CMC Markets plc

Annual Report and Financial Statements

2022

CMC is a leading global provider of online trading with a comprehensive retail, professional and institutional offering.

"Our purpose is to constantly maintain a superior and unrivalled technology experience for our clients."

Lord Cruddas
Founder and CEO

The business was started in 1989 with a simple ethos: to make financial markets truly accessible for investors. This fundamental belief remains at the heart of everything we do at CMC Markets and staying true to that has been pivotal to our success.

Read more at **cmcmarketsplc.com**

Strategic report

Corporate governance

Financial Statements

Shareholder information

Empowering our clients and providing first-class access to the evolving landscape of investing and trading

Listening to our clients' demands is integral to what we do. Our continued investment in technology will facilitate an ever-improving range of financial products to satisfy these demands.

At CMC we continue to invest in the diversification of our product offering, in particular expanding our reach to non-leveraged products across existing and new geographies. We believe this will benefit our clients as well as support the needs of our stakeholders in driving earnings and profitability for the Group.

Bespoke solutions in a dynamic world

Societal shifts in technology and demographics are driving far-reaching changes in how platform providers serve the new generation of trading and investing clients. Our purpose is to constantly maintain a superior and unrivalled bespoke technology experience to our clients.

Leveraged

Internal risk management

Trade and Risk data is stored in a high frequency tick database, where we record all stages of the risk management system. We have large Quantitative Analytics and Data Science teams which build out both the hardware and software side of the analytic environment to ensure that client order flow is managed in the most appropriate way. Data science and machine learning models are playing an ever-increasing role in our real-time and offline decision making. Our aim is to continually provide market leading access to liquidity to our clients, with best-in-class platform resilience through every part of our of offering.

Improving product offering and pricing efficiency

We continue to invest in the diversification of our products to enhance functionality for our clients. We already offer over 10,000 products over our leveraged platforms. Delivering this with the most efficient pricing structure is paramount. Our pricing system is continually evolving both in terms of sophistication and latency minimisation. Latency is measured in microseconds using high accuracy clock time-stamping at multiple points through the system, with real-time monitoring. Best execution internal reporting allows for the setting of high standards of execution quality.

Read more on **page 25**

Non-leveraged

Expansion in non-leveraged businesses

Secular shifts in investment trends present high growth opportunities across non-leveraged investment platforms globally. Building on the successes from our Australian stockbroking business, the launch of our UK non-leveraged platform in April 2022 allows us to tap into the growth being seen in self-managed investing. This will, over time, drive a more balanced and diversified income stream for the Group.

Read more on **page 26**

Leveraged and non-leveraged

Technology-backed business to business ("B2B") offering

In addition to our retail offering we provide technology-backed solutions to mid-sized and large financial institutions. CMC already provides execution, clearing and settlement services as a service provider to a number of Australian financial service licensees. Our business to business ("B2B") partnership directive will now be expanding across all our existing as well as new geographies over the coming 12 months. Growth from our non-leveraged operations will reposition our business to the some of the fastest growing shifts in trading and investing.

Our Tomorrow - taking a positive position

At CMC Markets, our vision is to unite with the global capital markets shift towards a sustainable future, by providing responsible and innovative technological solutions that protect, educate and inspire our people and clients to invest for the future.

Read more on **page 28**

CMC at a glance continued

The products we provide

Contracts for difference ("CFDs")
A financial derivative product which allows clients to speculate on price changes in an underlying financial asset, without certain costs and limitations associated with physical ownership. More information is available on www.cmcmarkets.com.

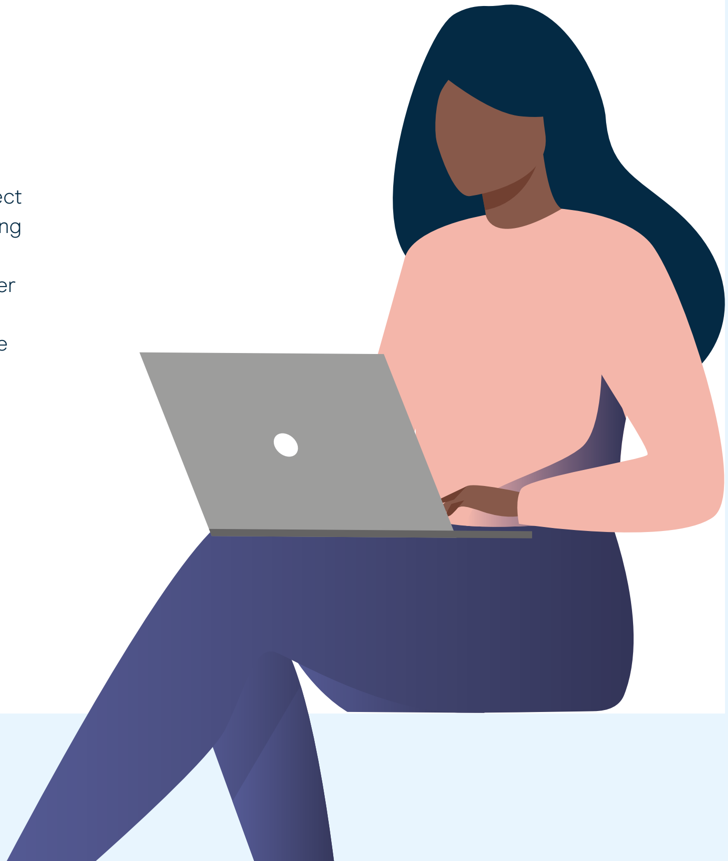
Spread betting
A product available exclusively to residents in the UK and Ireland which is similar in many aspects to our CFD product. More information is available on www.cmcmarkets.com.

Technology-driven liquidity solution
Under our B2B arm, CMC Markets Connect acts as a non-bank liquidity provider offering access to a wide range of asset classes including Spot FX, the global institutional standard in FX trading, cash equities and ETFs. For larger institutions we are able to offer bespoke solutions to help facilitate and access multi-asset class liquidity.

Outsourced trading platform technology
We outsource our platform technology to clients also under the CMC Markets Connect brand, where our award winning CMC trading platform can be fully customised under a white-label partnership or alternatively under a neutrally branded platform for regulated entities looking to introduce clients or trade on their behalf.

Stockbroking
In our Australian stockbroking business clients are offered the opportunity to trade Australian shares and international shares from over 41 exchanges in over 15 countries. This has been supported through the launch of a fully functional native mobile application offering a variety of instruments including shares, options, managed funds, warrants and exchange traded funds ("ETFs").

Non-leveraged
Building on the strength and success of the Australian stockbroking business, 2022 will mark CMC's first move into the non-leveraged business in the UK. Clients will have full access to international shares, tax wrappers (ISAs and SIPPs), funds and ETFs. Our aim is to provide our clients sector-leading analytics and news content as well as opportunities to empower them to invest across a range of sustainable and responsible investment opportunities. The new platform is based on the existing technological excellence seen across the existing leveraged business and will, in time, have the potential to deliver a significant new earnings stream for the Group.



Read more about our business model on **page 10**

Our geographical reach

CMC Markets operates in 13 offices across many of the world's leading financial centres. The Group is built on a hub-and-spoke model, with London being the Group's headquarters, Germany being the hub for our European operations and Sydney being the secondary hub to support the Asia Pacific & Canada ("APAC") region. This approach enables CMC to achieve the optimum balance between operational gearing and efficiency. In addition, we plan to launch a new investment platform in Singapore within a year, as well as considering two other jurisdictions for launch the following year.

UK	28%
Europe	16%
APAC & Canada	56%

Read more about net trading revenue on **page 44**

Our client base

CMC attracts retail and elective professional clients to its Next Generation platform and has a considerable proportion of trading activity generated from institutional clients and stockbroking clients.

Our shift into additional non-leveraged markets will also bring a new wave of clients with which we hope to build long-standing partnerships. All our clients are treated with the high standards we set ourselves when it comes to protection and suitability.

Leveraged B2B[2]	16%
Non-leveraged B2B	14%
Leveraged B2C[3]	67%
Non-leveraged B2C	3%

1 CFD and spread bet gross client income net of rebates, levies and risk management gains or losses and stockbroking revenue net of rebates.

2 Business to business ("B2B") – revenue from institutional clients.

3 Business to consumer ("B2C") – revenue from retail and professional clients.

4 Active clients represent those individual clients which have traded with or held CFD or spread bet positions or which traded on the stockbroking platform on at least one occasion during the financial year.

Focusing on high value clients and diversifying the business

Operational highlights

- Whilst annual leveraged client numbers are down 16% from 2021, monthly active clients are up a third compared to pre-pandemic levels.
- Non-leveraged active client numbers increased 6%, a new record.
- Retention of CFD client income[6] of 80%.
- Released CMC Invest platform in the UK in April 2022, a significant development for the Group which represents a milestone in its expansion into additional non-leveraged businesses.
- Operational resilience remains high, with leveraged platform uptime of 99.95%.
- Stockbroking business finished 2022 with record period-end Assets under Administration ("AuA").
- Leveraged revenue per active client down £985 (22%) to £3,575.
- B2B represents 30% of net trading revenue at £82.5 million.

Read more about net trading revenue and our financial measures on **page 44**

Financial highlights

Net operating income[1]

£281.9m

22	£281.9m
21	£409.8m
20	£252.0m

Statutory profit before tax

£92.1m

22	£92.1m
21	£224.0m
20	£98.7m

Leveraged active clients[2]

64,243

22	64,243
21	76,591
20	57,202

Leveraged platform uptime

99.95%

22	99.95
21	99.95
20	99.95

Non-leveraged active clients[2]

246,120

22	246,120
21	232,053
20	181,630

Leveraged revenue per active client[3]

£3,575

22	£3,575
21	£4,560
20	£3,750

Basic earnings per share

24.8p

22	24.8
21	61.5p
20	30.1p

Gross leveraged client income[4]

£288.5m

22	£288.5m
21	£335.3m
20	£240.6m

Ordinary dividend per share[5]

12.38p

22	12.38
21	30.63p
20	15.03p

1 Net operating income represents total revenue net of introducing partner commissions and spread betting levies.

2 Active clients represent those individual clients who have traded with or held CFD or spread bet positions or who traded on the stockbroking platform on at least one occasion during the financial year.

3 Net trading revenue generated from CFD and spread bet active clients. A reconciliation of revenue alternative performance measures ("APMs") to the Group's primary statements can be found on page 164.

4 Spreads, financing and commissions on CFD client trades.

5 Ordinary dividends paid/proposed relating to the financial year.

6 The percentage of CFD gross client income retained after rebates and gains or losses from risk management activities.

Investment case

CMC Markets: five reasons to invest

Award winning platforms

10,000+

financial instruments traded across the CFD platform and over 40,000 instruments within stockbroking

The demands of our clients continue to evolve. Our purpose is to constantly maintain a superior and unrivalled technology experience for our clients. Continuous investment in our proprietary technology across both our leveraged and non-leveraged platforms allows us to offer a wide suite of products. Our online and mobile platforms are continuously ranked as best-in-class from our clients.

Read more about our technology on **pages 25 to 27**

Our diverse product offering

15%

share of Australian stockbroking market[1]

Launch of the UK non-leveraged business. Accessing a UK D2C market with some £320 billion[2] of AuA

We're investing to diversify by offering new products and functionality across both our leveraged and non-leveraged platforms. CFD and spread bet revenue remains at the core of what we do. This is balanced with a world-class stockbroking business in Australia. Similarly, the launch of CMC Invest, the new UK investment platform, underpins our expansion into the high growth opportunities being seen across all of our geographies and meets client demands.

Read more about our product offering on **pages 25 to 27**

Our geographical reach

56%

of net trading revenue generated outside the UK and Europe regions

Our global technology platforms allow access for retail, professional and institutional clients through regulated offices and branches in 12 countries, with a significant presence in the UK, Australia, Germany and Singapore.

The agreement to transition Australia and New Zealand Banking Group Limited's ("ANZ's") Share Investing client base to CMC for AUD$25 million was agreed during the year. The transaction involves the transition of approximately 500,000 ANZ Share Investing clients, with total assets in excess of AUD$43 billion.

Read more about our geographical diversity on **page 5**

Our client focus

310,363

64,243 leveraged active clients and 246,120 non-leveraged active clients

Our clients are at the heart of what we do, and their input is intrinsic to improving our business processes across product development, marketing and client services as we tailor new developments and target improvements. We employ and train high quality client services staff to ensure best-in-class client service. Platform resilience and user experience is at the core of all developments and upgrades we deploy.

Read more about our client service on **pages 25 to 27**

Our Tomorrow

5

core sustainability pillars

We are proud to introduce our new sustainability strategy: "Our Tomorrow: taking a positive position", that will shape the next few years of sustainability activity for the Group. "Our Tomorrow" describes how we seek to embed sustainability across the business. We have identified five core pillars that are our areas of focus which highlight how we protect, empower, innovate and adapt to be a responsible business that is committed to the needs of people and our planet.

Read more about our sustainability framework on **pages 28 to 39**

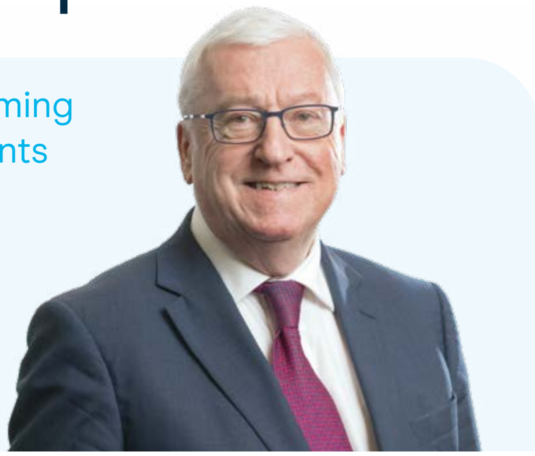
1 ASX and Chi-X combined trading statistics – IRESS.

2 Platforum data February 2022.

Our resilient strategy delivers a record year for the Group

"The benefits of the Group's strategy are becoming more apparent. Through engagement with clients and the expertise of our staff, the Group is continuing to develop clear opportunities for significant growth within all of our markets."

James Richards
Chairman



Our strategic investments in technology, client service, professional and institutional clients and income diversification through new products, have led to a strong financial performance in 2022. This performance, along with the launch of the CMC Invest platform in the UK, provides the Group with a strong base from which we can continue to focus on innovation and agile and responsive technology development.

The Board's clear vision of the Group's strategy of income diversification through adapting and building on our superior technology is starting to crystallise. The benefits of the Group's strategy are becoming more apparent. Through engagement with clients and the expertise of our staff, the Group is continuing to develop clear opportunities for significant growth within all of our markets.

Throughout all parts of the product development process, we engage with clients to provide input into improvements that can be made to our products and propositions. In addition, we have made significant progress on initiatives to improve staff engagement. The combination of engaged clients and employees results in a robust and agile business focusing on medium to long-term value generation, which supports our purpose, values and strategy.

Results and dividend

Net operating income fell 31% to £281.9 million; however, when excluding the exceptional COVID-19 affected 2021, the Group generated an increase in net operating income of 12% on 2020. This is a strong result for the Group, as it represents a record year outside of 2021.

The strong net operating income performance has generated profits after tax of £72.0 million. The Board recommends a final dividend of 8.88 pence per share which results in a total dividend payment of 50% of profits after tax.

Board and governance

As discussed in the 2021 Annual Report and Financial Statements, the Board conducted an internal governance review in 2021, resulting in the appointment of external advisers, Independent Audit, in January 2021. This review was concluded within 2022, resulting in very positive changes to the information the Board receives, improvements in the scope of the Nomination Committee including greater involvement in people strategy, and improvements in ownership and presentation of the Group's risk information. More information on the changes can be found on pages 66, 74 and 76.

We are sorry to lose Clare Salmon, who is not putting herself up for re-election this year, but also welcome Susanne Chishti, who brings a diverse view of developments and trends in the wider consumer technology environment. We are also seeking, via agents, a further Non-Executive Director to cover the gap left by Clare's departure, further details of which can be found on page 76 of the Nomination Committee report.

People and stakeholders

Our staff are our greatest asset and their work on delivering against our strategic initiatives has driven the strong performance across all business lines, along with delivering new products and features to communicated timescales. On behalf of the Board, I would like to thank them all for their considerable contribution.

In addition, our staff have shown incredible resilience and flexibility when faced with travel and work restrictions caused by the COVID-19 pandemic, and have continued to do so throughout this year. No staff were furloughed and the Group did not request any government COVID–19 assistance. More details of what we have been doing are presented in the Sustainability section of the report.

Financial Reporting Council

During the year to 31 March 2022 the Board received correspondence from the Financial Reporting Council ("FRC") concerning a potential unlawful dividend payment in respect of the payment of the 2021 interim dividend. On further investigation by the Company it was concluded that similar questions had arisen in some prior years. Details of this and the rectification process for addressing these issues are set out on page 101 in the Directors' Report. The Company has made certain changes to internal processes to ensure that these irregularities do not arise again.

Outlook

Our focus on improving and building on our existing technology underpins our strategy of exploiting our existing leveraged technology with both new and improved products and expanding into new geographies in our non-leveraged business.

The strengths and robustness of our technology have been demonstrated through the white-label agreement for Australia and New Zealand Banking Group Limited ("ANZ"), culminating in the announcement of the acquisition of its Share Investing clients.

The strategy also forms the foundation for the launch of our new UK non-leveraged investment platform in April 2022. The new platform is being rolled out to the market over the coming year and augurs well for the Group's future. Our clear focus on revenue diversification will continue throughout the coming year as will our assessment of how best to address the realisation of future value for the two broadly different businesses, namely leveraged and non-leveraged, both underpinned by our technology.

James Richards

James Richards
Chairman
8 June 2022

The best trading experience

Our business enablers

1. Technology and product

Technology and product has always been key to the success of CMC Markets and this has won the business recognition as the leader in our industry for innovation and service. Recognising that innovation is key to retaining this reputation, the Group has continued to invest significantly across the business to deliver new products and offerings to our clients, with a significant milestone achieved in the launch of CMC Invest in the UK in April 2022.

For more information see pages 25 to 27

2. "Our Tomorrow: taking a positive position" sustainability strategy

This year we are proud to launch the new sustainability strategy that will shape the next few years of sustainability activity for the Group. "Our Tomorrow" describes how we seek to embed sustainability across the business. We have identified five core pillars that are our areas of focus which highlight how we protect, empower, innovate and adapt to be a responsible business that is committed to the needs of people and our planet.

For more information see pages 28 to 39

3. Financial strength

We aim to maintain our secure capital and liquidity structure, ensuring that it is appropriate for the future growth and success of the Group. This includes maintaining long-term levels of capital to withstand the demands of fluctuations in the financial markets and access to a healthy level of surplus liquid resources in line with the size of our business and the growth opportunities.

