance into another year of strong profit and cashflow. This has enabled us to drive our strategy for growth through product diversification, to invest in our new office and maintain dividend payments to our shareholders.

Profit before tax and Earnings per Share

	FY22	FY21	%
Profit before taxation (£m)	8.1	8.4	(3)
Adjusted profit before taxation (£m)	9.3	9.6	(3)
Basic earnings per share (p)	4.0	4.4	(10)
Adjusted basic earnings per share (p)*	4.5	4.8	(6)
Diluted earnings per share (p)	3.6	4.2	(16)
Adjusted diluted earnings per share (p)*	4.1	4.6	(12)

* The basis for non-GAAP adjusted data is set out on page 88.

In FY22, profit before tax was stable and basic and diluted earnings per share decreased by 10 and 16% respectively reflecting the increased shares and options in issue. On an adjusted basis – excluding non-recurring items/gains, amortisation of goodwill and share-based employee payments – profit before taxation decreased by 6% as increased employee and operating costs exceeded increased revenue, with adjusted basic and diluted earnings per share showing similar trends. (see Non-GAAP Measures).

Operating costs

	FY22 £m	FY21 £m	%
Staff costs	32.0	27.3	17
Share-based payments	1.1	0.7	nm
Third party introductory fees	0.8	0.9	(11)
Non-staff costs	10.0	8.7	15
Total administrative expenses	**43.9**	**37.6**	**17**
Average headcount	155	136	19
Staff costs % revenue	61%	59%	2pp
Non-staff costs per employee (£k)	70	70	–

Administrative costs increased by 17% over FY21 reflecting a higher employee compensation arising from the Group's strong financial performance in particular in the M&A division where competition for professionals remains intense. Staff costs as a percentage of revenue were 61% – broadly in line with FY21 and within our 58-62% guidance range.

Non-employee costs were markedly higher reflecting the full year costs of our new office – which provides substantial scope for expansion, as well as additional trading platform costs and recruitment fees. We also saw a return to more normal levels of travel and entertaining costs as market activity normalised post COVID-19. However, non-staff costs per employee – a key efficiency measure – have remained stable at £70k.

Looking forward to FY23, non-staff costs (excluding third party introductory fees) are expected to remain broadly stable at c.£11m.

Non-recurring items

	FY22 £m	FY21 £m
Office move	–	0.9
Redundancies	–	0.1
Non-recurring expenditure	**–**	**1.0**

There were no non-recurring items in FY22. In FY21 non-recurring items related primarily to office overlap costs following the Group's move to its single office location near St Paul's.

Taxation

	FY22 £m	FY21 £m
Effective Corporate tax rate	20%	16%
Corporation tax	1.6	1.3
Net VAT paid	1.1	0.7
Business rates	0.5	0.5
Employer's National Insurance	3.7	3.3
Total contribution	**6.9**	**5.8**
% Revenue	13%	12%

Payment of taxes is an essential part of operating responsibly, contributing to the cost of public services and services for our community.

The Group's effective accounting corporation tax rate at 20% was broadly in line with the prevailing UK corporation tax rates during the year.

As people are our primary asset and cost, we pay significant Employer's National Insurance and, as a business primarily offering intermediary services, a sizeable proportion of our input VAT is also irrecoverable. In FY21 our net VAT paid was lower reflecting our new office fit out in that year.

During FY21 we received support from the UK Government during the early part of the COVID-19 Pandemic. We deferred payment of £1.3m PAYE and VAT and received furlough support payments of £220k under various schemes. All these support payments were repaid in full in FY21.

Cash flow, Capital and Liquidity

	FY22 £m	FY21 £m
Operating cashflow (net of lease)	9.8	9.5
Working capital	(0.8)	7.6
Capital expenditure	(0.6)	(2.0)
Tax Paid	(1.6)	(0.7)
Dividends paid	(2.6)	(0.8)
Sale/purchase of investments	0.6	0.5
Fit out loan	(0.3)	1.6
Other cashflows	(0.5)	–
Net cashflow	**4.0**	**15.7**
Cash	24.4	20.4
Debt	(1.2)	(1.5)

The Group's cash position improved again to £24.4m from £20.4m at 31 March 2021 as a result of the strong financial performance.

In FY21, the significant working capital inflow is driven by the payment to employees (and related payroll taxes) of the FY21 discretionary bonus in FY22 and the absence of such an accrual for FY20. In FY22, we saw more normal accruals and working capital flows.

Cash is stated before the balance of the £1.2m fit-out loan which will be repaid over the next 4 years. We completed the fit out of our offices in FY22 and these costs will be written off over the remaining life of the 10 years lease.

In April 2021 we received £0.7m in cash for the sale of part of our stake in Primary Bid.

Our liquidity objective is to hold more than £10m free cash after taking account of market making funding together with expected dividends, financial and capital commitments, corporation tax liabilities and employee discretionary bonuses.

A stronger liquidity position and the longer-term financing of our office move means that the Group is better able to withstand challenging operating conditions, to support dividend payments to shareholders and also allows us to consider further strategic investment over time.

Richard Snow
Chief Financial Officer

13 July 2022

THE BOARD'S STATEMENT ON S172(1) OF CA2006

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors and our Directors have regard, amongst other matters to:

- The likely consequence of any decision in the long term;
- The interests of employees;
- Fostering business relationships with suppliers, customer and others;
- The impact of operations on the community and the environment;
- Maintaining a reputation for high standards of business conduct; and
- Acting fairly as between members of the Company.

The Directors receive information on their responsibilities under s172 in each Board pack. The Group's Company Secretary provides support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172 when making key strategic decisions.

Through an open and transparent dialogue with our key stakeholders, we believe that we have developed a clear understanding of their needs, assessed their perspectives and monitored their impact on our strategic ambition and culture.

As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

IMPACT ON KEY BOARD DECISIONS DURING FY22

The Group's primary focus was in continuing to deliver its strategy for growth as set on pages 14 and 15 which has not substantially altered during the year. The key strategic decisions made by the Board in FY22 were in relation to the Group's search for potential acquisition candidates to begin the inorganic expansion of its product portfolio.

Flexible Working Policy (impact on employees, client service, supervision and training)

During the COVID-19 lock-down periods, the Group successfully operated with almost all of its employees working from home. From discussions with employees it became clear to the Directors that some form of continuation of flexible working arrangements would enable employees to more effectively manage their work life balance in an industry where client demands often happen outside conventional office hours and during holidays. From September 2021 we asked teams for feedback and trialled variations of flexible working. The Directors considered whether the quality of client service and staff training and supervision would be impacted by such arrangements but noted that it had worked well during the lock-down. Various other factors such as health and safety issues, access to first aiders, creating the opportunity for good on the job training experiences and appropriate supervision of junior regulated team members were considered. We have since resolved that our "in office" days will usually be Tuesday to Thursday with employees being allowed to work from home on Monday and Friday subject to the needs of clients and the business. The Directors believe that these arrangements are working effectively and that operating in an environment where the entire team could immediately switch to all office home working without materially impacting our operation has improved our resilience to external unexpected events such as loss of access to our office.

ENGAGEMENT WITH OUR KEY STAKEHOLDERS

We set out below those whom we view to be our key stakeholders, how we engage with them and our assessment of how effective this engagement has been. As is normal for most listed or larger companies, the Board delegates authority for the day-to-day management of the Company to its Executive Directors and management team, providing oversight by monitoring their progress against the Group's KPIs and strategy as indicated in this Report.

Communication is key to building trust with our stakeholder groups and the COVID-19 pandemic has required a heightened awareness of the need to do so in new ways.

The Board has identified its key stakeholder groups as being its clients, employees, shareholders, regulators, and the wider community and environment. We discuss further our engagement with each stakeholder group and discuss our approach and standards we set for operating responsibly.

Clients

Our clients are central to the success of our business. Our aim is to provide them with a team of experts who deliver exemplary service to achieve their business ambition.

At 31 March 2022 our Capital markets team were formally engaged by a total of 118 clients on a retainer basis and we regularly work for a further 40-50 other clients on a diverse range of mandates including M&A, private capital raising and debt advisory.

Our strategy requires us to provide and maintain a high-quality service for our clients at all times. We recognise that the success of our clients is critical to our own success and that this applies equally to our advisory clients, quoted clients and institutional clients.

We have dedicated teams across sectors and advisory lines offering bespoke advice to our quoted, advisory and institutional clients based on a proper understanding of those clients' needs and often founded on relationships built over a number of years.

We regularly select and undertake independent, internal peer reviews of transactions to ensure that we maintain our internal standards and to identify where we can improve service. We also hold weekly client service meetings to identify client issues and resolution, a key aspect for retaining our listed client base.

In the unusual event we fail to meet our clients' high standards, our complaints procedure escalates matters immediately to the Head of Compliance. Information about complaints is circulated to the Board's Risk and Compliance Committee for appropriate oversight.

People

Our employees are central to our success in delivering high quality service and advice to our clients.

Engagement with our employees requires a high degree of informal day-to-day contact; regular functional team meetings; an annual strategy update and bi-annual results briefings.

For much of FY22, the firm operated remotely due to various COVID-19 restrictions and our employees have worked exceptionally hard to support the business and to sustain our culture which is central to our employee engagement.

The Group's cultural values – Smart Thinking, Collegiate, Dynamic – were established and defined by our employees and outline both how we succeed and behave and form a central part of each employee's half yearly assessment and in creating a culture of teamwork and partnership in the Group more generally. Employees, regardless of whether they are shareholders or not, are also given an opportunity to provide input on the Group's business and strategy at the strategy sessions led by the Group's management team.

During FY22, our Chairman has held lunches for small numbers of staff drawn across all functions of the Group to get direct feedback for him and the Board to consider.

In September 2021 we engaged Great Place to Work to undertake a formal staff survey on our Company and its culture. We were delighted to be rated by them as number 78 UK's best workplace Medium (51-250 employees), the highest rated financial services business.

Andy Hogarth, Senior Independent Non-Executive Director, is available to employees to discuss concerns in relation to the Group's business or operations, and his contact details have been circulated to all employees.

During FY22 the Group continued to encourage managers to engage with employees in the less formal engagements and provide appropriate support on mental health/well-being issues.

As noted above we have also implemented a flexible working policy and an enhanced unlimited holiday policy.

Shareholders

Alongside the provision of capital, our shareholders play an essential role by monitoring our financial performance, progress on our key KPIs, strategy development, and our approach to governance and Board leadership.

We actively engage with our institutional investors through regular results based on event driven investor meetings and also benefit from regular ad hoc feedback through our institutional equity sales team and corporate broker Oberon. Throughout the year we conduct regular institutional investor meetings.

We also engage with our large base of employee shareholders through regular briefing on results and our strategy across the Group.

All shareholders are invited to attend the Annual General Meeting (AGM) and all Board Directors attend, giving individual shareholders the opportunity to engage directly with the Board and senior management. The Chairman welcomes questions from shareholders, who have an opportunity to raise issues before or at the AGM. All non-Executive Directors are available to meet shareholders, if requested, and the Board is regularly updated on shareholder feedback.

The Chairman is also available to meet major shareholders without the Executive Directors being present to permit direct feedback in an open and transparent forum. All our resolutions were supported by shareholders at the 2021 AGM and proxies received averaged over 99% in favour.

In FY21 we appointed a new corporate broker, Oberon, to work alongside our in-house broking team. This provides institutional shareholders with increased support for corporate actions, a channel to provide ad hoc feedback outside our formal roadshow process and also allows the Board to benefit from an independent third party's views of our investment case, communication and engagement with our investors.

We recognise that delivering on shareholder expectations is fundamental to ensuring that our business continues to be successful in the long term.

Regulators and Industry Bodies

We work in a highly regulated industry where it is vital to stay on top of the key regulatory requirements which are subject to rapid change and have also been impacted by the UK's departure from the European Union.

Our two operating companies are regulated by, inter alia, the Financial Conduct Authority and, in finnCap Ltd's case, the London Stock Exchange, the UK Listing Authority and AIM Team.

We have an open and transparent dialogue with the regulatory and industry bodies that we work with and we employ leading compliance professionals to monitor and police our adherence with best practice.

During FY22 we held one formal review meeting with the FCA.

We were subject to no censures or disciplinary action in the period.

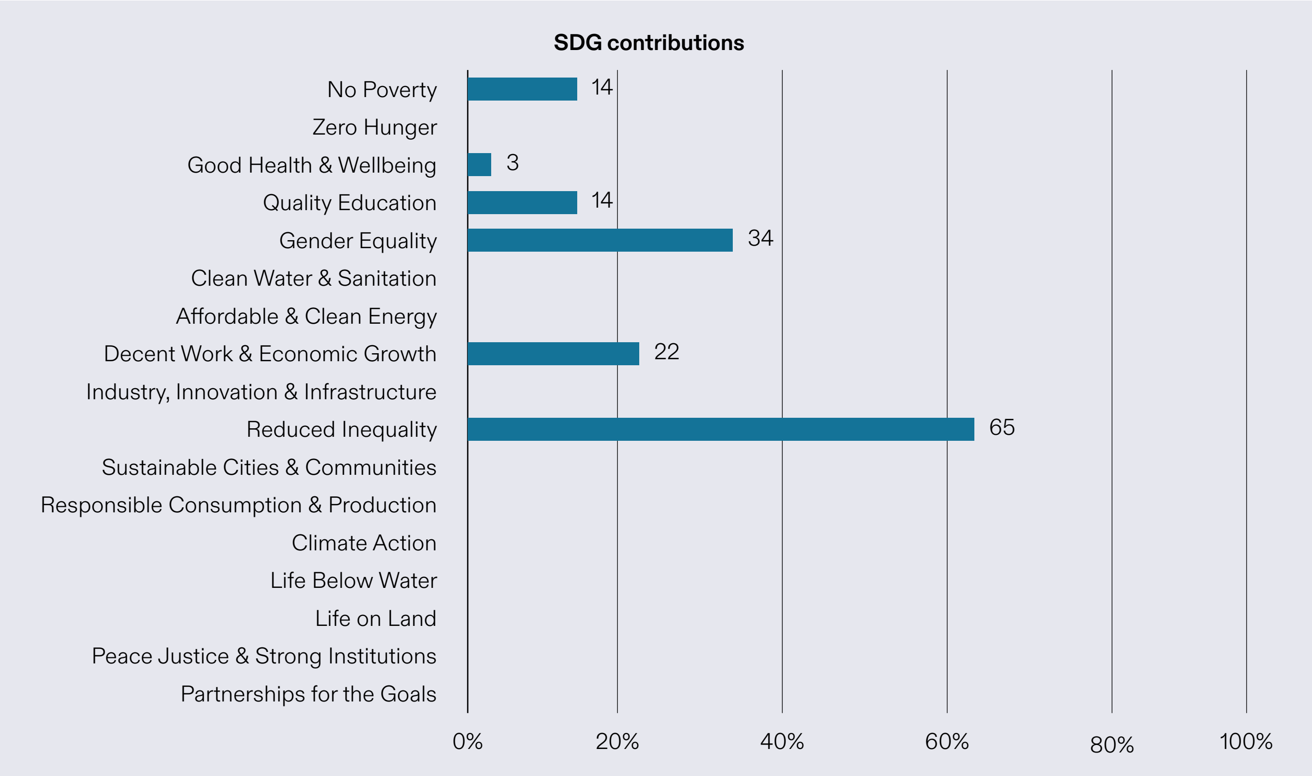
We also require our employees to undertake specific training on regulation and best practice as required by their roles.

We are also a member of the Quoted Companies Alliance and have contributed to significant issues statements and guidance including the recently published "The QCA Guide to Practical ESG".

Community and Environment

We believe that companies require a broader 'consent to exist' from the community in which we operate and should have clear goals and objectives – beyond just shareholder returns – in order to demonstrate and measure a wider contribution to the communities in which we operate.

We have set out the ways that finnCap approaches ESG matters, contributes to its community and seeks to minimise its environmental impact in a separate section – Operating Responsibly – Our ESG Report.



OPERATING RESPONSIBLY – OUR ESG REPORT

Operating responsibly, in its broadest sense, continues to be central to how we operate and interact with each other at finnCap. finnCap has developed specific leadership in its sector in ESG governance and reporting through the development and publication of the finnCap ESG scorecard and the ability to provide strategic advice to clients on ESG matters in relation to the capital markets. Following the acquisition of a 50% interest in Energise, finnCap now also has the ability to provide high quality advice to clients around net zero and sustainability as well as statutory and bespoke carbon and energy reporting and efficiency. Through our volunteer programmes and support for charities and entrepreneurship education programmes we contribute socially to our wider and local community.

This, our second, ESG report summarises our key corporate activities in FY22 and our plans for the future. By assessing our ESG activities using metrics like our proprietary finnCap ESG scorecard and the WWG platform, we can assess our ability to reduce our adverse impact on our stakeholders and the environment and improve our sustainability as an organisation.

ESG Committee – governance

Our ESG Committee is responsible for coordinating and leading the Group's internal and external ESG activities, reporting and governance. It comprises a wide range of people drawn from across the Group both client facing and support and is currently chaired by the Group CFO and the Group's Head of Marketing. The committee meets every two months with a defined agenda and work-plan and provides regular updates to the Board. The committee is not responsible for leading or developing our ESG advisory services for clients which is led by the Head of Research in finnCap Capital Markets.

