

# STIFEL NICOLAUS EUROPE LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2021

Company Number: 03719559



## Contents

Directors, Secretaries and Officers .....	1
Strategic report .....	2
Directors' report .....	6
Independent auditors' report .....	10
Statement of profit or loss .....	13
Other comprehensive income .....	14
Balance sheet .....	15
Statement of changes in equity .....	16
Notes to the financial statements .....	18

**Directors, Secretaries and Officers**

**Directors**

C Ashton  
V Nesi  
E O'Leary  
J Owen

**Secretary**

Goodwille Ltd

**Auditors**

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

**Registered office**

4th Floor  
150 Cheapside  
London  
EC2V 6ET

## Strategic report

The strategic report for the year ended 31 December 2021 for Stifel Nicolaus Europe Limited ("SNEL" or "the Company") is as follows:

### Principal activities and business review

The principal activities of the Company are the provision of institutional broking and investment banking services. The activities encompass institutional sales and trading in fixed income and equities, equity research, as well as investment banking services serving both debt and equity capital markets. Other activities of the Company consist of acting as an introducing broker to UK institutional investors primarily for North American equities. The Company has its headquarters in the UK with offices in Germany, France, Switzerland, Italy and Spain and is an investment firm authorised and regulated by the Financial Conduct Authority (FCA). The Company is limited by shares.

The Company has 100% owned subsidiary undertakings in Germany (Stifel Europe Bank AG) and Switzerland (Stifel Schweiz SA) through which it conducts its activities in mainland Europe.

### Review of business and future developments

The Company's key financial and other performance indicators for the year were as follows:

	2021 £'000	2020 £'000
Revenue	172,525	141,789
Profit after tax	9,201	1,662
Net current assets	125,579	104,678
Capital employed	212,442	193,326
Ratio of current assets to current liabilities	1.85 times	1.86 times
Return on capital employed	5.4%	0.4%
Average number of employees	373	326

The Company's turnover increased by 22% and administrative expenses increased by 14% leading to a current year profit after tax of £9,201,000 compared to the prior year profit after tax of £1,662,000.

Overall, the Company's year-end financial position was satisfactory.

The directors intend to continue to assess relevant opportunities to develop or expand the Company's activities provided these are consistent with the Company's business strategy and direction.

### Principal risks and uncertainties

There are a number of risks and uncertainties which could have an impact upon the Company's performance, many of which are inherent in its business and operations. In addition, the Company operates in a highly competitive and rapidly changing environment. Risks related to its business include the health of European, U.S. and other national stock markets and investor appetite for new and secondary issues, thus difficult market conditions could adversely affect its business. The Company is dependent upon the reputation, judgement, business generation capabilities and project execution skills of its senior professionals and retention of these individuals is important to our business. The Company manages its operational and reputational risk by promoting a culture of good ethics and compliance throughout the Company. The following are some important risk factors that could affect its business and its industry. These risks are not exhaustive and additional factors may impact its business and financial performance.

## Strategic report (continued)

### Market risk

The potential for changes in the value of financial instruments owned by the Company resulting from changes in equity prices and interest rates is referred to as market risk. Market risk is inherent to financial instruments, and accordingly, the scope of the Company's market risk management procedures includes all market risk-sensitive financial instruments.

Changes in value of the Company's financial instruments may result from fluctuations in equity prices, interest rates and credit ratings and the correlation among these factors, along with the level of volatility.

### Foreign exchange risk

Foreign exchange risk is the risk that fluctuations in exchange rates will result in changes in net income or cash flows in monetary assets and liabilities denominated in foreign currencies. The Company's functional currency is GBP. The Company executes trades and earns fee income in various currency denominations and as a consequence reports assets and liabilities in multiple different currencies. The Company hedges foreign currency balances where it is considered appropriate and cost effective to do so, but foreign exchange risk is inherent to the business and cannot be completely eliminated.

### Credit risk

The Company is routinely exposed to credit risk as a result of debt and equity securities that are traded and settled in a principal capacity, balances that are maintained with banks, brokers and other counterparties, receivable balances from Investment Banking clients and other relationships that are entered into in the normal course of business. In the event counterparties do not fulfil their obligations under these relationships, the Company may be exposed to a financial loss. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. The Company manages this risk by imposing and monitoring position limits for counterparties, monitoring trading counterparties, conducting regular credit reviews of financial counterparties and clients, reviewing security concentrations and as far as possible conducting business through clearing organisations which guarantee performance.

### Liquidity risk

Liquidity risk is defined as the risk of only being able to meet liquidity commitments at increased cost or, ultimately, being unable to meet obligations as they fall due. The Company holds its cash balances on very short maturities and it had significant net cash balances as of the balance sheet date. At the end of 2021, the Company maintained a Liquid Asset Buffer, comprising short-dated UK gilts, of in excess of £7m.

### Operational risk

Operational risk generally refers to the risk of loss resulting from inadequate or failed internal processes, including, but not limited to, improper or unauthorised execution and processing of transactions, deficiencies in technology or financial operating systems, and inadequacies or breaches in control processes. This risk includes risks arising from Human Resources (loss of personnel), IT, legal and compliance and regulatory. Such events may also bring reputational risk, which can have longer term financial consequences. These risks are less direct than market and credit risk, but managing them is critical, particularly in a rapidly changing environment with increasing transaction volumes.

The Company manages operational risk through continual assessment, reporting and monitoring of potential operational risks. These risks are monitored by various corporate administration functions with oversight by the risk function, management and the board. Certain business processes are outsourced to third party vendors in order to optimise business efficiencies and operational risk levels. The Company has a Conduct policy that is supported by senior management and implemented through a strong Legal and Compliance framework.

## Strategic report (continued)

### Risks arising from the Russian-Ukraine War

On 24 February 2022 the Russian Federation invaded Ukraine, thereby initiating the largest conflict in mainland Europe since the Second World War.

The Company will ensure that it is fully compliant with any sanctions or other measures that may be imposed upon Russia. The Company notes that it has minimal direct exposure to either Russia or Ukraine and any impact on the Company will be secondary as stock markets and clients react to the progress of the war.

### Brexit risk

The United Kingdom withdrew from the European Union on 31 January 2020. Although Brexit continues to present challenges and uncertainty for the markets in which the Company operates, the acquisition of Stifel Europe Bank AG (ex MainFirst Bank AG) by the company during 2019 has served to mitigate much of the risk presented by Brexit.

### Coronavirus COVID-19

The most significant risk event during 2020 was the unprecedented COVID-19 global pandemic. During 2020 the Company's whole operation moved from offices to full remote working to ensure that our staff remained safe and the business could continue to operate. This pattern of working continued, on and off, throughout 2021 with the Company continuing to maintain full continuity of service to clients.

### Section 172 statement

The Board, 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 which include:

- The likely consequence of any decisions in the long term
- The interests of the Company's employees
- The needs to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desire of the Company to maintain a reputation for high standards of business conduct
- The need to act fairly as between members of the Company.

When considering matters of significant impact, the Board will always consider the Company's primary stakeholders include: clients, employees, shareholders and regulators.

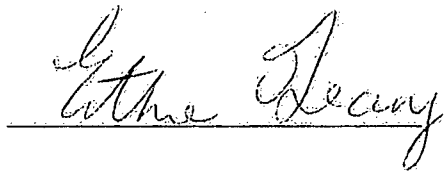
As part of the Board's decision making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and the environment, responsible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

## Strategic report (continued)

### FCA Pillar 3 disclosures

The Company's disclosures relating to FCA Pillar 3 requirements are available on the Company's website (<http://www.stifel.com/institutional/StifelEurope>).

By order of the Board

A handwritten signature in dark ink, appearing to read 'Eithne O'Leary', is written over a horizontal line.

Eithne O'Leary  
Director

Date: 26 April 2022

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

### Results and dividends

Profit for the year after tax was £9,201,000 (2020: £1,662,000). Dividends of £Nil were distributed for the year ended 31 December 2021 (2020: £Nil).

### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Principal activities and Business Review on page 2 of this report. In addition, set out below is a discussion of the Company's objectives, policies and processes for managing its financial risk and its exposures to those risks.