For more information see pages 44 to 49

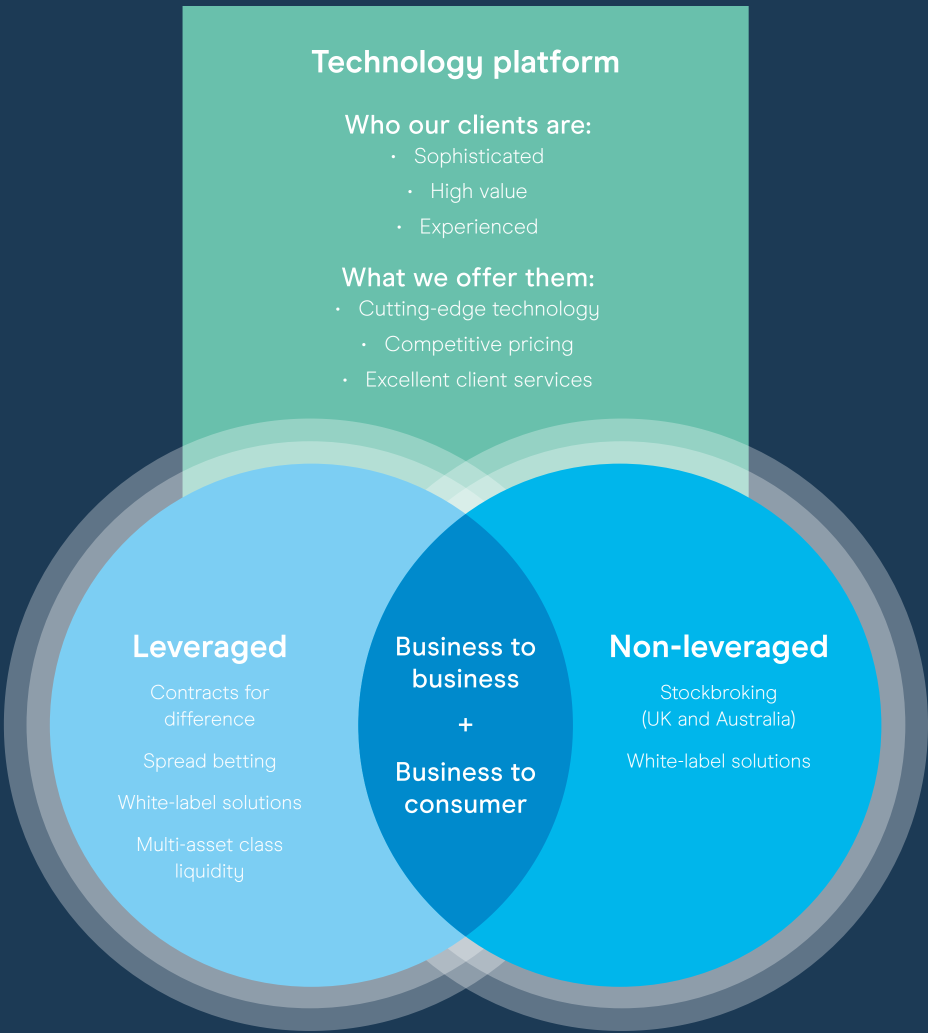
4. Risk management

The Group's business activities naturally expose it to strategic, financial and operational risks inherent in the nature of the business it undertakes and the financial, market and regulatory environments in which it operates. The Group recognises the importance of understanding and managing these risks and that it cannot place a cap or limit on all of the risks to which the Group is exposed. However, effective risk management ensures that risks are managed to an acceptable level.

For more information see pages 50 to 56

Our client offering

Our clients are at the heart of everything that we do.



Technology platforms and risk management

Our superior platforms and technology, combined with our risk management, deliver a best-in-class trading experience for our clients and partners.

Our trade and risk systems generate real-time pricing, automate trade execution and optimise our risk management process through better aggregation of client flows. They also bring scale and stability to our platforms, especially during volatile market conditions. This enhances the client trading experience and lessens the risk of price quotation outages.

For more information see page 25

How we make money

Leveraged

Gross leveraged client income

£288.5m

Spreads
Revenue earned through maintaining a transactional spread (the difference between the buy and sell price) on CFD and spread bet products.

Commissions
These are charged on both CFD equity trades and institutional DMA trades. Clients are either charged a minimum commission or a percentage based on the value of the trade.

Financing
Positions held by clients overnight may be subject to financing costs, which can be positive or negative depending on the direction of their holding and the applicable financing rate.

Rebates and levies

£(20.6m)

Volume-based rebates paid to professional, high value retail and institutional clients and introducing brokers on selected asset classes.

Risk management gains/(losses)

£(38.3m)

Revenue or losses from management of client positions that the Group inherits. This consists of gains or losses which accrue to the Group through client positions and, secondly, the gains or losses which accrue to the Group through the hedge positions entered into by the Group, including hedge transaction costs.

Retained client income

80%

The percentage of CFD gross client income retained after rebates and gains or losses from risk management activities.

Non-leveraged

£48.0m

Net trading revenue, predominantly earned through brokerage charged for the execution of exchange traded products, options, warrants, ETFs, managed funds, interest rate securities and bonds. Further, we earn fees including FX revenue on international shares, interest on deposits, and equity capital markets ("ECM") income.

Read more about our non-leveraged work in our technology section on **page 26**

Read more about our non-leveraged strategy in our CEO's overview on **page 17**

Other income – leveraged and non-leveraged

£4.3m

Mainly consists of interest income from client deposits, rental income and dormancy charges

How we add value

Shareholders

Dividend per share

12.38 pence

down 18.25 pence from 2021

Earnings per share

24.8 pence

down 36.7 pence from 2021

People

66%

employee engagement[1]
(2021: 61%)

24%

permanent employees with us for over five years

Clients

57%

gross client income generated from leveraged clients of tenure greater than two years

13

awards for service platform and technology

1 CultureAmp internal survey. Percentage of employees with full engagement.

Stakeholder engagement

Engagement with stakeholders: our future-focused culture

At CMC we know that our business has responsibilities towards all of our stakeholders. We take these responsibilities seriously and continuously interact with all partners with the aim of providing responsible and sustainable solutions for all.

	Clients	People	Regulators
Why we engage 	Going above and beyond to care for and protect our clients is a core responsibility. This means we continually strive to engage with them across multiple points of contact to ensure the Group remains aware of, and therefore develops products that solve, protect and satisfy, our clients' needs.	Our employees define our culture and values. Fostering an engaged workforce is central to our strategy, enabling us to deliver the exceptional service that keep us at the forefront of our markets. Providing a rewarding and safe working environment for our employees is a vital outcome we strive to achieve. Every employee needs to be given the tools to excel within a dynamic environment. Nurturing a diverse and responsible workforce will allow us to achieve our business objectives with the expected levels of integrity and focus we expect.	Engagement with regulators is key to ensuring that we are fully compliant across all jurisdictions we operate within. We're taking steps to ensure our approach is market leading, whilst also allowing the Group to be involved in shaping future regulations within the sector.
How we engage 	CMC actively engages with clients across a range of channels such as our client service, sales and product teams, in addition to client events and our trading magazine Opto. Our digital transformation programme has also resulted in further emphasis on user experience research with clients, which directly inputs into improvements that can be made to our product and proposition. Marketing is carried out in a responsible way, making sure investment product opportunities are evolving all the time, and a new wave of self-directed investors opens new market segments for CMC.	Our future success depends on nurturing and enhancing an environment that reflects our diverse client base and where employees can reach their full potential. Our employee engagement is driven through numerous channels. This includes team meetings or one-on-ones, and formally through the designated Non-Executive Director with responsibility for employee engagement. We hold a twice-yearly global survey with follow-up focus groups to better understand the results and "town hall" style forums to enable purposeful engagement between management and employees.	We engage in open and active dialogue with regulators, seeking opportunities to share the wealth of data we have available to help inform them in their decision making. We ensure our actions are at the minimum consistent with, and frequently go beyond, regulatory expectations. During the year, we have responded to a number of consultations launched by the regulator covering areas such as consumer protections.
Outcomes 	2022 marks the first move into the UK non-leveraged market with CMC Invest. This move facilitates the opportunity to offer greener and more socially orientated trading products, and to explore how to meet the needs of a more diverse cohort of investors. Throughout the year the Board received regular updates on CMC Invest and discussed target audience, customer experience expectations and platform availability, transparency and ease of use.	A formal senior management communication calendar has been developed to promote diversity, wellbeing and inclusion in the workplace. The Board and the Nomination Committee discussed the outcomes from the workforce engagement activities that took place during the year and decided to incorporate oversight of the Group's overall people strategy into the Committee's remit. Further details can be found on page 77.	Our commitment to upholding high standards of regulatory compliance and aligning our interests with clients involves consistent dialogue with regulators across all jurisdictions. We believe we have forged strong partnerships with our regulators to responsibly benefit the operating environment for all.

Suppliers	**Shareholders**	**Local community**
We expect all our suppliers to demonstrate the same integrity and accountability as we do to our clients. Engagement with suppliers which perform any critical or material outsourced service also ensures that we remain compliant with European Banking Authority ("EBA") requirements. We take a zero-tolerance approach to modern slavery and human trafficking, which is reflected in our Modern Slavery Statement and our Group Anti-Slavery Policy, and are committed to acting ethically and with integrity in all our business relationships.	Active engagement with current and prospective shareholders continues throughout the year. Our team communicates the Group's strategy and performance, as well as understanding the issues that are most important to them. Our shareholders' support is paramount to our success and listening to our shareholders is a critical part of making sure our business is successful for the long term.	CMC recognises that the Group has a duty to help improve the prospects and living environment of the local community. Sustainability and social awareness are part of our core values and culture. Engagement with the community is another way we seek to act in the best interests of all our stakeholders.
Open and frequent communication is critical in maintaining strong relationships with all our suppliers. All business partners follow a mandatory procurement process, which was refreshed during the year, to review the external market and complete a robust evaluation of all available options. Once a supplier is engaged, regular direct engagement between the business owner and supplier is maintained through our Supplier Relationship Programme.	The adoption of technology continues to improve the efficiency of our engagement. We offer regular trading updates, half and full year presentations, the Annual Report and Financial Statements, our AGM, and a comprehensive Investor Relations section of the website as well as active virtual media channels. We have an active schedule of shareholder meetings and roadshows, giving our stakeholders access to the Investor Relations and Management teams. Shareholder feedback and details of any major movement in our shareholder list are embedded within our regular Board meetings and are integral to our decision making process.	The Board promotes the support of local charities through our staff in all our global offices. We promote a Charity Champions scheme. Staff from around the offices volunteer to be the Charity Champion for their group. They then engage with colleagues to select charities or charitable causes to be considered for the Charity of the Year which receives a corporate donation from the Group in addition to fundraising and employee engagement opportunities throughout the year.
Our robust governance process allows the Group to select the best supplier for the business and ultimately our clients. Our considered approach also allows us to treat vendors with respect and prioritise collaboration and value generation to mutually benefit all parties, whilst remaining compliant with all relevant regulations.	Many of our shareholders have been with us since our initial public offering in 2016. The regular, open and constructive dialogue with investors promotes confidence in the Group's strategy, resulting in a strong share register built on long-term relationships, whilst also ensuring our continued access to potential capital and liquidity.	Thousands of young people have been supported through the charitable actions and donations from both the Group and its staff. Our employees have made use of the pound-for-pound matching scheme offered by the Group and also the opportunity to help a charity or charitable cause with an extra day of charitable annual leave.

Section 172

Engaging with our stakeholders

The Board considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the local community, environment, suppliers and clients, when making decisions. The Board, acting fairly between members and acting in good faith, considers what is most likely to promote the success of the Group for its shareholders in the long term.

Read more about:
- the Group's goals, strategy and business model in the Strategic report on **pages 2 to 56**;
- how we manage risks on **pages 50 to 56**;
- our impact on the environment on **pages 28 to 43**; and
- corporate governance on **pages 58 to 104**.

Leading the market through technology and diversification

Whilst the Group currently generates the majority of its revenue from leveraged products, our revenue is continuing to diversify, with the non-leveraged business growing year on year and set for further growth following the launch of the CMC Invest non-leveraged platform in the UK in April 2022. Group revenues are split between our three regions, the UK, Europe and APAC & Canada.

Key market driver	Our response
Group	
COVID-19 COVID-19 continued to cause significant disruption to people's lives and markets across the globe, albeit to a lesser extent to that seen in the prior financial year.	The Group's infrastructure continued to allow employees to work from home during the pandemic, whilst maintaining the trading platform's consistently high availability rate and low trade execution times. Significant investment was made to ensure all of the Group's offices were COVID-19 secure. This continues to work well, with individual offices adopting a tailored approach according to local regulations.
Russia/Ukraine war The significant escalation of tensions between Russia and Ukraine, culminating in a Russian invasion in February 2022, continues to result in sanctions from governments in many markets and volatility across multiple asset classes.	The Group has immaterial exposures to the Russian market both from a currency and stock/index basis. The Group is compliant with all governmental sanctions, has no employees operating within Russia or Ukraine, has acted to close any Russia-based accounts and has also assessed our suppliers to ensure any critical services provided to the Group were not adversely impacted.
Leveraged: CFD and spread bet	
Volatility Volatility in the financial markets undoubtedly acts as a call to action for the Group's leveraged and non-leveraged target market. The continuation of the COVID-19 pandemic, albeit at a reduced level compared to the prior year, resulted in periods of volatility across all asset classes. The Russia/Ukraine war also resulted in volatility in late February and March 2022.	Higher volatility results in increased trading activity from both existing clients trading more frequently and new or previously inactive clients starting to trade. However, short bursts of market activity which result in high velocity movements in the products that we offer are not necessarily beneficial to our clients or the Group. Aside from notifying clients of changing levels of market activity in a timely manner through a flexible marketing strategy, the Group can have little influence on capitalising more or less than competitors during short-term periods of raised market volatility.
ASIC The Australian regulator, ASIC, implemented new regulatory measures from 29 March 2021. The measures are broadly similar to those implemented by ESMA in August 2018 and include: • prohibition of the issue and distribution of OTC binary options to retail clients; • implementation of CFD leverage ratio limits; • protection against negative balances; • standardised approach to the automatic close-out of retail client positions; • enhanced transparency of CFD pricing, execution, costs and risks; and • prohibition on firms offering monetary and non-monetary benefits to retail investors. In April 2022 ASIC extended its product intervention order, imposing conditions on the issue and distribution of CFDs for a further five years to 23 May 2027.	The Group continues to be supportive of regulatory change that moves towards a globally consistent regulatory environment. Given that CMC was already compliant with several of the proposed measures as a Group standard, it was well prepared for the changes and was able to draw from experience gained during the ESMA measures implemented in 2018. The Group engaged with selected clients in advance of the proposed changes, with some electing to opt up to ensure that their leverage limits are not affected. The impact of the change was broadly in line with Group expectations, with retail client numbers down 18% and turnover per retail client at ~18% of the pre-intervention levels.

Key market driver	Our response
Non-leveraged: stockbroking	
Volatility	The elevated trading activity seen during 2021 induced by the volatility seen around COVID-19 and social media-driven interest moderated during the year. However, the business saw increased volatility-driven trading activity in the fourth quarter of the year, particularly around the geopolitical uncertainty caused by the Russia/Ukraine war. While clients enjoy the trading opportunities that volatility can present, excessive volatility can be seen as not conducive for investors and a certain proportion will likely therefore be passive. In these uncertain times, CMC stockbroking will continue to assist clients to identify investment opportunities through leading tools including our award winning mobile app, algorithmic trading and enhanced educational content.
Low cash interest rate	The historically low rate environment persisted through the period and continues to drive investors towards higher yield asset classes including equities. This is forecast to change over the coming period with interest rate increases seen for the first time in many years. This, combined with a high inflationary environment, will likely see a rotation of assets. We stand ready to support our clients by offering them the opportunity to invest in a wide range of sectors across both local and international equities via our leading offering which, as the most comprehensive in Australian retail broking, includes access to ASX, Chi-X and 41 exchanges in 15 international markets.
Market size and share	An independent report suggests that the Australian online investment market continued to grow during 2022 and CMC, in combination with the ANZ Bank white-label partnership, has a combined retail market share in the region of 15%[1]. As a result, we continue to maintain our position as the second largest retail broker in Australia with over 245,000 active clients (approximately one-third above pre-pandemic levels) and are the largest provider of white-label broking services in the country with record AuA of c. $80 billion. Towards the end of the year, we strategically positioned our offering for the future through a targeted retail pricing strategy, further enhancements to our mobile offering and the rollout of extended hours trading on the US market to cater to the fastest growing segment in the market, namely millennials. Additionally, we plan to finish the transition of ANZ Bank clients to our core retail offering in H2 2023 which will see us have the ability to offer more products and to better control the end-to-end client journey, elevate our brand and consolidate our position as number two in Australia with approximately another 500,000 customers under the CMC Invest brand.
Seasonality	Earnings season is a major driver of activity and as a result strong months are generally seen in both August and February.
Market conditions	The clients we onboarded during the COVID-19 and social trading periods have remained more actively engaged against historical trends and more likely to engage with our higher margin international shares product. With the expectation of somewhat moderated markets compared to that seen during COVID-19, we offer attractive pricing in over 40,000 instruments to allow clients to capitalise on any market conditions.

1 Source: ASX and Chi-X Combined Trading Statistics – IRESS.

A new record year for CMC Group outside of the pandemic period

"I am delighted to report another year of strong performance from both a strategic and financial standpoint. Outside of the COVID-19 impacted prior year, this is a record net operating income result for the Group. The performance reflects the ongoing success of our technology and partnerships (B2B) and our continued investment in leveraged and non-leveraged platforms."

Lord Cruddas
Chief Executive Officer

"We continue to expand and diversify the business into new asset classes including the launch of a new investment platform in the UK and the development of a new investment platform in Singapore.

This follows the success of our investment platform in Australia with the migration of over 500,000 investing client accounts through partnerships (B2B) and the acquisition of the ANZ Bank investing business.

We have ambitious plans to continue this expansion in various other countries and I look forward to updating investors as the strategy expands over the short and long term."

Investing for the future

Over the last year we have taken steps to define the strategic direction and diversification of the Group, building on our existing technology to launch new investment platforms that will unlock significant shareholder value and challenge the existing client transaction fee cost structures.

There is significant opportunity and growth potential in the self-directed investment platform space, especially in the UK, not just for improved technology and client experience but also transaction costs and fees.

We believe commissions, execution spreads and custodial fees are too high and too expensive for retail investors. We will utilise our platform technology, including pricing and execution, to drive down the transaction costs of investments for retail clients, just like we did in Australia, where we are the number two investment platform for retail investors.

CMC is a pioneer of platform technology and boasts over 25 years of experience in providing technology-backed solutions for B2C and B2B clients and partners. This gives us scale, leverage and the ability to drive down transaction costs, as well as the ability to launch new platforms and enter new markets quickly.

For example, our new UK investment platform, CMC Invest, was launched ahead of time and on budget. It was launched to our UK staff in April 2022 and will be available to the broader market over the coming summer months.

It will include physical shares, multi-currency accounts, tax wrapper products and third-party funds, cryptocurrencies and, in due course, a full B2B offering.

In addition, we continue to look at expanding our non-leveraged geographical diversification and we have recently announced we plan to launch a new investment platform in Singapore within the next year, as well as considering two other jurisdictions for launch in 2024.

As part of CMC's strategy, we announced the acquisition of Australia and New Zealand Banking Group Limited's ("ANZ's") Share Investing client base during the year. The transaction involved the acquisition of approximately 500,000 ANZ Share Investing clients, with total assets in excess of AUD$43 billion.

The CMC platform will offer ANZ clients a wide range of additional benefits; these include access to enhanced market-leading mobile apps and complementary education tools and resources, as well as lower brokerage commissions across four major international markets and the local Australian market.

The Group continues to progress the transition of clients, which is expected to complete in the next 12 months.

Because of the growing diversification of the Group the Board has begun an evaluation of the merits of a managed separation of its leveraged and non-leveraged divisions to unlock further shareholder value. This process is being led by the Chairman and the Board and they will update investors later in the year.

Financial performance

As expected, against an extremely strong prior period, revenues across our leveraged retail (B2C) businesses declined, compared to the COVID-19 period.

In our non-leveraged business, revenues remained less volatile. Client income retention remained strong, and the stockbroking business continued to see growth in active clients and contributed a material level of revenue and profitability for the Group.