During the past 12 months the committee has reviewed the Group's internal Gender Pay Gap study; the Group's Modern Slavery statement; the finnCap Index and WWG Index; organised activities for employees under our volunteering policy; approved our involvement in key charity/social initiatives; assessed our PlanetMark energy usage report and concluded to offset CO_2 production through tree planting in the UK. In FY23 as our post COVID-19 carbon impact becomes clearer, we have begun to act to support our longer-term net zero objectives.

Partnership with WWG – benchmarking ESG reporting

finnCap continues to use the WorldWide Generation Limited ("WWG") G17Eco company tracker software platform to measure progress against defined ESG metrics.

finnCap's ESG committee has chosen UN SDG 4 – quality education, SDG 5 – gender equality, SDG 8 – decent work and economic growth and SDG 7 – reduced inequalities as the UN SDGs where finnCap can most contribute. The G17Eco report scores each entity's contribution on a scale of 0-100% and provides a benchmark for Boards, employees and investors to assess quickly whether an entity is improving its contribution or, by comparing organisations, their relative performance. Our latest G17Eco report is shown above and shows an improved score on SDG-5 and SDG-10 in particular:

Environmental – developing our sustainability

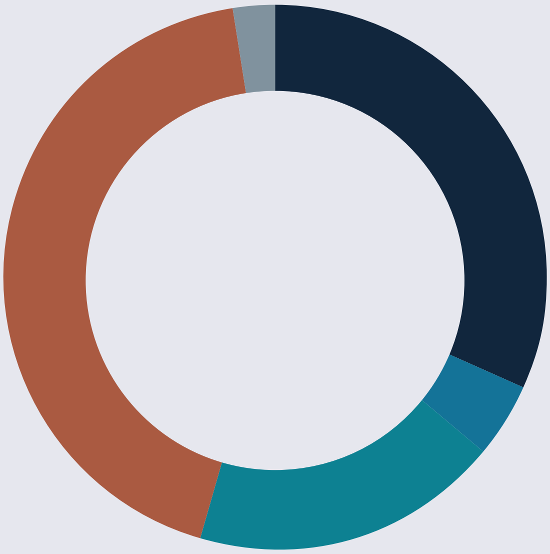
finnCap recognises that it is essential that all businesses seek to reduce their environmental impacts where practical.

Our main environmental impact lies with the direct and indirect carbon energy emissions from employee travel (in particular air travel) commuting and the energy usage in our office and during employee homeworking.

We commission PlanetMark to undertake an independent audit of our emissions and provide a tonnes of CO_2 equivalent measure which covers GHG Scopes 1 and 2 in full and a limited number of areas under Scope 3 focused on discretionary activities including travel.

Planet Mark has assisted us in assessing our carbon footprint. We undertake our review and analysis off-cycle from the annual report and accounts and the result of our FY21 review and the key sources of our carbon footprint are shown below. Our FY22 report will be published on our website in due course.

Carbon footprint by emission source for year ending 2021, tCO_2e



*Water, Paper and District Heating

In FY21 the firm produced 123 tonnes of CO_2 equivalent (FY 20: 287 tonnes). This is the first year that we have reported under the SECR regime and this report can be found on page 48.

The Group operates from new and more sustainable premises which have high energy operating efficiency, uses no GHG and deploys a zero to landfill waste policy.

Our new offices also operates a large bike parking area which, with our bike to work scheme encourages employees to use alternative forms of transport for their commute. Although we continue to grow, our new premises are highly efficient and are expected to reduce our environmental on a per capita basis further. We expect our total carbon footprint to rise in FY23 reflecting increased business travel in this first non-pandemic operating period. We currently intend to focus on reducing our CO_2 equivalent per employee from FY23 levels as part of our net zero strategy which will be formulated during the new financial year.

Social Matters – engaging with our community

Our key activities around broader social issues focus on the wellness of our people, who are our main asset and on our broader contribution to society and on our role in encouraging better working practices and on diversity and inclusion.

COVID-19 Pandemic, protecting our people

The COVID-19 pandemic continued to impact our employees as we transitioned from flexible working to home working and back in response to government guidance during the financial year.

During periods of permanent home working, the executive team and managers have been in contact regularly with our colleagues both informally and through regular team meetings, town halls and results and strategy briefings. Our IT team has been particularly effective in sorting connectivity issues, enhancing people's home working environment and therefore reducing the stress caused from IT failures.

As we noted above we have shown that the firm and its employees can continue to work well regardless of location and we were able to introduce a flexible working policy safe in the knowledge that the systems worked and colleagues could make it work.

This experience has enabled us to confidently implement a flexible working environment across the firm with in-office days being Tuesday to Thursday and employees being allowed to work from home or the office on Monday and Fridays.

Diversity and Inclusion

We continue to focus on diversity and inclusion.

In comparison with many financial services firms, we believe that finnCap is already diverse, having successfully recruited employees from across a wide range of available talent.

At 31 March 2022 32% (FY21: 35%) of our employees were women, 38% of our Board were women and c.4% of our employees were from an identifiable minority ethnic group.

We believe that we have already seen the value that comes through a diverse workforce and will continue to support difference – as a highly agile, creative and collegiate firm.

We believe that our differentiated culture has been a key driver in our ability to attract the best and most capable people into finnCap through a transparent and fair recruiting processes, as we have done historically.

We are also committed to the diversity of our Board and senior hires. More details can be found in the Nomination Committee Report. Our Diversity and Inclusion Policy can be seen on our website.

We intend to run workshops across the firm around best practice behaviours, diversity and inclusion during FY23.

Volunteering policy

In 2020, we launched a formal volunteering policy whereby all employees can book 2 days paid leave per year to use to support their charitable/voluntary activities.

Our team has undertaken several activities under this policy including school support tutoring, a winter clothing drive for Wrap Up London, an East London canal clean up, mentoring young business leaders who competed in the Your Side Hustle youth entrepreneurship competition, four Breakfast Challenges at the Whitechapel Mission, sponsored bike rides etc. In aggregate our team have done over 300 volunteering hours.

Contributing to our community, sponsoring entrepreneurship

As an entrepreneurial business we recognise how important it is to develop, mentor and champion business and social skills in future generations as well as to contribute socially to our local community through both our volunteering efforts, above, and specific activities and charities with which the firm is involved.

- Your Side Hustle: We are lead sponsor of The Side Hustle Initiative with our partner YourGamePlan to support and mentor young entrepreneurs across the UK. Staff members have signed up to provide regular mentoring which is offered to all finalists. Now in its second year the final for this year's cohort will be held in August 2022.
- We created an Entrepreneurship module with YourGamePlan online learning platform for young people who would like to start their own business or learn valuable life skills to enhance their career journey.
- Supported the All-Party Parliamentary Group for Entrepreneurship to develop a white paper on Entrepreneurship Education providing recommendations to the government on how it can help equip young people with key life skills by including entrepreneurship into the UK school curriculum.
- Continued our support (both financial and through volunteering) for charity *icanyoucantoo* which seeks to turn inequality into opportunity for non-privileged young people.
- Sponsored ten Ukrainian refugees to gain English language and UK accreditation through sponsorship of Refuaid – part of the Ukraine Business Consortium.

We also donate our surplus/age expired computers and tablets, where suitable, to local schools which then allocate to pupils according to need.

Governance – monitoring, measuring and improving our performance

The Board recognises the importance of high standards of corporate governance and has implemented a strong governance framework across the business to ensure that we comply with current standards and the SMCR Regime of the FCA. As an AIM company, finnCap has adopted the QCA Code of Corporate Governance for Smaller Companies.

More details of our corporate governance framework and performance are set out in the reports from each formal committee – Governance, Remuneration, Nomination and Risk and Compliance and are set out in this report.

We continuously strive to improve our standards and have established a sub-committee of the Board to cover People and Culture matters which is now a regular standing item on the Board's agenda. In FY23 we:

- Will undertake another formal Gender Pay Gap study and consider its implications;
- Will refresh our internal training around GDPR and AML; and
- Will conduct external training around behaviour, culture, diversity and inclusion reflecting the FCA's guidance on the importance of good non-financial conduct in the financial services industry.

MANAGING RISKS

finnCap Group plc actively manages risk by regularly reviewing the business and by actively promoting a culture of compliance throughout the Group.

The Company has a Risk and Compliance Committee, which includes its Chairman and an Independent Non-Executive Director and is attended by the CFO, COO, and the Head and Deputy Head of Compliance. Risks are reviewed by both our operating units and senior management team.

The Company has taken out insurance against those risks that the Directors consider to be appropriate. The Company's main risks are set out below, separated into operational, regulatory and financial risks.

Continuing response to COVID-19, the impact of the war in Ukraine

As we set out in the FY21 annual report, finnCap responded rapidly to the COVID-19 pandemic both operationally and financially deploying to a work from home environment following our existing disaster recovery plans. This worked well and, as the pandemic and its effects continued in FY22, we have used a similar approach where the UK government has required or encouraged working from home as well as ensuring that our offices were COVID safe once staff were permitted to return. We believe that we are well positioned to respond to the emergence of any new serious variants and that the COVID-19 pandemic has provided us with a good – albeit unwanted – opportunity to test our disaster recovery plans. **Risk rating vs FY21:** lower

Towards the end of our financial year, Russia invaded Ukraine which has had several consequential and potentially material impacts on the economies that we and our clients operate in, led to the imposition of necessary economic sanctions on Russia and certain Russian people, and looks to be a key driver in increasing and sustained inflation which will likely impact consumer demand and economic growth as we move through this financial year. The threat of increased cyber risk has also risen significantly. It goes without saying that the issues and impacts that we must manage are trivial in comparison with that being experienced by Ukrainian people whether as soldiers, refugees or as citizens facing war. From the Group's perspective these events have meant that there has been limited equity issuance across the markets in Q1 driven primarily by the caution of institutional investors and which will likely significantly impact the revenues for the new financial year. Although we have no direct exposure to Russia and no immediate loss of clients or revenue from Russia, much of our operating costs are fixed and any decrease in revenues resulting from economic weakness or lower investor confidence directly impacts the Group's profits and cash flow. In mitigation, as a result of the Group's cash position, we are in a substantially better position to manage and respond to a weaker economic environment. **Risk rating vs FY21**: higher

Risk assessment

Strategic Risk

Risk rating vs FY21: lower

The risk that we fail to deliver our strategy for growth and diversification would impact our financial results and returns for shareholders.

The Group manages this risk primarily through the Board's oversight and annual review of strategy, adherence to the QCA's corporate governance code, risk analysis and the provision of timely management information in order to enable decisions to be made appropriately. The Group's strategy is reviewed and tested both at Board level and Management committee level annually and progress and objectives are presented half yearly to all staff.

During FY22 we continued to diversify our source of revenues, a key deliverable under our strategy, and we have also made the first acquisition of an advisory business outside financial services (another key deliverable).

As a result of our financial performance, we have a balance sheet which will enable us to invest further when appropriate to drive our strategy for growth without increasing financial risk from doing so.

People Risk

Risk Rating vs FY21: unchanged

The Group's services and strong client relationships are delivered and maintained by a specialised and highly skilled team. Failure to attract, motivate and retain team members is therefore a potential risk to our revenue by impacting our ability to execute business or our strategy.

The Group seeks to mitigate these risks by maintaining appropriate remuneration and employment policies to retain and improve the quality of its team.

During FY22 we have maintained motivation, morale and our collegiate culture through frequent communication, team events, rooms and volunteering and social events.

We conducted a survey through the Great Place to Work organisation and we were pleased to see, based on the feedback from our colleagues (we achieved over 70% participation) that we were ranked 78th in the small to mid cap league table. Despite this good feedback we have considered the feedback where we diverge against this strong peer group and intend to conduct, among other things, mental health awareness training in FY23.

Although the operating environment has become weak in Capital Markets, competition for talented people remains high and our risk of staff loss remains high.

Reputational Risk

Risk Rating vs FY21: unchanged

Reputational risk potentially accompanies all transactions we advise on, our retained client relationships and associations, and from our personal behaviour both within and outside the Group. Failure to maintain a good reputation would adversely affect the Group's financial performance and its ability to grow.

The Group has robust policies on behaviour and conduct in place which require that high standards are maintained.

We operate a rigorous internal approval process – primarily led by Deal Approval and Client Approval Committees – that seeks to identify and mitigate risk during client and transaction intake and at various stages of execution of mandates. In addition, the NOMAD system requires us to undertake detailed due diligence before representing companies admitted to trading on AIM – the majority of our clients.

We actively engage with stakeholders, other professional bodies and our peers as well as monitoring media and internet coverage to understand how our reputation is perceived. In the event of risk crystallisation, management would seek to address rapidly market concerns with the support of the Board and its communications advisers, in order to maintain confidence in the Group's offering and services.

We believe that our multi-year track record of growing our business and our ability to attract highly respected individuals to join the Group demonstrate that our reputation is good and continues to improve. During FY22 no events occurred that had a material adverse impact on the Group's reputation.

Technology Risk

Risk Rating vs FY21: increase

Technology risks arises from the failure or breach of core IT systems, software or processes within the Group or at one of our third-party providers.

The level of risk arising from an IT failure is dependent largely on the extent and nature of the failure. It is particularly important with respect to our sales and trading operations that require an integrated IT system to trade and comply with regulations. In addition, our corporate finance and NOMAD operations require us to receive and hold confidential potentially market sensitive information on behalf of clients.

The Group seeks to mitigate these risks through a continual process of review, improvement and investment in our core systems. Where we rely on external parties or services including for software we seek providers who have suitable disaster recovery procedures in place. The IT upgrade plan, risks and issues are reviewed by the Risk and Compliance Committee and the Management Committee.

In addition, the Group has invested in networks that are robust and uses software that is an externally tested combination of in-house and packaged products. The Group also uses a third-party data centre for off-site back up and DRP.

During FY22 we continued to invest in cyber security systems in particular, given the higher risks of a data breach from the increase in home working. We used our office move to invest in better hardware, UPS back up and networks to improve the performance of our IT systems which have worked well. We continued to monitor for and install third party updates to our software systems for security and performance. We also invested in our network capability and security to support remote working which is likely to become a normal part of our working practice. We have taken out specific insurance for cyber risk which would provide some financial protection for the Group and also give access to specialist skills not available within the Group.

Financial Risk

Risk Rating vs FY21: unchanged

We have identified three specific financial risks for the Group: Financial Markets risk; Capital and Liquidity Risk; and Credit Risk.

Financial Markets Risk

The equity market's appetite for investment and the confidence of M&A buyers directly impacts the Group's activity and revenue and material adverse movements in financial markets can impact the value of the Group's investments and market making positions.

The Board recognises that markets in which the Group operates are cyclical and has developed a business model that is robust in these circumstances.

Successful delivery of the Group's strategy which targets product diversification whilst requiring an efficient operating model is designed both to increase the revenue and profits of the Groups as well as reduce the impact of significant equity markets movements.

The Group is exposed to movements in the value of its holdings in quoted and unquoted securities. This risk is mitigated through frequent review of its holdings for appropriateness, risk and liquidity. The Group rarely holds significant positions other than for trading purposes.

Capital and Liquidity Risk

The risk that we have insufficient cash or capital to meet our contractual, contingent or regulatory obligations.

The Group's objective in managing capital and liquidity is to ensure that it has a sufficient permanent base of cash funds to be able to operate and absorb any reasonable losses arising from an extreme event.

The Group's two operating companies are also subject to the capital requirements of the FCA Handbook which sets capital requirements based on the risks (including credit risk and market risk) assumed by each company. The operating companies manage their capital risk by performing a daily computation of the capital requirements and then ensuring that their capital is sufficient.

Credit Risk

The risk of loss from the failure of clients or counterparties to settle or fully honour their financial obligations to us.

The Group employs policies to establish credit limits for clients. It does not make material loans or investments into clients. Our primary credit risk lies, therefore, with our agency trading and market making business and our extension of credit on normal terms to corporate clients. At the start of the pandemic we reset and reappraised credit limits and updated them to reflect AUM and other measures. We also increased our focus on collecting aged debtors.

In FY22 finnCap Analytics began trading which involves larger trades with larger liquid institutions (which are not necessarily long-only, as the majority of our traditional customer base is). We have increased our margin position with our key trading and settlement provider to support Analytics but not materially and our Gross Exposure has remained well within our agreed limits throughout the financial year. We also have a substantially strengthened balance sheet with *c.*£25m at the year end and are thus better able to withstand an adverse financial event.

Overall, financial risk has remained stable.

Other Operational Risk

Risk Rating vs FY21: unchanged

The risk of loss resulting from inadequate or failed internal processes. This increased following the implementation of working from home. We have separately analysed other operational risks including Technology and Liquidity elsewhere in this section.

The Group has implemented a controls environment at both financial and operational level and oversight functions at Board level and below, including the SMCR committee and the Group's Management Committee. It has also demonstrated significant operational resilience by Working from Home during the COVID-19 pandemic lock downs.

The Group relies on third party service providers for certain aspects of its businesses (for example, on Pershing for settlement of its trades). There is a risk that these service providers are unable to meet their contractual obligations to the Group. The Group manages this risk through the identification of key providers, monitoring of their performance, investigation of issues as and when they arise and through dialogue around providers' business continuity plans.

Our operating controls have stood the test of COVID-19, but regardless we periodically reassess, revise and improve our controls environment.

Conduct, Regulatory and Litigation Risk

Risk Rating vs FY21: increased

The Group is highly reliant on its staff to deliver our services to clients and support the operation of our businesses which are heavily regulated.

It is therefore exposed to the impact of inappropriate conduct, behaviour or practices which may result in damage to our clients' interests, our colleagues and/or our external reputation.