The Company has adequate financial resources together with long-term relationships with a number of customers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have, on the basis of their assessment of the Company's financial position and of the enquiries made of the parent Stifel Financial Corp., reasonably concluded that the Company will be able to continue in operational existence for the foreseeable future. Management has produced forecasts that have also been sensitised to reflect plausible downside scenarios as a result of the COVID-19 pandemic and its impact on the global economy as further described in note 21 below, which have been reviewed by the directors. These demonstrate the Company is forecast to generate profits and cash in the year ending 31 December 2022 and beyond and that the Company has sufficient cash reserves to enable it to meet its obligations as they fall due for a period of at least 12 months completed from the date of signing of these financial statements, i.e. up to 30 April 2023.

Furthermore, the Company is wholly supported by its ultimate parent company, Stifel Financial Corp., which has sufficient resources to continue to support the Company. As such, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

### Post balance sheet events

There have no further events subsequent to the Balance Sheet date which required adjustment or disclosure in the Financial Statements or notes therein.

### Employees

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular skills and experience. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company including making reasonable adjustments where required. If members of staff become disabled, every effort is made by the Company to ensure their continued employment and engagement with the business.



## Directors' report (continued)

### Streamlined energy and carbon reporting

The Company recognizes its responsibilities with respect to helping respond to the global climate crisis and help protect the environment. This is the Company's second year to report on carbon emissions under UK Streamlined Energy & Carbon Reporting Regulations (SECR). The Company's business is conducted almost entirely from its office in London. As an office-based business its activities are generally not regarded as having a high environmental impact.

In the year to 31 December 2021 the company used 571,302 KWh (2020: 683,640 KWh) of electricity. The Company uses natural renewable electricity hence its CO<sub>2</sub> emissions from electricity are 0 tCO<sub>2</sub>e (2020: nil). In the year to 31 December 2021 the company used 434,286 KWh (2020: 286,840 KWh) of gas. The Company's CO<sub>2</sub> emissions from its gas usage was 79.54 tCO<sub>2</sub>e (2020: 52.7 tCO<sub>2</sub>e). The Company has decided to use as its intensity ratio the amount of tCO<sub>2</sub>e per average UK based employee and on the basis of the foregoing this was 0.21 (2020: 0.16).

The Company continues to review and implement certain actions to help reduce carbon emissions and from the lessons learned in the lockdown period will be reviewing all its activities and their impact on the environment. During the period the Company continued to undertake a number of actions with a view to reducing its emissions which include turning off the perimeter lights in the office during daylight hours, ensuring all lights are on sensors and reducing the use of air conditioning in our communications room.

### Directors

The directors of the Company who held office during the year ended 31 December 2021 are listed below:

C Ashton  
V Nesi  
E O'Leary  
J Owen

### Directors' Indemnities

The Company has granted an indemnity to certain directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions were in place during the relevant financial year and remain in force as at the date of approving the Directors' Report.

### Charitable donations and political contributions

The Company made charitable donations of £28,188 in 2021 (2020: £30,262). The Company made political contributions of £Nil in 2021 (2020: £Nil).

## Directors' report (continued)

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors have elected to prepare the financial statements in accordance with UK GAAP. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, 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 proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' report (continued)

### Disclosure of information to auditors

Each of the directors at the date of approval of this Report and Audited Financial Statements has confirmed that:

- So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

### Auditors

Ernst & Young LLP, Registered Auditor shall continue in office in accordance with Section 487 of the Companies Act 2006 ("the Act").

By order of the Board

A handwritten signature in black ink, appearing to read 'CJ Ashton', is written over a horizontal line.

Charles Ashton  
Chief Financial Officer

Date: 26 April 2022

## **Independent auditors' report** **to the members of Stifel Nicolaus Europe Limited**

### **Opinion**

We have audited the financial statements of Stifel Nicolaus Europe Limited for the year ended 31 December 2021 which comprise the Statement of Profit or Loss, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern up to 30 April 2023 being not less than 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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.

## **Independent auditors' report (continued)**

### **to the members of Stifel Nicolaus Europe Limited**

or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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 directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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 or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Independent auditors' report (continued)**

### **to the members of Stifel Nicolaus Europe Limited**

#### **Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006), relevant tax compliance regulations, and the regulations of the Financial Conduct Authority ("FCA").
- We understood how the Company is complying with those frameworks by making enquiries of management for their awareness of any non-compliance with laws and regulations and to understand how the Company maintain and communicates their policies. We corroborated our understanding through our review of board meeting minutes and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assuming revenue recognition to be a fraud risk. We considered the controls that the Company has established to address fraud risks identified, or that otherwise seek to prevent, deter or detect fraud. Where the risk was higher, we performed audit procedures to address the identified fraud risk or other risk of material misstatement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquires of management, review of board minutes and correspondence with regulators and tax authorities for evidence of non-compliance, and, and exercising professional scepticism in assessing the results of audit procedures and audit evidence.
- The Company operates in a regulated environment. We have obtained an understanding of the regulations and the potential impact on the Company and, in assessing the control environment, we have considered the compliance of the Company to these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

*Ernst & Young LLP*

**Jason Seymour-Cousens (Senior statutory auditor)**  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 26 April 2022

## Statement of profit or loss

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	4	172,525	141,789
Cost of sales		(9,608)	(8,160)
<b>Gross profit</b>		<b>162,917</b>	<b>133,629</b>
Administrative expenses		(152,204)	(132,941)
<b>Operating profit</b>	5	<b>10,713</b>	<b>688</b>
Interest income	6	1,853	1,777
Interest expense	7	(1,184)	(520)
<b>Profit before tax</b>		<b>11,382</b>	<b>1,945</b>
Taxation	8	(2,181)	(283)
<b>Profit for the financial year</b>		<b>9,201</b>	<b>1,662</b>

The Company's results for the years shown above arose solely from continuing activities.

**Other comprehensive income**

for the year ended 31 December 2021

	2021 £'000	2020 £'000
<b>Profit for the financial year</b>	<b>9,201</b>	<b>1,662</b>
Movement in fair value reserve of financial assets at FVOCI	(12)	(44)
Currency translation and other differences	(40)	35
<b>Other comprehensive income for the year</b>	<b>(52)</b>	<b>(9)</b>
<b>Total comprehensive income for the year</b>	<b>9,149</b>	<b>1,653</b>



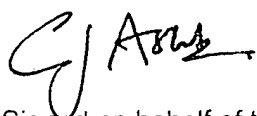
## Balance sheet

at 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Goodwill	10	19,736	19,736
Intangible assets	10	1,639	2,454
Tangible assets	11	26,796	31,752
Investments in subsidiaries	12	34,476	31,960
Deferred tax asset	9	4,216	2,746
		<b>86,864</b>	<b>88,648</b>
<b>Current assets</b>			
Investments	13	35,841	29,337
Debtors and other assets	14	159,362	157,471
Cash at bank and in hand		77,939	40,115
<b>Total current assets</b>		<b>273,142</b>	<b>226,923</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(147,563)</b>	<b>(122,245)</b>
<b>Net current assets</b>		<b>125,579</b>	<b>104,678</b>
<b>Total assets less current liabilities</b>		<b>212,442</b>	<b>193,326</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(25,653)</b>	<b>(32,011)</b>
<b>Net assets</b>		<b>186,789</b>	<b>161,315</b>
<b>Capital and reserves</b>			
Share capital	18	170,007	155,007
Capital contributions		34,255	34,255
Fair value reserve of financial assets at FVOCI		(89)	(77)
Exchange differences		(353)	52
Profit and loss account		(17,031)	(27,922)
<b>Equity shareholder's funds</b>		<b>186,789</b>	<b>161,315</b>

The notes on pages 18 to 53 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 26 April 2022:



Signed on behalf of the Board of Directors

Charles Ashton  
Director

Date: 26 April 2022

Registered number: 03719559

**Statement of changes in equity**

at 31 December 2021

	Note	Share capital	Capital contributions	Fair value reserve of financial assets at FVOCI	Exchange differences	Profit and loss account	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000
<b>2020</b>							
Balance at 1 January 2020 (as originally stated)		155,007	34,255	(33)	17	(29,994)	159,252
Total comprehensive income for the year							
Profit		-	-	-	-	1,662	1,662
Other comprehensive expense		-	-	(44)	35	-	(9)
Total comprehensive income for the year		-	-	(44)	35	1,662	1,653
Deferred tax on share based payments	8	-	-	-	-	410	410
Issue of share capital		-	-	-	-	-	-
Equity-settled share based payments	19	-	2,333	-	-	-	(2,333)
Settlement of share based payments	19	-	(2,333)	-	-	-	2,333
Balance at 31 December 2020		155,007	34,255	(77)	52	(27,922)	161,315

# Statement of changes in equity (continued)

at 31 December 2021

	Note	Share capital	Capital contributions	Fair value reserve of financial assets at FVOCI	Exchange differences	Profit and loss account	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000
<b>2021</b>							
Balance at 1 January 2021		155,007	34,255	(77)	52	(27,922)	161,315
Total comprehensive income for the year							
Profit		-	-	-	-	9,201	9,201
Other comprehensive income/ (expense)		-	-	(12)	(405)	365	(52)
Total comprehensive income for the year		-	-	(12)	(405)	9,566	9,149
Current tax on share based payments	8					523	523
Deferred tax on share based payments	8	-	-	-	-	802	802
Issue of share capital	18	15,000	-	-	-	-	15,000
Equity-settled share based payments	19	-	4,848	-	-	-	4,848
Settlement of share based payments	19	-	(4,848)	-	-	-	(4,848)
Balance at 31 December 2021		170,007	34,255	(89)	(353)	(17,031)	186,789

The notes on pages 18 to 53 form part of these financial statements.