Overall, Group net operating income decreased 31% versus the prior period, to £281.9 million, but increased 12% versus 2020 (£252.0 million).

The Group's cost base excluding variable remuneration increased by 3% to £173.1 million during the year, mainly as a result of the significant investments in people and technology and increased marketing spend to attract new clients.

Variable remuneration decreased by £1.7 million to £14.5 million following the record performance and associated remuneration last year. Overall, total costs increased by 2% to £189.8 million.

Against an exceptional prior year comparator, profit before tax at £92.1 million was £131.9 million lower than the previous year, and £6.6 million lower than 2020. Our dividend policy remains unchanged, at 50% of profit after tax, therefore resulting in a proposed final dividend per share of 8.88 pence.

The underlying fundamentals of the business remain well supported; we continue to target and retain higher value, sophisticated clients and we have seen levels of client money, which are an indicator of future trading potential, remain close to the record levels seen in the prior year. Stockbroking active clients increased 6% to 246,120. Of this increase, stockbroking B2C clients increased 21% to 56,205, with B2B increasing by 2% to 189,915.

The balance sheet continues to reflect the strong financial position of the Group. At the end of the year, the Group's net available liquidity was £245.9 million and the regulatory OFR ratio was 489%.

Q&A: The evolution of investment platforms

Q What are the biggest challenges and opportunities faced by CMC in respect of the evolution of investing trends?

A Investment markets are becoming increasingly competitive with various client acquisition strategies being employed. A fintech revolution, combined with structural social and demographic shifts, is changing the way people invest for good. This dramatic shift poses a significant opportunity for CMC to utilise its technological strength to lead and expand into these new high growth markets.

Q What are the major changes being seen in how investors are looking to access global capital markets?

A Mobile digital delivery will dominate the next generation of investment platforms, providing safe and secure access to capital markets. Over time, digital delivery will steadily replace face-to-face consultation. The future lies with cloud-based services and personalisation. We also believe the existing platform suite in the market isn't fully servicing the growing population of tech-savvy individuals that demand frictionless onboarding, transferring and cost-effective management of their wealth.

Q One of the core strategies for CMC is the diversification into non-leveraged businesses. Why is this important?

A Frictionless investing and the rise of a wealthier population are driving the structural growth in self-managed wealth. The biggest change being seen is the shift away from institutional to retail participation: the "democratisation" of investing. In the UK the trends are some of the strongest – UK direct platform AuA has increased by over 16% p.a. since 2008 and is now standing at some £320 billion. This is a significant growth opportunity for CMC Invest to capture.

Q How do CMC's platforms differentiate themselves in what is a very competitive marketplace?

A CMC has a 30-year history of building and owning all of its technology. This has been shown in our ability to deliver award winning platforms across both our leveraged and non-leveraged businesses. This, combined with our long-standing prime broking relationships and risk management systems, allows us to evolve and move faster relative to our competition. A recent example of this has been the launch of our new UK non-leveraged platform that was delivered ahead of schedule and on budget. Looking forward, this technological edge will also allow us to expand geographically – we will be launching a new investment platform in Singapore within a year, as well as considering two other jurisdictions for launch next year as we continue to diversify and expand our geographic footprint through technology.

Chief Executive Officer's statement continued

Regulatory change

The Australian Securities and Investments Commission ("ASIC") implemented measures relating to CFDs on 29 March 2021. After the introduction of these new measures, regulatory conditions are now more harmonised globally and we can continue to focus on growing our business in an industry where regulatory arbitrage is reduced. As anticipated, the changes reduced the notional value of retail client trading in Australia and, combined with lower market volatility, resulted in less active client trading than in the prior period. In April 2022, ASIC extended its product intervention order, imposing conditions on the issue and distribution of CFDs for a further five years to 23 May 2027, thereby improving regulatory visibility.

People and sustainability

Our people are crucial to our success, and I continue to be impressed by their hard work and dedication. We have a very strong team across all our business units and on behalf of the Board I would like to thank all of our people for their commitment, especially through the COVID-19 pandemic.

How we as a business and our people interact with each other, the environment and society is important. CMC recognises that the Group has a duty to help improve the prospects and living environment of the local community. Sustainability and social awareness are part of our core values and culture. I'm proud of the launch of our "Our Tomorrow: taking a positive position" strategy, detailing the five core pillars of what we stand for at CMC from a sustainability perspective.

"The underlying fundamentals of the business remain well supported; we continue to target and retain higher value, sophisticated clients."

Lord Cruddas
Chief Executive Officer

CMC transitioning approximately 500,000 Share Investing clients from ANZ Bank

- In September 2021 CMC announced the transition of Australia and New Zealand Banking Group Limited's ("ANZ's") Share Invest client base to CMC for a sum of AUD$25 million.
- The transaction involves the transition of approximately 500,000 Share Investing clients, with total assets in excess of AUD$43 billion. The transaction is another significant step in the ongoing diversification of the Group's global business and in the Australian market at a time when we are seeing elevated demand for retail stockbroking services.
- With this transaction, the existing white-label technology partnership, which has seen CMC's trading technology power ANZ's Share Invest business since 2018, will come to an end. The existing white-label partnership generated £24.8 million in net trading revenue for CMC in 2022.
- The CMC platform will offer clients a wide range of additional benefits currently unavailable with ANZ. These include access to enhanced, market-leading mobile apps and complementary education tools and resources.
- Following the transition, ANZ Share Invest clients will benefit from lower brokerage charges across four major international markets and the local Australian market and will give CMC the opportunity to drive greater value from its enlarged client base. The transaction further establishes CMC as a financial technology leader in the Australian market and removes the uncertainty around the finite term of the existing ANZ white-label partnership.

Clients

Our clients are at the heart of everything we do as we continue to develop our platforms, innovate and invest to ensure that our user experience is industry leading as we drive client retention and lifetime value. On top of our continued focus on our leveraged clients, I am pleased to welcome approximately 500,000 new clients to our Australian stockbroking business as they transition from ANZ Share Invest and look forward to offering them new functionality and an enhanced experience.

I also look forward to welcoming new clients to our UK non-leveraged wealth platform, where we will strive to partner with new investors over the longer term to help them achieve prosperity at every stage of their lives.

Share buyback programme

On 15 March 2022, the Company commenced a share buyback programme of up to £30 million. The Board's decision to undertake the buyback was underpinned by the Company's robust capital position and having considered the capital and liquidity requirements for ongoing investment in the business. This buyback programme forms part of a normal balanced approach to shareholder returns alongside the current dividend policy. The share buyback programme is progressing well and remains on track to be completed no later than 30 June 2023.

Dividend

The Board recommends a final dividend payment of £25.8 million. This is 8.88 pence per share (2021: 21.43 pence), resulting in a total dividend payment for the year of 12.38 pence per share (2021: 30.63 pence). This represents a payment of 50% of profit after tax, in line with policy. The Board believes that this is an appropriate payment for the year after considering both the Group's capital and liquidity position and forecast requirements in the year ahead to support business growth.

Outlook

We continue to see a lot of uncertainty, not just in the financial markets, but across all sectors and industries. If recent years have taught us anything it is that we must be prepared for the unexpected and the extraordinary.

Our platforms have demonstrated that in periods of extreme volatility, they are able to continue servicing clients robustly, enabling us to gain trust and a reputation of stability. The investments made in our infrastructure have served us well and will continue to do so, providing a solid foundation upon which we can look to take advantage of future opportunities.

This year's performance reflects the ongoing success of our B2B technology partnerships and focus across our leveraged and non-leveraged businesses.

With a large addressable market, in terms of both client numbers and AuA, there is a huge opportunity for us to grow with a more predictable and stable revenue stream.

This business continues to change as we look to utilise our technology to enter new markets and new geographies and expand our non-leveraged offering. I look forward to updating investors as the strategy expands over both the short and long term.

Cruddas

Lord Cruddas
Chief Executive Officer
8 June 2022

Our focus for 2023

The significant achievements made with the initiatives during 2022 place us in an excellent position to continue to deliver throughout 2023, thereby deriving future value for, and accelerating the diversification of, the Group.

For the year ahead, we are reinvigorating the focus on our three core initiatives of established markets, client journey optimisation and institutional offering. 2023 brings with it a new business line following the launch of our UK non-leveraged platform. This will augment the sustained delivery of expansion in our established markets, as well as ultimately bring opportunities to our institutional business and further potential partnerships.

In addition, we will be launching a new investment platform in Singapore within a year, as well as considering two other jurisdictions for launch as we continue to diversify and expand our geographic footprint through technology, our leveraged institutional offering, and our non-leveraged platforms.

1

Established markets

Opportunity

The established markets of the UK, Australia and Germany generate a significant part of the Group's revenue and, given the size and development of the markets, they also offer the greatest absolute growth opportunities. This means that we continue to focus on developing brand and product awareness with the aim of becoming the choice provider to new clients across our high growth markets. We also continue to invest to make sure we offer the premium proposition with the financial strength required to attract clients from competitors.

Priorities for 2022/23

- **UK:** Growth in net trading revenue generated from active professional clients and high value retail clients. Significant opportunities exist to improve our product offering to attract profitable partnerships across our retail and institutional client base.
- **Australia:** Deliver on the transition of ANZ's Share Investing client base. The transaction announced in September 2021 involves the transition of approximately 500,000 ANZ Share Investing clients, with total assets in excess of AUD$43 billion.
- **Non-leveraged expansion:** The Group is focused on the rollout of its non-leveraged platform which will offer trading and investment products in the UK with an ambition to rollout across other geographies. Significant additional features are expected to be rolled out over the coming 12 months to attract clients across the generational shift to self-managed investment platforms. This diversification will reposition CMC's focus over time to drive profitability and accelerated growth.

Technological evolution in 2022/23

- Proprietary technology investment will meet clients' new demands and regulatory requirements. CMC's differentiated focus on self-owned and developed technology brings with it significant opportunities for future expansion. This continues to define CMC's unique growth strategies in both our leveraged and non-leveraged businesses.
- Continue to develop new products in response to client demand across leveraged, stockbroking and UK non-leveraged platforms. These include global equities, funds, options, cryptocurrencies, foreign exchange and tax wrappers as well as opportunities for our clients to invest in a responsible and sustainable way.
- High platform availability maintained and continual reductions to latency implemented, improving our clients' overall experience.

Progress against 2021/22 objectives

- Monthly client numbers in our leveraged business continue to remain close to record highs and importantly are still up 33% versus pre-pandemic levels.
- Non-leveraged underlying active client numbers are up c 36% versus pre-pandemic levels. Client non-leveraged AuA reached a new record high at AUD$80.2 billion during the year, up 72% versus pre-pandemic levels.
- The Group continued to win numerous awards for client service and products throughout the year.

2

Client journey optimisation

Opportunity

We continue to lead the way in providing a best-in-class client trading experience and generating high levels of customer satisfaction with our products and service. We believe there is a sizeable opportunity to build on this strength and drive greater longevity and advocacy from our client base. We are focused on solving our clients' problems and supporting them on their trading journey. This will enable the Group to further improve its capability to attract, build and retain a high quality client base.

Priorities for 2022/23

- Continue to invest in a responsive, insight-driven platform that is optimised for incremental client learning and growth.
- Iterate delivery on new services that better support our clients to manage their performance and harness market opportunities.
- Build out our product range across our platforms to better support clients' investment portfolio and grow share of customer wallet.

Technological evolution in 2022/23

- Building core multi asset capability that will enable us to deliver a more diverse and peerless trading experience to our expanding target market across leveraged and non-leveraged platforms, including B2B capabilities across all platforms.
- Continue to invest in people and technology. Our main offices in London and Australia focus on the development of all new platform features orientated around the value proposition we offer across our technology offering. This will soon be bolstered with the opening of our Manchester office in the UK.
- Establishing new ways of working across both our traditional leveraged and growing non-leveraged businesses to increase the velocity of product delivery, organisational learning, and incremental value we deliver to our clients.

Progress against 2021/22 objectives

- Continued to deliver numerous user experience and technological improvements to our customer onboarding processes across our global retail, institutional and non-leveraged businesses.
- Developed new services and data capabilities that better support our clients to manage their performance.

3

Institutional offering

Opportunity

CMC Connect, the institutional offering from CMC Markets, looks to accelerate functionality over the next year following major technical advances to its connectivity and current product offering. Steep growth trajectory is predicted across trading volumes and the client base resulting in major elevation of the CMC Connect brand.

Priorities for 2022/23

- Deliver an infrastructure upgrade that will elevate CMC Connect as a technical innovator and institutional contender for price and liquidity construction.
- Evolve the current product offering to operate with larger institutions resulting in greater revenue returns.
- Enhance our ECN connectivity, providing access to a vast electronic market to further cement ourselves in the B2B space as the go-to non-bank liquidity provider.
- Develop a physical asset class solution allowing access to new products and functionality, offering best-in-class technology to a market looking for an increasing range of investment products.
- Expand the range of instruments on offer to meet all market liquidity needs, including cash equities, ETFs and other financial instruments.
- Continue to elevate the CMC Connect brand throughout the financial sector, utilising our award winning product suite to gain recognition as the industry benchmark.

Technological evolution in 2022/23

- Position CMC Connect as a full service fintech solution and non-bank liquidity provider.
- New products; FX give ups and ECN connectivity (Electronic Communication Network) enhancements.
- Drive brand and product awareness across all channels and distribution channels.

Progress against 2021/22 objectives

- Exceeded revenue targets and expectations for 2022.
- Accelerated growth in the FX market with marketing strategy to build client groups across increasing geographies.
- Successfully continued advancements as a non-bank liquidity provider in the spot market.

Tracking our progress

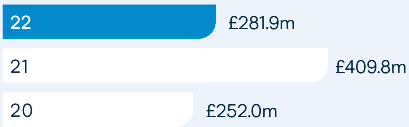
Our Group KPIs monitor the delivery of long-term value through a focus on client quality and operating effectiveness.

In the 2021 report, the Group unveiled its plans to develop a non-leveraged platform in the UK. As a result, we have reviewed the most appropriate metrics to illustrate the performance of the business and feel it is the right time to provide Group-level metrics but also a split of performance of both the leveraged and non-leveraged businesses as a whole.

Group KPIs

Net operating income

£281.9m



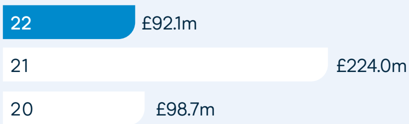
KPI definition
This is a statutory measure, which represents total revenue net of introducing partner commissions and spread betting levies.

Why we measure
Key operating metric.

Link to strategy
1 2 3

Statutory profit before tax

£92.1m



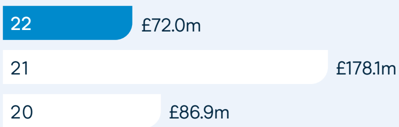
KPI definition
This is a statutory measure, which comprises net operating income less operating expenses and interest expense.

Why we measure
Key operating metric.

Link to strategy
1 2 3

Profit after tax

£72.0m



KPI definition
This is a statutory measure, which comprises statutory profit before tax less tax expense.

Why we measure
Largest driver of shareholder equity and Board-approved metric for calculating dividend payable.

Link to strategy
1 2 3

Basic earnings per share

24.8p

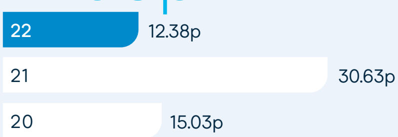
KPI definition
This is a statutory measure, which is calculated as earnings attributed to Ordinary Shareholders divided by weighted average number of shares.

Why we measure
Key shareholder value metric.

Link to strategy
1 2 3

Ordinary dividend per share relating to the financial year

12.38p



KPI definition
Any dividend declared, proposed or paid relating to the financial year.

Why we measure
Key shareholder value metric.

Link to strategy
1 2 3

Strategy key

1 Established markets
2 Client journey optimisation
3 Institutional offering

Leveraged KPIs

Gross client income

£288.5m

22	£288.5m
21	£335.3m
20	£240.6m

KPI definition
Spread, financing and commission fees charged to CFD and spread bet clients.

CFD net trading revenue is the product of gross CFD client income, multiplied by client income retained.

A reconciliation of gross client income to the Primary Statements is provided on page 164.

Why we measure
Used to measure the total income generated from CFD client transaction charges.

Link to strategy
1 2 3

Active clients

64,243

22	64,243
21	76,591
20	57,202

KPI definition
Individual clients who have traded or held CFD or spread bet positions with CMC Markets on at least one occasion during the financial year.

Why we measure
Representative of the continuing success of the business in acquiring and retaining clients which trade on a regular basis.

Link to strategy
1 2 3

Revenue per active client

£3,575

22	£3,575
21	£4,560
20	£3,750

KPI definition
Net trading revenue generated from CFD and spread bet active clients, divided by the number of active clients during the year.

Why we measure
High value clients are central to the Group's strategy and the growth in this figure is indicative of the success in attracting and retaining these clients.

Link to strategy
1 2 3

Client income retained

80%

22	80%
21	104%
20	89%

KPI definition
Percentage of gross CFD client income retained after rebates and gains and losses from risk management.

Why we measure
Used to measure the success of the risk management strategy of converting client spread, financing and commissions charges to CFD net trading revenue.

Link to strategy
1 2 3

Platform uptime

99.95%

22	99.95%
21	99.95%
20	99.95%

KPI definition
The percentage of trading hours that clients are able to trade on the CFD platform.

Why we measure
The CFD platform is at the core of our business – if clients are unable to trade, the Group will be unable to earn revenue. Maintaining a very high uptime is key to the continued success of the Group.

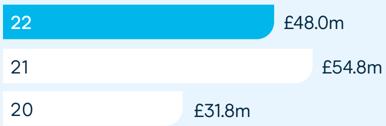
Link to strategy
1 2 3

Key performance indicators continued

Non-leveraged KPIs

Net trading revenue

£48.0m



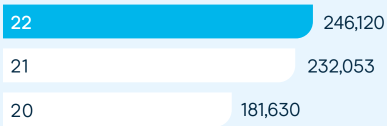
KPI definition
Income received from brokerage and FX spread on client trades, less rebates.

Why we measure
Revenue diversification and high value clients are central to the Group's strategy and the growth in this figure is indicative of the success in growing the stockbroking business and attracting and retaining high value clients.

Link to strategy
1 2 3

Active clients

246,120



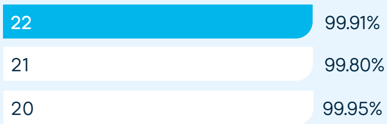
KPI definition
Individual clients who have traded on the stockbroking platform on at least one occasion during the financial year.

Why we measure
Representative of the continuing success of the business in acquiring and retaining clients which trade on a regular basis.

Link to strategy
1 2 3

Platform uptime

99.91%



KPI definition
The percentage of trading hours that clients are able to trade on the stockbroking platform.

Why we measure
The stockbroking platform is at the core of our business – if clients are unable to trade, the Group will be unable to earn revenue. Maintaining a very high uptime is key to the continued success of the Group.

Link to strategy
1 2 3

Digital transformation accelerates building our new UK investment platform

New technologies and new ways of working borne out of our digital transformation programme have been the main contributing factor in accelerating the delivery of our new UK investment platform. The build is a highly complex work programme requiring strong collaboration across IT and every business unit, meaning the programme impacts almost every team in the UK in some way.

The delivery of the platform on time and on budget is particularly pleasing given projects of this scale are notorious for overrunning due to friction in the delivery process, delays caused by poor decision making and disjointed technical design decisions. At the heart of these issues is often the use of unsuitable and outdated working practices. Our digital transformation programme has allowed us to combine new skills and ways of working with new technology capabilities to allow us to tackle a programme of this size and complexity and execute at pace, delivering a great product outcome for our clients.