There is the potential for employees to exceed the boundaries of their roles or transactional limits, either intentionally or through error so creating the risk of financial reputational loss and/or fines, censure or other sanctions by our regulators.

The Group operates in a heavily regulated industry and we are exposed to the risk that regulations (or the interpretation of them) change materially and may adversely affect the operation of the Group's business. We note that the FCA in particular is setting clearer and higher standards around diversity, inclusion and non-financial conduct, an approach that we support.

Legal proceedings may arise from time to time in the course of the Group's businesses in the event that we fail to comply with regulations or industry best practice.

The group has a defined Conduct Policy which sets out the standards of behaviour expected from all staff.

This is supported by a system of management supervision, segregation of duties, the operation of an independent Compliance function and the use of technology (where appropriate) to restrict the potential for breach of law, regulation or policy and monitoring to highlight breaches. We have also established a system of monitoring and oversight as part of our SMCR framework.

The Group carries out focused regulatory, legal and conduct training for staff.

The Group has an independent compliance department that reports to the main Board through the Risk and Compliance Committee. The Directors monitor changes and developments in the regulatory environment and ensure that sufficient resources are made available to implement any required changes. However, there is the potential that future changes to the regulatory, legislative or tax environment may have further impacts on the profitability of the Group.

The Group also seeks to mitigate litigation risk through the use of engagement letters that clearly define services to be provided and which limit the Group's liability appropriately.

The Group holds professional indemnity and general insurance to provide some protection against litigation risks.

The Group has in place well-established policies on whistleblowing and financial crime. Employees may report in confidence, and anonymously if preferred, any concerns they may have about suspected impropriety or wrongdoing in any matters affecting the business. No matters were reported in the year.

In FY23 we intend to run specific refresher training for staff around behaviour and diversity & inclusion alongside our regular training around regulation (eg AML, KYC and GDPR). We have also considered the wider implications of our flexible working from home policy covering topics such as home office health and safety risks and on the job training and supervision of junior employees.

In FY22, no material litigation has been initiated against the Group.

Governance

In this section

BOARD OF DIRECTORS

The Board is responsible for overseeing the management of the business as a whole and for ensuring that high standards of corporate governance are maintained throughout the business. Certain aspects of this are delegated to Committees of the Board, as further described in the reports of the various Committees below.

The biographical details, skills and experience of each of the Directors are summarised below, including the expected time commitment of each Director.

Robert Lister
Independent Non-Executive Chairman
(appointed 1 January 2021)

Robert Lister joined the Board on 1 January 2021 as a non-Executive Director and Chairman. Robert spent 25 years in investment banking first with Barclays de Zoete Wedd where he started as a graduate in 1983 and rose to become Head of European Equities in 1998 and then at Dresdner Kleinwort Benson where he was Global Head of Equities. Since then Robert has been appointed as a non-Executive Director of Investec Wealth and Investment Limited (2010), Aberdeen Smaller Companies Income Investment Trust PLC (2012 to 2022), Credit Suisse Asset Management Limited (2012) and Integrafin Holdings PLC (2019). He is also Investment Expert and Chair of the Salvation Army International Trust Fund and Retired Officer Allowance Scheme.

Time commitment: Approximately 2-3 days a month

Samantha (Sam) Smith
Chief Executive Officer

Sam established finnCap in 2007, having orchestrated the management buy-out of a small broking subsidiary of JM Finn & Co Limited, a private client stockbroking firm. Sam is the first female Chief Executive of a City stockbroking firm and is a supporter of social enterprises designed to inspire and engage the next generation of female business leaders and entrepreneurs. Sam qualified as a Chartered Accountant at KPMG and is an alumnus of the University of Bristol.

Time commitment: Full-time

John Farrugia
Chief Executive Officer (Designate)
(appointed 8 July 2022)

John was appointed to the Board as Chief Executive Officer (Designate) on 8 July 2022, and, subject to regulatory approval, will succeed Sam Smith as Chief Executive Officer with effect from 1 September 2022. John joined Cavendish (now finnCap Cavendish) in 2008, and became Managing Partner, and joined the Group's executive committee, in November 2020. He has over 20 years' experience in investment banking, primarily within mergers and acquisitions, and has an outstanding deal completion track record within the technology and tech enabled business services sectors. John graduated with a degree in Economics from the University of London in 2000. He started his career within the technology M&A division of DC Advisory (formerly Close Brothers) and subsequently Strata Technology Partners before moving to Cavendish.

Time commitment: Full-time

Geoff Nash
Executive Director
(appointed 8 July 2022)

Geoff is a founding shareholder and was a key member of the 2007 MBO, as a Director of the Group. He has over 20 years' corporate finance experience in growth companies, having advised on all aspects of IPO, M&A and secondary funding. Geoff has advised clients across a range of sectors, with a particular focus on life sciences. Prior to joining the Group, Geoff qualified with KPMG and previously worked in private equity. He also spent seven years at Evolution Securities (formerly Beeson Gregory and now part of Investec).

Time commitment: Full-time

Richard Snow
Chief Financial Officer (appointed 20 May 2020)

Richard joined the Company as Chief Financial Officer in May 2020. Prior to joining the Company, Richard was the Finance Director and Compliance Officer for Finance and Administration of the UK law firm Greenberg Traurig LLP. He qualified as a Chartered Accountant with Arthur Andersen in 1991 and moved to the investment banking industry gaining 15 years' experience in corporate advisory at Charterhouse, Merrill Lynch, Goldman Sachs and Nomura. From 2006 to 2011 Richard was Director of M&A and then Investor Relations at Vodafone Group plc. From early 2014, he was Director of Investor Relations of Ladbrokes plc and then, from December 2015, he served on its Executive Committee as acting Chief Financial Officer leading the finance team through the merger with Coral Group plc. Richard has an MA (Hons) in Natural Sciences from Trinity College, Cambridge.

Time commitment: Full-time

Tom Hayward
Chief Operating Officer

Tom was appointed to the role of Finance Director to finnCap in 2010. Tom served as Chief Financial Officer of the Company during its admission to AIM in 2018 and until Richard Snow joined the Board in May 2020. From May 2020, Tom continued to serve on the Board as Group Chief Operating Officer and Managing Partner of Cavendish, roles he assumed following the departure of the Group's Chief Commercial Officer in 2019. Since John Farrugia's appointment as Managing Partner of Cavendish in late 2020, Tom has focused on his COO duties, including overseeing the implementation of the Group's new business division, finnCap Analytics. Tom previously spent nearly 10 years as a Venture Capital investor at Herald Investment Management Limited where he invested in early-stage information technology and media companies. Between 1998 and 2000, Tom worked in the telecoms and technology M&A team at J. Henry Schroder & Co. Tom qualified as a chartered accountant in KPMG's project finance team and has an MA (Hons) in Natural Sciences from Trinity College, Cambridge, and an MSc in Computing from Imperial College, London.

Time commitment: Full-time

Andrew (Andy) Hogarth
Senior Independent Non-Executive Director

Andy was appointed to the board of Staffline Group plc as Finance Director in 2002, becoming Managing Director in 2003 and was appointed Chief Executive when the company was admitted to trading on AIM in 2004. During the fifteen years of his leadership, the business grew from a turnover of £40m in 2004 to nearly £1bn in 2017, with underlying operating profits growing from £2m to over £39m during the same period. He has held senior roles in a wide range of businesses, including retail, support services, healthcare, hospitality and construction. As Finance Director, he led the management buy-out and subsequent trade sale (to Morgan Sindall in 2002) of Pipeline Constructors Group, a utility services business. Andy currently sits on the board of an elderly care charity, is a Governor of two RSA academy schools and is the Non-Executive Chairman of Ten10 Ltd, a PE backed computer software testing consultancy. He is also a Director of Hogarths Hotels, which has two boutique hotels in Solihull and Kidderminster. He is a Fellow of the Association of Chartered Certified Accountants.

Time commitment: Approximately 2-3 days a month

Barbara Firth
Independent Non-Executive Director

Barbara has decades of financial and management experience covering both private and quoted companies. Previous roles have included Chief Financial Officer and subsequently Chief Operating Officer of Advanced Computer Software Group plc (ACS) from its early stages to the sale in 2015 to Vista for £725m. Prior to her role at ACS, Barbara was Chief Financial Officer of Computer Software Group plc (CSG) from the time of its float to the sale in 2007 to HG Capita. Prior to CSG, Barbara was the UK financial controller for Roberts Pharmaceutical Inc. and a member of the Roberts/Shire merger task force. Barbara has considerable M&A experience including processing and integrating many smaller bolt-on acquisitions and several larger scale transactions. Barbara's past responsibilities have included Finance, M&A, Human Resources, Legal and Commercial Contracts, Investor Relations and Company Secretarial functions.

Time commitment: Approximately 2-3 days a month

Annette Andrews
Independent Non-Executive Director

As an independent Non-Executive Director Annette Andrews brings substantial HR and people expertise to the Board after a 30-year career in HR roles in both regulated financial and commercial environments. In the past 15 years she has held senior HR leadership positions at Lloyd's of London (Chief People Officer), Catlin Insurance (HR Director), Lloyds Banking Group PLC (various roles including Head of HR Americas) and the Ford Motor Company in Europe and the UK. On leaving Lloyd's of London in 2020, Annette founded Acaria Coaching and Consultancy Ltd, working with individuals and organisations globally to help them achieve their full potential. Annette is MBA qualified and a Fellow of the Chartered Institute of Personnel Development, alongside being a Life and Executive Coach. Annette's other non-executive and advisory roles include Non-Executive Chairman of The Guild of Human Resource Professionals, Chair for a Community Interest Charity, 'Strengths in Communities'.

Time commitment: Approximately 2-3 days a month

CORPORATE GOVERNANCE REPORT

Chairman's Introduction

I am pleased to present the Company's Corporate Governance Report for the year ended 31 March 2022.

We continue to adopt, and apply the principles of, the Quoted Companies Alliance's Corporate Governance Code ("QCA Code"), and this report sets out how we have applied those principles during the year and describes the governance framework that we have established (and continue to develop) to support the implementation of the principles and a culture of good corporate governance. The report is structured under the headings of the ten QCA Code principles for ease of reference. I am delighted to confirm the Board's belief that we have complied with the ten principles of the QCA Code throughout the year.

The positive culture of our group, based on our values of being smart thinking, dynamic and collegiate, is key to creating a sustainable, growing business, and the Board recognises its key role in setting the tone from the top and demonstrating our culture and values in our own interactions.

Our culture supports our core mission to help ambitious companies grow for the benefit of their shareholders, and we have a clear business model and growth strategy to diversify our business by offering more services to our existing and new clients. We were delighted to announce our acquisition of a 50% investment in Energise Limited (a net zero and sustainability consultancy) in April 2022, supporting this strategy and giving our clients access to assistance in addressing the key sustainability challenges facing today's boards.

In addition to promoting our culture and values, it is the Board's job to ensure that the Group is managed for the long-term benefit of our shareholders, clients, staff, and other key stakeholders. This requires effective and efficient decision making, including maximising revenue opportunities across finnCap, Cavendish, and now Energise. A strong corporate governance framework is vital to support those processes, reducing risk and adding value to the business.

We recognise the need to continue to develop our governance framework and processes to ensure that they meet the needs of the business and support high standards of corporate governance. We are pleased to have appointed Annette Andrews as an Independent Non-Executive Director and Remuneration Committee Chair during the year, who brings further experience in listed (and financial services) remuneration matters to that committee, and to ensure that our remuneration policy continues to operate to attract, motivate and retain the high-calibre individuals that the Group needs to continue to drive our strategy.

The Board is kept up to date on all relevant regulatory and governance developments (both directly and through regulatory updates from the Group's Compliance Function to the Risk and Compliance Committee), and reviews key group policies on a regular basis.

Strategy & business model (Principle 1 of the QCA Code)

Our strategy and business model, including the key risks and challenges in delivering them, are set out in the Strategic Report on pages 3 to 29.

The Board regularly discusses the Group's long-term strategy and monitors the performance of the Executive team in the delivery of that strategy. Performance against a set of relevant KPIs is discussed at each Board meeting.

Shareholder relations (Principle 2)

The Board is committed to listening and communicating openly with its shareholders to ensure that our strategy, business model and performance are clearly understood. Helping these audiences understand our business and strategy is a key part of driving our strategy, and through our Executive Directors (primarily our Chief Executive Officer and Chief Financial Officer) we are proactive in seeking dialogue with the market through investor roadshows and our regular reporting. All of the Non-Executive Directors (but in particular the Chairman and Senior Independent Director) are also available to meet with major shareholders.

The Board as a whole is kept informed of the views and concerns of shareholders through briefings following engagement activity conducted by the Executive Directors, or any non-Executive Directors, and any significant investment reports are also circulated to the Board.

Outside the programme of investor engagement led by the Executive Directors, the Annual General Meeting ("AGM") is the main forum through which the Board is available for engagement with shareholders. After COVID-19 restrictions had led to our 2020 AGM being held as a "closed" meeting, we were very happy that our 2021 AGM was open for shareholder attendance, and look forward to welcoming shareholders again to our 2022 AGM on 15 September 2022.

Our stakeholders (Principle 3)

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making.

In addition to our shareholders, the Board has identified our key stakeholder groups as being our employees, our clients, our community (and the environment), and our regulators and relevant industry bodies. Information on how the Company engages with these key stakeholder groups is set out in more detail on pages 21 to 22.

Risk Management (Principle 4)

The Group operates a clearly defined, robust, scalable and enterprise-wide risk management and control framework through which we aim to identify actual and potential risks, and ensure that appropriate controls and safeguards are in place and operate to mitigate risks within our agreed risk appetite.

The Board has ultimate responsibility for the systems of internal control and risk management, with oversight of financial risk management systems and internal controls delegated to the Audit Committee. The Risk and Compliance Committee has delegated responsibility for the assessment of the quality, integrity, implementation, and reliability of the Company's risk management processes. The reports of the Audit Committee and the Risk and Compliance Committee are on pages 39 and 40 respectively.

Further information on our approach to risk management, and the principal risks facing the Group, is set out in the "Managing Risks" section on page 26 to 29.

Key financial and non-financial controls are set out below:

Financial controls

- The Board is responsible for reviewing and approving overall Group strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Group including treasury, tax and dividend policy. Results and variances from plans and forecasts are reported to the Board.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in the light of actual performance.

Non-financial controls

The principal elements of the internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors;
- An organisational structure with defined levels of responsibility which promotes entrepreneurial decision making and rapid implementation while minimising risks;
- An appropriately staffed compliance department with a clear annual work plan;
- A robust IT strategy which is vital to the security and continuity of the Group.

The Board (Principle 5)

The Board provides oversight of the Group's governance and it is the Board's job to ensure that the Group is managed for the long-term benefit of our clients, staff, shareholders and other key stakeholders, with effective and efficient decision-making, including maximising revenue opportunities across the Group's trading subsidiaries.

As at the date of this report, the Board comprises the Chairman, three Executive Directors and five independent non-Executive Directors with a gender balance of 67% male and 33% female Directors. The Board is satisfied that it comprises an appropriate balance between independence and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Board has in place effective procedures to monitor and deal with conflicts of interest, including recording the other external commitments and interests of its Directors.

The Board has delegated specific responsibilities to various Committees as follows:

- The Nomination Committee is responsible for receiving and recommending changes to the composition of the Board and its Committees.
- The Remuneration Committee is responsible for overseeing the overall remuneration policy for the Group and the remuneration of the Executive Directors.
- The Audit Committee is responsible for overseeing financial performance, financial risk, internal controls and external audit.
- The Risk and Compliance Committee is responsible for overseeing the risk management policies of the Group.

Further information on each of the Board Committees is set out in their respective reports in this Annual Report.

Board and Committee Meetings

The Board has regular scheduled meetings at least six times per year and meets at other times as necessary. At its scheduled meetings, the Board reviews financial performance, strategy and key risks, and monitors key performance indicators. Detailed Board packs are prepared and circulated several days in advance of formal scheduled meetings and all Directors receive appropriate information on a timely basis to enable them to discharge their duties accordingly.

Attendance at Board and Committee meetings by members of the Board, and Committee membership, during the year ended 31 March 2022 was as follows.

	Position As at 31 March 2022	Board (6 meetings)	Nominations Committee (2 meetings)	Audit Committee (2 meetings)	Remuneration Committee (2 meetings)	Risk and Compliance Committee (4 meetings)
Robert Lister	Chairman (NED)	6	2	2	2	4
Sam Smith	CEO	6				
Tom Hayward	COO	6				4
Stuart Andrews	Managing Director, finnCap	6				
Richard Snow	CFO	6				4
Annette Andrews[1]	Non-Executive Director	1	–		–	
Andy Hogarth	Senior Independent Director	5	2	2	2	
Barbara Firth	Non-Executive Director	6	2	2	2	4

1 Annette Andrews was appointed as a non-Executive Director, Chair of the Remuneration Committee and a member of the Nominations Committee with effect from 25 January 2022. The table above reflects Annette's attendance at meetings from that date.

Roles & Responsibilities

Chair

Robert Lister is our non-Executive Chair. In this role Robert is responsible for the effective leadership, operation and governance of the Board, ensuring that all Directors contribute effectively to the Board's discussions and the development of the Company's strategy, and ensuring that the culture and values of the Group are reflected in the way in which the Board operates.