## Notes to the financial statements

### 1. General information

Stifel Nicolaus Europe Limited is a company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is 4th Floor, 150 Cheapside, London, EC2V 6ET. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 5.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year and the preceding year except as indicated.

### 2. Principal accounting policies

#### a. New and amended standards and interpretations

At 31 December 2021, there were no significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not effective or which have otherwise not been early adopted where permitted.

#### b. Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 Application of the Financial Reporting Framework ('100') issued by the Financial Reporting Council ('FRC').

These financial statements were prepared in accordance with the 'Reduced Disclosure Framework' (FRS 101) as issued by the FRC, other than the departures described below.

The financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of the reporting period ('measurement') period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in the exchange for the goods and services.

These financial statements are separate financial statements. The Company is exempt from the requirement to prepare consolidated financial statements, in accordance with section 400 of the Companies Act 2006 as the Company is a wholly-owned subsidiary of Stifel Financial Corp. The consolidated financial statements of Stifel Financial Corp. are available from the Chief Financial Officer, Stifel Financial Corp., 501 North Broadway, St Louis, MO 63102-2102, USA.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### Companies Act departure

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 45 (b) and 46-52 of IFRS 2 *Share-based Payment*, because the share-based payment arrangement concerns the instruments of another group entity and the equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Stifel Financial Corp.
- b) the requirements of paragraphs 62, B64 (d), B64 (e), B64 (g), B64 (h), B64 (j) to B64 (m), B64 (n) (ii), B64 (o) (ii), B64 (p), B64 (q) (ii), B66 and B67 of IFRS 3 Business Combinations, on the grounds that equivalent disclosures are included in the financial statements of its ultimate parent undertaking, Stifel Financial Corp.
- c) the requirements of paragraphs 10 (d), 10 (f), 39 (c) and 134-136 of IAS 1 Presentation of Financial Statements;
- d) the requirements of IAS 7 Statement of Cash Flows;
- e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- g) the requirements of paragraphs 130 (f) (ii), 130 (f) (iii), 134 (d) - 134 (f) and 135 (c)-135 (e) of IAS 36 Impairment of Assets, on the grounds that equivalent disclosures are included in the financial statements of its ultimate parent undertaking, Stifel Financial Corp.

Goodwill has been recognised in accordance with IFRS 3 'Business Combinations' (see note n) and has not been amortised. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 ('the Requirement') which requires amortisation of acquired goodwill over a chosen period by the Directors, not exceeding its useful economic life.

The Directors consider that the non amortisation of goodwill by the Company, which is a departure from the Requirement, is necessary to provide a true and fair view in accordance with accounting standards. The financial effect of the departure from the Requirement cannot reasonably be quantified since goodwill has an indefinite useful life and to calculate amortization requires that a finite useful life is determinable; in this instance a finite useful life is not determinable.

Goodwill is tested annually for impairment by the Directors (see note l).

#### Going concern

The Directors' have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.

To form the view that the financial statements should continue to be prepared on an ongoing basis in light of the COVID 19 pandemic and the resultant economic uncertainty and volatility; the Directors have assessed the outlook of the Company by considering the strength of the Company Balance Sheet and its cash balances, the Company has adequate resources to continue in operational existence for at least the next 12 months.

Furthermore, the Company is wholly supported by its ultimate parent company, Stifel Financial Corp., which has sufficient resources to continue to support the Company. During the financial year, Stifel Financial Corp provided additional capital of £15 million to the Company for its expanding business and to meet financial obligations as they fall due.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### c. Foreign currency translation

##### (i) Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The presentation currency of the Company is Sterling, which is also the Company's functional currency. The Company has a foreign operation, the Spanish Branch, the activities of which are based in a functional currency of Euros.

##### (ii) Transactions and balances

Transactions in currencies other than the Company's functional currency ('foreign currencies') are translated into Sterling at the prevailing rates at the time the transactions were executed. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Exchange differences recognised in the Income Statement in the period which they arise.

#### d. Group reorganisations

Where a business is transferred to the Company from another entity under common control, the directors determine the appropriate accounting approach based on an assessment of whether the transfer has economic substance.

- In the event that the transaction has economic substance, it is accounted for under the acquisition method.
- In the event that the transaction does not have economic substance, it is accounted for under the pooling of interests method. The pooling of interest method requires that the transfer be reflected as having effect from the date that the transaction occurred. Prior periods are not restated.

#### e. Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in administrative expenses within the profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at the acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted in accordance with relevant accounting standards. Changes in fair value of contingent consideration classified as equity are not recognised.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### f. Revenue recognition

Revenue comprises institutional brokerage income, investment banking income, research fees, principal transactions income, transfer pricing income from affiliates and other income.

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

##### *i. Institutional Brokerage income*

This is attributable to institutional sales and trading in the UK and elsewhere in Europe in both fixed income and equities, as well as brokerage commissions primarily with respect to securities traded on United States stock exchanges on behalf of European institutional investors. Brokerage commissions due are recognised on the date the trade is executed, i.e. trade date, and are calculated as a percentage of the trade value. The commission percentage is contractually determined in advance with the respective client and only recognised when the trade is completed.

Included in Brokerage income is revenue from commission sharing agreements and similar arrangements which is recognised upon payment or notification of payment by the counterparty.

##### *ii. Investment banking income*

This relates to capital raising and advisory fees to both public and private companies. Advisory fees and capital markets deal fees are only recognised when the full performance obligations have been met, which is upon deal completion.

Revenue from transaction-related services, such as merger and acquisition, is typically recognised on a point in time basis when the underlying transaction is complete under the engagement terms and there is no risk of subsequent reversal or when a significant performance obligation has been completed and there is no risk of subsequent reversal.

Corporate retainers are accrued over the period for which the performance obligation relates to and are based on a contract between the Group and the client, which is typically renewed annually with a notice period.

##### *iii. Research fees*

Research fees are recorded in the period that the performance obligations relate to, and the contract price can be variable from period to period based on the level or standard of research provided. Contracts are in place between the Company and each of its research clients and amounts recorded are either over the period for which the performance obligation relates to, or where discretionary, based on variable considerations derived from the most recent level of research provided, updated for recent events or communications with the client.

##### *iv. Principal transactions income*

This includes revenue generated through matched principal loans brokerage, principal trading in equities and convertible debt securities and gains or losses on financial instruments carried at fair value. This revenue is recognised on trade date.

##### *v. Transfer pricing income*

This is from affiliates includes intercompany payments received under transfer pricing agreements between the Company and affiliates, Stifel Financial Corp. and Keefe, Bruyette & Woods, Inc. This revenue is recognised on trade date.

##### *vi. Other income*

This relates primarily to dividend income recognised when the right to receive payment is established.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### g. Cost of sales

Cost of sales are the trade execution and settlement costs incurred in the generation of commissions and principal trading revenue. Also included are various recoverable costs incurred as part of investment banking transactions. Costs of sales are recognised on a trade date basis.

#### h. Interest income

Interest income/(expense) is recognised using the effective interest rate method

#### i. Leases

The Company is primarily a lessee of property leases.

The Company considers whether a contract is, or contains, a lease, at inception of the contract by assessing whether the contract meets three key criteria which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as office printers and photocopiers).