Cross-functional product-led teams

Strong collaboration alongside fluid and effective communication are critical when building complex platforms at pace. Teams need a wide range of skill-sets and a high level of autonomy, and our new "squad" model has given us that. We have created our new UK investment platform using cross-functional (multi-disciplined) teams, always product led with a clear line of sight to our clients. We keep the customer in mind throughout our build process, creating a rapid feedback loop from customer research to the development team.

Cloud technology

Cloud technology, delivered through our strategic partner Amazon Web Services ("AWS"), has provided the foundations for creating our new investment platform. To leverage cloud technology effectively we needed an entirely new approach to architecture and design. The transformation programme brought the required skills into the organisation, as well as the foundations of our AWS technology ecosystem, meaning we could hit the ground running. Cloud technologies allow us to more rapidly build and deploy changes to our system, using concepts such as infrastructure-as-code and serverless architecture. We have been able to reduce dependencies on traditional infrastructure support teams, reducing hand-offs in our development processes, thereby accelerating our development timelines.

You build it, you run it!

The implementation of cross-functional squads, coupled with the adoption of cloud technology, has brought a whole new level of empowerment to our delivery teams through what we refer to as "build and run". This is a powerful concept that demands a high level of discipline and skill from all members of the team, but rewards them with the highest level of autonomy. The teams building our new investment product can rapidly implement change, taking feedback from a customer and delivering the required change, with minimal support required from outside the team. This has been embedded in our teams from the inception of the project, and will allow us to scale our teams and rapidly expand our product in line with customer demand.

Technology and innovation continued

Non-leveraged UK

CMC Invest development

We proudly launched our UK investment platform, CMC Invest, in April 2022 on an invitation-only basis. Further enhancements and features are scheduled in phased releases through the rest of the year, with a wider market release on track for the second half of the calendar year.

The prioritisation of our product roadmap is guided by one of our core Company values – put our clients first. Throughout the launch year and beyond, we will continue to proactively engage clients and create a dialogue to better understand their investing habits, to then bring forward an investing platform tailored to their needs.

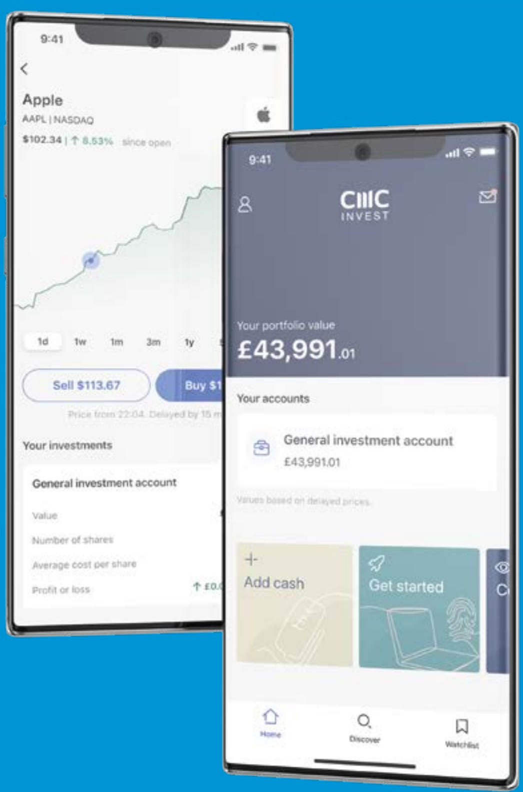
The genesis of the product was borne out of client feedback and market research that identified a gap in the UK investment market. While there are many options for an investment platform, there is a lack of a credible alternative that is fully aligned to clients' needs and financial goals.

This was the catalyst for our mandate: challenge the status quo and create a transparent platform, business model and pricing structure that better support clients' self-directed investment needs and their long-term success.

To scope the product we took a fundamental approach to analysing the UK investment market and built up our understanding of clients' pain points and expectations, whilst leveraging CMC's expertise in technology and building investment platforms to hone our product designs and solutions.

A significant part of our effort has been focusing on establishing the platform to build and iterate successful feature sets. We have mobilised several cross-functional squads that are dedicated to building out the investment product with the singular goal of creating the greatest value for our clients. The investment platform is built using scalable cloud-based technology and processes that enable us to release new features continuously in a secure and highly automated manner. This means we can react quickly to client feedback within hours rather than days or weeks. The teams are accountable for outcomes (as opposed to output) focused on areas such as client adoption, retention and advocacy. We are committed to our mission of inspiring and guiding our clients to realise their financial goals, which means we have made them an intrinsic part of the product development process. To this end, we have also been honing our product development practices to expedite the gathering, organisation and utilisation of client feedback and construct a framework where our clients become an extension of our product team.

We are proud to have delivered the first iteration of the new investment platform in under a year, demonstrating the immense capability within CMC Markets and the strength of the team. The first delivery of the platform includes core features, e.g. General Investment Accounts ("GIAs"), UK and US share dealing, watchlists and paperless forms, but, more importantly, we have also set up the framework for rapid development and introduction of new capabilities that will better support CMC's clients to achieve their investment goals.



CMC INVEST

Operational excellence supporting leading edge innovation

The Group's infrastructure remained extremely resilient throughout 2022 with the leveraged and non-leveraged platforms again achieving uptime of 99.95% and 99.91% respectively, throughout the year, despite periods of elevated volatility driven by COVID-19 and geopolitical events. Once again, our technology has been core to providing our clients with uninterrupted access to the financial markets. We are continuing to improve the consistency and speed of execution for all clients with the 99th percentile execution time down approximately 70% compared to the same time last year for both leveraged and non-leveraged businesses. We recognise that we need to be constantly evolving and innovating to ensure we remain at the leading edge of our industry and have continued to invest significantly throughout the year to ensure this is the case.

Putting clients' needs at the core of our strategy

Our product strategy is based on understanding and eliciting these needs from our clients and delivering personalised experiences supporting their key journeys with CMC. We believe that understanding what our clients need and when they need it will underpin clients' long-term relationships with us through enabling their long-term success. This has been demonstrated through the constant client engagement during the CMC Invest build, resulting in the Group building a detailed understanding of their investing habits and therefore building a platform tailored around their needs.

Reduction in 99th percentile execution time

Leveraged[1]

69%

Non-leveraged

71%

1 Leveraged percentage represents reduction in Q4 2022, following changes made during the quarter.

Non-leveraged Australia

Client journey optimisation

The Australian non-leveraged business started its transformation to an agile, cross-functional squad model around 18 months ago, with the aim to align our product and development teams with key areas across the client journey. The Mobile squad started us off in 2021 and went on to develop powerful new mobile and tablet apps for our iOS and Android users. The success of these apps can be seen in our app ratings which stand at or above 4.5/5 at the end of March 2022.

We continued this transformation in 2021/22 with the addition of a new Account Management squad whose initial focus was on redesigning our application process for new clients. This aligned to one of the Group's key focus areas in 2022 of optimising the client journey and was designed to simplify the user experience, automate manual processes and speed up application and account creation times so clients could start investing sooner.

The project started with a comprehensive research phase looking at modern application designs and user flows, reviewing our internal processes and speaking with key stakeholders to gather requirements. Once the results were collated and reviewed, the initial concept design was developed and tested with our new CMC focus group. The feedback from these sessions resulted in a number of changes to optimise the user experience further before being passed to the squad developers to commence the build.

In addition to a new modern design, the development team built the new application using scalable cloud-based technology, allowing us to instantaneously scale our IT infrastructure to serve more clients. We're leveraging cloud services to release new features continuously in a secure and automated manner.

The new individual application went live at the end of calendar year 2021 to a small percentage of new clients which enabled us to test the end-to-end process, identify any issues and iteratively update where necessary. The full rollout of the application process is planned for early 2023, before switching our focus to white-label variants, non-individual accounts and some key account management enhancements.

Read more about our **client journey optimisation strategy on page 20**

Introducing our new focus on sustainability

At CMC Markets, we empower our people and clients with the means to invest in a positive tomorrow by providing responsible and innovative technological solutions that protect, educate and inspire our people and clients to invest for the future. This ensures that we are aligned with the global capital markets shift towards a sustainable future.

At a time when sustainability is leading the direction of the financial markets, our mission is to empower our people and clients with the knowledge to invest responsibly and with confidence. We are cognisant and embracing of the mandate handed to the finance industry to support the global sustainability agenda including the critical fight against climate change. We also recognise that adopting practices through a sustainability lens will have real business benefits that support the longevity of the Group and aid in the delivery of our purpose to provide our clients with a first-class technology-backed investing experience with unrivalled access to capital markets.

Over the last year we've taken decisive steps towards embedding a greater focus on sustainability within our organisation. We welcomed Kelly Perry as our new Group Head of Sustainability, a newly created senior position that sits within our corporate team with Board exposure. Kelly will play a vital role in advising our Board throughout our sustainability journey, developing the overall strategy and ensuring successful implementation into the overall operations of the Group.

Introducing our new strategy: "Our Tomorrow: taking a positive position"

Over the past year, we have worked closely with a team of sustainability consultants, Design Portfolio, to support a number of workstreams, including preparation to meet the requirements of the TCFD (read our disclosure on pages 40 to 43) and the facilitation of our first materiality assessment. Following the prioritisation of the sustainability topics that matter most to our business, we are proud to launch the new sustainability strategy that will shape the next few years of activity for the Group: "Our Tomorrow: taking a positive position".

This coming year we are committed to embedding the new strategy across the business and, moving forward, our priority will be to determine key performance indicators and targets to measure and monitor our progress against "Our Tomorrow". We intend to report frequently against the development of this strategy and our performance and engage internal and external stakeholders to support our work in this area.

"Our Tomorrow" describes how we seek to embed sustainability across the business. We have identified five core strategic priorities that are our areas of focus, which highlight how we protect, empower, innovate and adapt to be a responsible business that is committed to the needs of our people and our planet. How these five strategic priorities interact is key to the success of the future of our business.

To deliver for our clients and for our people, we recognise two key mechanisms: firstly, the role we have to play towards a sustainable future including mitigating the consequences of climate change and better understanding how we can contribute to a low carbon future; and secondly, how having robust governance and leadership underpins our approach to sustainability, and we are taking steps to enhance our oversight and understanding of sustainability at the highest levels.

"Upon joining CMC this year, I have been encouraged to see the steps the Group has taken towards being a sustainable business. I am delighted to launch CMC's "Our Tomorrow" sustainability strategy, which demonstrates our ambitions to embed sustainability practices into the overall business and operations for a more positive future. This is an exciting time for the Group and we recognise that being a responsible business is not the work of any one individual, but that we all have an important role to play."

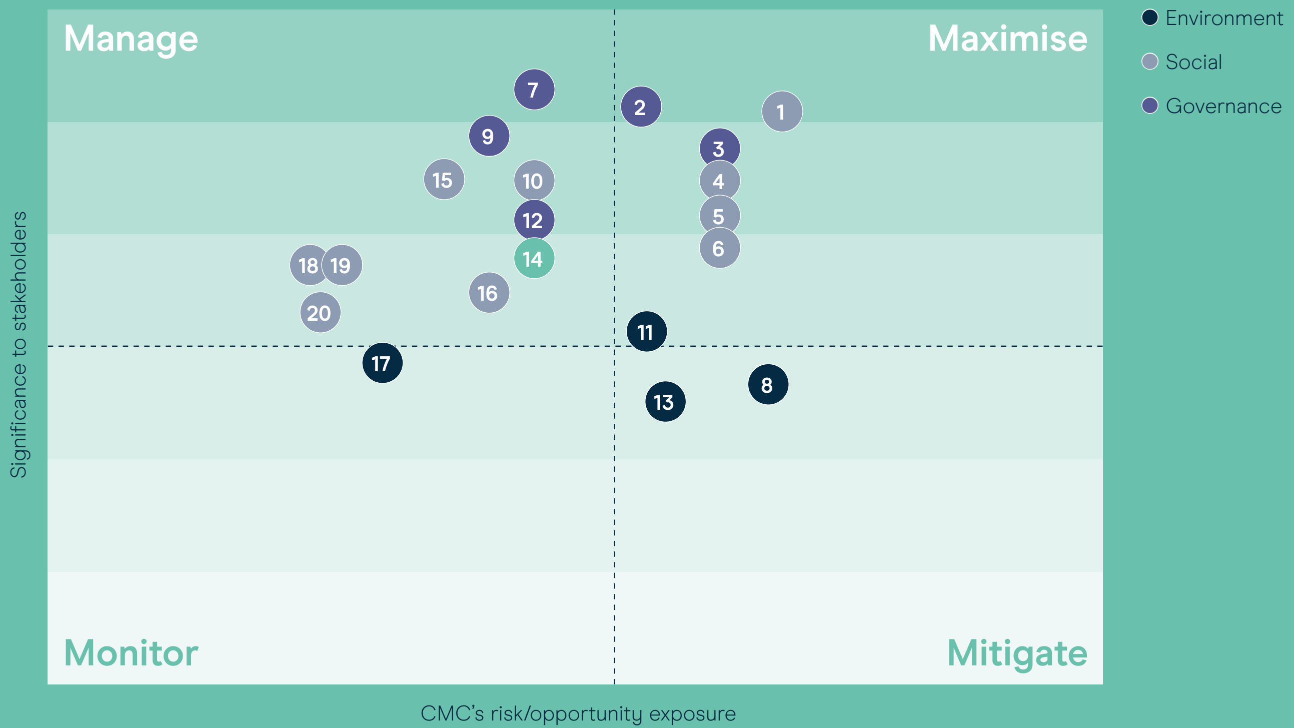
Kelly Perry
Group Head of Sustainability

Our entire ecosystem needs to come together to ensure the ongoing success of "Our Tomorrow" and to really make an impact, as demonstrated below:

Grounding our strategy in materiality

A comprehensive materiality assessment has provided the building blocks to our strategic approach. Through a multifaceted engagement programme with key internal and external stakeholders, industry research and market analysis, we developed the materiality matrix shown below to visualise the topics that matter most to the business.

Materiality matrix



CMC's material issues:

1. Client care and protection
2. Leadership and governance
3. Organisational culture
4. Incorporation of ESG factors into platform
5. Diversity and inclusion
6. Talent development
7. Business ethics
8. Climate action
9. Professional integrity
10. Responsible marketing
11. Energy transition
12. Executive pay
13. Green finance
14. Carbon emissions
15. Financial capability and inclusion
16. Employee wellbeing
17. Nature and biodiversity
18. Waste management
19. Labour practices and human rights
20. Responsible procurement

The vertical axis represents the significance of the topics to our stakeholders, determined on the basis of interviews and surveys conducted with a representative sample of our employees, clients, financiers, and shareholders. To assign the impact score shown on the horizontal axis, we conducted a risk and opportunity mapping exercise for each topic to understand our exposure to potential consequences or benefits.

We validated the findings from a prioritisation exercise in workshops consisting of members of our senior leadership team. This matrix and the sustainability strategy we have developed will guide our focus for the next few years and we will continue to track materiality.

Reporting against our strategy

Outlined below, we share our performance against our new five pillar strategy over the past year, and our plans for the future.

1 – Client positive

Driving our efforts to being a market leader by protecting our clients and instilling confidence in their investment decisions. Protecting with purpose.

There are many contributing factors that impact the behaviour of the markets which inevitably means it is not upside all the time. The Group recognises that risks and potential financial losses are inherent to our products and how they can impact our clients. Beyond our regulatory obligations, we are exploring a market leading approach to client protection, optimising their experience while ensuring the Group remains aligned with global regulatory bodies.

Supporting our clients through education

As we continue to develop and diversify our products, we recognise that our retail client base is also evolving to reflect broader and more diverse demographics. This presents exciting new opportunities for the Group and the new wave of investors is fundamentally different from our traditional investor; they are demonstrating less financial literacy[1] and despite this they have an appetite to engage in our sector. We are committed to examining how best to meet the needs of the more diverse and less experienced investors and we are putting education at the centre of our approach.

We have a freely available Learning Hub for all investors on our website to help new clients navigate the difference between spread betting, CFDs and FX trading including key thematic trends in the market.

Responsible marketing

The Marketing Communications Policy sets out the standards that apply to the content used in client communications and financial promotions, covering the nature of the content, prominence of certain information, presentation of data and whether it is necessary to add disclosures or risk warnings.

Read more about our commitment to client journey optimisation on **page 20**

1 https://www.fca.org.uk/publication/research/understanding-self-directed-investors.pdf

2 – Platform positive

Pioneering innovative and sustainable products to solve our clients' current and future needs with platforms for good.

Investment products are evolving all the time, and we continue to tap into this changing landscape. We have recently expanded our UK investment product suite into a non-leveraged investment platform and we are exploring sustainable product opportunities, in the spirit of the EU's Sustainable Finance Disclosure Regulation ("SFDR") and the UK's forthcoming Sustainability Disclosure Requirements ("SDR") regimes. Our priority as we review these opportunities is to ensure that these assertions are authentic. We will strive to offer our clients a product suite that allows clients to invest responsibly and understand the trends towards sustainable investments.

Read more about our investments in technology and innovation to support better client experiences on **page 25**

Sustainability highlights

A summary of achievements that have been critical for improving our approach to sustainability:

- Completed our first ever materiality assessment, which supported the development of our brand-new sustainability strategy, "Our Tomorrow: taking a positive position".
- Welcomed our new Group Head of Sustainability, Kelly Perry, who will oversee the development and implementation of "Our Tomorrow".
- Convened the Sustainability Committee, a group of senior leaders that will help to drive the adoption of "Our Tomorrow" across the business.
- Conducted a survey of our employees to gain their views and feedback on the key sustainability topics that matter most to them.
- Commissioned a review of diversity and inclusion within the business to inform our understanding of our employee community and develop a roadmap for growth.
- Undertook a deeper analysis of our climate-related risks and impacts as part of a workstream to produce our first disclosure in line with the recommendations of the TCFD.

3 – People positive

Cultivating culture and fostering an inclusive and innovative workplace where everyone thrives.

Our people have always been core to the success of CMC Markets, and this year we could not be prouder as our teams, in all locations, rose to the challenges that were presented to them. Our future success depends on nurturing and enhancing an environment where our employees can reach their potential, championing talent development, promoting our employees' mental health and wellness, and taking clear action to make CMC Markets a place where everyone thrives, regardless of beliefs and identities.

Diversity and inclusion

Having an environment where all employees feel included and valued is important to us and as our business grows we acknowledge that there is more we can do to ensure this continues to be fully embedded in the culture of the organisation. This year the Group has built on the relationships with organisations such as Inclusive Employer and EveryWoman.

Inclusive Employer has delivered six virtual workshops with an average of 220 attendees at each live session. The workshops have covered topics from introductory overviews to introducing allyship, alongside more in-depth topics such as an introduction to neurodiversity inclusion. These workshops have provided learning opportunities, encouraged and supported colleagues to connect and open dialogues on inclusion topics.

Following the growth and success of our Women@CMC programme in the APAC region, the programme was rolled out in the UK and Europe in January 2022. This has helped to connect women across five different geographies through topic-based development workshops and networking, supported by the Group's relationship with EveryWoman.

The Group's focus on gender balance, supported by Board and senior management, has led to reviews of processes and policies across the business to ensure they are suitably diverse and inclusive. This has led to the following changes in the year:

- parental leave policies were reviewed and enhanced to further support working parents across the Group. Changes to our maternity pay provision mean we are now in the upper quartile for maternity pay in the UK; and
- creation of an internal Talent Acquisition team has allowed the Group to shape recruitment processes to support a more diverse pool of applicants to ensure:
  - job descriptions are diverse and inclusive;
  - working patterns and hybrid working are more accessible; and
  - line managers are supported through recruitment activities.