Independent non-Executive Directors

Annette Andrews, Barbara Firth and Andy Hogarth are considered by the Board to be independent non-Executive Directors (NEDs). The role of the NEDs is to provide oversight and scrutiny of the performance of the Executive Directors. Our NEDs are expected to devote such time as is necessary for the proper performance of their duties, which in normal circumstances equates to approximately two to three days per month, including attending all Board meetings and all meetings of the Committees of which they are members (or which they Chair).

Executive Directors

The Executive Directors are responsible for the management of the business and, in the case of the CEO, the strategic development of the Group. They have general authority to manage the business of the Group, subject to a list of matters reserved for consideration by the Board.

The Executive Directors sit on the boards of the trading subsidiaries of the Group, and (with the addition of the Managing Partner of Cavendish) are the regulated entities' "Senior Managers" for the purposes of the Senior Managers & Certification Regime ("SMCR"). They meet regularly in this capacity, reviewing matters relating to the risk management, legal & compliance issues, staff conduct, technology risks, financial procedures and other issues as required.

To support the Executive Directors in managing the business, the Group has established a Group Executive Committee (consisting of the Executive Directors, the Managing Partner of Cavendish, and the Heads of HR and Marketing) and a Business Leaders Group (consisting of the functional Heads of client facing parts of the Group). The Group Executive Committee meets weekly to monitor implementation of the Group's strategy. The Business Leaders Group meets quarterly to discuss revenue-generating activities and opportunities.

The Group also has an Operations Committee, which is chaired by the CFO and operates on a Group-wide basis. It consists of members of the Trade Support, Compliance, Finance, IT, HR and wider operations team and considers inter-departmental projects and other operational issues.

Subsidiary committees

finnCap Ltd and Cavendish Corporate Finance LLP, being the Group's operating subsidiaries, each have an Executive Committee ("ExCom") comprised of key revenue generators and department heads. Each ExCom meets regularly to discuss and decide on matters specific to the relevant subsidiary's business, performance and staff.

finnCap and Cavendish also each have new business committees which consider the take-on of new clients or transactions. finnCap also has certain other committees, including a Nomad Committee, Sponsor Committee and Opinions Committee, which assist in meeting finnCap's regulatory obligations in providing services to its clients.

Directors' skills and capabilities (Principle 6)

The current Board has a good blend of sector, financial and listed company experience, and the Executive Directors have broad experience in financial services, investment banking and M&A.

With the support of our Company Secretary, Nomad and other advisors, the training development needs of the Board are met through regular updates on legal, regulatory and governance issues as appropriate.

On joining the Board, Directors receive a tailored induction programme including meetings with members of the Board and senior management, access to Board and Committee papers and minutes, and meetings with relevant external advisers including the Company's Nomad.

Biographies of each Director, including details of their experience and roles on the Board, are set out on pages 32 and 33.

Board performance evaluations (Principle 7)

During the year, the Board considered whether it would be appropriate to conduct an externally facilitated performance evaluation, but concluded that at the current stage of the Company's development, and with no particular concerns as to the Board's effectiveness, a full external review was not necessary.

The Board therefore undertook a self-assessed performance evaluation during the year in the form of an online questionnaire using Independent Audit's Thinking Board® Evaluator. All Directors completed the questionnaires, which focused on how well the Board covers its key areas of responsibility, and the processes that support Board and Committee governance, and the responses were summarised in a report presented to and discussed by the Board at its meeting in January 2022.

Responses indicated that the Board meetings are efficient, enjoyable and useful, that in general the Board performs well in addressing the key areas of its responsibilities (including ensuring sound financial and risk management systems are in place), and that governance processes operate well to support the Board in fulfilling its main responsibilities. Some areas for improvement were identified, including ensuring that the Board adopts appropriate policies to incentivise, motivate and retain a high-performing management team. More information on steps taken to address this can be found in the Remuneration Committee report on page 41, and it is intended that the Nomination Committee will continue to develop Board and executive succession planning processes going forwards.

The Board will continue to keep under review the appropriate approach to evaluating its performance, and the performance of its Committees, on an annual basis.

Corporate culture (Principle 8)

The Board recognises that our core values provide a framework which influence every level of the Group. All employees are encouraged to contribute to the furtherance of our values (smart thinking, collegiate and dynamic), and sharing and demonstrating these values plays a major role in maintaining employee relations and engagement. These core values are clearly set out in our Employee Handbook and form a key part of employee performance and development reviews.

All staff are given training on the FCA's Senior Manager and Certification Regime (SMCR) which applies to the Group's regulated subsidiaries. This includes training on expected levels of conduct, and materials have also been made available to employees on a dedicated conduct page of our intranet. Staff conduct is a standing item on the agenda of the Risk and Compliance Committee, the quarterly meetings of the Group's Senior Managers, and the Group and regulated subsidiaries' executive committees.

The Board receives feedback on the culture of the Group through updates from the Executive Directors (including on staff engagement surveys) and direct interactions with employees. Since the year-end the Board has approved the constitution of a People & Culture Committee which will meet regularly and report to the Board on its activities. People & Culture will also be a standing item on the Board's agenda going forwards.

Whistleblowing

The Group has in place well-established policies on whistleblowing and financial crime. Employees may report in confidence, and anonymously if preferred, any concerns they may have about suspected impropriety or wrongdoing in any matters affecting the business. No matters were reported in the year.

Governance structure (Principle 9)

The Board is satisfied that its governance structure and processes are fit for purpose. The roles and responsibilities of the Board, its Committees and Directors are described above and in the reports of the principal Committees set out in this Annual Report.

There is a formal schedule of matters reserved to the Board, including but not limited to ensuring responsibility for overall Company strategy, approval of major investments (capex or opex), approval of external financial reporting, annual budgets, dividend policy, and Board structure. The Board also monitors the exposure to key business risks and reviews the strategic direction of the Group's trading subsidiaries, their annual budgets and their performance in relation to those budgets.

Each of the Board's Committees operates under specific terms of reference approved by the Board and which are reviewed annually. The terms of reference are available on the Group's website at: https://www.finncap.com/investors/corporate-governance.

The governance framework is supported by robust internal controls, delegated authorities and authorisation processes, and these are kept under review on an ongoing basis to ensure that they operate effectively.

Shareholder and stakeholder communications (Principle 10)

Our approach to maintaining a dialogue with shareholders and other stakeholders is explained under the "Shareholder relations (Principle 2)" and "Our stakeholders (Principle 3)" headings above. The Board believes that transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to.

The Group's website provides information about our business activities, access to all regulatory announcements and copies of the current and historic Annual Reports.

The Non-Executive Directors attend the AGM and have the opportunity to attend other meetings with shareholders and do so from time to time or as requested. All shareholders are invited to make use of the AGM to raise any questions regarding the management or performance of the Group.

Robert Lister
Chair

13 July 2022

NOMINATION COMMITTEE REPORT

Role of the Nomination Committee

The Board has delegated authority to the Nomination Committee for ensuring that the Board has the right balance of skills and experience, including succession planning for Directors and other senior executives and filling vacancies in the Board as they arise.

The Committee's terms of reference are available on the finnCap Group website and set out in further detail the objectives and responsibilities of the Committee.

Members and Meetings

The Nomination Committee comprises Andy Hogarth, Barbara Firth, Annette Andrews and Robert Lister, and is chaired by Andy Hogarth. The experience and expertise of the Committee members is set out in the biographies in the section entitled "Board of Directors" of this Annual Report.

The Committee meets as appropriate, and at least once a year. In the last financial year, the Committee met twice primarily to discuss Board composition and the recruitment process for a new non-Executive Director, with further discussions on the search for non-Executive Directors at full Board meetings. Information about meetings and attendance is set out in the Corporate Governance Report.

The Chief Executive Officer and/or Chief Financial Officer are invited to attend these meetings as appropriate. The Company Secretary acts as the secretary of the Committee.

Activity during the year

The principal business of the Nomination Committee during the financial year was to consider non-Executive Director succession planning, lead the search for a new non-Executive Director and Remuneration Committee Chair, and make appropriate recommendations to the Board.

Annette Andrews' appointment followed an extended and robust recruitment process coordinated by an independent executive search firm. The Committee delegated responsibility to Robert Lister to lead the recruitment process in conjunction with the search firm, and to identify suitable candidates to be interviewed by the wider Committee and Board members. Key criteria for the search (which were agreed by the Committee) included independence, significant experience in remuneration matters, experience and insight in the sectors in which the Group operates, and alignment with the Group's culture.

Following a robust process, Annette was identified as the preferred candidate and the Committee recommended her appointment to the Board.

The Committee also discussed senior executive succession planning during the year.

Diversity

The Nomination Committee recognises the importance of diversity, in its broadest sense, having regard to gender, ethnicity, background, skillset and breadth of experience, at Board level and throughout the Group. The Committee is currently satisfied with the diversity of the Board, and is particularly proud that the Group has had a female CEO, Sam being the first female CEO of a City stock-broking firm. The Committee will keep the diversity of the Board (and the application of the Group's Diversity & Inclusion Policy in Board recruitment processes) under review, in particular in relation to discussions about the composition of the Board and future appointments.

Andy Hogarth
Chairman – Nomination Committee

13 July 2022

AUDIT COMMITTEE REPORT

Role of the Audit Committee

The Board has delegated authority to the Audit Committee (the Committee) to provide oversight and governance to the Group's financial reports, its internal controls and its processes, its financial risk management systems and the appointment of and relationship with the external auditor.

The Committee's terms of reference are available on the finnCap Group website and set out in further detail the objectives and responsibilities of the Committee.

Members and Meetings

The Committee comprises Barbara Firth, Andy Hogarth and Robert Lister, and is chaired by Barbara Firth. All members of the Committee are independent non-Executive Directors. The experience and expertise of the Committee members is set out in the biographies in the section entitled "Board of Directors" of this Annual Report, and the Board is satisfied that the Committee has recent and relevant financial experience.

The Committee meets as appropriate, and usually at least three times per year. In the last financial year, the Committee met twice with a further meeting (to discuss the year-end audit plan) held following the year-end. Information about meetings and attendance is set out in the Corporate Governance Report.

Activity during the year

The main items of business considered by the Committee during the year included:

- Reviewing and monitoring the integrity of the Group's interim financial statements published in November 2021;
- Reviewing the FY22 audit plan and audit engagement letter;
- Reviewing the suitability of the Group's external auditors for FY23;
- Considering the key audit matters and how they were addressed in the financial statements for FY22;
- Reviewing the financial statements and Annual Report for FY22;
- Considering the external audit report and management representation letter for FY22; and
- Considering the Group's need for an internal audit function.

Significant issues considered in relation to the financial statements

As part of the monitoring of the integrity of the financial statements, significant matters and accounting judgements identified by the finance team and external auditor are reviewed by the Committee. The significant matters considered by the Committee in respect of the year ended 31 March 2022 are set out below:

Revenue recognition: The Committee reviewed management's judgements around the timing of revenue recognition in respect of deal fees and commission income where such revenue is recognised in close proximity to financial period ends. This includes reviewing the outcome of the external auditors review of the design and implementation of controls around revenue recognition. The Committee is satisfied that income has been recognised in the correct accounting period.

Going concern status: The Committee reviewed management's going concern analysis and associated stress testing. Taking into account the Company's balance sheet position, the Committee concurred with management's view that the Group has adequate resources to continue to operate for the foreseeable future, and therefore supported the recommendation that the going concern basis continue to be adopted in preparing the financial statements.

Role of the External Auditor

The Committee monitors the relationship with the Group's external auditor BDO LLP (BDO), to ensure that its independence and objectivity is maintained. Noting the tenure of BDO, the Committee will keep under review the need for an external audit tender.

Audit process

BDO prepares an audit plan for the review of the full-year financial statements. The audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. This plan is reviewed and agreed in advance by the Committee. Following the audit, the auditor presents its findings to the Committee for discussion.

Non-audit services

As part of its monitoring, the Committee keeps under review the nature and extent of non-audit services (and non-audit fees, which are set out in Note 6 to the financial statements) provided by BDO LLP. Non-audit services provided are primarily in connection with regulatory reporting requirements, and BDO LLP and the Committee are satisfied that appropriate safeguards are in place to ensure that the external audit team's independence is preserved.

Audit effectiveness and Auditor reappointment

The Committee also assesses the auditor's performance on an annual basis. The Committee is satisfied with the auditor's performance and has recommended to the Board that a resolution to reappoint BDO LLP as the Group's external auditor be proposed at the forthcoming AGM.

Internal Audit

The Committee considers at least annually whether the Group requires an internal audit function, and continues to be satisfied that assurance as to the adequacy and effectiveness of internal controls can be appropriately derived through the Group's risk management procedures. The Committee has considered specific areas where further assurance may be appropriate, with IT Controls (in particular penetration tests) reviewed by the Risk and Compliance Committee during the year.

The Committee will keep the need for an internal audit function, and any areas where additional assurance may be required, under review on a regular basis.

Internal Controls

The Board has overall responsibility for maintaining sound internal control systems, with such systems designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit Committee is responsible for keeping under review the effectiveness of the Group's internal financial control and risk management systems. The Group's system of financial controls includes a robust governance and reporting structure, clearly defined levels of delegated authority, and controls in respect of the key operational and financial processes of the business. The Committee is satisfied that these controls have operated effectively during the year.

Barbara Firth
Chair – Audit Committee

13 July 2022

RISK AND COMPLIANCE COMMITTEE REPORT

Role of the Risk and Compliance Committee

The Board has delegated authority to the Risk and Compliance Committee to assess the quality, integrity, implementation and reliability of the Company's risk and compliance management processes.

The Committee's full terms of reference are available on the finnCap Group website.

Members and Meetings

The Risk and Compliance Committee comprises Robert Lister (who Chairs the Committee) and Barbara Firth as non-Executive Directors, the CFO, COO, and the Head of Compliance. Meetings during the year were also attended (by invitation) by the Deputy Head of Compliance, the General Counsel, and a representative Director from the Corporate Finance team. The experience and expertise of the Board Director representatives on the Committee is set out in the biographies in the section entitled "Board of Directors" of this Annual Report.

Information about meetings and attendance is set out in the Corporate Governance Report.

Activity during the year

The Committee's standing agenda includes regular updates on the following:

- Compliance matters, including:
  - Incidents & breaches;
  - Market abuse monitoring;
  - Regulatory reporting;
  - Compliance policies and procedures (reviewing and recommending changes to the Board where appropriate);
  - Regulatory developments and consultations.
- IT updates on related risk management and procedures (including cyber security risks and controls, penetration testing, and systems projects); and
- Legal updates.

The Committee also reviews and challenges the Senior Managers' assessment of risks facing the Group, including a review of the detailed risk register, risk appetite, the effectiveness of controls in place to mitigate risks and the assessment of residual risk scores taking account of those controls, and proposed actions/responses to further mitigate risks. Further information on the key risks facing the Group is set out on page 26 of this Annual Report.

Other specific areas of focus for the Committee during the year have included:

- Assessing risks relating to the firm's move to a hybrid working model and the controls in place to mitigate regulatory and operational risks and ensuring that the arrangements do not impact on the firm's ability to meet the FCA's threshold conditions.
- Reviewing and agreeing the firm's approach to setting credit limits.
- Monitoring the introduction of conduct monitoring software, and agreeing protocols relating to its operation.
- Monitoring cyber security risks through updates on penetration tests and progress with actions identified, and reviewing and approving a proposal for cyber risk insurance.
- Considering the impact of the War in Ukraine on the Group, its clients and key markets and the related impact on the same of sanctions put in place following the same.

The Committee continues to be satisfied that the systems and procedures in place to manage risk and compliance processes are appropriate and effectiveness, and that appropriate process are in place to enable to firm to meet its regulatory (including reporting) obligations.

Robert Lister
Chair – Risk Committee

13 July 2022

REMUNERATION COMMITTEE REPORT

Remuneration Committee Chair's introduction

I am pleased to present our Remuneration Committee (the "Committee") report, my first since being appointed as a non-Executive Director and Chair of the Committee in January 2022. This report sets out a summary of our remuneration policy, remuneration paid to Directors during the year, and provides details on the composition, structure and operation of the Committee.

Role of the Remuneration Committee

The Board has delegated authority to the Remuneration Committee to set the framework and policy for the remuneration of the Executive Directors and other senior managers, as well as to determine the overall remuneration policy for the Group.

The Committee's terms of reference are available on the finnCap Group website and set out in further detail the objectives and responsibilities of the Committee.

Members and Meetings

The Remuneration Committee comprises the independent non-Executive Directors – Annette Andrews (Chair of Committee), Andy Hogarth, Barbara Firth, and Rober Lister. The Committee was chaired by Andy Hogarth until my appointment in January 2022. The experience and expertise of the Committee members is set out in the directors' biographies in the section entitled "Board of Directors" of this Annual Report.

The Committee meets as appropriate, and at least twice a year. In the last financial year, the Committee met on two occasions, and has met six times since the year-end, including to discuss the development of new long-term share incentives (see below), approve Executive Director bonus payments in respect of FY22, and agree the remuneration arrangements for the CEO Designate. Information about meetings and attendance is set out in the Corporate Governance Report.

The Chief Executive Officer, Chief Financial Officer and/or Human Resouces Director are invited to attend these meetings as appropriate but are not present when their own remuneration is discussed. The Company Secretary acts as the secretary of the Committee. The Committee is authorised to consult external advisers on remuneration and regulatory issues, when appropriate.