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### ***Right of use assets ('ROU')***

The Company recognizes the right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right of use assets includes the initial amounts of the corresponding lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The depreciation charge is recognised in Profit or Loss and is calculated over the shorter of the ROU's useful life and the lease term on a straight-line basis from the commencement date of the lease.

The ROU assets are assessed for impairment annually (incorporating any onerous lease assessments).

#### ***Lease liabilities***

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments included in the measurement of the lease liability comprise the following items, where applicable:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.



## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liabilities are reduced for payments made and increased for interest. Interest recognised on the lease liability is included in interest expense in the Profit or Loss.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### j. Share-based payments

The Company has applied the requirements of IFRS 2 Share-based Payment.

The Company's ultimate parent issues restricted stock units to certain employees of the Company and these are accounted for as equity-settled transactions. Restricted stock units are measured at fair value at the date of grant based on the market value of Stifel Financial Corp.'s stock on such date. The fair value determined at the grant date of the restricted stock unit is expensed on a straight-line basis over the vesting period, based on an estimate of shares that will eventually vest.

#### k. Taxation

The tax expense for the period comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of profit or loss.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### 1. Intangible assets and goodwill

##### *Goodwill*

Goodwill has been initially measured at the assets' carrying amounts for Company reorganisations that would have been reported in the consolidated financial statements of Stifel Financial Corp., had those accounts been prepared under FRS101, as required by the pooling of interests method.

For acquisitions, goodwill is initially measured at cost being the excess of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in Profit or loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units. Each unit to which goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes.

##### *Intangible assets*

For Company reorganisations intangible assets have been initially measured at the carrying amounts that would have been reported in the consolidated financial statements of Stifel Financial Corp., had those accounts been prepared under FRS101, as required by the pooling of interests method.

For acquisitions, intangible assets are initially measured at their acquisition-date fair values. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in Profit or loss when the asset is derecognised.

The Company's intangible assets are amortised over the following expected useful lives:

Customer contracts	3 years straight line
Customer relationships	9 years straight line
Trade name	15 years straight line
Non-compete agreements	life of agreements, straight line

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### m. Tangible fixed assets

Tangible fixed assets are stated at historical cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a reducing balance basis over the expected useful economic lives of the assets concerned. The expected useful economic lives of the Company's tangible fixed assets are:

Leasehold improvements	Over the expected lease term
Communications equipment	3-7 years
Computer equipment	3 years
Furniture	7 years

The carrying values of tangible fixed assets are reviewed for impairment annually. An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and recognised within Profit or Loss.

Right-of-use assets are presented together with tangible fixed assets in the Balance Sheet – see note i (Leases).

#### n. Investments in group undertakings

Investments in subsidiaries are carried at cost less impairment, if any.

#### o. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts (if any) are shown within borrowings in creditors: amounts falling due within one year.

#### p. Fair value measurement

The Company measures financial instruments and certain non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### p. Fair value measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

#### q. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets can include equity and debt instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in Profit or Loss.

#### Financial assets

The Company's financial assets comprise trade and other debtors, trading investments, stock borrowing collateral, and cash and cash equivalents.

Trade and other debtors are amounts due from customers for services performed in the ordinary course of business and are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### i. Classification of financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### a) Amortised cost

Financial assets are measured at amortised cost if their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and they are held within a business model whose objective is to hold assets to collect contractual cash flows.

Financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Trade and other debtors, stock borrowing collateral and cash and cash equivalents are measured at amortised cost using the effective interest method.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### q. Financial instruments (continued)

##### b) Fair value through other comprehensive income ('FVOCI')

Debt instruments are measured at FVOCI if their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and they are held within a business model whose objective is both to hold assets to collect contractual cash flows and to sell the assets.

For debt instruments, interest income is calculated using the effective interest method. For equity instruments, dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains and losses on assets at FVOCI are recognized in OCI.

##### c) Fair value through profit or loss ('FVTPL')

All equity instruments are measured at FVTPL unless, provided the instrument is not held for trading, the Company irrevocably elects to measure the instrument at FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets that are classified as fair value through profit or loss are subsequently carried at fair value and the changes in fair value are recognised in profit or loss. Trading investments are measured at fair value through profit or loss. For trading investments that are quoted in active markets, fair values are determined by reference to the last quoted price. For trading investments that are not quoted in active markets and independent prices are not available, fair values are determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants. For assets where there are unobservable inputs, the best information available in the circumstances is used, which may include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

#### ii. Impairment of financial assets

Expected credit losses are recognized for trade debtors, other financial assets held at amortised cost and financial assets measured at FVOCI. At initial recognition, an allowance is made for expected life time credit losses using the simplified single loss-rate approach. The expected credit loss is determined to be the difference between all contractual cash flows that are due to the Company and all the cash flows that the Company expects to receive, adjusted for the value of any collateral held. Consideration is also given to the Company's historical credit loss experience, adjusted as necessary to reflect current and future economic conditions, for the relevant financial asset.

The expected credit loss allowance is adjusted as necessary at each balance sheet date to reflect changes in circumstances such as default events that provide objective evidence of impairment. The Company determines financial assets are in default when a payment is 90 days past due. An assessment of whether credit risk has increased significantly since initial recognition is not required under the simplified approach.

Trade debtors are normally written off, either partially or in full, against the related allowance when there is no realistic prospect of recovery, and the amount of the loss has been determined following the disposal of any collateral held. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the profit or loss.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### q. Financial instruments (continued)

##### iii. Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

On derecognition of a financial asset measured at FVTPL the difference between the assets' carrying amount and the sum of the consideration received is recognized in profit or loss.

#### iv. Financial liabilities and equity

##### Classification

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into.

##### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. No gain or loss is recognized in Profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

Financial liabilities are subsequently measured as either financial liabilities 'at FVTPL' or 'amortised cost'. The Company holds all financial liabilities at amortised cost and at FVTPL. The Company's financial liabilities comprise trade and other creditors, trading instruments and lease liabilities.

##### ***Financial liabilities subsequently measured at amortised cost***

Financial liabilities that are classified as held at amortised cost using the effective interest method are subsequently carried at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount.

Trade and other creditors are recognised initially at fair value, which is the agreed market price at the time goods or services are provided and are subsequently recorded at amortised cost using the effective interest method.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the inception of the respective leases.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### q. Financial instruments (continued)

##### **Financial liabilities subsequently measured at FVTPL**

Trading instruments are measured at fair value through profit or loss. Trading instruments comprise short trading positions represented by securities listed on stock exchanges.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

##### **Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in Profit or loss.

#### r. Netting of balances

Amounts due to and from counterparties due to settle on balance sheet are shown net where there is a currently enforceable legal right to set off the recognised amounts and an operational intention to settle net. Amounts due to and from counterparties due to settle against delivery of stock are shown gross.

#### s. Securities borrowing

Securities borrowing transactions are generally entered into on a collateralised basis. In such transactions, the Company typically borrows equity securities in exchange for cash collateral.

The transactions are normally conducted under standard agreements employed by financial market participants and are undertaken with counterparties subject to the Company's normal credit risk control processes. The Company monitors on a daily basis the market value of the securities received and provides additional collateral or returns or recalls surplus collateral in accordance with the underlying agreements.

Cash collateral delivered is derecognised and a corresponding receivable reflecting the Company's right to receive it back is recorded in trade debtors. The securities which have been transferred are not recognized on the balance sheet unless the risks and rewards of ownership are also transferred. The sale of securities which is settled by delivering securities received in a borrowing transaction generally triggers the recognition of a trading liability (short sale).

## Notes to the financial statements (continued)

### 3. Significant accounting judgements and estimates

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### a. Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### i. Leases – determining the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease. In making this judgement, the Company evaluates whether it is reasonably certain to exercise the option to renew or break the lease term.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal and the circumstances and facts for each lease including past experience to determine the likely lease term and whether the break option is likely to be exercised. This includes an assessment on the length of time remaining before the option is exercisable, current trading conditions and future trading forecasts on the ongoing profitability of the business.

After the lease commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

#### b. Key sources of estimation uncertainty

##### i. Goodwill and Intangible Assets

The Company recognises intangible assets acquired as part of a business combination at fair value at the date of acquisition and is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights. The Company assesses whether the useful economic life of the intangible assets is finite or indefinite. The directors have estimated the useful economic lives of intangible assets as described in the accounting policies.

The directors have estimated the value in use of the cash generating units as described in note 10 when assessing the goodwill and intangibles for impairment

##### ii. Contingent consideration on acquisitions

Where acquisitions include contingent consideration the directors determine the fair value of the consideration based on estimates of the applicable contingencies.