The things we live by

Throughout 2022 employee engagement surveys helped us capture what it means to work at CMC and understand how employees feel whilst at work. We have used these learnings to underpin recruitment practices, and provide quality content on our website and social media pages to helps us recruit employees aligned to our ways of working and give a framework for personal development discussions.

We stand with our clients

We are as passionate about trading as our clients, and we're here to help them make the most of every opportunity. We put our clients at the centre of everything we do.

We are human

We're personable and approachable. We know the value of direct interaction and make ourselves available to talk in person.

We take ownership

We make decisions as accountable individuals, not as committees. We do our research and listen with intent to drive improvements.

We are bold

We're not afraid to challenge ourselves or the status quo and we're always looking for ways to improve. If things don't work, we learn, iterate and succeed.

We work as a team

We're inclusive, welcoming and encourage collaboration. We work together across boundaries and don't have time for egos.

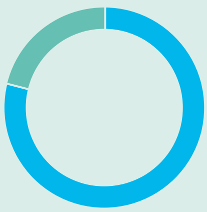
We keep it simple

In a complex industry, we always strive to keep things as simple as possible. We're honest, reliable and straight talking.

We focus on impact

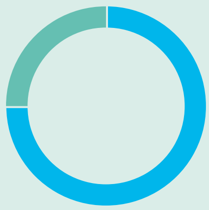
We focus on solving the most important problems that will deliver the biggest impact. We use our time and money wisely and stay focused on the end goal.

All employees[1]



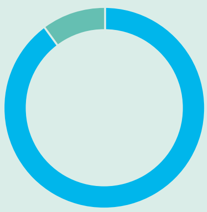
Male 658
Female 265

Board of Directors



Male 6
Female 2

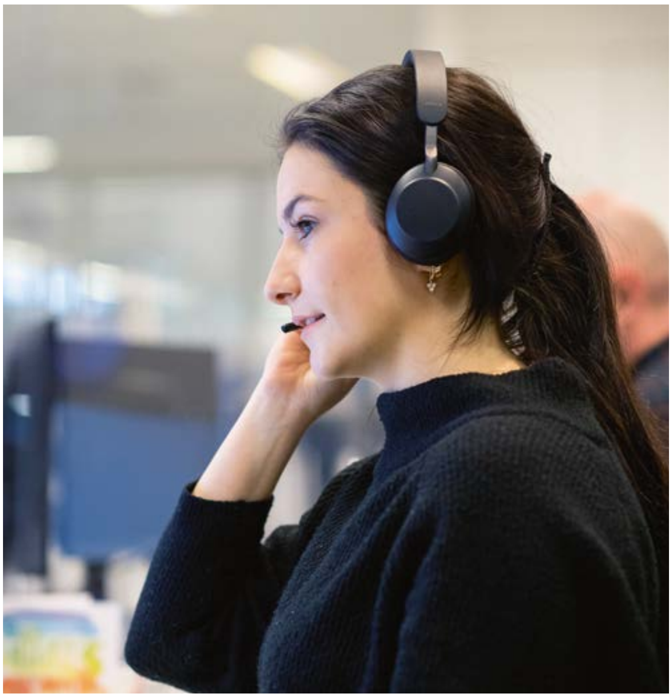
Senior management[2]



Male 31
Female 3

1 Employees of the Group excluding contractors as at 31 March 2022.

2 Direct reports of Executive Directors in non administrative roles.



This year the Group engaged a diversity and inclusion consultant to provide an external view and to help develop the Group's diversity and inclusion strategy going forward. As a Group we want to build on the foundations of everyday diversity and inclusion practices through training, development of policies and practices and embedding a diverse and inclusive culture where employees have the tools to thrive. The strategy will include metric-driven objectives for all senior managers to encourage more inclusive practices, particularly in the areas of (but not limited to) gender, BAME, disability and socio-economic.

Gender pay remains important to the Group and, whilst our published gender pay gap in the UK is 24% as of 5 April 2021, our ongoing monitoring shows that as of March 2022 we have improved to 14%. We continue to drive improvement in this area and measure our progress with real-time metrics and a more robust grading structure to ensure the headline metrics are underpinned by local practice.

Learning and development

Employee development has continued to be a focus over the last year as we launched a global learning management system. This tool aims to become a centralised hub for learning and development. Along with CMC mandatory training, this hub provides learning access to a number of partnered resources such as Intuition, LinkedIn Learning, Pluralsight and MBL, whose remote learning solutions have been invaluable during the pandemic. We have reintroduced some face-to-face learning with the delivery of Management Essentials training to the majority of our line managers in the UK and Europe.

The Group recognises the value in developing and supporting growth in its employees with tools in place to; support employees, analyse the needs within the business, and having a comprehensive and structured approach to learning strategies. We aim to continue building on the learning and development culture and embed the value of this within teams as well as at individual level.

Senior Managers and Certification Regime

The Group continues to be fully aligned with the FCA's Senior Managers and Certification Regime, and other similar regulations globally. As a result of the underlying philosophy to work closely with all regulators and adopting the highest standards globally, the business adopted Group conduct requirements across all our offices. A Conduct, Fitness and Propriety Panel ("CFPP") has been formed to bring together key stakeholders globally to discuss matters and ensure consistency, reporting and policy applications across the Group. The Group has continued to ensure appropriate training is provided, both internally and via external providers, on the conduct rules and other regulatory matters and best practice guidance.

3 – People positive continued

Employee engagement

We recognise that engaged employees make better decisions for our business and customers because; they understand more, are more productive because they like what they do, and innovate more because they want the business to succeed. As we navigate a new landscape of how people communicate, adapting is essential, and we have focused on ensuring we can provide engaging and informative tools that are effective and provide transparency.

We continue to enhance our communications with employees and understand the need to modernise and adopt best practices to be more relevant, timely and engaging for our workforce. Having the right culture, policies and practices in place is key to ensuring employees have the tools and optimal processes to maximise their contribution.

We offer an employee experience platform which captures survey results in real time along with the Group's response to feedback received. The tool creates an open feedback channel for employees to communicate with the Executive Leadership team, helping us understand our employees better and turn feedback into positive, sustainable change that boosts performance levels.

We regularly communicate with employees at all levels through multiple channels and with the support of our Non-Executive Directors, who have responsibility to oversee engagement with employees. We aim to ensure employees understand any challenges, opportunities, and risks presented to the business through regular town halls.

Our new employee experience platform, Culture Amp, was launched in 2021. The current year survey results identified a number of opportunities for development and, in response, the business has implemented the following global communication, social and engagement initiatives:

- monthly business and strategy updates delivered by Executive Directors;
- reinstatement of quarterly "meet the Directors" forum for new joiners, temporarily suspending during COVID-19;
- engagement with our Non-Executive Directors to provide feedback and hear insights;
- launch of Women@CMC programme;
- revisions to our work from home approach; and
- implementation of an anonymous feedback tool that is forwarded directly to Executive Directors.

Overall full engagement was recorded at 66% during our global pulse survey for 2022 (conducted in January 2022), increasing from the 61% recorded during our 2021 global annual survey (conducted in July 2021), and 59% during our 2021 global pulse survey (conducted in January 2021). In previous years we have highlighted Average Engagement but can no longer report that metric. Full Engagement is based on the number of employees who agree or strongly agree with all five core engagement measures.

Engagement data

Our engagement score	How we compared based on:	
Current	Previous	Benchmark
66%	+5%	-6%
2022 global pulse engagement survey	2021 global engagement survey Score: 61%	Fintech 2021 Score: 72%

Talent attraction and retention

Voluntary employee turnover at CMC has increased this year to 24% (15% in 2021). Like all industries, the increase was prompted by our core markets for talent reopening as COVID-19 restrictions were lifted. The APAC region, and Australia in particular, have been impacted by the closure of borders significantly reducing the available talent pool. To manage these challenges we have increased our talent acquisition resources, tactically reviewed reward in key functions and focused on internal development where appropriate. As a result, 72 employees have been successful in securing a new opportunity or greater responsibility internally.

Despite pandemic challenges, 2022 has been a year of growth with our headcount increasing by 44 globally, principally in our technology functions as we develop new products and features, and in our support functions as we prepared for the launch of the UK non-leveraged investment platform and broaden our appeal to our institutional client base. To continue to support our planned headcount growth for 2023 we are looking to expand our physical footprint in the UK by opening an office in Manchester, initially focused on increasing our talent pools for technology skills and similar initiatives are being explored in Sydney.

Reward and benefits

The Group offers a highly competitive reward package and we continually review our employee proposition to align it to the external market. This is key to delivering on our hiring plans and motivating our existing employees.

Senior management and critical talent have equity incentives and all UK employees have the opportunity to contribute to a Share Incentive Plan. At the year end, 29% of our London workforce were participating in the scheme. Similar equity or cash-equivalent schemes are also available globally.

Health and wellbeing

The health and safety of the Group's employees and visitors is of primary importance and we are creating and maintaining a safe and healthy working environment. Health and safety audits and risk assessments are carried out regularly. We have ensured our offices exceed all government and health authority guidance to create COVID-19 safe environments.

COVID-19 has continued to play a role in our people-related activities: ensure employees remain healthy, support mental wellbeing and manage increasing retention challenges as the pandemic restrictions are eased. All our offices have successfully re-opened when permitted, followed local guidance and implemented effective COVID-19 secure protocols. Business performance has remained strong during times when offices have been closed to employees, reflecting the investment made in our systems and processes to enable home-working and the commitment of our people to continue to drive CMC forward. As a result of these developments, we have been able to close one business continuity site in the UK and develop our Sydney site as a growth location from our main office in Barangaroo. We have launched a "Living with COVID-19" policy, retaining the core elements of the COVID-19 secure plan including free testing to continue to support all employees as each location transitions away from full COVID-19 precautions.

Engaging with our communities

The Group continues to promote the support of local charities across our global offices and recognises the importance of increasing this support as charities have been heavily impacted by the COVID-19 pandemic. Staff are encouraged to engage with charities, using the Group's corporate volunteer days scheme which is available to all staff wishing to volunteer with charities. We also continue to support staff with our Company matched fundraising scheme.

The Group's charity team have been directly engaged with our charity partners throughout the pandemic and in London we are in the second year of our three-year charity support partnership that will strengthen interactions and impact on children from primary school age, through to taking their first steps into the professional world.

As CMC transitioned to an agile working environment during the COVID-19 pandemic we upgraded our tech equipment for all employees, allowing us to be in a position to repurpose/rebuild surplus equipment and donate these assets (PCs, monitors, keyboards and accessories), and this is an ongoing initiative which is supporting a number of different charities.

4 – Change positive

Leading by example and demonstrating integrity, forward thinking and accountability at every step.

We conduct our business to the highest standards and seek to lead the industry through our strong commitment to business ethics and professional integrity. This will manifest itself in strong governance processes around our material sustainability issues, including both risks and opportunities. To oversee and guide our approach, we have established a Sustainability Committee, a cross-functional team comprising Board members and business leaders from across our geographies which will be led by our Group Head of Sustainability.

Equal opportunities

The Group highly values the differences and creativity that a diverse workforce brings and is committed to recruiting, developing and retaining a world-class team irrespective of ethnicities, nationalities, sexual orientation, gender identity, beliefs, religions, cultures or physical abilities. We seek to establish a culture that values meritocracy, openness, fairness and transparency.

We affirm that we will not tolerate any form of unlawful and unfair discrimination. In searching for talent, the commitment is always to recruit the best from the broadest applicant pool. All candidates have the right to expect that they will be respected and valued for the contribution that they bring to the Group.

We are committed to giving full consideration to applications for employment from disabled persons as well as providing continuing employment to existing employees who become disabled during their employment where practicable. For those disabled persons looking to join CMC Markets or any existing employees who become disabled, whether temporarily or permanently, we work to adapt the working environment and where possible offer flexible working, training and graduated back-to-work plans in conjunction with occupational health to ensure genuine opportunity for all and the retention of employees.

Human rights

We conduct business in an ethical manner and adhere to policies which support recognised human rights principles. The Group anti-slavery and human trafficking statement can be found on the Group website (www.cmcmarkets.com/group). We actively monitor employee remuneration to ensure we meet all living wage requirements or the local equivalent.

Anti-bribery and anti-corruption

The Group does not tolerate any form of bribery or inducements and it has an anti-bribery and corruption policy which is applicable to all global staff. The policy is owned by the Heads of Compliance of the UK and Europe, and is implemented by the financial crime team and compliance officers in offices across the Group. In conjunction with this policy, the Group also provides clear guidance to staff on other policies related to politically exposed persons ("PEPs"), gifts, entertainment and expenses. Should any member of staff like to anonymously raise bribery or corruption concerns they are also able to do this in accordance with the Group Whistleblowing policy.

Sustainability Committee

Purpose
- Good governance for the Group
- Effectively manage the risks in our operating environment
- Recognise and capture the opportunities that are presented
- Ensure integration of Our Tomorrow into our global business
- Cross-functional transparency and "connecting the dots"
- Ensure alignment with the regulatory requirements
- Work across all operations to orient the Group's triple bottom line: People, Planet, Profit

Responsibilities
- Approve strategic sustainability plans
- Provide updates/obtain feedback from Board
- Approve sustainability practices: framework, reporting, and other activities
- Globalise our sustainability strategy
- Bring together internal networks
- Define, deliver and measure KPIs
- Accountability of Our Tomorrow strategy and performance of the business

Structure
- Permanent structure within CMC
- Board representation required
- Constituents should be cross-functional/cross-geography business leaders
- Regular monthly meetings to drive Our Tomorrow strategy
- Form a subcommittee of sustainability champions to help deliver sustainability goals

Sustainability champions (subcommittee)
- Strategic direction provided by Sustainability Committee
- Broader employee engagement and embedding into our DNA
- Champions who are impassioned by sustainability matters
- Constituents should be cross functional/cross geography to drive implementation
- Proactive/doers
- Track and measure developments/data capture

5 – Planet positive

Understanding and mitigating our climate impacts and exploring opportunities to support the transition to a greener economy.

We have more work to do to understand the full scale of our impacts on the environment. CMC Markets is committed to taking a leading role in the fintech space to mitigate our environmental footprint, from finding ways to enhance our energy efficiency and reduce our impacts on the climate, to embracing more circular ways of thinking about technology and electronic waste. We have mapped out our climate-related risks and opportunities this year as part of our TCFD disclosure, which can be read in detail on page 40.

Offices and facilities

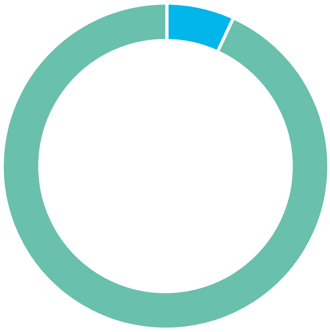
As we continue to expand and grow our business we are looking at more sustainable office spaces, specifying the need for green credentials and utilising data provided by BREEAM ratings or local equivalents on the buildings we are considering, to inform our decision making.

Greenhouse gas emissions ("GHG's")

GHG's are calculated in alignment with records used for the production of the consolidated Financial Statements for the relevant accounting period. We have used emission factors from the Department for Business, Energy and Industrial Strategy's ("BEIS") "Greenhouse gas reporting: conversion factors 2021" to calculate our Scope 1 emissions and have determined the Scope 2 electricity impacts for electricity from the International Energy Agency ("IEA") emission factors. All emissions required under the Companies Act 2006 are included except where stated and include Scope 1 (direct emissions from gas consumption) and Scope 2 (indirect emissions from purchased electricity) emissions but exclude Scope 3 (other emissions from business travel and waste) emissions. Diesel usage for backup generators at one office location has been excluded from the report given that it is not material to our carbon emissions. The figures include emissions from all global offices. In some cases estimates are used to calculate usage where actual consumption figures are not available, such as gas consumption in an office and electricity consumption in a data centre, in the UK.

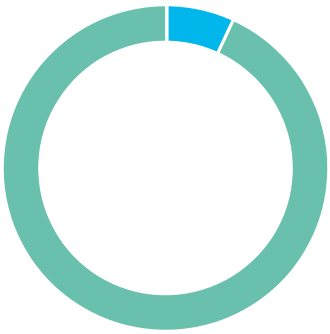
The running of our two UK data centres accounts for the majority of the Group's electricity usage, and we continue to look for opportunities to improve their efficiency and performance. The Group's intensity ratio increased due to a decrease in net operating income, despite emissions reducing by 9%.

Total emissions (tCO_2e) year ended 31 March 2022



Gas	7%
Electricity	93%

Total emissions (tCO_2e) year ended 31 March 2021



Gas	7%
Electricity	93%

5 – Planet positive continued

Greenhouse Gas Emissions by Scope

	Unit	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2015 (base year)
Scope 1				
Gas consumption	tCO_2e	99.88	104.7	108.4
	kWh	545,340	569,502	585,878
Scope 2				
Electricity consumption	tCO_2e	1,303.57	1,443.9	3,452.0
	kWh	5,108,051	5,164,847	5,354,562
Total global emissions	tCO_2e	1,403.45	1,548.7	3,560.4
	kWh	5,653,391	5,734,349	5,940,440
Net operating income	£m	281.9	409.8	143.6
Headcount	number	917	818	473
Intensity ratio (total global emissions/net operating income)	tCO_2e/£m	5.0	3.8	24.8
Intensity ratio (total global emissions/employee)	tCO_2e/HC	1.5	1.9	7.5

Global energy consumption by location in kWh

	Year ended 31 March 2022 (in kWh)	Year ended 31 March 2022 Percentage
UK	4,912,582	86.9%
Rest of the World	740,809	13.1%
Total	5,653,391	100.0%

Global energy emissions by location in tCO_2e

	Year ended 31 March 2022 (in tCO_2e)	Year ended 31 March 2022 Percentage
UK	1,010.0	72.0%
Rest of the World	393.4	28.0%
Total	1,403.5	100.0%

Group global emissions per employee (tCO_2e YoY)

↓ 19%

Group global emissions (tCO_2e YoY)

↓ 9%

Group non-financial information statement

Set out below is the information required by Sections 414CA and 414CB of the Companies Act 2006 (the "Act") necessary for an understanding of the Group's development, performance and position in relation to the matters set out in the table below.

Reporting requirement	Group policies and statements	Commentary, outcomes and KPIs
Environmental matters	• Health and Safety Policy • Travel and Entertainment Policy	Stakeholder engagement pages 12 to 13 Sustainability section pages 28 to 39
Employees	• Equal Opportunity Policy • Anti-Harassment and Bullying Policy • Physical Security Policy • UK Sabbatical Policy • Diversity and Inclusion Statement and Policy • Board Diversity Policy • Flexible Working Policy	Sustainability section pages 28 to 39 Nomination Committee section pages 75 to 77
Social matters	• Equal Opportunity Policy • UK Sabbatical Policy • Diversity and Inclusion Statement and Policy • Board Diversity Policy	Sustainability section pages 28 to 39 Nomination Committee section pages 75 to 77
Human Rights	• Equal Opportunity Policy • Anti-Harassment and Bullying • Physical Security Policy • UK Sabbatical Policy • Diversity and Inclusion Statement and Policy • Board Diversity Policy • Flexible Working Policy	Sustainability section pages 28 to 39 Nomination Committee section pages 75 to 77
Anti-corruption and anti-bribery matters	• Group Anti-Bribery and Corruption Policy • Group AML Policy • Group Financial Sanctions Policy • Group Politically Exposed Persons Policy • Group Anti-Slavery Policy • Modern Slavery Statement	Sustainability section pages 28 to 39
Principal risks		Risk management section pages 50 to 56
Business model		Our business model section pages 10 to 11
Non-financial key performance indicators		Key performance indicators section pages 22 to 24

Taskforce on Climate-related Financial Disclosures

Climate change poses a complex and unprecedented challenge to humanity, and financial markets have a clear role to play in helping the world to mitigate the consequences of emissions and to adapt to a warming planet. Our industry is also at the early stages of understanding and assessing how climate change may destabilise and disrupt the finance sector in unpredictable ways. We therefore welcome the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") as a valuable tool that supports knowledge building in our sector in the face of an uncertain future.