Major decisions on Directors' remuneration during the financial year

New Long-Term Share Incentives

Since IPO, our CEO and other members of our leadership team have not participated in equity-based incentives and there has not been a long-term incentive plan in place for senior leadership. The Committee believes that it is crucial to ensure that the Company's senior leadership is attracted to join, then retained and motivated to drive strong Group performance during the next phase of the Group's growth strategy, and that long-term share incentives are the most appropriate vehicle to achieve this.

In order to assist with its review of potential share structures, the Committee appointed independent, external remuneration advisors (Deloitte LLP). The Committee reviewed market practice at relevant comparators, including sector peers as well as a broader group of companies of a similar size and complexity, with a particular focus on our AIM-listed peers. This included consideration of the overall remuneration packages available to senior management to ensure that they are appropriate and aligned to the market.

The Committee agreed key principles around the structure of a long-term share incentive scheme as follows:

- Upfront award of shares or options;
- Share incentives aligned to share price or absolute TSR performance;
- Performance underpin aligned to individual performance, underlying business performance, as well as the risk profile and control environment;
- Meeting regulatory requirements and recommendations;
- Clawback and malus.

The Committee is of the view that a relatively simple structure will prove a strong retention tool over the period and will ensure that high payouts are only achieved by strong performance over the full lifespan of the plan.

Dilution

As previously stated (including in the AIM Admission document in 2018), the Board has resolved that equity incentive awards from the IPO onwards to be satisfied with the issue of new shares will not exceed 10% of the Company's issued share capital from time to time in any 10-year rolling period (excluding options in existence at the time of the IPO or to be granted in connection with Admission).

As part of the overall discussion around equity incentives, the Committee has undertaken an exercise internally with a view to ensuring that awards to staff members not eligible to participate in any new long-term share scheme are operated within the 10% dilution threshold and on a sustainable basis going forwards. This may include using shares already issued and held in the Employee Benefit Trust (EBT) to satisfy existing awards under our wider staff incentive schemes (the "New Programme" as described in our 2021 Annual Report), and could require additional funding to the EBT to acquire shares in the market to the extent that its existing holding is insufficient to satisfy such awards. The Committee will continue to regularly monitor the position against the 10% dilution limit.

The Committee has determined that share incentive awards made to the CEO Designate and CFO will be outside the 10% dilution limit. This is aligned to the way in which dilution operates in our peer companies.

Salaries

Following an external benchmark review, recognising the need to maintain salaries at a competitive level to support retention, the Committee approved salary increases for FY23 for the Executive Directors as follows:

Director	% increase	FY23 Salary
Sam Smith	9.1%	£300,000
Richard Snow	10.5%	£210,000
Tom Hayward	1.4%	£180,000

Bonus

Details of discretionary bonuses paid to the Executive Directors who served during the financial year with respect to FY22 are set out in the Directors' Remuneration table below. The bonus payments were determined by the Committee in accordance with the Remuneration Policy, considering external benchmarks, and reflect both the financial performance of the Group in FY22 and consideration of each Executive Directors' individual performance.

CEO Designate remuneration

Following the news that the current CEO planned to step into an advisory role, the Committee also approved John Farrugia's base salary as CEO of £300,000 per annum with effect from his taking the role of CEO designate. In order to strengthen John's incentivisation and alignment with shareholders, the Committee has agreed to make an incentive award (in the form of share options) to John as soon as practicable following publication of the Company's results for the year-ended 31 March 2022, the details of which will be announced at the time of grant. The option grant will be aligned with the long-term share incentive principles described above.

CFO incentive

The Committee also intends to make a share incentive award to the CFO as soon as practicable following publication of the Company's results for the year-ended 31 March 2022, to ensure he is similarly incentivised and aligned with the CEO Designate and shareholder interests. Details will be announced at the time of grant.

Shareholder engagement

The Committee is committed to an open and transparent dialogue with its shareholders and will be available to answer questions relating to our remuneration policy at the AGM in September 2022. In line with this commitment to transparency, I will write to all of our major shareholders to provide details of our proposed approach to new long-term share incentives for key senior roles in due course, with details of the structure, award levels and targets, once the current review has been completed.

Remuneration Policy

The Group's remuneration policy is designed to ensure that the remuneration packages attract, motivate and retain employees of a high calibre and to reward them for enhancing value to shareholders. The Group's policy is that a substantial proportion of the total potential remuneration of the Executive Directors should be aligned with regulatory requirements, performance-related and aligned to performance measures that benefit all shareholders and promote the long-term success of the Group. The performance measurement of the Executive Directors and the determination of their annual remuneration package, including performance targets, are undertaken by the Remuneration Committee.

There are five main elements of the remuneration package offered by the Group to its Executive Directors which are summarised in the table below:

Purpose & link to strategy	Operation	Performance conditions & assessment
Base salary		
The provision of a competitive fixed salary to support the recruitment and retention of Executive Directors, reflecting their role, skills and experience.	To be reviewed on an annual basis having regard to competitors, industry and needs as well as pay levels elsewhere within the Group, its size and complexity.	Not applicable, although individual performance is considered when determining base salary increases.
Benefits		
To provide market benefits on a cost-effective basis.	Benefits offered include private medical insurance, life assurance and subsidised gym membership. Other benefits may be offered in line with market practice if it is considered appropriate to do so.	Not applicable.
Pension		
To assist Executive Directors in providing for retirement where this is considered an aid in attracting and retaining the individual.	An employer contribution to a defined contribution pension saving scheme. Employer contribution of 5% of base salary which is aligned with that provided to the wider workforce.	Not applicable
Annual Bonus		
To recognise an Executive Director's achievement of annual objectives that support the Group's strategy and financial performance.	The discretionary bonus pool is determined by the Committee considering corporate financial and non-financial performance and having regard for the need to balance all stakeholder interests. A flexible approach to establishing the bonus pool is adopted to ensure that the Group is able to pay market rate bonuses, and the Committee reviews discretionary bonus proposals to ensure resulting compensation remains within the Board's agreed compensation to revenue ratio (excluding equity-based compensation) range. Discretionary bonus payments are subject to clawback whereby the Group has, in certain circumstances, the option to seek repayment. (NB: John Farrugia is also eligible to participate in a deal related bonus scheme in connection with his continuing role as MD of the finnCap Cavendish business).	Individual bonus awards to Executive Directors are determined by the Committee reflecting the individual's performance after risk factors (including behaviour and conduct) have been considered. Individual performance is assessed through a structured process of review and feedback.
Long-Term Share Incentives		
To retain and motivate senior leadership to drive strong Group performance during the next phase of the Group's growth strategy.	Current long-term incentivisation is operated by way of options under the finnCap Unapproved Share Option Plan. It is intended that any new long-term share arrangement will operate by way of upfront shares or options subject to a performance underpin. Subject to malus and clawback provisions. Aligned to regulatory requirements and recommendations.	Share incentives aligned to share price or absolute TSR performance. Performance underpin aligned to individual performance, underlying business performance, as well as the Group's risk profile and control environment.

Directors' remuneration for the year

The single total remuneration of each of the Directors who held office during the year ended 31 March 2022 was as follows.

	Base salary/fees[1]		Discretionary bonus		Benefits (including pension)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Executive Directors								
Sam Smith	275,000	231,250	500,000	460,000	1,607	2,078	776,607	693,328
Tom Hayward	177,469	158,102	100,000	119,367	96	–	277,565	277,469
Stuart Andrews	250,000	175,000	200,000	520,000	14,018	12,953	464,018	707,953
Richard Snow[2]	190,000	153,910	198,350	130,269	2,128	825	390,478	285,004
Non-Executive Directors								
Robert Lister[3]	70,000	17,500	–	–	1,883	–	71,883	17,500
Annette Andrews[4]	8,538	–	–	–	–	–	8,538	–
Barbara Firth	50,000	37,500	–	–	–	–	50,000	37,500
Andy Hogarth	50,000	37,500	–	–	–	–	50,000	37,500
Past Directors								
Jon Moulton[5]	-	27,500	–	–	–	–	–	27,500
Howard Leigh[6]	-	79,856	–	–	–	3,943	–	83,799
Total	**1,071,007**	**918,118**	**998,350**	**1,229,636**	**19,732**	**19,799**	**2,089,089**	**2,167,553**

1 During the first three months of the 2021 financial year, all directors sacrificed fees and salary, which is reflected in the fees and salary amounts shown for 2021..

2 Richard Snow was appointed as a Director on 20 May 2020 and therefore the 2021 data includes remuneration for the period from that date to the end of the FY21 financial year.

3 Robert Lister was appointed as a Director on 1 January 2021 and therefore the 2021 data includes remuneration for the period from that date to the end of the 2021 financial year.

4 Annette Andrews was appointed as a Director on 25 January 2022 and therefore this data includes remuneration for the period from that date to the end of the 2022 financial year.

5 Jon Moulton resigned as a Director on 31 December 2020 and therefore the 2021 data includes remuneration for the period from 1 April 2020 to that date.

6 Howard Leigh resigned as a Director on 18 November 2020 and therefore the 2021 data includes remuneration for the period from 1 April 2020 to that date.

Directors' interests under Employee Share Plans

	Date of issue	31 March 2021	Granted	Exercised	Lapsed	31 March 2022	Exercise Price (p)	Vested	Expiry date
Sam Smith	Nov 2018	1,685,714	–	1,685,714		–	5.0	Yes	Mar 2023
Tom Hayward	Nov 2018	600,000	–	600,000		–	5.0	Yes	Mar 2023
Stuart Andrews	Nov 2018	1,100,000	–	1,100,000		–	14.0	Yes	May 2021
	Nov 2018	1,100,000	–	–		1,100,000	14.0	Yes	May 2023
Richard Snow	Aug 2020	250,000	–	–	–	250,000	15.5	No	May 2028

Non-Executive Directors' remuneration

Remuneration of non-Executive Directors is set by the Board on the recommendation of the CEO (in consultation with the Chairman, in relation to the non-Executive Directors other than the Chairman, and the Remuneration Committee in relation to the Chairman), after considering comparisons with peer group companies, experience and responsibility of the individual and the level of work carried out during the year. Remuneration comprises an annual fee only with reimbursement of all reasonable expenses. Non-Executive Directors do not participate in any form of variable compensation, be that discretionary cash bonuses or awards under the Group's share schemes and are not eligible for pension benefits.

Other matters considered during the financial year

COVID Options

As disclosed in our interim results announcement in November 2021, the Board resolved to make an offer via the EBT to facilitate the exercise of options granted to employees (excluding Executive Directors) as a retention measure and recognising that staff had given up a significant portion of their salaries for 3 months to improve the funding position of the Group in preparation for a potentially severely adverse impact from the COVID-19 pandemic ("COVID Options").

The offer resulted in the exercise by employees of approximately 4.6m options, satisfied using shares held by the EBT. The EBT subsequently purchased approximately 2.4m of those shares from employees in order to satisfy the exercise price and their tax liability arising on exercise, and the Group provided funding to the EBT by way of a loan of c.£845k to make those share purchases. Employees who elected to sell shares to the EBT agreed that their remaining shares following the exercise would be subject to a 12-month lock-in which expires on 7 December 2022.

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

	Date of appointment	Nature of contract	Notice period	Next re-election
Sam Smith	28 August 2018	Rolling	12 months	N/A[1]
Tom Hayward	28 August 2018	Rolling	6 months	2022
Stuart Andrews	28 November 2018	Rolling	6 months	N/A[2]
Richard Snow	20 May 2020	Rolling	6 months	2022

1 Sam Smith will step down as a Director with effect from 1 September 2022, and will therefore not stand for re-election at the 2022 AGM.

2 Stuart Andrews resigned as a Director on 15 May 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 March 2022.

	Date of appointment	Nature of contract	Notice period	Next re-election
Robert Lister	1 January 2021	3 years	3 months	2022
Annette Andrews	25 January 2022	3 years	3 months	2022[1]
Barbara Firth	28 November 2018	3 years	3 months	2022
Andy Hogarth	28 November 2018	3 years	3 months	2022

1 Annette is being elected at this year's AGM, having been appointed by Directors since the date of our last AGM.

Annette Andrews
Chair – Remuneration Committee

13 July 2022

Financial Statements

In this section

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with UK Adopted International Accounting Standards and 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, and they have elected to prepare the company 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 Group and Company and of the profit or loss for the Group and 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;
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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.

ENERGY AND CARBON EMISSIONS REPORT

In line with "The Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018" we present the details of the Group's carbon and energy usage.

The amounts below represent annual quantities of emissions from the Group across the UK for the year ended 31 March 2022. Comparative reporting is not required in the first year of reporting and has not been presented.

		Year ended 31 March 2022
Emission type	kWh	Carbon
Scope 1: Operation of Facilities	–	–
Scope 1: Combustion	–	–
Total Scope 1	**–**	**–**
Scope 2: Purchased Energy	236,623	50.24
Total Scope 2	**236,623**	**50.24**
Scope 3: Indirect Energy use	10,052	2.37
Total Scope 3	**10,052**	**2.37**
Total	246,675	52.61

Methodology

Our methodology has been based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions. In the 'Total Footprint' summary above, purchased electricity is reported on a location-based method. We have reported on all the measured emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 except where stated.

This includes limited emissions under Scope 1 and 2 (gas & fuel used in transport; purchased electricity), except where stated, and limited emissions under Scope 3 (fuel used in personal cars for business purposes). Energy use and emissions figures relate to our UK operation (including offshore energy and emissions) only, except where stated. Conversion factors for UK electricity (location-based methodology), gas and other emissions are those published by the Department for Environment, Food and Rural Affairs for 2021. Conversion factors for UK electricity (market-based methodology) are published at electricityinfo.org/ provided by the relevant supplier.

Statement of Exclusions

None known at the time of reporting.

Energy Efficiency Actions

The Group has undertaken and benefits from the decision to take several efficiency actions in the financial year including:

- Operating from a highly efficient environmentally designed new building with carefully managed air conditioning utilities, absence of gas and use of local heat;
- Use of PIRs to automatically shut off lights in unoccupied sections of the office;
- Arranging the automatic shut-down of PC screens when not in use;
- Introducing flexible working thereby reducing commuting travel and use of office energy;
- Encouraging staff to cycle to work via the cycle to work scheme and office cycle parking facilities.

DIRECTORS' REPORT

The Directors present their report for the year ended 31 March 2022. Additional information which is incorporated by reference into this Directors' report can be located as follows:

Disclosure	Location
Future business developments	Strategic report – pages 3 to 29
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 4 to the Financial Statements – pages 69 to 72
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Strategic Report – pages 3 to 29 and note 4 to the Financial Statements
Directors' responsibilities statement	Page 48
s172 Statement	Page 21
Stakeholder engagement	Pages 21 to 22
[Greenhouse gas emissions]	Energy and Carbon Emissions Report – page 48

Parent Company

The Company acts as the holding company for the Group and details of its subsidiary undertakings can be found in Note 15.

Financial results and dividends

The Group's profit before taxation for the year was £8.1m (FY21: £8.4m). More information about the Group's financial performance can be found in the Chief Financial Officer's report on pages 18 to 20 and in the financial statements on pages 47 to 85.

The Board has proposed that shareholders approve a final dividend for FY22 of 1.15 pence per share at the Annual General Meeting to be held in September. The relevant record and payment dates will be announced in due course.

Post Balance Sheet Events

Details of post-balance sheet events are set out in Note 28.

Directors and their interests in shares of the Company

The Directors of the Company who held office during the year, together with their interests in the shares of the Company, are as follows:

	No. of Ordinary Shares of £0.01 each	31 March 2022 % of issued share capital
Executive Directors		
Sam Smith	17,830,000	9.91%
Richard Snow	328,697	0.18%
Stuart Andrews (resigned as a Director with effect from 15 May 2022)	4,978,334	2.77%
Tom Hayward	4,041,327	2.25%
Non-Executive Directors		
Robert Lister (Chair)	65,450	0.04%
Annette Andrews (appointed 25 January 2022)	–	–
Barbara Firth	357,142	0.20%
Andy Hogarth	357,142	0.20%

Directors' Indemnities

Directors and Officers' Liability Insurance is maintained by the Group for all Directors and Officers of the Company and the Group as permitted by the Companies Act 2006.

To the extent permitted by law and in accordance with its Articles of Association, the Company indemnifies its Directors in respect of any loss, liability or expense they incur in relation to the Company or any associated company of the Company. Indemnity provisions were in force during the year and these remain in force at the date of this report.

Share Capital

As at 31 March 2021, the issued share capital of the Company was £1,798,810.87 (31 March 2021 – £1,736,993.00) divided into 179,881,087 Ordinary Shares of 1p each (31 March 2021 – 173,669,300) which are admitted to trading on AIM. All shares have equal voting rights and no person has any special rights over the Company's share capital. Details of shares issued during the year are shown in Note 22.

Substantial shareholders

In addition to the Directors' interests noted 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 March 2022:

	No. of Ordinary Shares of £0.01 each	31 March 2022 % of issued share capital
Jon Moulton	20,022,854	11.13%
Vin Murria	18,592,698	10.34%
Baron Leigh of Hurley	16,327,892	9.08%
finnCap Group plc Employee Benefit Trust	11,560,094	6.43%
Geoff Nash	7,132,626	3.97%

Authority to purchase own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the Company's AGM held on 23 September 2021, the Company was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 17,658,501 of its Ordinary Shares. The Company has not repurchased any of its Ordinary Shares under this authority, which is due to expire at the AGM to be held on 15 September 2022, and accordingly has an unexpired authority to purchase up to 17,658,501 Ordinary Shares with a nominal value of £176,585.01.