## Notes to the financial statements (continued)

### 3. Significant accounting judgements and estimates (continued)

#### b. Key sources of estimation uncertainty (continued)

##### iii. Taxation

Uncertainties exist with respect to the amounts of current tax expected to be paid or recovered due to the interpretation of tax legislation, changes in tax regulations, and the amount and timing of future taxable income, resulting in the establishment of provisions by the Company depending upon reasonable estimate of the outcome to treatment of certain transactions by the responsible tax authority. The amount of current tax provisions is based on factors, such as experience of previous tax assessments and differing interpretations of tax laws by the Company and the tax authority in the country of operation.

The directors exercise judgement in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

##### iv. Share based payments

The cost of equity-settled transactions with employees are measured by reference to the fair value of the equity instrument at the date at which they are granted. Estimating fair value for share-based payments transactions requires determining the expected forfeiture rates and making assumptions about them.

## Notes to the financial statements (continued)

### 4. Turnover

	2021 £'000	2020 £'000
Brokerage income	37,318	51,043
Investment banking	110,220	62,616
Principal transactions gains & losses	11,570	19,068
Research income	8,839	8,682
Transfer pricing income from affiliates	3,864	198
Other revenue	714	182
<b>Turnover</b>	<b>172,525</b>	<b>141,789</b>

The Company's Spanish branch had turnover of £Nil during the year (2020: £1,555,000), and its Swiss branches had turnover of £37,312 (2020: £953,000) with the remainder of turnover arising in the UK.

### 5. Operating profit

This is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	3,972	1,226
Amortisation of intangible fixed assets	815	868
Auditors' remuneration:		
Professional fees	257	198
Other assurance services	135	-
Foreign exchange (gains)/losses	(98)	144
Operating leases – Other	242	61

#### (a) Employee costs and information

	2021 £'000	2020 £'000
<b>Staff Costs</b>		
Wages and salaries	96,745	84,232
Social security costs	13,643	11,481
Pension costs	1,366	1,165
Share based payments	5,444	2,333
	<b>117,198</b>	<b>99,211</b>

The number of full time equivalents at 31 December 2021 was 403 (2020: 352). Average full time equivalents for the year ended 31 December 2021 was 373 (2020: 326).

## Notes to the financial statements (continued)

### 5. Operating profit (continued)

#### (b) Employee costs and information (continued)

The Company may make discretionary contributions to an employee's money purchase scheme. The Company operates a defined contribution pension scheme for certain employees. The pension charge represents the amounts payable by the Company to the fund and to employees' money purchase schemes in respect of the year.

Contributions amounting to 2021 £Nil (2020: £Nil) were payable as at 31 December 2021 under the schemes and are included in creditors.

#### (c) Directors' emoluments

	2021 £'000	2020 £'000
Directors' emoluments in respect of services to the Company	2,736	2,356
Employer pension contributions	10	10
	<b>2,746</b>	<b>2,366</b>

The emoluments including shared based payments of the highest paid director were 2021 £1,624,000 (2020: £1,252,000). There were employer pension contributions for the highest paid director of 2021 £5,000 (2020: £5,000). One of the Company's directors is employed by another Stifel Financial Corp. subsidiary. The remuneration of this director is borne by that company.

### 6 Interest income

	2021 £'000	2020 £'000
Bank interest income	124	197
Other interest income	1,729	1,580
	<b>1,853</b>	<b>1,777</b>

### 7. Interest expense

	2021 £'000	2020 £'000
Bank interest expense	557	127
Other interest expense	627	357
Subordinated loan interest	-	36
	<b>1,184</b>	<b>520</b>

## Notes to the financial statements (continued)

## 8. Taxation

*(a) Tax recognised in the income statement*

	2021 £'000	2020 £'000
UK current tax charge on income for the year	2,442	647
Foreign tax charge on income for the period	13	60
Adjustments in respect of prior years - current tax	347	(3)
Adjustments in respect of prior years - foreign taxes	47	38
<b>Total current tax charge</b>	<b>2,849</b>	<b>742</b>
Deferred tax charge/(credit) for the year	274	(535)
Effect of changes in tax rates	(1,070)	(524)
Adjustments in respect of prior years - deferred tax	128	600
<b>Total deferred tax credit</b>	<b>(668)</b>	<b>(459)</b>
<b>Total tax charge for the year</b>	<b>2,181</b>	<b>283</b>

*(b) Tax recognised directly in equity*

	2021 £'000	2020 £'000
Current tax recognised directly in equity	(523)	-
Deferred tax recognised directly in equity	(802)	(410)
<b>Total tax</b>	<b>(1,325)</b>	<b>(410)</b>

*(c) Total tax reconciliation*

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	11,382	1,945
Profit multiplied by standard rate of corporation tax 19% (2020: 19%)	2,163	370
Effects of:		
Foreign taxes	13	60
Permanent differences	374	197
Changes in tax rates	(1,070)	(524)
Share-based payments permanent differences	-	(454)
Other differences	179	(1)
Adjustment in respect of prior years - current tax	347	(3)
Adjustment in respect of prior years - foreign taxes	47	38
Adjustment in respect of prior years - deferred tax	128	600
<b>Total tax charge</b>	<b>2,181</b>	<b>283</b>

## Notes to the financial statements (continued)

### 8. Taxation (continued)

#### (d) Capital Requirements (Country-by-Country Reporting) Regulations

The disclosure requirements stipulated by the Capital Requirements (Country-by-Country Reporting) Regulations 2013 are as follows:

#### 2021

Location	Nature of activities	Turnover £'000	No. of employees No.	Profit before tax £'000	Corporation tax paid £'000
UK	Institutional broking and investment banking	172,488	373	11,459	1,429
Spain	Institutional broking services	-	-	(31)	(51)
Switzerland	Institutional broking services	37	-	(46)	(2)
<b>Total</b>		<b>172,525</b>	<b>373</b>	<b>11,382</b>	<b>1,376</b>

#### 2020

Location	Nature of activities	Turnover £'000	No. of employees No.	Profit before tax £'000	Corporation tax paid £'000
UK	Institutional broking and investment banking	139,282	325	1,333	647
Spain	Institutional broking services	1,555	1	218	54
Switzerland	Institutional broking services	952	-	394	6
<b>Total</b>		<b>141,789</b>	<b>326</b>	<b>1,945</b>	<b>707</b>

The Company has received public subsidies of £Nil (2020: £Nil).

## Notes to the financial statements (continued)

### 9. Deferred tax

	2021 £'000	2020 £'000
Deferred tax asset at 1 January 2021	2,746	1,877
Effect of changes in tax rates	1,070	524
Current year deferred tax (charge)/credit - P&L	(274)	535
Adjustment in respect of prior years	(128)	(600)
Deferred tax credit recognised directly in equity	802	410
<b>Deferred tax asset at 31 December 2021</b>	<b>4,216</b>	<b>2,746</b>

Deferred tax assets and liabilities are attributable to the following:

	2021 £'000	2020 £'000
Share-based payments	3,131	1,312
Property, plant and equipment	70	(174)
Unutilised tax losses carried forward	-	1,373
Change in accounting practice adjustment	(21)	(26)
Cash debenture	1,413	727
Intangible assets acquired in a business combination	(377)	(466)
<b>Deferred tax asset at 31 December 2021</b>	<b>4,216</b>	<b>2,746</b>

The headline rate of UK corporation tax for the period was 19%. On 3 March 2021 it was announced, and later enacted on 10 June 2021 as part of Finance Act 2021, that the UK corporation tax rate would increase from 19% to 25% from 1 April 2023.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Given the 25% rate was enacted at the time of the balance sheet date, the closing deferred tax balances have been calculated with reference to this rate, at a blended rate of 23%.

There are unrecognised deferred tax assets (disclosed net at 23%) at the end of the year in respect of trading losses (£1,924,000), capital losses (£41,000), non-trading deficits (£80,000), cash debentures (£165,000), share based payments (£365,000), fixed assets (£8,000) and foreign tax credits (£9,000). These assets have not been recognised in the financial statements as it is not considered probable that these will be utilised in the future.