The Group has made significant strides towards incorporating consideration for climate-related risks into our strategic and financial planning processes. With the support of external sustainability consultancy Design Portfolio, we convened a working group dedicated to jump-starting our approach to TCFD, consisting of cross-departmental senior colleagues representing the investor relations, sustainability, and finance teams. This disclosure represents a summation of the initial stages of this work, which we believe are consistent with the TCFD framework, with the exception of Scope 3 emissions and metrics and targets, with plans for alignment disclosed within this section. We look forward to updating our stakeholders on our new climate-related activities and initiatives in the next reporting cycle.

Governance

The Board, which takes ultimate responsibility for overseeing the risks and opportunities presented by climate change, also approved the Group's new sustainability strategy, "Our Tomorrow: taking a better position", to establish the Group's key areas of focus across the universe of sustainability topics and will continue to feed into efforts to define key initiatives and set targets over the course of 2023.

We plan to develop a set of metrics as part of our strong strategic steer towards sustainability that will serve as KPIs for the Board and will provide more details on these in due course. We plan to monitor progress and steer future objectives, including those related to mitigating the Group's impact on the climate. Climate considerations will be a key focus for us as we evolve our strategy and engage with the Board through our Sustainability Committee. Read more about our new sustainability strategy on page 28.

The Board relays its thinking on climate-related risks and opportunities to management via the newly convened Sustainability Committee, chaired by our Group Head of Sustainability. The assessment and management of CMC Markets' sustainability risks and opportunities are encompassed by the Group Head of Sustainability's mandate, including the impacts of climate change. The Sustainability Committee consists of a cross-functional senior management team and has representation from the Group's Board including the Deputy Chief Executive Officer, Chief Financial Officer and Group Head of APAC & Canada, who also will represent the sustainability agenda at Board level, demonstrating the importance of climate considerations to the Group and the commitment we have to ensure an effective impact in our change efforts and integration of sustainability best practices across the business including the implementation of TCFD. The Sustainability Committee provides the forum through which the Group Head of Sustainability keeps senior management abreast of climate-related initiatives and progress against detailed KPIs will be mapped out and disclosed in due course. For more details about the responsibilities of the Sustainability Committee and its role in assessing and managing ESG risks and opportunities, see page 36.

Strategy and risk management

Over the past year we undertook a detailed study to map our climate-related risks and opportunities to support our TCFD disclosure and wider climate change strategic approach.

At CMC Markets, we evaluate climate-related risks across two key dimensions. First, we look at the climate crisis through the lens of both risk and opportunity. We are working to better understand the potential financial impacts of climate on our business, and we also see opportunity within our industry to support the transition to a greener economy. Second, we adopt a double-materiality lens that acknowledges the impacts of our business activities on the environment, and the potential financial consequences of climate risk on our business model.

Mapping the potential impacts of climate-related risks and opportunities

With the support of our specialist consultants, the Group undertook a climate risk mapping exercise to identify and assess the potential exposure of the business to both climate-related risks and opportunities. We evaluated recognised registers of possible climate risks to develop our own internal register of 12 climate-related issues that could impact the Group over a relatively near-term time horizon, categorised across four categories including:

Physical risks:
Chronic and acute disruptions due to the increased intensity and frequency of extreme weather events, changes in temperature, and other consequences of climate change.

Transition risks:
The policy, technological and market shifts that may occur as the world endeavours to move towards a low carbon economy.

Liability risks:
Growing possibility of litigation resulting from action or inaction in response to climate-related risks perpetuated by the Group's activities.

Transboundary risks:
Systemic consequences of the climate crisis that transcend national boundaries and are the culmination of several intersecting climate-related risks.

TCFD continued

Strategy and risk management continued

Across these four categories, we assessed the magnitude and likelihood of each issue to determine which topics present the greatest threat or opportunity to the Group in terms of the potential financial impact on our key resources and relationships such as our people, IT hardware, stakeholder relationships and intellectual property. Using the International <IR> Framework's thinking on capitals as stores of value, where possible we assigned quantitative values to our core capitals. This helped us to contextualise the financial value that could be exposed to climate-related impacts.

Transition risk emerged as the risk category where the Group's strategy has the greatest exposure, particularly in relation to key stakeholder relationships such as our people, clients and investors. We highlight the top four risks we have identified as most relevant to our business over a short to mid-term time horizon in the table shown here.

The results from this exercise were plotted into a series of internal matrices to illustrate trends in the exposure of our categories and capitals. Although the Group's overall exposure was found to be relatively low in the near term, moving forward we will use the initial

New competitive pressures — Transition risk

Description	Potential financial impacts
Companies around the globe are experiencing pressure from customers, investors and regulators to be more sustainable. The finance sector has seen unprecedented growth in new platforms, tools and products to meet demand for investment products that align with the goals of the Paris Agreement. If the Group fails to respond to this trend, we may experience decreased demand and the loss of customers to new innovations in green finance.	**Revenue:** Revenues decline as client expectations evolve to favour investment platforms and products oriented towards the green economy. **Cost of capital:** Equity investors seek competitors innovating in the green finance space.

Reputation — Transition risk

Description	Potential financial impacts
Clients, investors, employees and communities increasingly expect to see more definitive action on climate from the private sector. Should the Group fail to articulate and act on a strategy to decarbonise, we may increasingly face action from key stakeholders.	**Cost of capital:** Equity investors seek more climate-friendly businesses for their portfolio. **Revenue:** Customers leave the platform for more environmentally friendly competitors. **OpEx:** Talent attraction and retention objectives are impeded due to employee objections to the organisation's climate practices.

Global cost of borrowing — Transboundary risk

Description	Potential financial impacts
The cost of borrowing may increase for companies as lenders shift from a "carrot" to a "stick" approach in assessing ESG-related criteria in the provisions of loans, including climate performance. This could impact the cost of the Group's committed facility of £55 million.	**Cost of capital:** Debt and credit facilities become more expensive, impeding business development.

Floods and storms — Physical risk

Description	Potential financial impacts
Floods, storms and extreme weather can cause damage to buildings and other physical assets, disrupting business continuity. Key geographies for the Group are already experiencing extreme weather events like these that have been linked to climate change.	**Asset book value:** Due to damages caused by extreme weather events. **Revenue:** Disruption of business activity should key equipment be forced out of commission.

findings from the risk mapping exercise to refine our methodology further, to probe deeper into potential impacts and to monitor the continued exposure of our strategy, assets and markets to climate-related risks and opportunities.

Undertaking early-stage scenario analysis

We intend to undertake further scenario analysis to evaluate the resilience of the business and to gain better insight into the potential impacts on our assets, markets and strategy over longer time horizons. We initially started this exercise with three internal scenario narratives as part of this process, building on our work to define our key climate-related risks and opportunities. The first describes a disorderly energy transition to net zero, the second envisions an orderly pathway to net zero and the third assumes that only current climate policies are continued.

Against the latter scenario, we have begun to quantify the impacts of physical climate change on our business by evaluating historical trading activity data in instances of extreme heat and storms, using recent examples in regions where we have a presence, for example flooding in Germany, heatwaves in the UK and bushfires in Australia over the past decade, as proxies. No meaningful trends in the data have yet been determined, but we will continue to refine our approach and look forward to sharing a more comprehensive report on the findings from our analysis in due course.

Embracing climate-related opportunities

Many of the themes that arise from mapping our climate-related risks also manifest as strategic opportunities. We are currently in the process of understanding how best to address new competitive pressures and to enhance our reputation with stakeholders through the development of new products and enhancements to our platforms.

As we grow the non-leveraged side of our business, we expect to see rising demand from our retail clients for more tools and better information related to the climate-related impacts of their investments. While we are excited to explore what role we might be able to play in the realm of green finance, we are also conscious of growing regulatory pressure to ensure green financial products are impactful and transparent. We will keep this at the forefront of our decision making to ensure any claims we make about our products and platforms are authentic.

Read more about how we are thinking about adopting a sustainability lens to product innovation on **page 31**

Setting a clear strategy to address our climate impacts

CMC Markets is also conscious that it has a role to play in mitigating its impacts on the climate. Our climate change workstreams are informing and supporting our ambitions to better understand our environmental impacts and how we can contribute to a low carbon future.

Within the context of our "Our Tomorrow" strategy, we are in the process of setting out a roadmap to determine our internal decarbonisation strategy. We look forward to sharing greater details about our approach and future targets by the next reporting cycle.

Learn more about our current initiatives to reduce our emissions on **page 37**

Adopting an enhanced approach to risk management

We aim to integrate stronger consideration for sustainability issues into our risk management in alignment with our new sustainability strategy, "Our Tomorrow". This includes consideration for climate change and the potential climate-related impacts identified through the risk mapping exercise described earlier in this disclosure. As we progress in the adoption of an ERM approach, we will seek to streamline our register of 12 climate-related risks into our refreshed risk management approach. At present, there are no plans to introduce climate change as a principal risk to the business, given early assessments that the risks are low to the Group. However, we will continue to enhance our understanding of how climate-related impacts interact with existing risks such as regulatory and compliance risk.

Learn more about our Group-level approach to risk management on **page 50**

Metrics and targets

Our approach to climate risk mapping assigns a rating to each risk according to likelihood and magnitude based on qualitative observations. As such, we do not currently have a formal quantitative methodology to measure our climate-related risks or opportunities. However, as we build our capacity to measure and monitor carbon emissions across our operations and look to embed climate risks into our new ERM framework, we will also evaluate which formal metrics and indicators will best help us to monitor our progress.

We will also look to set dedicated KPIs and targets against any initiatives to realise climate-related opportunities. In terms of mitigating our impacts on the climate, we look forward to introducing more granular emissions targets aligned with the Paris Agreement going forward.

We currently disclose our entity-level emissions on page 38. This includes our Scope 1 and 2 emissions, but currently excludes Scope 3. We recognise that Scope 3 emission reporting is becoming a higher priority for our stakeholders and plan to consider enhancing our disclosures as our strategy develops.

Financial review

Continued investment to grow and diversify the business

"The Group performed very well throughout the year and continues to be in a strong financial position from a liquidity and capital standpoint. This provides us with the confidence that the Group can both capitalise on future opportunities as they arise and continue to invest in our technology."

Euan Marshall
Chief Financial Officer

2022 saw a significant decrease in market activity, particularly during H1, from the exceptional levels seen during 2021. Whilst this has resulted in lower net operating income for the Group, we are in a stronger position when comparing to pre-pandemic performance. This has been driven primarily by the material increase in sustained monthly active leveraged and non-leveraged clients when compared to 2020.

Decreased market volatility, and the resulting lower client trading activity across both the leveraged and non-leveraged businesses, combined with lower client income retention compared to the exceptional levels seen in 2021, resulted in 2022 net operating income of £281.9 million. This, combined with a moderate increase in operating expenses from investment in technology and product, resulted in a statutory profit before tax of £92.1 million (2021: £224.0 million). Whilst net operating income and profit before tax have reduced from 2021, the performance of the Group in 2022 was strong compared to pre-COVID-19 levels and is a record net operating income year when excluding the COVID-19 influenced 2021 results. The overall health of the Group remains exceptionally strong, with the step-change in active client numbers achieved in 2021 continuing in both our leveraged and non-leveraged businesses throughout the year, combined with client AuM and AuA reaching record highs, providing a solid base of future profitability and growth for the Group.

The cohort of clients onboarded during the pandemic displays similar characteristics, including quality and tenure, to those of prior client cohorts, giving the Group confidence of retaining this ongoing stronger and larger client base into the medium term. This, in conjunction with the agreed acquisition of ANZ Bank Share Investing clients in the Australian non-leveraged business, the launch of our CMC Invest platform in the UK and the ongoing focus on improving our institutional product offering, sees the Group exiting the year with significant prospects for diversified growth.

Whilst total capital resources decreased to £311.5 million (2021: £323.1 million) as a result of the increase in intangible assets and proposed capital distributions to shareholders, the Group OFR ratio remains strong at 489%. Our total available liquidity increased to £469.0 million (2021: £456.1 million) primarily due to cash generated from operations. This healthy capital and liquidity position is reflected in the launch of the £30 million share buyback programme in March 2022. The buyback programme should be considered as part of a normal balanced approach to shareholder returns alongside the current dividend policy, which is unchanged.

The ambitious digital transformation and technology investment plan we embarked upon during 2021 has made significant progress throughout 2022 with more frequent product enhancements along with the new CMC Invest platform launched in the UK in April 2022. Our non-leveraged business presents a significant growth opportunity for the Group, and we will continue to invest in the product and platform, both in the UK and in other geographies, over the coming years. In addition, there are still significant areas of opportunity for optimisation and enhancement within the leveraged business, particularly for our institutional business, and investment will continue in technology and product throughout 2023.

Summary Income Statement

	2022 £m	2021 £m	Change £m	Change %
Net operating income	**281.9**	409.8	(127.9)	(31%)
Operating expenses	**(187.6)**	(184.0)	(3.6)	(2%)
Operating profit	**94.3**	225.8	(131.5)	(58%)
Finance costs	**(2.2)**	(1.8)	(0.4)	(24%)
Profit before tax	**92.1**	224.0	(131.9)	(59%)
Profit before tax margin[1]	**32.7%**	54.7%	(22.0%)	—
Profit after tax	**72.0**	178.1	(106.1)	(60%)

	2022 Pence	2021 Pence	Variance Pence	Variance %
Basic EPS	**24.8**	61.5	(36.7)	(60%)
Ordinary dividend per share[2]	**12.4**	30.6	(18.3)	(60%)

1 Statutory profit before tax as a percentage of net operating income.

2 Ordinary dividends paid/proposed relating to the financial year, based on issued share capital as at 31 March of each financial year.

Summary

Net operating income for the year decreased by £127.9 million (31%) to £281.9 million, with a decrease in market volatility, particularly in H1, compared to exceptional levels seen in 2021 resulting in lower client trading activity and lower client income retention throughout the period. This lower volatility and trading activity impacted both the leveraged and non-leveraged businesses. The net operating income represents a record for the Group when excluding the COVID-19 impacted 2021.

Total operating expenses have increased by £3.6 million (2%) to £187.6 million, with the main driver being investments in our strategic initiatives resulting in higher personnel, professional fees and technology costs. These increases have been partially offset by lower sales-related costs.

Profit before tax decreased to £92.1 million from £224.0 million and PBT margin decreased to 32.7% from 54.7%, reflecting the high level of operational gearing in the business.

Net operating income overview

	2022 £m	2021 £m	Change
Leveraged net trading revenue	**229.6**	349.2	(34%)
Non-leveraged net trading revenue (excl. interest income)	**48.0**	54.8	(12%)
Net trading revenue[1]	**277.6**	404.0	(31%)
Interest income	**0.8**	0.7	12%
Other operating income	**3.5**	5.1	(30%)
Net operating income	**281.9**	409.8	(31%)

1 CFD and spread bet gross client income net of rebates, levies and risk management gains or losses and stockbroking revenue net of rebates.

Leveraged net trading revenue decreased by £119.6 million (34%) driven by decreases in both gross client income and client income retention. The reduction in gross client income was a result of the significant volatility in the market in 2021 resulting in exceptionally high client trading activity, with the majority of 2022 returning to more normalised levels. Client income retention was lower during the period at 80% (2021: 104%) as a result of a change in the mix of asset classes traded by clients and lower natural hedging of flow within indices. This resulted in revenue per active client ("RPC") decreasing by £985 (22%) to £3,575.

Leveraged active client numbers decreased by 16% in comparison to 2021; however, monthly active clients remain significantly above pre-COVID-19 levels, demonstrating the structural shift in the Group's client base.

Non-leveraged net trading revenue was 12% lower at £48.0 million (2021: £54.8 million), with decreased client trading activity during the less volatile market environment offset by an active client base which was 6% larger than 2021 and 36% higher than 2020.

Financial review continued

B2B and B2C net trading revenue

	2022 £m			2021 £m			% change		
	B2C	B2B	Total	B2C	B2B	Total	B2C	B2B	Total
Leveraged net trading revenue	185.5	44.1	229.6	307.3	41.9	349.2	(40%)	5%	(34%)
Non-leveraged net trading revenue	9.6	38.4	48.0	10.4	44.4	54.8	(8%)	(14%)	(12%)
Net trading revenue	195.1	82.5	277.6	317.7	86.3	404.0	(39%)	(4%)	(31%)

The lower trading activity across the Group was reflected within both our B2C and B2B businesses, with year-on-year decreases in net trading revenue of 34% and 12% respectively. Whilst the leveraged B2C business saw the largest fall in revenue of 40%, the non-leveraged business experienced a comparatively lower fall of 8% and the leveraged B2B business revenue grew 5%, demonstrating the progress the Group continues to make in its strategic direction.

Regional performance overview: leveraged

	2022				2021				% change			
	Net trading revenue £m	Gross client income[1] £m	Active clients	RPC £	Net trading revenue £m	Gross client income[1] £m	Active clients	RPC £	Net trading revenue	Gross client income[1]	Active clients	RPC
UK	78.8	107.1	16,264	4,848	122.0	123.2	20,077	6,078	(35%)	(13%)	(19%)	(20%)
Europe	43.7	51.1	15,747	2,778	64.8	53.7	20,280	3,197	(33%)	(5%)	(22%)	(13%)
UK & Europe	122.5	158.2	32,011	3,827	186.8	176.9	40,357	4,630	(34%)	(11%)	(21%)	(17%)
APAC & Canada	107.1	130.3	32,232	3,322	162.4	158.4	36,234	4,481	(34%)	(18%)	(11%)	(26%)
Total	229.6	288.5	64,243	3,575	349.2	335.3	76,591	4,560	(34%)	(14%)	(16%)	(22%)

1 Spreads, financing and commissions on CFD client trades.

Leveraged

UK and Europe

Gross client income fell by £18.7 million (11%) and RPC decreased by £803 (17%), with active clients decreasing by 21%.

UK

The number of active clients in the region decreased by 19% to 16,264 (2021: 20,077), in turn driving a gross client income reduction of 13% against the prior year to £107.1 million (2021: £123.2 million). The decreases were predominantly driven by the B2C business.

Europe

Europe comprises offices in Austria, Germany, Norway, Poland and Spain. Gross client income decreased 5% to £51.1 million (2021: £53.7 million), driven by reduced client trading in the less volatile market environment. RPC also fell by 13% to £2,778 (2021: £3,197). The number of active clients decreased 22% to 15,747 (2021: 20,280).

APAC & Canada

Our APAC & Canada business services clients from our Sydney, Auckland, Singapore, Toronto and Shanghai offices along with other regions where we have no physical presence. Gross client income decreased by 18% to £130.3 million (2021: £158.4 million), primarily driven by decreased active clients and lower market activity throughout the year. Active clients were down 11% to 32,232 (2021: 36,234). Performance in the region was impacted by the regulatory intervention by ASIC in Australia at the start of the year, as well as the wider decrease in market volatility.

Non-leveraged

The non-leveraged Australian business delivered a very strong top line performance, continuing the momentum from a record year in 2021. While revenue fell 12% to £48.0 million (2021: £54.8 million) due to more normalised market conditions, the underlying key health metrics of the business continue to achieve new heights. The business finished 2022 with record AuA, up 16% to AUD$80.2 billion (2021: AUD$69.4 billion), while active clients continued to increase, up 6% to 246,120 (2021: 232,053).