During the year, the Group's Employee Benefit Trust purchased 2,945,459 shares (2021: 545,450) at 28.6p per share (2021: 16.5p per share).

During the year, the Group's Employee Benefit Trust sold 4,616,318 shares (2021: Nil) at 13.9p per share in relation to the issue of share options.

Political donations

The Group did not make any political donations or incur any political expenditure during the year.

Equal opportunities & employee involvement

The Group's employment policies are based on a commitment to equal opportunities for all from the selection and recruitment processes, through to training, development, appraisal and promotion. The Group actively encourages employee involvement and consultation and places emphasis on keeping its employees informed of the Group's activities and financial performance by such means as employee briefings and publication (via the Group's intranet) to all staff of relevant information and corporate announcements. More information on how we engage with our employees is set out in the Strategic Report on page 22.

Related Party Transactions

There are no related party transactions required to be disclosed under the AIM rules.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail on going concern is set out in Note 2 to the financial statements on page 64.

Disclosure of information to auditors

So far as each of the Directors who held office at the date of this Director's Report is aware:

- There is no relevant audit information of which the Group's auditors are unaware; and
- Each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditor

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

Annual General Meeting

The Annual General Meeting will be held on 15 September 2022 at the Company's offices, One Bartholomew Close, London EC1A 7BL. The notice convening the meeting, together with details of the business to be considered and explanatory notes for each resolution, will be published separately and will be available on the Company's website and distributed to shareholders who have elected to receive hard copies of shareholder information.

The Directors' Report was approved by the Board on 13 July 2022 and is signed on its behalf by:

Richard Snow
Chief Financial Officer

13 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINNCAP GROUP PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of finnCap Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cashflows, the Company Statement of Cashflows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Group and the Parent 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 Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing going concern including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other;
- Challenging the Directors' assumptions and judgements made in their base case and stress tested forecasts including comparing the revenue pipeline to underlying support where applicable and expenditure to historical expenditure; and
- Performing our own sensitivity analysis of the forecasts which included consideration of available liquidity.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent 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

Coverage

100% (2021: 100%) of Group profit before tax

100% (2021: 100%) of Group revenue

Key audit matters

	2022	2021
Revenue Recognition of Corporate Finance Fees and Commissions	✓	✓

Materiality

Group financial statements as a whole

£626,000 (2021:£486,000) based on 1.5% (2021: 1.5%) of Group's average 3 year Revenue (2021: Group's average 3 year Revenue).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group'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.

We tailored our audit to ensure we have performed sufficient work to be able to give an opinion on the Group financial statements as a whole taking into account the structure of the Group and its accounting processes and controls. The Group is based in the United Kingdom and operates through subsidiaries of the Parent Company. The main trading entities are finnCap Ltd which engages in corporate finance and brokerage services and Cavendish Corporate Finance LLP which offers specialist independent advice and support on the sale and purchases of businesses.

The Group audit engagement team carried out full scope audits for the Parent Company, finnCap Ltd and Cavendish Corporate Finance LLP which were considered to be significant components of the Group, as well as Cavendish Corporate Finance (UK) Limited which was not considered to be significant.

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
Revenue Recognition of Corporate Finance Fees and Commissions (Note 2 and Note 5)	As described in note 2 to the financial statements, the Group generates revenue from several different distinct revenue streams including, income from trading activities, corporate finance transaction fees, commission and retainer income and trading profits from short-term investments. Revenue from corporate finance transaction fees and commission are generated upon successfully raising debt or equity finance on behalf of clients and therefore only earned when the deal is concluded. There is a risk in the recognition of corporate finance transaction fees and commission that revenue is not recognised in accordance with contractual entitlement or satisfaction of performance obligations. Furthermore, if there are any deals which are significantly progressed around the year-end, judgement is required in determining whether performance obligations have been satisfied and whether revenue may be recognised. Therefore this was considered to be an area of focus for our audit.	Our procedures performed included: For a sample of corporate finance transaction fees recognised during the year, we: • reviewed the terms of the engagement letter in order to assess the performance obligations and determined whether these had been met through inspection of applicable supporting documentation; • agreed the fee recognised to the fee per the engagement letter; • agreed the income recognised by the Group to the sales invoice and to bank statements. For a sample of commissions recognised during the year, we: • recalculated the commission that should be recognised by obtaining a placing agreement for each engagement and reviewing the engagement letter to confirm the percentage commission due to the Group and the supporting statements or contracts confirming the amount of debt or equity finance raised; • compared our calculation above to the revenue recognised by the Group; • agreed the timing of revenue recognition to regulator announcements or similar evidence in order to confirm the timing and occurrence of the underlying deal; • agreed the income recognised by the Group to the sales invoice and to bank statements. Performed cut off testing by selecting a sample of recorded commission and corporate finance transaction fee income recorded for a defined period before and after year end and agreeing the performance obligations back to contract and regulatory announcements or similar evidence to check that the income was recognised in the correct accounting period. **Key observations** Based on procedures performed we did not find any matters indicating that the recognition of corporate finance transaction fees and commission revenue was inappropriate.

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:

	Group financial statements		Parent company financial statements	
	2022 £	2021 £	2022 £	2021 £
Materiality	626,000	486,000	600,000	425,000
Basis for determining materiality	1.5% of Group average 3 year Revenue		96% of Group materiality	87% of Group materiality
Rationale for the benchmark applied	We determined that average revenue is the most appropriate benchmark as revenue is a key measure of performance for users of the financial statements and the use of an average is a more stable measure given the volatility of profits.		Capped at 96% (2021: 87%) of Group materiality given the assessment of the components aggregation risk.	
Performance materiality	469,500	364,000	383,000	319,000
Basis for determining performance materiality	75% of Materiality based on our knowledge and experience of the client including the expected total value of known and likely misstatements			

Component materiality

We set materiality for each component of the Group based on a percentage of between 35% and 96% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £219,000 to £600,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £25,000 (2021: £18,000). 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 Report and Accounts 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.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and 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.

In the light of the knowledge and understanding of the Group and Parent 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.

Matters on which we are required to report by exception

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:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent 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 Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006 and the applicable accounting framework. We also considered the regulated subsidiaries' compliance with Financial Conduct Authority (FCA) Regulations and relevant tax legislation. We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be revenue recognition, management override of controls, and assessment of impairment in relation to goodwill.

Our tests included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance about whether there are any known or suspected instances of non-compliance with laws and regulations and fraud;
- testing a sample of journal postings made during the year to identify potential management override of controls by agreeing to supporting documentation;
- assessing whether the judgements made in making accounting estimates, such as the assessment of impairment in relation to goodwill are indicative of a potential bias;
- considering whether there were any significant transactions that were unusual or outside the normal course of business;
- in response to the risk of fraud in revenue recognition, the procedures performed in the key audit matters above;
- review of minutes of Board meetings throughout the period for any known or suspected instances of non-compliance with laws and regulations and fraud; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and identified 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.

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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy West
Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
London, UK

13 July 2022

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenue	5	52,545	46,629
Other operating income	5	13	926
Total income		**52,558**	**47,555**
Administrative expenses	6	(43,941)	(37,628)
Operating profit before non-recurring items		**8,617**	**9,927**
Non-recurring items	8	–	(1,047)
Operating profit		**8,617**	**8,880**
Finance income		12	16
Finance charge	9	(524)	(519)
Profit before taxation		**8,105**	**8,377**
Taxation	10	(1,594)	(1,346)
Profit attributable to equity shareholders		**6,511**	**7,031**
Total comprehensive income for the year		**6,511**	**7,031**
Earnings per share (pence)			
Basic	11	3.95	4.41
Diluted	11	3.57	4.24

There are no items of other comprehensive income.

All results derive from continuing operations.

The notes on pages 64 to 85 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Property, plant, and equipment	12	13,304	14,589
Intangible assets	13	13,512	13,413
Financial assets held at fair value	14	802	1,685
Deferred tax asset	16	620	888
Total non-current assets		**28,238**	**30,575**
Current assets			
Trade and other receivables	17	13,074	7,782
Current assets held at fair value		871	–
Cash and cash equivalents	18	24,435	20,434
Total current assets		**38,380**	**28,216**
Total assets		**66,618**	**58,791**
Non-current liabilities			
Trade and other payables	19	11,151	12,548
Borrowings	21	851	1,207
Provisions		94	95
Total non-current liabilities		**12,096**	**13,850**
Current liabilities			
Trade and other payables	19	20,389	15,478
Current liabilities held at fair value		–	72
Corporation taxation		714	748
Borrowings	21	356	343
Total current liabilities		**21,459**	**16,641**
Equity			
Share capital	22	1,799	1,737
Share premium	23	1,475	956
Own shares held	24	(1,926)	(1,726)
EBT reserve	23	(322)	–
Merger relief reserve	23	10,482	10,482
Share-based payments reserve		1,294	1,132
Retained earnings		20,261	15,719
Total equity		**33,063**	**28,300**
Total equity and liabilities		**66,618**	**58,791**

The Financial Statements of finnCap Group plc, company number 11540126, were approved and authorised for issue by the Board of Directors on 13 July 2022 and were signed on its behalf by:

Richard Snow
Chief Financial Officer

The notes on pages 64 to 85 form part of these Financial Statements

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Property, plant, and equipment	12	13,041	14,314
Investments in subsidiaries	15	23,404	23,404
Deferred tax asset	16	45	189
Total non-current assets		**36,490**	**37,907**
Current assets			
Trade and other receivables	17	12,712	3,185
Cash and cash equivalents	18	61	1
Total current assets		**12,773**	**3,186**
Total assets		**49,263**	**41,093**
Non-current liabilities			
Trade and other payables	19	11,151	12,548
Provisions		11	66
		11,162	**12,614**
Current liabilities			
Trade and other payables	19	2,880	2,643
Corporation taxation		1,391	21
Amounts due to subsidiaries	20	4,438	262
Total current liabilities		**8,709**	**2,926**
Equity			
Share capital	22	1,799	1,737
Share premium	23	1,475	956
Merger relief reserve	23	16,612	16,612
Share-based payments reserve		26	98
Retained earnings		9,480	6,150
Total equity		**29,392**	**25,553**
Total equity and liabilities		**49,263**	**41,093**

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company Statement of Comprehensive Income. The profit after taxation attributable to the Company in the period ended 31 March 2022 was £6,043,000 (2021: £4,789,000).

The Financial Statements of finnCap Group plc, company number 11540126, were approved and authorised for issue by the Board of Directors on 13 July 2022 and were signed on its behalf by:

Richard Snow
Chief Financial Officer

The notes on pages 64 to 85 form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASHFLOWS

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Cash flows from operating activities		
Profit before taxation	8,105	8,377
Adjustments for:		
Depreciation	1,739	1,957
Amortisation of intangible assets	83	120
Finance income	(12)	(16)
Finance charge	524	519
Share-based payments charge	1,100	744
Net fair value gain recognised in profit or loss	(55)	(926)
Payments received for non-cash assets	(448)	(237)
	11,036	**10,538**
Working capital movements:		
Change in trade and other receivables	(5,292)	1,255
Change in trade and other payables	4,456	6,050
Change in provisions	(1)	55
Cash generated from operations	**10,199**	**17,898**
Net receipts for current asset held at fair value	(943)	503
Tax paid	(1,628)	(662)
Net cashflow generated from operating activities	**7,628**	**17,739**
Purchase of property, plant and equipment	(454)	(2,042)
Purchase of intangible assets	(182)	–
Proceeds on sale of investments	1,515	20
Interest received	12	16
Net cashflow generated from investing activities	**891**	**(2,006)**
Equity dividends paid	(2,639)	(804)
Proceeds from exercise of options	581	380
Purchase of own shares	(843)	(90)
Interest paid	(51)	(46)
Lease liability payments	(1,223)	(984)
(Repayments of)/Proceeds from borrowings	(343)	1,550
Net cashflow generated from financing activities	**(4,518)**	**6**
Net increase in cash and cash equivalents	4,001	15,739
Cash and cash equivalents at beginning of year	20,434	4,695
Cash and cash equivalents at end of year	**24,435**	**20,434**
Reconciliation of net debt		
(Net repayments of)/Net proceeds from borrowings	(343)	1,550
Borrowings at beginning of year	1,550	–
Borrowings at end of year	**1,207**	**1,550**

The notes on pages 64 to 85 form part of these Financial Statements

COMPANY STATEMENT OF CASHFLOWS

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Cash flows from operating activities		
Profit before taxation	6,043	4,790
Adjustments for:		
Depreciation	1,605	1,503
Finance charge	473	472
Share-based payments charge	(2)	80
	8,119	**6,845**
Working capital movements:		
Change in trade and other receivables	(9,527)	(2,705)
Change in trade and other payables	5,136	(1,245)
Change in provisions	(55)	37
Net cashflow generated from operating activities	**3,673**	**2,932**
Purchase of property, plant and equipment	(332)	(1,948)
Net cashflow generated from investing activities	**(332)**	**(1,948)**
Equity dividends paid	(2,639)	(804)
Proceeds from exercise of options	581	380
Lease liability payments	(1,223)	(567)
Net cashflow generated from financing activities	**(3,281)**	**(991)**
Net decrease in cash and cash equivalents	60	(7)
Cash and cash equivalents at beginning of year	1	8
Cash and cash equivalents at end of year	**61**	**1**

The notes on pages 64 to 85 form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Own shares held £'000	EBT reserve £'000	Merger relief reserve £'000	Share based payments reserve £'000	Retained earnings £'000	Total Equity £'000
31 March 2020	**1,697**	**616**	**(1,636)**	**–**	**10,482**	**388**	**8,775**	**20,332**
Total comprehensive income for the period	–	–	–	–	–	–	7,031	7,031
Transactions with owners:								
Share-based payments charge	–	–	–	–	–	744	–	744
Deferred tax on share-based payments	–	–	–	–	–	–	717	717
Purchase of own shares	–	–	(90)	–	–	–	–	(90)
Dividends	–	–	–	–	–	–	(804)	(804)
Share options exercised	40	340	–	–	–	–	–	380
	40	**340**	**(90)**	**–**	**–**	**744**	**(87)**	**947**
31 March 2021	**1,737**	**956**	**(1,726)**	**–**	**10,482**	**1,132**	**15,719**	**28,300**
Total comprehensive income for the period	–	–	–	–	–	–	6,511	6,511
Transactions with owners:								
Share-based payments charge	–	–	–	–	–	1,100	–	1,100
Deferred tax on share-based payments	–	–	–	–	–	–	(268)	(268)
Purchase of own shares	–	–	(843)	–	–	–	–	(843)
EBT gift	–	–	–	100	–	–	–	100
Dividends	–	–	–	–	–	–	(2,639)	(2,639)
Share options exercised	62	519	643	(422)	–	(938)	938	802
	62	**519**	**(200)**	**(322)**	**–**	**162**	**(1,969)**	**(1,748)**
31 March 2022	**1,799**	**1,475**	**(1,926)**	**(322)**	**10,482**	**1,294**	**20,261**	**33,063**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Share-based payments reserve £'000	Retained earnings £'000	Total Equity £'000
31 March 2020	**1,697**	**616**	**16,612**	**18**	**1,976**	**20,919**
Total comprehensive income for the period	–	–	–	–	4,789	4,789
Transactions with owners:						
Share-based payments charge	–	–	–	80	–	80
Deferred tax on share-based payments	–	–	–	–	189	189
Dividends	–	–	–	–	(804)	(804)
Share options exercised	40	340	–	–	–	380
	40	**340**	**–**	**80**	**(615)**	**(115)**
31 March 2021	**1,737**	**956**	**16,612**	**98**	**6,150**	**25,553**
Total comprehensive income for the period	–	–	–	–	6,043	6,043
Transactions with owners:						
Share-based payments charge	–	–	–	(2)	–	(2)
Deferred tax on share-based payments	–	–	–	–	(144)	(144)
Dividends	–	–	–	–	(2,639)	(2,639)
Share options exercised	62	519	–	(70)	70	581
	62	**519**	**–**	**(71)**	**(2,713)**	**(2,204)**
31 March 2022	**1,799**	**1,475**	**16,612**	**27**	**9,480**	**29,392**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

finnCap Group plc (the "Company") is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The Company was incorporated on 28 August 2018. The registered office of the Company is at 1 Bartholomew Close, London, EC1A 7BL, United Kingdom. The registered company number is 11540126. The Company is listed on the AIM market of the London Stock Exchange.

2. Accounting policies

a. Basis of preparation

These consolidated and Parent Company Financial Statements contain information about the Group and have been prepared on a historical cost basis except for certain Financial Instruments which are carried at fair value. Amounts are rounded to the nearest thousand, unless otherwise stated and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates.

These consolidated and Parent Company Financial Statements have been prepared in accordance with UK Adopted International Accounting Standards.

The preparation of Financial Statements in compliance with UK Adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

b. Basis of consolidation

The Group's consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Group has control if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Subsidiaries are fully consolidated from the date on which control is established and de-consolidated on the date that control ceases.

The acquisition method of accounting is used for the acquisition of subsidiaries. Transactions and balances between members of the Group are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of consolidation.

c. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Letter from the Chairman. The Strategic Report and Directors' Report describe the financial position of the Group; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

As normal, the Company has assessed the appropriateness of accounting on a going concern basis. This process involved the review of a forecast for the coming 15 months, along with stress testing a second downside scenario. Both cases showed that the Group has the required resources to operate within its resources during the period.