## Notes to the financial statements (continued)

## 10. Intangible assets

	Goodwill £'000	Customer relationships £'000	Trade name £'000	Non-compete agreements £'000	Transaction backlog £'000	Total £'000
<b>Cost</b>						
As at 1 January 2021	36,627	3,166	901	769	1,271	42,734
Additions	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>36,627</b>	<b>3,166</b>	<b>901</b>	<b>769</b>	<b>1,271</b>	<b>42,734</b>
<b>Amortisation and impairment</b>						
As at 1 January 2021	16,891	1,987	430	491	745	20,544
Amortisation during the year	-	363	64	73	315	815
<b>At 31 December 2021</b>	<b>16,891</b>	<b>2,350</b>	<b>495</b>	<b>564</b>	<b>1,060</b>	<b>21,360</b>
<b>Net book value</b>						
At 31 December 2020	19,736	1,179	471	278	526	22,190
<b>At 31 December 2021</b>	<b>19,736</b>	<b>816</b>	<b>406</b>	<b>205</b>	<b>211</b>	<b>21,374</b>

The remaining useful economic lives for intangible assets are 3-6 years for customer relationships, 6 years for trade name and 2 years for non-compete agreements.

*Impairment testing*

The Company performs impairment testing on Goodwill at each reporting date. Customer relationships, trade names, non-compete agreements and transaction backlog intangible assets are reviewed for indicators of impairment at each reporting date.

For the purposes of goodwill impairment testing the Company has identified one business unit, UK Equities, as the cash generating unit (CGU).

For the purposes of impairment testing of its remaining intangible assets it has identified two separate CGUs: UK Equities and Keefe, Bruyette & Woods (KBW).

To determine whether a CGU is impaired, the recoverable amount of the CGU is compared to its carrying amount. The recoverable amount is the higher of the fair value less costs to dispose and the value in use. The value in use for the CGUs was derived from a discounted cash flow projection based on the Company's financial budgets approved by management covering a five-year period.

The discount rate applied to cash flow projections is 15.4% (2020: 13.9%) and cash flows beyond the four-year budget are extrapolated using a 3.0% growth rate (2020: 3.0%).

For 2021, there are reasonably possible changes and key assumptions which could erode the estimated amount of £42.9m by which the carrying value of the UK Equities CGU exceeds the recoverable amount and the £35.7m by which the carrying value of the KBW CGU exceeds the recoverable amount.

A change in growth rate to 0% from 3.0% and a change in discount rate to 16.4% from 15.4% would have the effect of reducing the estimated total amount by which the carrying value of the UK Equities CGU exceeds the recoverable amounts from £42.9m to £16.6m and the KBW CGU from £35.7m to £26.3m.

Following our assessment, it was determined that none of the assets held by the Company were impaired.

## Notes to the financial statements (continued)

## 11. Tangible fixed assets

	Right-of-use assets £'000	Leasehold improvements £'000	Communication and computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	28,693	4,114	5,711	38,518
Additions	-	25	242	267
Disposals	-	-	(14)	(14)
Adjustment	(1,321)	-	-	(1,321)
<b>At 31 December 2021</b>	<b>27,372</b>	<b>4,139</b>	<b>5,939</b>	<b>37,450</b>
<b>Depreciation</b>				
At 1 January 2021	1,162	2,251	3,353	6,766
Charge for the year	2,725	381	866	3,972
Disposals	-	-	(6)	(6)
Adjustment	(78)	-	-	(78)
<b>At 31 December 2021</b>	<b>3,809</b>	<b>2,632</b>	<b>4,213</b>	<b>10,654</b>
<b>Net book value</b>				
At 1 January 2021	27,531	1,863	2,358	31,752
<b>At 31 December 2021</b>	<b>23,563</b>	<b>1,507</b>	<b>1,726</b>	<b>26,796</b>

The adjustment to the Company's ROU assets relates to lease incentives.

The Company's ROU assets are in respect of leases for the offices ('property leases'). The property leases generally have a term ranging from 5 to 10 years. The average remaining lease term is 8.6 years.

**Amounts recognised in the profit or loss:**

	2021 £'000	2020 £'000
Depreciation of right of use assets	2,725	1,162
Interest expense on lease liabilities	669	414
	<b>3,394</b>	<b>1,576</b>

The total cash outflow for leases recognised as right of use assets was £2,590,000 for the year ended 31 December 2021 (2020: nil).



## Notes to the financial statements (continued)

### 12. Investments in subsidiaries

	2021 £'000	2020 £'000
Investment in subsidiaries	34,476	31,960

The carrying value of the company's investments in subsidiaries, listed below, is reviewed annually and adjusted to the lower of net realisable value or cost.

Name	Principal activities	Country of incorporation	% equity ownership	
			2021	2020
Stifel Europe Geneva SA	Dormant	Switzerland	100	100
Stifel Schweiz AG	Investment firm	Switzerland	100	100
Stifel Europe Bank AG	Investment firm	Germany	100	100
Mooreland Partners LLP	Dormant	United Kingdom	99	99

Mooreland Partners LLP was liquidated in January 2022.

### 13. Investments

	2021 £'000	2020 £'000
<b>Investments designated at fair value through profit and loss</b>		
Debt investments	15,066	13,137
Equity investments	20,775	16,200
	<b>35,841</b>	<b>29,337</b>

For details on how these instruments are valued please refer to note 20.

## Notes to the financial statements (continued)

### 14. Debtors and other assets

	2021	2020
	£'000	£'000
Trade debtors	111,325	87,450
Receivables under syndicated loan trading	8,070	31,335
Due from related companies	31,121	28,934
Advances to employees	4,637	4,407
Prepayments	4,208	5,345
	159,362	157,471

The balances due from related companies are as follows:

	2021	2020
	£'000	£'000
Stifel Nicolaus & Co	2,613	-
Stifel Nicolaus Canada	23,306	23,359
Stifel Europe Holdings Limited	8	-
Eaton Partners LLP	45	87
Stifel Europe Bank AG	5,150	5,352
KBW Inc	-	136
	31,121	28,394

## Notes to the financial statements (continued)

### 15. Creditors: amount falling due within one year

	2021 £'000	2020 £'000
Trade creditors	54,241	27,732
Payables under syndicated loan trading	7,896	27,723
Short trading positions	11,775	11,865
Due to related companies	11,561	7,713
Accruals	51,811	43,845
Bank overdraft	4,270	-
Lease liabilities	3,084	1,468
Other creditors	731	780
Corporation tax payable	1,585	746
Taxes payable	609	373
	<b>147,563</b>	<b>122,245</b>

The balances due to related companies are as follow:

	2021 £'000	2020 £'000
Stifel Financial Corporation	11,489	5,891
KBW Inc	72	-
Stifel Nicolaus & Co	-	1,742
Stifel Europe Holdings Limited	-	80
	<b>11,561</b>	<b>7,713</b>

### 16. Creditors: amount falling due after more than one year

	2021 £'000	2020 £'000
Accruals > 1 year	3,361	-
Lease liabilities	22,292	32,011
	<b>25,653</b>	<b>32,011</b>

	2021 £'000	2020 £'000
Debt can be analysed as falling due:		
Between two and five years	15,421	32,011
Over five years	10,232	-
	<b>25,653</b>	<b>32,011</b>

Included in accruals are deferred compensation costs.

## Notes to the financial statements (continued)

### 17. Lease liabilities

The Company has leases for its offices at 150 Cheapside, London. These are reflected on the balance sheet as right of use assets and lease liabilities.

#### *Maturity analysis*

	2021 £'000	2020 £'000
<b>Payable within:</b>		
1 year	3,680	2,591
1-2 years	3,680	3,680
2-3 years	3,680	3,680
3-4 years	1,480	3,680
4-5 years	3,074	3,719
Payable after 5 years	12,603	16,668
<b>Total lease payments</b>	<b>28,197</b>	<b>34,019</b>
Finance charges	(2,821)	(4,911)
<b>Lease liabilities</b>	<b>25,376</b>	<b>29,107</b>

Leases of low-value underlying assets remain as operating leases and details of these can be found in note 21.

### 18. Equity

	2021 £'000	2020 £'000
<b>Allotted, called up and fully paid</b>		
170,006,951(2020: 155,006,951) ordinary shares of £1 each	170,007	155,007
	<b>170,007</b>	<b>155,007</b>

On 3rd August 2021, the share capital of the Company was increased by the issuance of 15,000,000 Ordinary Shares of £1.00 each to Stifel Europe Holdings Limited.