Interest income

Global interest rates remained at historically low levels despite moderate increases in Q4 2022, with interest income remaining broadly flat, up 12% to £0.8 million (2021: £0.7 million). The majority of the Group's interest income is earned through our segregated client deposits in our UK, Australia, New Zealand and stockbroking subsidiaries.

Expenses

Total costs increased by £4.0 million (2%) to £189.8 million.

	2022 £m	2021 £m
Net staff costs – fixed (excluding variable remuneration)	70.4	62.5
IT costs	28.7	26.2
Marketing costs	24.5	24.6
Sales-related costs	2.8	5.8
Premises costs	3.3	3.8
Legal and professional fees	8.6	7.2
Regulatory fees	5.6	5.0
Depreciation and amortisation	12.9	11.2
Irrecoverable sales tax	2.8	6.5
Other	13.5	15.0
Operating expenses excluding variable remuneration	173.1	167.8
Variable remuneration	14.5	16.2
Operating expenses including variable remuneration	187.6	184.0
Interest	2.2	1.8
Total costs	189.8	185.8

Net staff costs

Net staff costs including variable remuneration increased £6.2 million (8%) to £84.9 million following significant investment across the business, particularly within technology, marketing and product functions, to support the delivery of strategic projects. Variable remuneration decreased due to the Group performance resulting in lower performance-related pay.

	2022 £m	2021 £m
Gross staff costs excluding variable remuneration	74.0	64.4
Performance-related pay	12.1	13.7
Share-based payments (note 31)	2.4	2.5
Total employee costs	88.5	80.6
Contract staff costs	3.9	3.2
Net capitalisation	(7.5)	(5.1)
Net staff costs	84.9	78.7

Depreciation and amortisation costs

Depreciation and amortisation have increased by £1.7 million (15%) to £12.9 million, primarily due to the depreciation of additional office space in London and the amortisation of staff development costs which were capitalised at the end of the previous financial year.

Irrecoverable sales tax

Irrecoverable sales tax costs decreased £3.7 million (57%) to £2.8 million as a result of a one-off tax recovery and ongoing lower irrecoverable VAT in the UK.

Other expenses

Sales-related costs decreased by £3.0 million (51%), primarily driven by the release of provisions made in the prior year for client compensation.

Legal and professional fees increased £1.4 million (18%), primarily driven by external consultants who have been engaged to advise on the delivery of various strategic projects during the year.

Premises costs decreased £0.5 million (12%) due to the rental of temporary additional office space within London in 2021. This was replaced with permanent space at the start of the financial year to accommodate growth in headcount.

Other costs decreased due to a number of factors, with the main drivers being lower bad debt and higher FX gains on balance sheet revaluation, offset by higher bank charges.

Taxation

The effective tax rate for 2022 was 21.9%, up from the 2021 effective tax rate, which was 20.5%. The effective tax rate has increased in the period due as a result of a higher proportion of the Group's taxable profits earned outside of the UK, and so taxed at a higher corporate tax rate than the UK's 19%, notably Australia at 30%.

Profit after tax for the year

The decrease in profit after tax for the year of £106.1 million (60%) was due to lower net operating income and the operational gearing in the business.

Dividend

Dividends of £72.6 million were paid during the year (2021: £62.1 million), with £62.4 million relating to a final dividend for the prior year paid in September 2021, and a £10.2 million interim dividend paid in December 2021 relating to current year performance. The Group has proposed a final ordinary dividend of 8.88 pence per share (2021: 21.43 pence per share).

Non-statutory summary Group Balance Sheet

	2022 £m	2021 £m
Intangible assets	30.4	10.3
Property, plant and equipment	13.0	14.8
Net lease liability	(2.3)	(4.0)
Fixed assets	41.1	21.1
Cash and cash equivalents	176.6	118.9
Amounts due from brokers	196.1	253.9
Financial investments	27.9	28.1
Other assets	13.4	—
Net derivative financial instruments	—	0.2
Title transfer funds	(44.1)	(30.7)
Own funds	369.9	370.4
Working capital	(43.0)	2.6
Tax (payable)/receivable	(0.4)	1.7
Deferred tax net asset	2.7	4.7
Net assets	370.3	400.5

The table above is a non-statutory view of the Group Balance Sheet and line names do not necessarily have their statutory meanings. A reconciliation to the primary statements can be found on page 164.

Financial review continued

Fixed assets
Intangible assets increased by £20.1 million to £30.4 million (2021: £10.3 million) as a result of the transaction with ANZ Bank to transition approximately 500,000 Share Investing clients to CMC (AUD$25 million) in addition to the capitalisation of internal resource dedicated to the development of new products and functionality in 2022.

Net lease liability decreased by £1.7 million during the year due to the net length of lease contracts being lower at the end of 2022 than the prior year.

Own funds
Amounts due from brokers relate to cash held at brokers either for initial margin or balances in excess of this for cash management purposes. The reduced client trading exposures throughout the year, particularly in equities, resulted in decreases in holdings at brokers for hedging purposes.

Cash and cash equivalents have increased during the year as a result of the Group's operating performance, in addition to the Group holding less cash at our brokers for margining purposes resulting in associated increases in own cash.

Financial investments mainly relate to eligible assets held by the Group as core liquid assets used to meet Group regulatory liquidity requirements.

Title transfer funds increased by £13.4 million, reflecting the high levels of account funding by a small population of mainly institutional clients.

Working capital
The decrease year on year is primarily as a result of the increased market volatility in Q4 of the prior year, which significantly increased the value of the stockbroking receivables yet to settle at the prior year end.

Tax payable
Tax moved to a payable position due to underpayments in Australia.

Deferred tax net asset
Deferred net tax assets decreased as a result of accelerated research and development tax deductions in the UK and Australia.

Impact of climate risk
We have assessed the impact of climate risk on our balance sheet and have concluded that there is no material impact on the Financial Statements for the year ended 31 March 2022.

Regulatory capital resources
For the year under review, the Group was supervised on a consolidated basis by the FCA. The Group maintained a capital surplus over the regulatory requirement at all times.

For the period to 31 December 2021, the Group and its UK regulated subsidiaries were subject to CRD IV, comprising the Capital Requirements Directive ("CRD") and the Capital Requirements Regulation ("CRR").

From 1 January 2022 the Group and its UK regulated subsidiaries became subject to the Investment Firm Prudential Regime ("IFPR") as transposed into the FCA's MIFIDPRU handbook. A new legislative package, the Investment Firm Regulation and Directive ("IFR/IFD"), was also introduced in Europe that became directly applicable to Member States from 26 June 2021. Both regimes have been designed to be more tailored towards investment firms and have led to changes in the treatment of capital, remuneration requirements, governance and transparency provisions. The UK played an instrumental role in the introduction of IFR/IFD and the IFPR has been designed to achieve similar outcomes, albeit tailored where necessary to reflect the structure of the UK market and how it operates.

The Group and its UK regulated subsidiaries fall into scope of the IFPR, with the Group's German subsidiary, CMC Markets Germany GmbH, subject to the provisions of IFR/IFD.

On a like for like basis, the Group's total capital resources decreased to £311.5 million (2021: £323.1 million) with retained earnings for the year being partly offset by the interim and proposed final dividend distribution. In accordance with the IFPR all deferred tax assets must now be fully deducted from core equity Tier 1 capital.

At 31 March 2022 the Group had a total OFR ratio of 489% in comparison to a capital ratio of 20.5% in 2021 (as calculated under the CRR). The change in capital treatment under the IFPR has resulted in revisions to the calculation of capital requirements and monitoring metrics. In essence, the Group has a surplus of nearly 5 times the regulatory minimum in comparison to 2021 when it was just over 2.5 times the regulatory minimum in accordance with the CRR rules. This is attributable to changes in methodology but also a decrease in market risk exposure.

The following table summarises the Group's capital adequacy position at the year end. The Group's approach to capital management is described in note 30 to the Financial Statements.

	2022 £m	2021 £m
Core equity Tier 1 capital ("CET1 capital")[1]	344.5	339.8
Less: intangibles and net deferred tax assets[2]	(33.0)	(16.7)
Total capital resources after relevant deductions	311.5	323.1
Own funds requirements ("OFR")[3]	63.6	84.2
Total OFR ratio (%)[4]	489%	384%

1 Total audited capital resources as at the end of the financial year of £370.4 million, less proposed dividends.

2 In accordance with the IFPR, all deferred tax assets must be fully deducted from CET1 capital. Deferred tax assets are the net of assets and liabilities shown in note 14.

3 The minimum capital requirement in accordance with MIFIDPRU 4.3.

4 The OFR ratio represents CET1 capital as a percentage of OFR.

Liquidity

The Group has access to the following sources of liquidity that make up total available liquidity:

- Own funds: The primary source of liquidity for the Group. It represents the funds that the business has generated historically, including any unrealised gains/losses on open hedging positions. All cash held on behalf of segregated clients is excluded. Own funds consist mainly of cash and cash equivalents. They also include investments in UK government securities, of which the majority are held to meet the Group's regulatory liquidity requirements.
- Title transfer funds ("TTFs"): This represents funds received from professional clients and eligible counterparties (as defined in the FCA Handbook) that are held under a title transfer collateral agreement ("TTCA"), a means by which a professional client or eligible counterparty may agree that full ownership of such funds is unconditionally transferred to the Group. The Group does not require clients to sign a TTCA in order to be treated as a professional client and as a result their funds remain segregated. The Group considers these funds as an ancillary source of liquidity and places no reliance on them for its stability.
- Available committed facility (off-balance sheet liquidity): The Group has access to a facility of up to £55.0 million (2021: £55.0 million) in order to fund any potential fluctuations in margins required to be posted at brokers to support the risk management strategy. The facility consists of a one-year term facility of £27.5 million (2021: £27.5 million) and a three-year term facility of £27.5 million (2021: £27.5 million). The maximum amount of the facility available at any one time is dependent upon the initial margin requirements at brokers and margin received from clients. There was no drawdown on the facility at 31 March 2022 (2021: £nil).

The Group's use of total available liquidity resources consists of:

- Blocked cash: Amounts held to meet the requirements of local regulators and exchanges, in addition to amounts held at overseas subsidiaries in excess of local segregated client requirements to meet potential future client requirements. Cash committed to the purchase of shares within the current buyback programme is also classified as blocked cash. This was £28.0 million at 31 March 2022 (2021: £nil).
- Initial margin requirement at broker: The total GBP equivalent initial margin required by prime brokers to cover the Group's hedge derivative and cryptocurrency positions.

Own funds have decreased slightly to £369.9 million (2021: £370.4 million). Own funds include short-term financial investments, amounts due from brokers and amounts receivable/payable on the Group's derivative financial instruments. For more details refer to note 29 of the Financial Statements.

	2022 £m	2021 £m
Own funds	**369.9**	370.4
Title transfer funds	**44.1**	30.7
Available committed facility	**55.0**	55.0
Total available liquidity	**469.0**	456.1
Less: blocked cash	**(103.1)**	(75.4)
Less: initial margin requirement at broker	**(120.0)**	(170.1)
Net available liquidity	**245.9**	210.6
Of which: held as liquid asset requirement	**27.9**	28.1

Client money

Total segregated client money held by the Group for leveraged clients was £546.6 million at 31 March 2021 (2021: £549.4 million).

Client money represents the capacity for our clients to trade and offers an underlying indication of the health of our client base.

Client money governance

The Group segregates all money held by it on behalf of clients excluding a small number of large clients which have entered a TTCA with the firm. This is in accordance with or exceeding applicable client money regulations in countries in which it operates. The majority of client money requirements fall under the Client Assets Sourcebook ("CASS") rules of the FCA in the UK, BaFin in Germany and ASIC in Australia. All segregated client funds are held in dedicated client money bank accounts with major banks that meet strict internal criteria and are held separately from the Group's own money.

The Group has comprehensive client money processes and procedures in place to ensure client money is identified and protected at the earliest possible point after receipt as well as governance structures which ensure such activities are effective in protecting client money. The Group's governance structure is explained further on pages 60 to 68.

Euan Marshall

Euan Marshall
Chief Financial Officer
8 June 2022

Effective risk management

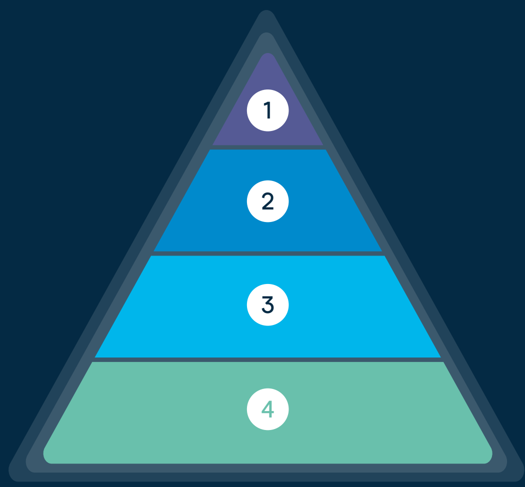
Effective risk management is crucial to the Group's ongoing success and is embedded across the organisation, ensuring key risks are identified and effectively managed.

The Group's business activities naturally expose it to strategic, financial and operational risks inherent in the nature of the business it undertakes and the financial, market and regulatory environments in which it operates. The Group recognises the importance of understanding and managing these risks and that it cannot place a cap or limit on all of the risks to which it is exposed. However, effective risk management ensures that risks are managed to an acceptable level. The Board, through its Group Risk Committee, is ultimately responsible for the implementation of an appropriate risk strategy, which has been achieved using an integrated Risk Management Framework. The main areas covered by the Risk Management Framework are:

- identifying, evaluating and monitoring the principal risks to which the Group is exposed;
- setting the risk appetite of the Board in order to achieve its strategic objectives; and
- establishing and maintaining governance, policies, systems and controls to ensure the Group is operating within the stated risk appetite.

The Board has put in place a governance structure which is appropriate for the operations of an online retail financial services group and is aligned to the delivery of the Group's strategic objectives including its diversification into non-leveraged businesses. The structure is regularly reviewed and monitored and any changes are subject to Board approval. Furthermore, management regularly considers updates to the processes and procedures to embed good corporate governance throughout the Group. As part of the Group Risk Management Framework, the business is subject to independent assurance by internal audit (third line of defence). The use of independent compliance monitoring, risk reviews (second line of defence) and risk and control self-assessments (first line of defence) provides additional support to the integrated assurance programme and ensures that the Group is effectively identifying, managing and reporting its risks. The Group continues to make enhancements to its Risk Management Framework and governance to provide a more structured approach to identifying and managing the risks to which it is exposed to ensure the Group's risk management is commensurate to its current operations alongside its aspirations and diversification. The Board annually undertakes a robust assessment of the principal risks facing the Group.

The Group has always had an understanding of the importance of the importance of ESG, evidenced by governance review conducted by Independent Audit in respect to Governance and, in turn, the Group is in the process of evolving its framework to a more pure adoption of Enterprise Risk Management framework to support the diversification of its business whilst maintaining its level of oversight and control.



1 **Board**

2 **Executive Committees**
Execution of Board's risk strategy including risk appetite.

3 **Risk and control functions**
Comprise compliance, financial crime, financial risk (including liquidity risk management) and operational risk. In addition, legal, finance, data privacy and security functions are also considered as part of the control functions within the Group.

4 **Business functions**
Identify, own, assess and manage risks. Design, implement and monitor suitable controls, issue management, KRI and risk appetite reporting.

Top and emerging risks are those that would threaten the Group's business model, future performance, solvency or liquidity. They form either a subset of one or multiple principal risks, their management is set out in note 30 to the Financial Statements and they are:

- COVID-19: The primary risk faced was from a resilience perspective; the Group has put significant measures in place which have proven to be robust and continues to actively monitor the situation.
- Climate change risk: A summary of the process undertaken to assess the risks of climate change on the Group is detailed within pages 40 to 43, with the conclusion that they are not material.
- People risk: changing expectations regarding the office working environment and flexible working in combination with skills shortages have given rise to heightened staff acquisition and retention risk. Numerous measures have been put in place during the year to continue to attract and retain talent including changes to policies and remuneration reviews. The risk continues to be heightened.
- Market risk management: The Group's risk management is constantly reviewed to ensure it is optimised and as efficient as possible. For more information on market risk management and mitigation see page 53.

Further information on the structure and workings of the Board and Management Committees is included in the Corporate governance report on pages 60 to 68.

Principal risks

Business and strategic risks

Acquisitions and disposals risk

Description

The risk that mergers, acquisitions, disposals or other partnership arrangements made by the Group do not achieve the stated strategic objectives or that they give rise to ongoing or previously unidentified liabilities.

Management and mitigation

- Robust corporate governance structure including strong challenge from independent Non-Executive Directors.
- Vigorous and independent due diligence process.
- Aligning and managing the businesses with Group strategy as soon as possible after acquisition.

Strategic/business model risk

Description

The risk of an adverse impact resulting from the Group's strategic decision making as well as failure to exploit strengths or take opportunities. It is a risk which may cause damage or loss, financial or otherwise, to the Group as a whole.

Management and mitigation

- Strong governance framework established including three independent Non-Executive Directors and the Chairman sitting on the Board.
- Robust governance, challenge and oversight from independent Non-Executive Directors.
- Managing the Group in line with the agreed strategy, policies and risk appetite.

Preparedness for regulatory change risk

Description

The risk that changes to the regulatory framework the Group operates in impact the Group's performance.

Such changes could result in the Group's product offering becoming less profitable, more difficult to offer to clients, or an outright ban on the product offering in one or more of the countries where the Group operates.

Management and mitigation

- Active dialogue with regulators and industry bodies.
- Monitoring of market and regulator sentiment towards the product offering.
- Monitoring by and advice from compliance department on impact of actual and possible regulatory change.
- A business model and proprietary technology that are responsive to changes in regulatory requirements.

Reputational risk

Description

The risk of damage to the Group's brand or standing with shareholders, regulators, existing and potential clients, the industry and the public at large.

Management and mitigation

- The Group is conservative in its approach to reputational risk and operates robust controls to ensure significant risks to its brand and standing are appropriately mitigated.
- Examples include:
  - proactive engagement with the Group's regulators and active participation with trade and industry bodies and positive development of media relations with strictly controlled media contact; and
  - systems and controls to ensure we continue to offer a good service to clients and quick and effective response to address any potential issues.

Financial risks

Credit and counterparty risks

Description

The risk of losses arising from a counterparty failing to meet its obligations as they fall due.

Management and mitigation

Client counterparty risk

The Group's management of client counterparty risk is significantly aided by the automated liquidation functionality. This is where the client positions are reduced should the total equity of the account fall below a pre-defined percentage of the required margin for the portfolio held.

Other platform functionality mitigates risk further:

- tiered margin requires clients to hold more collateral against bigger or higher risk positions;
- mobile phone access allowing clients to manage their portfolios on the move;
- guaranteed stop loss orders allow clients to remove their chance of debt from their position(s); and
- position limits can be implemented on an instrument and client level. The instrument level enables the Group to control the total exposure the Group takes on in a single instrument. At a client level this ensures that the client can only reach a pre-defined size in any one instrument.

In relevant jurisdictions, CMC offers negative balance protection to retail clients limiting the liability of a retail investor to the funds held in their trading account.

However, after mitigations, there is a residual risk that the Group could incur losses relating to clients (excluding negative balance protection accounts) moving into debit balances if there is a market gap.

Financial institution credit risk

Risk management is carried out by a central liquidity risk management ("LRM") team under the Counterparty Concentration Risk Policy.