The Directors believe that the Company has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

d. New standards, amendments and interpretations

The Company has not adopted any new standards in this financial year.

There are other standards in issue, effective in future periods, which are not expected to have an impact on the Group.

e. Principal accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of trade 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. Revenue comprises:

i) Income from trading activities;

ii) Corporate finance fees and retainers; and

iii) Other income, including trading profits from short-term investments taken as consideration for core services.

To determine whether to recognise revenue, the Group follows a 5-step process as follows:

i) Identifying the contract with the customer;

ii) Identifying the performance obligations;

iii) Determining the transaction price;

iv) Allocating the transaction price to the performance obligations; and

v) Recognising revenue when/as performance obligation(s) are satisfied.

The Group also considers whether it is acting as a principal or an agent for each type of revenue. Revenue is recognised either at a point in time, or over time as the Group satisfies performance obligations by transferring the promised services to its customers as described below.

(a) Income from trading activities

Income from trading activities includes commissions from agency dealing which are recognised on trade date. Trading activities also include gains and losses on market making, with trades recognised on trade date, with corresponding financial assets and financial liabilities until trade settlement. Market making positions are revalued to the closing market bid price (long positions) and offer price (short positions) on the London Stock Exchange as appropriate at the period end. Market making revenues consist of the realised and unrealised profits and losses on financial assets and financial liabilities, arrived at after taking into account attributable dividends. Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

(b) Corporate finance fees and retainers

Corporate finance transaction fees and commission are recognised at a point in time when, under the terms of the contract, the conditions have been unconditionally met such that the Company is entitled to the fees specified. Corporate finance retainer fees, including nominated adviser retainer fees, are recognised over time as the services are delivered.

(c) Other income

Revenue also includes the fair value of options and warrants over securities received as consideration for corporate finance services rendered.

Contract costs including commissions and referral fees paid to introducers of business are shown in administrative expenses.

Foreign currency

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Classification of instruments issued by the Company

Instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Financial payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Fixtures, fittings and equipment,	3-4 years straight line
Leasehold improvements	Over period of lease

It is assumed that all assets will be used until the end of their economic life.

Investments

Fixed asset investments are investments in subsidiaries and are stated at cost less any accumulated impairment losses. Cost is measure of the fair value of consideration paid for the investment.

Intangible assets

Trademarks, trade names and computer software are stated at cost net of accumulated amortisation and provision for any impairment in value. Amortisation is provided on the following basis:

Computer software	2-4 years straight line
Trade names	10 years straight line
Trademarks	held at cost less any provisions for impairment

Goodwill is recognised on consolidation as the difference between the fair value of identifiable assets and liabilities acquired and the purchase consideration. Goodwill has an indefinite life and is assessed for impairment at each reporting date.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, being the higher of value in use and fair value less costs to sell, of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The reversal of the impairment loss does not increase the carrying amount of the asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. An impairment loss recognised for goodwill is not reversed.

Retirement benefits

The Company operates a defined contribution scheme for UK-based employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in respect of service in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

i) the initial recognition of goodwill;

ii) the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and

iii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Financial instruments

Financial assets

The Company's financial assets comprise trading investments, derivative financial instruments, trade and other receivables, and cash and cash equivalents. The classification of financial assets at initial recognition depends upon the purpose for which they are acquired and their characteristics. Financial assets are measured initially at their fair value.

Financial assets held at fair value through profit or loss are held for trading and are acquired principally for selling or repurchasing. These include market making positions valued at the closing market bid price (long positions) or offer price (short positions) at the balance sheet date and presented within current asset investments. The change in the value of investments held for trading is recognised in the profit and loss account. Purchases and sales of investments are recognised on trade date with the associated financial assets and liabilities presented as market making counterparty debtors and creditors up to settlement date.

Non-current financial assets held at fair value through profit or loss are derivative assets comprising equity shares, options and warrants that are initially accounted for and measured at fair value on the date the Group becomes a party to the contractual provisions of the derivative contract and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement within revenue, as part of net trading gains or losses. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions and valuation techniques including discounted cash flow models and option pricing models as appropriate. The fair values of the warrants are determined using the Black Scholes model. These valuation techniques maximise the use of observable market data, such as the quoted share price. The variables used in the valuation include exercise price, expected life, share price at the date of grant, price volatility, dividend yield and risk-free interest rate. Derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative.

Gains and losses from the financial assets held at fair value through profit and loss are presented within revenue as income from trading activities, or other operating income for trading profit on short-term investments.

Financial assets also include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Group's financial liabilities comprise trade and other payables including market making counterparty creditors and provisions. The classification of financial liabilities at initial recognition depends upon the purpose for which they are acquired and their characteristics.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortised cost using the effective interest method. The entities' borrowings, trade and most other payables fall into this category of financial instruments. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. After initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

Segmental reporting

The Group is managed as an integrated corporate advisory, M&A advisory and stockbroking business and although there are different revenue streams, the Group's activities are considered to be subject to similar economic characteristics. Consequently, the Group is managed as one business unit which is reported in a manner consistent with the internal reporting to the Board of Directors, which has been identified as the chief operating decision maker.

Share capital

Share capital represents the nominal value of shares that have been issued.

Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Own shares held by the finnCap Limited Employee Benefit Trust

Transactions of the Group-sponsored Employee Benefit Trust are treated as being those of the Group and are therefore reflected in these consolidated financial statements. In particular, the Trust's purchases and sales of shares in the Company are debited and credited to equity.

Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values using the Black Scholes model.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. Where vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current year. The number of vested options ultimately exercised by holders does not impact the expense recorded in any year.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Retained earnings

Retained earnings includes all current and prior year retained profits and losses.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

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.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate.

On initial recognition, the carrying value of the right to use asset also includes:

- the amount of the lease liability, reduced for any lease incentives received;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease.

3. Critical accounting estimates and judgements

In preparing these financial statements, the Directors have made the following judgements:

Impairment of non-current assets

The Directors apply judgement in the assessment as to whether the Company's tangible and intangible assets are impaired at each reporting date, considering several factors including the economic viability and expected future financial performance of the asset.

During the assessment of Going Concern, see Note 2.c, the Directors additionally considered the impact of COVID-19 and economic uncertainty on the carrying value of intangible assets. This process concluded that there are no indications that the assets are impaired.

In preparing these financial statements, the Directors have made the following estimations:

Estimated fair values of financial assets where there is no quoted price

The Group holds options and warrants in unlisted entities which are not in an active market and cannot be valued by reference to unadjusted quoted prices for identical instruments. The Directors use judgement to select valuation techniques and make assumptions that are based on observable market data, as far as possible, in respect of equivalent instruments at the balance sheet date.

Share-Based Payment Charges

The Directors apply judgement in the assessment of the annual charges for share-based payments. These assumptions are set out in note 25.

4. Risk Management

The main risks arising from the holding of financial instruments are credit risk, liquidity and market risk. Market risk comprises currency risk, interest rate risk and other price risk. The Directors review and agree policies for managing each of these risks are as summarised below.

Credit risk

Credit risk is the risk that clients or other counterparties to a financial instrument or contracted engagement will cause a financial loss by failing to meet their obligation.

Credit risk exposure therefore arises as a result of trading, investing, and financing activities. The primary source of credit risk faced by the Group is that arising from the settlement of equity trades carried out in the normal course of business.

The credit risk on a particular equity trade receivable is measured by reference to the original amount owed to the Group less any partial payments less any collateral to which the Group is entitled.

Credit risk exposures are managed by the use of individual counterparty limits applied initially on the categorisation of the counterparty and assessed further according to the results of relevant financial indicators and/or news flow.

Trade receivables relating to fees due on the Group's corporate finance and advisory activities are monitored on a weekly basis. Formal credit procedures include checking client creditworthiness before starting to trade, approval of material trades and chasing of overdue accounts.

Other debtors consist of deposits held at our agency settlement agent (Pershing, a wholly owned subsidiary of Bank of New York Mellon Corporation), employee loans secured by finnCap Group plc shares and s455 tax. These balances are considered low risk and are reviewed on a monthly basis.

The Group's cash and cash equivalents are held with HSBC Bank plc, National Westminster Bank plc and Pershing.

		Group		Company	
	Rating	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Non-current asset investments	AA-	802	1,685	–	–
Market making counterparty debtor	AA-	7,993	3,809	–	–
Trade debtors	Unrated	2,258	1,564	–	–
Other debtors	Unrated	1,610	1,627	–	–
Cash and cash equivalents	AA-	6,897	13,223	61	1
Cash and cash equivalents	A+	17,537	7,211	–	–
Total		**39,098**	**29,119**	**61**	**1**

The maximum exposure to credit risk on trade debtors at the end of the reporting period is equal to the balance sheet figure. In addition, the Group has credit risk exposure to the gross value of unsettled trades (on a delivery versus payment basis) at its agency settlement agent, which were £12.9m (2021: £7.3m) at the balance sheet date. The vast majority are settled within two days.

Liquidity risk

Liquidity risk is the risk that obligations associated with financial liabilities will not be met. The Company monitors its risk to a shortage of funds by considering the maturity of both its financial assets and projected cash flows from operations. The Company's objective is to maintain adequate cash resources with a material contingency to meet its obligations as they fall due.

The table below analyses the entities' non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than three months £'000
As at 31 March 2022	
Trade and other payables	9,464
As at 31 March 2021	
Trade and other payables	7,526

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant currency risks at the balance sheet date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks at the balance sheet date.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Group manages market price risk by monitoring the value of its financial instruments daily. The risk of future losses is limited to the fair value of investments as at the balance sheet date.

If equity prices had been 10% higher/lower, net profit for the period ended 31 March 2021 would have been £161k higher/lower (2020: £83k higher/lower) due to the change in value of investments held at fair value through the profit and loss. The Group's exposure to equity price risk is closely monitored by senior management on a daily basis.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	Group		Company	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Financial assets				
Financial assets measured at fair value through profit or loss				
Non-current financial assets – investments	802	1,685	–	–
Current asset investments	871	–	–	–
Total non-current	**1,673**	**1,685**	**–**	**–**
Financial assets measured at amortised cost				
Market making counterparty debtors	7,993	3,809	–	–
Trade debtors	2,258	1,564	–	–
Other debtors	1,610	1,627	–	–
Amounts due from subsidiaries	–	–	12,198	2,891
Cash and cash equivalents	24,435	20,434	61	1
Total current	**36,296**	**27,434**	**12,259**	**2,892**
Total financial assets	**37,969**	**29,119**	**12,259**	**2,892**
Financial liabilities				
Financial liabilities measured at amortised cost				
Borrowings	851	1,207	–	–
Total non-current	**851**	**1,207**	**–**	**–**
Current liabilities held at fair value	–	72	–	–
Amounts due to subsidiaries	–	–	4,438	262
Market-making counterparty creditors	7,254	2,582	–	–
Trade and other payables	2,210	1,136	–	–
Borrowings	356	343	–	–
Total current	**9,820**	**4,133**	**4,438**	**262**
Total financial liabilities	**10,671**	**5,340**	**4,438**	**262**
Net financial assets and liabilities	**27,298**	**23,779**	**7,821**	**2,630**

Financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy are categorised as follows:

Level 1 – Quoted equity investments – fair value is based on quoted market prices at the balance sheet date.

Level 2 – None.

Level 3 – Warrants and private company investments – fair value is determined using either the value of a recent investment reviewed for changes in fair value or the Black Scholes model as deemed most appropriate. The investments valued using Black Scholes at the reporting dates are immaterial as are the sensitivities on these assumptions.

The amounts are based on the values recognised in the statement of financial position.

Current asset investments are all level 1.

Movements in non-current financial assets during the period were as shown below:

	Level 1	Level 3	March 2022	Level 1	Level 3	March 2021
Opening	504	1,181	1,685	81	312	393
Net revaluations in other operating income	16	40	56	207	719	926
Additions	448	128	576	237	150	387
Disposals	(675)	(840)	(1,515)	(21)	–	(21)
Closing	**293**	**509**	**802**	**504**	**1,181**	**1,685**

Level 3 financial instruments comprise investments or warrants in unquoted companies. The determination of fair value requires judgement, particularly in determining whether changes in fair value have occurred since the last observable transaction in the company's shares. In making this judgement the Company evaluates amongst other factors the materiality of each individual holding, the stage of the company's development, financial information of each company and relevant discussions with the company's management.

Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue operating as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the Board based on the requirements of the business.

Capital for the reporting period under review is shown as total equity in the balance sheet. This was £33,063,000 as at 31 March 2022 (31 March 2021: £28,300,000). Subsidiary entities within the Group are subject to FCA capital requirements. The Group closely monitors its capital resources to ensure that sufficient headroom is maintained at all times.

5. Segmental Analysis

The Group is managed as an integrated full-service financial services group and the different revenue streams are considered to be subject to similar economic characteristics. Consequently, the Group is managed as one business unit.

The trading operations of the Group comprise of Corporate Advisory and Broking, M&A Advisory and Institutional Stockbroking. The Group's revenues are derived from activities conducted in the UK, although several of its corporate and institutional investors and clients are situated overseas. All assets of the Group reside in the UK.

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenues		
Retainers	6,615	6,437
Transactions	15,767	21,273
Institutional stockbroking	5,903	6,770
finnCap Capital Markets	**28,285**	**34,480**
finnCap Cavendish – private M&A advisory	**24,260**	**12,149**
Total revenue	**52,545**	**46,629**
Services transferred at a point in time	43,462	35,291
Services transferred over a period of time	9,083	11,338
Total revenue	**52,545**	**46,629**
Other operating income		
Trading profit on long-term investments	13	926

Major customers

There are no customers that individually accounted for more than 10% of total revenues.

6. Expenses by Nature

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Employee benefit expense (see note 7)	33,081	28,072
Depreciation	1,740	1,957
Amortisation	84	120
Foreign exchange losses/(gains)	58	(22)
Other expenses	8,978	7,501
Total administrative expenses	**43,941**	**37,628**
Audit Services	149	134
Other Services		
Regulatory reporting	16	22
Total auditors' remuneration	**165**	**156**

7. Staff costs

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Employee benefit expenses (including the Directors):		
Wages and salaries	27,532	23,637
Social security costs	3,783	3,262
Pension costs	666	429
Share-based payments	1,100	744
Total employee benefit expense	**33,081**	**28,072**

	31 March 2022 Number	31 March 2021 Number
Average number of employees:		
Corporate broking and corporate finance	87	75
Sales and trading	14	9
Research	14	14
Administration	40	38
Total number of employees	**155**	**136**

Key Management Personnel

Key management personnel are considered to be the Executive Directors of finnCap Group plc.

Highest Paid Director

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Total emoluments	**777**	**708**

Details of the remuneration for all Board members is disclosed in the Remuneration Committee Report.

8. Non-recurring items

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Group relocation	–	937
Group structuring	–	110
Total non-recurring items	**–**	**1,047**

Group relocation costs relate to overlapping cost property costs from the Group's relocation to 1 Bartholomew Close.

Group structuring costs relate to one off expenditure from reorganising team structures.

9. Finance charge

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Lease liability interest	473	473
Loan interest	51	46
Total finance charge	**524**	**519**

Lease liability interest has substantially increased over the prior year due to the new ten-year lease on the Group's new offices at 1 Bartholomew Close.

10. Taxation

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Analysis of charge in the period		
Current tax		
Current taxation charge for the period	1,614	1,363
Adjustments made in respect of prior periods	(20)	(17)
Total current tax	**1,594**	**1,346**
Deferred taxation		
Origination and reversal of timing differences	–	–
Total tax charge	**1,594**	**1,346**
Reconciliation of total tax charge		
Profit before taxation	8,105	8,377
Multiplied by the standard rate of UK taxation (19%)	1,540	1,592
Effects of:		
Expenses not deductible for tax purposes	315	189
Deduction for the exercise of employee share options	(371)	(98)
Sale of long-term investments	127	–
Income not taxable for tax purposes	–	(168)
Depreciation in excess of capital allowances	3	(152)
Adjustments made in respect of prior periods	(20)	(17)
Total tax charge	**1,594**	**1,346**

11. Earnings per share

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit for the year attributable to equity shareholders	6,511	7,031
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	164,699,708	159,581,684
Weighted average dilutive effect of conditional share awards	17,546,548	6,432,214
Weighted average number of shares for the purposes of diluted earnings per share	182,246,256	166,013,898
Profit per Ordinary Share (pence)		
Basic profit per Ordinary Share	3.95	4.41
Diluted profit per Ordinary Share	3.57	4.24

The shares held by the Group's Employee Benefit Trust, see Note 24, have been excluded from the calculation of earnings per share.