#### Capital management

The Company is authorised by the FCA and as such must continuously maintain adequate financial resources, as defined by the FCA. In order to ensure that the Company meets these requirements, the Company's objective is to maintain a conservative capital excess. Calculations of financial resources and the excess over minimum regulatory capital requirements are performed daily. Capital levels are reviewed and discussed at meetings of the Board and other management committees.

During the year, the Company has complied with its FCA financial resources requirements. At the year end, the Company's financial resources after deductions under regulatory rules are as follows:

	2021 £'000	2020 £'000
Share capital	170,007	155,007
Capital contributions	34,255	34,255
Retained loss (includes any current year profits)	(17,473)	(29,532)
Less: Intangible assets and fixed asset investments	(40,312)	(40,580)
Less: Portion of deferred tax asset	-	(641)
	<b>146,477</b>	<b>118,509</b>

## Notes to the financial statements (continued)

### 19. Share based payments

#### Deferred Compensation Plan - Restricted Stock Awards (RSA)

The Company's employees participated in the Stifel Nicolaus Wealth Accumulation Plan, as amended (the "Deferred Compensation Plan") that provides for the granting of stock units. Awards under this plan are granted at market value at the date of grant and generally vest ratably over a three-to-five year vesting period.

The Plan is provided to certain revenue producers, officers, and key administrative employees, whereby a certain percentage of their incentive compensation is deferred as defined by the Plan into company stock units and debentures. Participants may elect to defer a portion of their incentive compensation. Deferred compensation costs are amortised for each tranche on a straight-line basis over the vesting period. Elective deferrals are 100% vested.

All share-based compensation plans are administered by the Compensation Committee of the Board of Directors of Stifel Financial ("Compensation Committee"), which has the authority to interpret the plans, determine to whom awards may be granted under the plans, and determine the terms of each award.

#### Equity settled share scheme - Unit Acceleration Stock Awards

On the effective date of hiring a group of employees in 2013, certain employees of the Company were granted restricted stock or restricted stock units of Stifel Financial Corp. There are no continuing service requirements associated with these stock grants, and accordingly they were expensed at date of grant.

The number of RSAs are as follows:

	Deferred Compensation Plan	Unit Acceleration Stock Awards
Balance at 1 January 2020	293,036	62,871
Granted during the period	113,081	-
Forfeited during the period	(26,092)	-
Vested during the period	(103,893)	-
Additional units for 3 for 2 stock split	138,067	31,435
Balance at 31 December 2020	414,199	94,306
Granted during the period	131,612	-
Forfeited during the period	(8,227)	-
Vested during the period	(158,635)	-
Transfer out - to affiliates	(13,405)	-
Balance at 31 December 2021	459,851	-

The total expenses recognised in the Company's statement of profit or loss for the year for the schemes are as follows:

	2021 £'000	2020 £'000
Deferred Compensation Plan – Restricted Stock Awards	4,848	2,333

Further disclosures on share-based payments can be found in Note 22 of the SEC 10K filing for the Company's parent company, Stifel Financial Corp.

## Notes to the financial statements (continued)

### 20. Fair value measurement

#### (a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market (or most advantageous market, in the absence of a principal market) as of the balance sheet date.

In determining the fair value of its financial instruments, the Company uses various valuation techniques. Based on the observability of the inputs used in those techniques, the Company is required to provide the information set forth in the tables below according to the fair value hierarchy. Investments have been classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data
- Level 3 – Unobservable inputs that are not corroborated by market data

#### (b) Fair Value measurements and classification within the fair value hierarchy

Set out below is the classification in the fair value hierarchy of the Company's financial assets and liabilities measured at fair value.

2021	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investments				
Equity investments	20,775	20,775	-	-
Debt investments	15,066	-	15,066	-
Short trading positions	(11,775)	(11,775)	-	-
<b>Total</b>	<b>24,066</b>	<b>9,000</b>	<b>15,066</b>	<b>-</b>

2020	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investments				
Equity investments	16,200	16,200	-	-
Debt investments	13,137	-	13,137	-
Short trading positions	(11,865)	(11,865)	-	-
<b>Total</b>	<b>17,472</b>	<b>4,335</b>	<b>13,137</b>	<b>-</b>

## Notes to the financial statements (continued)

### 20. Fair value measurement (continued)

#### (b) Fair Value measurements and classification within the fair value hierarchy (continued)

Set out below is a description of the significant valuation inputs and assumptions for each class of assets and liabilities measured at fair value:

- *Equity investments and short trading positions:* The fair value is determined by reference to the share price of these listed equity securities.
- *Debt investments:* The fair value is estimated with reference to publicly traded convertible bond securities.
- *Short trading positions:* The value is determined by reference to the share price of these listed equity securities. They are classified as Level 1 or Level 2 dependent on whether they trade in active markets.

There were transfers between Level 1 and Level 2 during the year of £Nil (2020: £Nil).

#### (c) Financial Instruments not measured at fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments not measured at fair value.

	Carrying amount 2021 £'000	Fair value 2021 £'000	Carrying amount 2020 £'000	Fair value 2020 £'000
Trade debtors	111,325	111,325	87,450	87,450
Due from related companies	31,121	31,121	28,934	28,934
Advances to employees	4,637	4,637	4,407	4,407
Cash and cash equivalents	77,939	77,939	40,115	40,115
Receivables under syndicated loan trading	8,070	8,070	31,335	31,335
Trade creditors	(54,241)	(54,241)	(27,732)	27,732
Due to related companies	(11,561)	(11,561)	(7,713)	(7,713)
Payables under syndicated loan trading	(7,896)	(7,896)	(27,723)	(27,723)
Lease liabilities	(25,376)	(25,376)	-	-
<b>Total</b>	<b>134,018</b>	<b>134,018</b>	<b>129,073</b>	<b>129,073</b>

## Notes to the financial statements (continued)

### 21. Financial assets and liabilities - risk management

#### (a) Measurement categories of financial assets and liabilities

	Carrying amount 2021 £'000	Carrying amount 2020 £'000
<b>Financial assets held at fair value through profit and loss</b>		
Equity investments	20,775	16,200
Debt investments	12,843	5,547
Receivables under syndicated loan trading	8,070	31,335
<b>Financial assets held at fair value through OCI</b>		
Debt investments	2,222	7,590
<b>Financial assets at amortised cost</b>		
Trade debtors	111,325	87,450
Due from related companies	31,121	28,934
Advances to employees	4,637	4,407
Cash and cash equivalents	77,939	40,115
<b>Financial liabilities held at fair value through profit and loss</b>		
Payables under syndicated loan trading	(7,896)	(27,723)
Short trading positions	(11,775)	(11,865)
<b>Financial liabilities at amortised cost</b>		
Trade creditors	(54,241)	(27,732)
Due to related companies	(11,561)	(7,713)
Lease liabilities	(25,376)	
<b>Total financial instruments</b>	<b>158,083</b>	<b>146,545</b>

No assets or liabilities were reclassified during the year.

#### (b) Credit risk

##### *Financial risk management*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The main source of credit risk is counterparty credit risk, and it is monitored on a daily basis. The Company is exposed to credit risk from a counterparty to a financial instrument transaction during the period between the trade date and the settlement date.

Counterparty risk arises primarily from two activities:

- Customers that trade financial instruments with the Company
- The Company executes trades through local brokers



## Notes to the financial statements (continued)

### 21. Financial assets and liabilities - risk management (continued)

#### (b) Credit risk (continued)

The Company performs several tasks to ensure that counterparty risk with trading customers is monitored and credit losses to the firm are minimised.

The Company also engages in various securities underwriting, trading and brokerage activities servicing a diverse group of institutional investor clients, which has exposure to credit risk through the potential non-performance of these clients in fulfilling their contractual obligations pursuant to financial instrument transactions. This can be directly impacted by volatile trading markets which may impair the client's ability to satisfy its obligations to the Company. The Company's clearing agreements require reimbursement to the clearing broker without limit for any losses incurred due to a counterparty's failure to satisfy its contractual obligations. The Company seeks to mitigate the risks associated with sales and trading services through active customer screenings and selection procedures and establishing credit limits for clients where deemed appropriate.

#### Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by financial instrument type was:

	2021	2020
	£'000	£'000
Trade and other debtors	141,992	96,862
Receivables under syndicated loan trading	7,479	3,136
Cash and cash equivalents	77,939	40,115
	<b>227,410</b>	<b>140,113</b>

The credit exposures for "Receivables under syndicated loan trading" and for unsettled delivery-versus-payment trades within "Trade and other debtors" differ from the carrying values as a result of the potential cost to the Company in the event that the counterparties defaulted and the Company needed to purchase the assets in order to make good its obligations. For these the reported credit exposures are risk weighed exposures calculated in accordance with FCA capital rules. For the other types of financial instrument, the carrying amount of financial assets represents the maximum credit exposure.