12. Property, plant and equipment

	Right of use asset £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Group cost					
As at 1 April 2020	850	1,017	434	911	3,212
Additions	13,869	1,856	92	94	15,911
End of lease	(850)	(1,017)	–	–	(1,867)
As at 1 April 2021	**13,869**	**1,856**	**526**	**1,005**	**17,256**
Additions	–	264	84	106	454
As at 31 March 2022	**13,869**	**2,120**	**610**	**1,111**	**17,710**
Group depreciation					
As at 1 April 2020	600	950	398	629	2,577
Charge for the period	1,637	180	25	115	1,957
End of lease	(850)	(1,017)	–	–	(1,867)
As at 1 April 2021	**1,387**	**113**	**423**	**744**	**2,667**
Charge for the period	1,387	207	19	126	1,739
As at 31 March 2022	**2,774**	**320**	**442**	**870**	**4,406**
Group net book value					
As at 31 March 2020	250	67	36	282	635
As at 31 March 2021	**12,482**	**1,743**	**103**	**261**	**14,589**
As at 31 March 2022	**11,095**	**1,800**	**168**	**241**	**13,304**

	Right of use asset £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Total £'000
Company cost				
As at 1 April 2020	**–**	**–**	**–**	**–**
Additions	13,869	1,856	92	15,817
As at 1 April 2021	**13,869**	**1,856**	**92**	**–**
Additions	–	264	68	15,817
As at 31 March 2022	**13,869**	**2,120**	**160**	**15,817**
Depreciation				
As at 1 April 2019	**–**	**–**	**–**	**–**
Charge for the period	1,387	113	3	1,503
As at 1 April 2020	**1,387**	**113**	**3**	**–**
Charge for the period	1,387	207	11	1,503
As at 31 March 2021	**2,774**	**320**	**14**	**1,503**
Net book value				
As at 31 March 2020	**–**	**–**	**–**	**–**
As at 31 March 2021	**12,482**	**1,743**	**89**	**14,314**
As at 31 March 2022	**11,095**	**1,800**	**146**	**13,041**

During the year, the Group entered into a new lease on its offices at 1 Bartholomew Close.

13. Intangibles

	Goodwill £'000	Other intangibles £'000	Computer Software £'000	Total £'000
Cost				
As at 1 April 2020	13,335	234	555	14,124
Additions	–	–	–	–
Disposal	–	(20)	–	(20)
As at 1 April 2021	**13,335**	**214**	**555**	**14,104**
Additions	–	–	182	182
As at 31 March 2022	**13,335**	**214**	**737**	**14,286**
Amortisation				
As at 1 April 2020	–	99	492	591
Charge for the period	–	66	34	100
As at 1 April 2021	**–**	**165**	**526**	**691**
Charge for the period	–	49	34	83
As at 31 March 2022	**–**	**214**	**560**	**774**
Net book value				
As at 31 March 2020	13,335	135	63	13,533
As at 31 March 2021	**13,335**	**49**	**29**	**13,413**
As at 31 March 2022	**13,335**	**–**	**177**	**13,512**

The goodwill arising from the acquisition has been assessed for impairment by calculating the net present value of future cashflows from the Cavendish entities as cash generating units. The assessment was carried out over four years assuming consistent performance as in the last group forecast. The cashflows were discounted at the Group's weighted average costs of capital.
No impairment has been recognised during the period.

During the assessment of Going Concern, see Note 2.c, the Directors additionally considered the impact of COVID-19 on the carrying value of intangible assets. This process shows that the discounted cashflow had sufficient headroom and concluded that there are no indications that the assets are impaired.

14. Investments

	31 March 2022 £'000	31 March 2021 £'000
Financial assets held at fair value through the profit and loss		
Opening	1,685	393
Acquisition	576	387
Change in market value	56	926
Disposals	(1,515)	(21)
Closing	**802**	**1,685**

Acquired during the period includes shares relating to the settlement of corporate finance fees and the participation in placings. As a non-cash item, this does not appear in the consolidated statement of cashflows.

Each investment is revalued at the reporting date. The change in value is recognised through the profit or loss account. All items were classified as held at fair value upon recognition and there have been no reclassifications during the period.

15. Investments in subsidiaries

	31 March 2022 £'000	31 March 2021 £'000
Investments in subsidiaries	23,404	23,404

Name	Type	Country of incorporation and principal place of business	Proportion of ownership and voting rights 31 March 2021
finnCap Ltd	Financial services	United Kingdom	100%
Cavendish Corporate Finance (UK) Limited	Holding company	United Kingdom	100%
Cavendish Corporate Finance LLP	Financial services	United Kingdom	100%

16. Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount for financial reporting purposes differs from the tax basis. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

	31 March 2022 £'000	31 March 2021 £'000
Group		
Opening	888	171
Recognised in equity	(268)	717
Closing	**620**	**888**
Company		
Opening	189	–
Recognised in equity	(144)	189
Closing	**45**	**189**

Deferred taxation for the Group relates to timing difference on the taxation relief on the exercise of options. The amount of the asset is determined using tax rates that have been enacted or substantively enacted when the deferred tax assets are expected to be recovered.

17. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Group		
Trade receivables	2,258	1,564
Market marketing counterparty debtors	7,993	3,809
Prepayments and accrued income	1,213	782
Other debtors	1,610	1,627
Total trade receivables	**13,074**	**7,782**
Company		
Prepayments and accrued income	503	294
Other debtors	11	–
Amounts due from subsidiaries	12,198	2,891
Total trade receivables	**12,712**	**3,185**

The Directors consider that the carrying amount of trade and other receivables approximates the fair value due to short maturities.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates. Based on the historically low level of irrecoverable debts, the Board have concluded that there is no requirement for additional provisions.

	31 March 2022 £'000	31 March 2021 £'000
Group		
Impairment allowance for trade receivables:		
Opening	332	12
Receivables provided for during the year	(330)	320
Closing	**2**	**332**

The carrying amounts of the entity's trade and other receivables are all denominated in GBP.

Contract assets

Contract assets arise when the Group performs services for a customer in advance of consideration being received or due. Contract assets comprise of retainer fee income accrued for ongoing advice given to retained clients.

18. Cash and cash equivalents

	31 March 2022 £'000	31 March 2021 £'000
Group cash and cash equivalents		
Cash at bank and in hand	24,435	20,434
Cash and cash equivalents were held in:		
UK Pound	24,363	20,337
United States Dollar	25	50
Euros	47	47
Total cash and cash equivalents	**24,435**	**20,434**
Company cash and cash equivalents		
Cash at bank and in hand	61	1
Cash and cash equivalents were held in:		
UK Pound	61	1

The Group's Employee Benefit Trust had a cash balance of £23,000 under the control of the Trustees and not accessible by the Directors.

19. Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Group		
Due after one year		
Lease liability	11,151	12,548
Due within one year		
Trade payables	1,788	582
Social security	784	1,171
Accruals	8,102	9,230
Deferred income	166	133
Market marketing counterparty creditors	7,254	2,582
Lease liability	1,873	1,226
Other creditors	422	599
Total trade and other payables	**20,389**	**15,478**
Company		
Due after one year		
Lease liability	11,151	12,548
Due within one year		
Accruals	768	1,417
Other creditors	239	–
Lease liability	1,873	1,226
Total trade and other payables	**2,880**	**2,643**

During the year, the Group entered into a new lease on its offices at 1 Bartholomew Close.

The Directors consider that the carrying amount of trade and other payables approximates the fair value due to short maturities. All trade and other payables were held in GBP.

Contract liabilities

Contract liabilities arise where consideration is received for which the Group has an obligation to perform a service for a customer. Contract liabilities comprise of retainer fee deferred income for ongoing advice given to retained clients.

20. Amounts due to subsidiaries

	31 March 2022 £'000	31 March 2021 £'000
Company		
Amounts due to subsidiaries	4,438	262

Amounts due to subsidiaries incur no interest and are repayable on demand.

21. Borrowings

	31 March 2022 £'000	31 March 2021 £'000
Current		
Bank loans due within one year	356	343
Non-current		
Bank loans due after one year	851	1,207

The Group agreed a loan of £1.8m with NatWest Bank during the year to 31 March 2021 to fund the fit out of the new offices at 1 Bartholomew Close. The loan is repayable over five years and has a fixed rate of interest. NatWest Bank hold a fixed and floating charge over the assets of the Group.

22. Share Capital

	31 March 2022 Number	31 March 2021 Number
Opening	173,699,389	169,730,089
Issue of shares on exercise of options	6,181,698	3,969,300
Closing	**179,881,087**	**173,699,389**

	Issued, called up and fully paid	
	Number	£'000
Ordinary Shares of £0.01 each	179,881,087	1,799

The Company has one class of Ordinary Shares in issue, which are non-redeemable, carry one vote per share and have no right to dividends other than those recommended by the Directors, and an unlimited right to share in the surplus remaining on a winding up.

23. Reserves

Merger relief reserve

The merger relief reserve represents:

- the difference between net book value of finnCap Ltd and the nominal value of the shares issued due to the share for share exchange on the acquisition of finnCap Ltd. Upon consolidation, part of the merger reserve is eliminated to recognise the pre-acquisition share premium and capital redemption reserve of finnCap Ltd; and
- the difference between the fair value and nominal value of shares issued for the acquisition of Cavendish Corporate Finance (UK) Limited and Cavendish Corporate Finance LLP

This reserve is not distributable.

Share Premium

Share premium represents the excess of over the nominal value of new shares issued less the costs of issuing the shares.

24. Own shares held

The value of own shares held is the cost of shares purchased by the Group's Employee Benefit Trust. The Trust was established with the authority to acquire shares in finnCap Group plc and is funded by the Group.

	31 March 2022 Number	31 March 2021 Number
Group		
Opening	12,836,460	12,291,006
Movement during the year	(1,670,863)	545,454
Closing	**11,165,597**	**12,836,460**

During the year, the Group's Employee Benefit Trust purchased 2,945,459 shares (2021: 545,450) at 28.6p per share (2021: 16.5p per share).

During the year, the Group's Employee Benefit Trust sold 4,616,318 shares (2021: Nil) at 13.9p per share in relation to the issue of share options.

25. Share-based payments

The Company has a share option scheme for employees of the Group. If options remain unexercised after a period of 2 or 8 years from the date of grant, then the options expire without value. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding are as follows:

	Share options Number	Weighted average exercise price
Outstanding at beginning of the period	26,183,724	11.4p
Granted during the period	14,385,000	3.3p
Exercised during the period	(10,798,106)	5.8p
Forfeited during the period	(1,684,458)	16.8p
Outstanding at the end of the period	**28,086,160**	**9.0p**
Exercisable at the period end	5,529,786	

The options outstanding at the period end were:

Grant date	Number of share options	Exercise price	Vesting period	Exercise period
26 November 2018	2,795,000	13.0p	Up to 4 years	Up to 7 years
26 November 2018	2,725,000	15.0p	Up to 4 years	Up to 7 years
26 November 2018	2,564,286	14.0p	Up to 4 years	Up to 7 years
05 December 2018	500,000	28.0p	Up to 4 years	Up to 7 years
03 January 2019	313,040	23.0p	Up to 3 years	Up to 4 years
24 January 2019	750,000	15.0p	Up to 4 years	Up to 7 years
09 July 2019	1,800,000	26.0p	Up to 4 years	Up to 7 years
01 April 2020	170,500	1.0p	Up to 1.5 years	Up to 2 years
13 August 2020	250,000	15.5p	Up to 5 years	Up to 8 years
18 August 2020	1,333,334	1.0p	Up to 3 years	Up to 6 years
01 October 2020	500,000	22.0p	Up to 4 years	Up to 7 years
05 May 2021	450,000	17.5p	Up to 3 years	Up to 4 years
07 July 2021	960,000	28.0p	Up to 1 year	Up to 2 years
07 July 2021	12,325,000	1.0p	Up to 5 years	Up to 8 years
18 November 2021	250,000	1.0p	Up to 4.6 years	Up to 7.6 years
16 December 2021	400,000	1.0p	Up to 4.6 years	Up to 7.6 years
Total options granted	**28,086,160**			

The options outstanding at 31 March 2022 had a weighted average exercise price of 9.0p, and a weighted average remaining contractual life of 4.3 years. The inputs into the Black-Scholes model are as follows:

	2022
Weighted average share price	28.1
Weighted average exercise price	9.0
Expected volatility	33.8%
Expected life	Up to 8.0 years
Risk-free rate	1.7%
Expected dividend yield	5.0%

Expected volatility was determined by calculating the historical volatility of a basket of listed competitor companies' share prices over the previous year.

The Group recognised total expenses of £1,303,000 (2021: £743,636) related to equity-settled share-based payment transactions in the period.

Certain current and former employees of the Group, including key management personnel, have provided the Employee Benefit Trust with 3,660,540 call options for shares in finnCap Group plc. Separate, but related, options have been provided by the Employee Benefit Trust to other employees of the Group. As these options will effectively be settled between these current and former employees of the Group, they have not been included in the share options disclosed above.

26. Dividends

	31 March 2022 £'000	31 March 2021 £'000
Dividends proposed and paid during the year	2,639	804
Dividends per share	1.60p	0.50p

Dividends are declared at the discretion of the Board. The Directors consider that the Retained Earnings of the Parent Company are generally distributable.

27. Related party transactions

Transactions and balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and, in accordance with IAS 24, are not discussed in this note.

The remuneration of key management personnel and their interests in the shares and options of the Company are disclosed in the Remuneration Committee Report.

There are no outstanding balances with key management personnel at the balance sheet date.

28. Post balance sheet events

On 28 April 2022, finnCap announced that it had acquired a 50% interest in Energise Limited ("Energise") a net zero and sustainability consultancy, based near Cambridge.

Energise was established in 2008 by Simon and Tamsin Alsbury with the initial objective of developing energy saving options for corporate and public sector clients. It has since grown into a full-service Net Zero and energy efficiency practice assisting *c.*180 clients in meeting their climate change challenge with a core focus on regulatory compliance, best practice, measurement and emission reduction programmes to drive effective climate-focused business transformation. Energise was awarded B-Corp status in February 2022.

For the 12 months ended 30 September 2021, Energise generated unaudited revenue of *c.*£1.1m and EBITDA of *c.*£0.1m. The current financial year has started well and, for the 6 months to 31 March 2022, Energise has invested in people and client growth with consulting revenue increasing *c.*90% over the prior period and with profits at a breakeven level.

finnCap has acquired its 50% interest for consideration of *c.*£2.1m payable as cash of *c.*£1.9m and 902,090 new finnCap Ordinary Shares. Of the cash consideration, *c.*£1.5m will be subscribed for new Ordinary Shares in Energise, providing the capital to fund revenue growth in its existing practice and to establish a culture and diversity practice. The remaining cash and Ordinary Shares will be predominantly paid to the co-CEOs of Energise. finnCap has also agreed to loan up to a further £0.3m to support growth over the next three years.

In addition to its investment, finnCap will provide Energise with marketing expertise; access, where appropriate, to its client base; and broader growth advisory services.

finnCap has an option to acquire the remaining equity interests in Energise for 12 months after approval of the accounts for the year to 30 September 2025 based on normalised EBITDA for that year and an EBITDA multiple of between 6-8x linked to the achievement of its business plan and the proportion of revenue from digital products. The option exercise consideration can be paid up to 50% in new finnCap shares at finnCap's option.

After the year end, arrangements were entered into with Stuart Andrews, a former director on 15 May 2022, and with Samantha Smith, the CEO and a Director of the Company on 20 June 2022 relating to their departure from the Group. The aggregate payments that could be made by the Group under these arrangements is up to *c.*£1m subject to their future re-employment and other conditions. The majority of these costs will be borne in the FY23 financial year and relevant details will be disclosed in the FY23 Remuneration Report.

Other Information

In this section

Alternative performance measures

The below non-GAAP alternative performance measures have been used.

Adjusted profit before tax

Measure: Adjusted profit before tax is calculated excluding share-based payments, non-recurring incomes from the revaluation of the PrimaryBid investment, non-recurring costs from the property relocation and Group restructuring and the amortisation of intangible assets from the acquisition of Cavendish.

Use: Provides a consistent measure of the profits from the core business activities.

	31 March 2022 £'000	31 March 2021 £'000
Profit before tax	8,105	8,377
Non-recurring income	–	(716)
Non-recurring costs	–	1,047
Share-based payments	1,100	744
Amortisation	84	120
Adjusted profit before tax	**9,289**	**9,572**

Adjusted earnings per share

Measure: Adjusted earnings per share is calculated excluding share-based payments, non-recurring incomes from the revaluation of the PrimaryBid investment, non-recurring costs from the property relocation and Group restructuring, the amortisation of intangible assets from the acquisition of Cavendish and includes a nominal tax charge adjustment. As with earnings per share, the weighted average number of shares in issue during the period excludes shares held by the Group's Employee Benefit Trust.

Use: Provides a consistent measure of the earnings performance of the core business activities.

	31 March 2022 £'000	31 March 2021 £'000
Profit attributable to equity shareholder	6,511	7,031
Non-recurring income	–	(716)
Non-recurring costs	–	1,047
Share-based payments	1,100	744
Amortisation	84	120
Notional tax adjustment	(264)	(568)
Adjusted earnings	**7,431**	**7,658**
Basic shares	164,699,708	159,581,684
Earnings per share (basic)	3.95	4.41
Adjusted earnings per share (basic)	**4.51**	**4.80**
Diluted shares	182,246,256	166,013,898
Adjusted earnings per share (diluted)	**4.08**	**4.61**

These measures are additional to GAAP measures to aid understand of these financial statements and may not be the same as those used by other companies.

OTHER INFORMATION

Registered office for all entities

1 Bartholomew Close
London
EC1A 7BL

Websites

www.finncap.com
www.cavendish.com

Registration numbers

finnCap Group plc – 11540126
finnCap Ltd – 06198898
Cavendish Corporate Finance LLP – OC333044
Cavendish Corporate Finance (UK) Ltd – 02234889
All companies are incorporated in England

Directors

Robert Lister, Non-Executive Chairman
Samantha Smith, Chief Executive Officer
John Farrugia, CEO Designate
Geoff Nash, Executive Director – Capital Markets
Richard Snow, Chief Financial Officer
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