## Notes to the financial statements (continued)

### 21. Financial assets and liabilities - risk management (*continued*)

#### (b) Credit risk (*continued*)

##### *Cash collateral on securities borrowed*

The Company enters into collateralised securities borrowing transactions that may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. The Company manages credit risk associated with these activities by monitoring counterparty credit exposure and collateral values on a daily basis. Cash collateral delivered on securities borrowed was as follows, by counterparty type:

	2021 £'000	2020 £'000
Financial institutions	25,363	18,881

##### Credit quality of financial assets

The table below details the credit quality of the financial assets at the balance sheet date:

2021	Not past due £'000	Past due (0-30 days) £'000	Past due (31-120 days) £'000	Past due (more than 120 days) £'000
Trade and other debtors	141,600	4,393	1,003	87
Receivables under syndicated loan trading	8,070	-	-	-
Cash and cash equivalents	77,939	-	-	-
<b>Total</b>	<b>227,609</b>	<b>4,393</b>	<b>1,003</b>	<b>87</b>

2020	Not past due £'000	Past due (0-30 days) £'000	Past due (31-120 days) £'000	Past due (more than 120 days) £'000
Trade and other debtors	119,030	1,516	232	13
Receivables under syndicated loan trading	31,335	-	-	-
Cash and cash equivalents	40,115	-	-	-
<b>Total</b>	<b>190,480</b>	<b>1,516</b>	<b>232</b>	<b>13</b>

The credit quality of financial assets that are neither past due nor impaired is considered by the directors to be high. Trading counterparties are institutions or corporates, cash and cash equivalents are held with short term maturities with banking institutions of high credit quality.

A provision of £79,109 (2020: £260,000) has been made for impaired trade debtors at the reporting date.

## Notes to the financial statements (continued)

### 21. Financial assets and liabilities - risk management (continued)

#### (c) Liquidity risk

##### Financial risk management

Liquidity risk is the risk that the firm does not have available sufficient financial resources to enable it to meet its obligations as they fall due.

The Company has a high level of liquidity. Funds are placed on deposit with very short maturities. In addition, the Company monitors and evaluates the composition and size of assets and operating liabilities. Assets generally consist of cash and cash equivalents and debtors.

The table below shows the un-discounted maturity profiles of the Company's financial liabilities:

Class	Repayable on demand	Due within 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2021</b>						
Payables under syndicated loan trading	7,896	-	-	-	-	7,896
Trade creditors	54,241	-	-	-	-	54,241
Short trading positions	11,775	-	-	-	-	11,775
Due to related companies	11,561	-	-	-	-	11,561
Accruals	-	67,244	3,531	3,328	-	74,103
Taxes payable	-	2,194	-	-	-	2,194
Other creditors	-	731	-	-	-	731
Lease liabilities	-	920	2,760	11,914	12,603	28,197
<b>Total</b>	<b>85,473</b>	<b>71,088</b>	<b>6,291</b>	<b>15,242</b>	<b>12,603</b>	<b>190,699</b>
<b>2020</b>						
Payables under syndicated loan trading	27,723	-	-	-	-	27,723
Trade creditors	27,732	-	-	-	-	27,732
Short trading positions	11,865	-	-	-	-	11,865
Due to related companies	7,713	-	-	-	-	7,713
Accruals	-	43,755	1,558	32,011	-	45,313
Taxes payable	-	1,119	-	-	-	1,119
Other creditors	-	780	-	-	-	780
<b>Total</b>	<b>75,033</b>	<b>45,654</b>	<b>1,558</b>	<b>32,011</b>	<b>-</b>	<b>154,256</b>

## Notes to the financial statements (continued)

### 21. Financial assets and liabilities - risk management (*continued*)

#### (d) Market risk

##### Financial risk management

Market risk represents the risk of loss that may result from a change in value of a financial instrument due to fluctuations in its market price. The Company's exposure to market risk is directly related to its role as a financial intermediary in customer trading and to its principal trading and investment activities. Market risk is inherent in financial instruments. The Company trades in equity securities as an active participant in both listed and over the counter markets.

##### Market risk – Foreign currency risk

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

Net assets by currency:	2021 £'000	2020 £'000
Euro	4,550	10,460
US Dollar	11,044	1,210
Canadian Dollar	25,234	26,653
Other	1,432	2,137
<b>Total</b>	<b>42,260</b>	<b>40,460</b>

A 10 percent weakening of the following currencies against the pound sterling at 31 December 2021 would have increased/(decreased) equity and profit and loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2020.

	Equity and Profit and Loss	
	2021 £'000	2020 £'000
Euro	(414)	(951)
US Dollar	(1,004)	(110)
Canadian Dollar	(2,294)	(2,423)
Other	(130)	(194)

A 10 percent strengthening of the above currencies against the pound sterling at 31 December 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## Notes to the financial statements (continued)

### 21. Financial assets and liabilities - risk management (*continued*)

#### (d) Market risk (*continued*)

##### *Market risk – Interest rate risk*

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was:

	2021 £'000	2020 £'000
<b>Convertible fixed rate instruments</b>		
Debt investments	15,066	13,137
<b>Variable rate instruments</b>		
Cash and cash equivalents	77,939	40,115

Debt investments comprise listed convertible bond securities which pay fixed rate coupon interest.

A 1% increase in interest rates at 31 December 2021 would have increased equity and profit and loss by a potential maximum of £779,000 (2020: £401,000). A decrease in interest rates would have an immaterial impact on the Company as a result of its current yields on variable rate instruments being near zero. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2020.

	Equity and Profit and Loss	
	2021 £'000	2020 £'000
GBP	455	237
Euro	1	90
US Dollar	-	58
Other	280	-

##### *Market risk – Equity price risk*

The Company's exposure to equity price risk arises from its trading in equity securities which are designated at fair value through profit or loss and investments in equity securities classified as available for sale financial assets. Asset positions are shown on the balance sheet as investments and liability positions are shown in creditors.

#### **Exposure**

	2021 £'000	2020 £'000
Equity securities designated at fair value through profit or loss	20,775	16,200
Short trading positions (equity securities)	(11,775)	(11,865)
Net exposure	9,000	4,335

## Notes to the financial statements (continued)

### 21. Financial assets and liabilities - risk management (continued)

#### (d) Market risk (continued)

##### Equity price risk sensitivity analysis

This analysis demonstrates the effect that negative changes in equity prices at 31 December 2021 would have had on profit or loss. Positive changes in equity prices would have had the equal but opposite effect, on the basis that all other variables remain constant. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. The analysis is performed on the same basis for 31 December 2020.

2021	5% decrease £'000	10% decrease £'000
Equity securities designated at fair value through profit or loss	(1,039)	(2,078)
Short trading positions (equity securities)	589	1,178
<b>Net gain/(loss)</b>	<b>(450)</b>	<b>(900)</b>

2020	5% decrease £'000	10% decrease £'000
Equity securities designated at fair value through profit or loss	(810)	(1,621)
Short trading positions (equity securities)	593	1,187
<b>Net gain/(loss)</b>	<b>(217)</b>	<b>(434)</b>

### 22. Obligations under operating leases contracts

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2021 £'000	2020 £'000
Within one year	239	243
Two to five years	662	896
<b>Total</b>	<b>901</b>	<b>1,139</b>

The Company has other operating leases in respect of office equipment.

## Notes to the financial statements (continued)

### 23. Coronavirus COVID-19

The Company continues to maintain full continuity of service to clients from its offices and on a remote basis in accordance with government guidelines as a result of the COVID-19 pandemic.

### 24. Post balance sheet event

Mooreland Partners LLP was liquidated in January 2022.

There have been no further events subsequent to the Balance Sheet date which required adjustment or disclosure in the Financial Statements or notes therein.

### 25. Ultimate parent company

The immediate parent undertaking is Stifel Europe Holdings Limited, incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Stifel Financial Corp., incorporated in the United States, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the ultimate parent's consolidated financial statements may be obtained from the Chief Financial Officer, Stifel Financial Corp., 501 North Broadway, St Louis, MO 63102-2102, USA.