Mitigation is achieved by:

- monitoring concentration levels to counterparties and reporting these internally/externally on a monthly/quarterly basis; and
- monitoring the credit ratings and credit default swap ("CDS") spreads of counterparties and reporting internally on a weekly basis.

Insurance risks

Description

The risk that an insurance claim by the Group is declined (in full or in part) or there is insufficient insurance coverage.

Management and mitigation

- Use of a reputable insurance broker which ensures cover is placed with financially secure insurers.
- Comprehensive levels of cover maintained.
- Rigorous claim management procedures are in place with the broker.
- Full engagement with relevant business areas regarding risk and coverage requirements and related disclosure to brokers and insurers.

The Board's appetite for uninsured risk is low and as a result the Group has put in place established comprehensive levels of insurance cover.

Tax and financial reporting

Description

The risk that financial, statutory or regulatory reports including VAT and similar taxes are submitted late, incomplete or are inaccurate.

Management and mitigation

- Robust process of checking and oversight in place to ensure accuracy.
- Knowledgeable and experienced staff undertake and overview the relevant processes.

Liquidity risk

Description
The risk that there is insufficient available liquidity to meet the liabilities of the Group as they fall due.

Management and mitigation
- Risk management is carried out by a central LRM team under policies approved by the Board and in line with the FCA's Investment Firms Prudential Regime ("IFPR"). The Group utilises a combination of liquidity forecasting and stress testing to identify any potential liquidity risks under both normal and stressed conditions. The forecasting and stress testing fully incorporates the impact of all liquidity regulations in force in each jurisdiction that the Group operates in and any other impediments to the free movement of liquidity around the Group.

Risk is mitigated by:

- the provision of timely daily, weekly and monthly liquidity reporting and real-time broker margin requirements to enable strong management and control of liquidity resources;
- maintaining regulatory and Board-approved buffers;
- managing liquidity to a series of Board-approved metrics and key risk indicators;
- a committed bank facility of up to £55.0 million to meet short-term liquidity obligations to broker counterparties in the event that the Group does not have sufficient access to its own cash; and
- a formal Contingency Funding Plan ("CFP") is in place that is designed to aid senior management to assess and prioritise actions in a liquidity stress scenario.

Market risk

Description
The risk that the value of our residual portfolio will decrease due to changes in market risk factors. The three standard market risk factors are price moves, interest rates and foreign exchange rates.

Management and mitigation
- Trading risk management monitors and manages the exposures it inherits from clients on a real-time basis and in accordance with Board-approved appetite.
- The Group predominantly acts as a market maker in linear, highly liquid financial instruments in which it can easily reduce market risk exposure through its prime broker ("PB") arrangements. This significantly reduces the Group's revenue sensitivity to individual asset classes and instruments.
- Financial risk management runs stress scenarios on the residual portfolio, comprising a number of single and combined Company-specific and market-wide events in order to assess potential financial and capital adequacy impacts to ensure the Group can withstand severe moves in the risk drivers it is exposed to.

Operational risks

Business change risk

Description
The risk that business change projects are ineffective, fail to deliver stated objectives, or result in resources being stretched to the detriment of business-as-usual activities.

Management and mitigation
- Governance process in place for all business change programmes with Executive and Board oversight and scrutiny.
- Key users engaged in development and testing of all key change programmes.
- Significant post-implementation support, monitoring and review procedures in place for all change programmes.
- Strategic benefits and delivery of change agenda communicated to employees.

Business continuity and disaster recovery risk

Description
The risk that a business continuity event or system failure results in a reduced ability or inability to perform core business activities or processes.

Management and mitigation
- Multiple data centres and systems to ensure core business activities and processes are resilient to individual failures.
- Remote access systems to enable staff to work from home or other locations in the event of a disaster recovery or business continuity requirement.
- Periodic testing of business continuity processes and disaster recovery.
- Robust incident management processes and policies to ensure prompt response to significant systems failures or interruptions.

Principal risks continued

Operational risks continued

Financial crime risk

Description
The risk that the Group is not committed to combatting financial crime and ensuring that our platform and products are not used for the purpose of money laundering, sanctions evasion or terrorism financing.

Management and mitigation
Adherence with applicable laws and regulations regarding anti-money laundering ("AML"), counter terrorism financing ("CTF"), sanctions and anti-bribery and corruption is mandatory and fundamental to our AML/CTF framework. We have strict and transparent standards and we continuously strengthen our processes to ensure compliance with applicable laws and regulations. CMC Markets reserves the right to reject any client, payment, or business that is not consistent with our risk appetite. This risk is further mitigated by:

- establishing and maintaining a risk-based approach towards assessing and managing the money laundering and terrorist financing risks to the Group;
- establishing and maintaining risk-based know your customer ("KYC") procedures, including enhanced due diligence ("EDD") for those customers presenting higher risk, such as politically exposed persons ("PEPs");
- establishing and maintaining risk-based systems for surveillance and procedures to monitor ongoing customer activity;
- procedures for reporting suspicious activity internally and to the relevant law enforcement authorities or regulators as appropriate;
- maintenance of appropriate records for the minimum prescribed record keeping periods;
- training and awareness for all employees;
- provision of appropriate MI and reporting to senior management on the Group's compliance with the requirements; and
- oversight of Group entities for financial crime in line with the Group AML/CTF oversight framework.

Information and data security risk

Description
The risk of unauthorised access to, or external disclosure of, client or Company information, including those caused by cyber attacks.

Management and mitigation

- Dedicated information security and data protection expertise within the Group.
- Technical and procedural controls implemented to minimise the occurrence or impact of information security and data protection breaches.
- Access to information and systems only provided on a "need-to-know" and "least privilege" basis consistent with the user's role and also requires the appropriate authorisation.
- Regular system access reviews implemented across the business.

Information technology and infrastructure risk

Description
The risk of loss of technology services due to loss of data, system or data centre or failure of a third party to restore services in a timely manner.

Management and mitigation

- Continuous investment in increased functionality, capacity and responsiveness of systems and infrastructure, including investment in software that monitors and assists in the detection and prevention of cyber attacks.
- Software design methodologies, project management and testing regimes to minimise implementation and operational risks.
- Constant monitoring of systems performance and, in the event of any operational issues, changes to processes are implemented to mitigate future concerns.
- Operation of resilient data centres to support each platform (two in the UK to support Next Generation and two in Australia to support stockbroking).
- Systems and data centres designed for high availability and data integrity enabling continuous service to clients in the event of individual component failure or larger system failures.
- Dedicated Support and Infrastructure teams to manage key production systems. Segregation of duties between Development and Production Support teams where possible to limit development access to production systems.

Legal (commercial/litigation) risks

Description
The risk that disputes deteriorate into litigation.

Management and mitigation
- Compliance with legal and regulatory requirements including relevant codes of practice.
- Early engagement with legal advisers and other risk managers.
- Appropriately managed complaints which have a legal/litigious aspect.
- An early assessment of the impact and implementation of changes in the law.

Operations (processing) risk

Description
The risk that the design or execution of business processes is inadequate or fails to deliver an expected level of service and protection to client or Company assets.

Management and mitigation
- Investment in system development and upgrades to improve process automation.
- Enhanced staff training and oversight in key business processing areas.
- Monitoring and robust analysis of errors and losses and underlying causes.

Procurement and outsourcing risk

Description
The risk that third-party organisations inadequately perform, or fail to provide or perform the outsourced activities or contractual obligations to the standards required by the Group.

Management and mitigation
- Responsibility for procurement, vendor management and general outsourcing owned by the Chief Financial Officer under the Senior Managers and Certification Regime, with the accountability to ensure compliance to the Group procurement process and completion of key activities, based on the risk profile of the service required by the organisation.
- Outsourcing only employed where there is a strategic gain in resource or experience, which is not available in house.
- Due diligence performed on service supplier ahead of outsourcing being agreed.
- Service-level agreements in place and regular monitoring of performance undertaken.

People risk

Description
The risk of loss of key staff, having insufficient skilled and motivated resources available or failing to operate people-related processes to an appropriate standard.

Management and mitigation
- The Board has directed that the Group maintains active People, Succession and Resource Plans for the Group and all key individuals and teams, which will mitigate some of the risk of loss of key persons. It will adopt policies and strategies commensurate with its objectives of:
  - attracting and nurturing the best staff;
  - retaining and motivating key individuals;
  - managing employee-related risks;
  - achieving a high level of employee engagement;
  - developing personnel capabilities;
  - optimising continuous professional development; and
  - achieving a reputation as a good employer with an equitable remuneration policy.

Principal risks continued

Operational risks continued

Regulatory and compliance risk

Description

The risk of regulatory sanction or legal proceedings as a result of failure to comply with regulatory, statutory or fiduciary requirements or as a result of a defective transaction.

Management and mitigation

- Internal audit outsourced to an independent third-party professional services firm.
- Effective compliance oversight and advisory/technical guidance provided to the business.
- Comprehensive monitoring and surveillance programmes, policies and procedures designed by compliance.
- Strong regulatory relations and regulatory horizon scanning, planning and implementation.
- Controls for appointment and approval of staff holding a senior management or certified function and annual declarations to establish ongoing fitness and propriety.
- Governance and reporting of regulatory risks through the Risk Management Committee, Group Audit Committee and Group Risk Committee.
- Robust anti-money laundering controls, client due diligence and sanctions checking.

Conduct risk

Description

The risk that through our culture, behaviours or practices we fail to meet the reasonable expectations of our customers, shareholders or regulators.

Management and mitigation

- The Treating Customers Fairly ("TCF") and Conduct Committee is comprised of senior management and subject matter experts; it convenes regularly to evaluate and challenge the TCF MI alongside any emerging issues or incidents which could impact client fairness. It reports to the Board via the Risk Management Committee ("RMC") which is also charged with approving the TCF Policy.
- Also, the Conduct, Fitness and Propriety Panel is chaired by global HR, with Deputy CEO as well as global and regional HR and compliance membership. The Committee discusses specific conduct-related matters, including any serious concerns raised in the TCF Committee, breaches of the Code of Conduct, serious complaints specific to an employee or any concerns with a Certified or Senior Manager Function.
- APAC has a Conduct Committee for the region, nominated jointly by the APAC and stockbroking Boards. It aims to ensure a customer-centric perspective in how CMC goes about compliance obligations and business activities to ensure we are delivering good customer outcomes. It is chaired by the Head of HR APAC and consists of Board representatives across the region as well as the Head of APAC Commercial. Accordingly, governance structures, control mechanisms and organisational culture should be sufficiently relevant, suitable and sustainable to support good organisational conduct.

Client money segregation risk

The risk that the Group fails to implement adequate controls and processes to ensure that client money is segregated in accordance with applicable regulations.

- The Client Money and Asset Protection Committee ("CMAPC"), which reports into the RMC, is a fundamental part of the Group's client money governance and oversight procedures. The CMAPC is chaired by the Chief Financial Officer, an FCA-approved person, who is responsible for overseeing the controls and procedures in place to protect client money.
- The Committee is comprised of senior management from across the Group which oversees functions which impact client money. The CMAPC forms a key part of the oversight of client money in addition to compliance and internal audit.

The Strategic report was approved by the Board on 8 June 2022.

On behalf of the Board

Euan Marshall

Euan Marshall
Chief Financial Officer
8 June 2022

Corporate governance

Committee membership

- A Group Audit Committee
- R Remuneration Committee
- G Group Risk Committee
- M Risk Management Committee
- N Nomination Committee
- E Executive Committee
- Chairman

Board of Directors

James Richards
Chairman

Appointment
1 April 2015

Committee membership
G R N

Skills and experience
James joined the Group as a Non-Executive Director in April 2015 and was appointed as Chairman with effect from 1 January 2018 and Chair of the Nomination Committee from 31 January 2018. He has previously held positions as Chair of the Remuneration Committee and been a member of the Nomination Committee, Group Risk Committee and Group Audit Committee. James was admitted to the roll of solicitors in England and Wales in 1984 and in the Republic of Ireland in 2012. James was a partner at Dillon Eustace, a law firm specialising in financial services in Ireland (2012 to 2016). Prior to this he was a finance partner at Travers Smith LLP for 14 years. Having occupied various senior positions within leading law firms, James has extensive experience in derivatives, debt capital markets and structured finance working with major corporates, central banks and governmental organisations.

No external appointments

Lord Peter Cruddas
Chief Executive Officer

Appointment
3 June 2004

Committee membership
E

Skills and experience
Peter founded the Group and became its Chief Executive Officer in 1989. Peter held this role until October 2007, and again between July 2009 and June 2010. Between 2003 and March 2013, he also served as the Group's Executive Chairman. In March 2013, he once again became the Group's Chief Executive Officer and is responsible for running the Group on a day-to-day basis. Prior to founding the Group, Peter was chief dealer and global group treasury adviser at S.C.F. Equity Services, where he was responsible for all the activities of a dealing room whose principal activities were trading in futures and options in currencies, precious metals, commodities and spot forwards on foreign exchange and bullion.

Current external appointments
The Peter Cruddas Foundation

Member of the UK House of Lords

Finada Limited

Paul Wainscott
Senior Independent Director

Appointment
19 October 2017

Committee membership
A G R N

Skills and experience
Paul joined the Group as an independent Non-Executive Director in October 2017 and acts as the Group's Senior Independent Director. Paul served as finance director at the Peel Group for 27 years until March 2018. During his time at the Peel Group, Paul gained wide experience at both board level and in several different business sectors, including real estate, transport, media and utilities.

No external appointments

The role of the Board

This section of the Annual Report and Financial Statements sets out the Group governance structure and the role of the Board of Directors. The Board provides entrepreneurial leadership and strategic oversight in relation to the long-term, sustainable success of the Company. The Board, taking account of relevant stakeholder interests, is responsible for the establishment of the Group's purpose, values and strategy and has oversight of implementation within necessary financial, human resources and cultural frameworks.

The Board has ultimate responsibility to prepare the Annual Report and Financial Statements and to ensure that appropriate internal controls and risk management systems are in place in order to assess, manage and mitigate risk.

The Board delegates the in-depth review and monitoring of internal controls and risk management to the Group Audit Committee and Group Risk Committee respectively.

The terms of reference of these Board Committees (and the Remuneration and Nomination Committees) are available on the CMC Markets plc Group website (https://www.cmcmarketsplc.com/investors/corporate-governance/committees/).

Sarah Ing
Independent Non-Executive Director

Appointment
14 September 2017

Committee membership
A G R N

Skills and experience
Sarah joined the Group as a Non-Executive Director in September 2017. She has over 30 years' experience in accountancy, investment banking and fund management, including time with HSBC and UBS. She is a Chartered Accountant and was a top-rated equity research analyst covering the general financials sector. Sarah also founded and ran a hedge fund investment management business.

Sarah is also a non-executive director of Marex Group plc, XPS Pensions Group plc and Gresham House plc. At Marex Group plc she chairs the audit and compliance committee and is a member of the remuneration and risk committees. At XPS Pensions Group plc she sits on the audit and risk, remuneration and nomination committees and chairs the sustainability committee. At Gresham House plc, Sarah is also chair of the audit committee and is a member of the nomination, remuneration and sustainability committees.

Current external appointments
XPS Pensions Group plc

Marex Group plc

Gresham House plc

Clare Salmon
Independent Non-Executive Director

Appointment
2 October 2017

Committee membership
A G R N

Skills and experience
Clare joined the Group as a Non-Executive Director in October 2017. She has held a broad variety of international leadership roles with board-level experience across a range of service businesses. These have included the AA, RSA, Vodafone, ITV, Prudential, Royal London and Amigo Holdings PLC. Clare is also an experienced non-executive director having spent six years on the board of Alliance Trust Plc, and was CEO of the British Equestrian Federation.

Current external appointments
GS Yacht Charters LLP

Scottish Widows Independent Governance Committee

Bank of Ireland (UK) PLC

David Fineberg
Deputy Chief Executive Officer

Appointment
1 January 2014

Committee membership
E M

Skills and experience
David joined the Group in November 1997 working on the trading desk and developed the Group's multi-asset CFD and spread bet dealing desk. As a senior dealer he was responsible for managing the UK and US equity books. Between April 2007 and September 2012, he was the Group's Western Head of Trading, covering all asset classes for the western region. In September 2012 David was appointed to the role of Group Head of Trading and in January 2014 was appointed as the Group Director of Trading with overall responsibility for the trading and pricing strategies and activities across the Group. In June 2017 his role further expanded when he became Group Commercial Director and then in April 2019 he was promoted to the position of Deputy Chief Executive Officer.

No external appointments

Euan Marshall
Chief Financial Officer

Appointment
1 November 2019

Committee membership
E M

Skills and experience
Euan joined the Group in November 2011 and he has held a variety of roles across the finance function, including Group Head of Finance. He was appointed as Chief Financial Officer in November 2019, where he is responsible for the management of all finance functions globally and investor relations. Euan has been a member of the Chartered Institute of Management Accountants since 2005 and has over 20 years' experience working in financial services and business consulting including at Barclays, HSBC and Deloitte. Euan holds a BSc in Economics from the University of Nottingham.

No external appointments

Matthew Lewis
Head of Asia Pacific & Canada

Appointment
1 November 2019

Committee membership
E M

Skills and experience
Matthew joined the Group in September 2005 and has held a variety of roles including Senior Dealer, Head of Eastern Equities, Head of Sales Trading ANZ, Head of Trading Eastern Region and Director of Asia. In his current role as the Head of Asia Pacific & Canada, he is responsible for implementing the Group's business strategies across the APAC & Canada region for both the retail and wholesale CFD and foreign exchange business. He is also responsible for the Group's stockbroking business. Prior to joining the Group, Matthew worked for Commonwealth Securities, Australia's largest provider of financial services, dealing in equities, before moving into derivatives as an options trader and warrants representative. Matthew has over 20 years' experience in financial services and holds a Bachelor of Economics from the University of Sydney.

No external appointments

Susanne Chishti
Independent Non-Executive Director

Appointment
1 June 2022

Committee membership
A G R N

Skills and experience
Susanne joined the Group as a Non-Executive Director in June 2022. She started her career working for a fintech company in Silicon Valley. She has 25 years' experience in financial technology (fintech), banking, investment management and consulting, including time with Deutsche Bank, Lloyd's Banking Group, Morgan Stanley Investment Management and Accenture.

Susanne is currently the CEO of FINTECH Circle, Europe's first fintech community focused on investments, innovation, and education, and the co-author of seven fintech books published by Wiley. She is often invited to share her fintech thought leadership at international fintech conferences and as a judge at fintech competitions.

Current external appointments
FINTECH Circle

JLG Group PLC

Crown Agents Bank Limited

LenderWize Limited

Introduction to corporate governance

"The Board continues to recognise that an effective governance framework is fundamental in ensuring the Group's ability to deliver long-term value for our shareholders and stakeholders."

James Richards
Chairman

Dear shareholders,

On behalf of the Board, I am pleased to present the Group Corporate governance report for the year ended 31 March 2022. The Board continues to recognise that an effective governance framework is fundamental in ensuring the Group's ability to deliver on its strategy and ensure long-term value for our shareholders and stakeholders.

COVID-19

The financial year under review saw the consequences of COVID-19 continue to have an effect on business. The Board oversaw proactive planning and agile responses to the various government announcements affecting the business globally and related developments throughout the year including in relation to the lifting of relevant restrictions.

UK Corporate Governance Code

As a company listed on the Main Market of the London Stock Exchange, CMC Markets plc has applied the Principles as set out in the 2018 UK Corporate Governance Code published by the Financial Reporting Council ("FRC") and available at www.frc.org.uk (the "Code") for the financial year ended 31 March 2022. in respect of the approach adopted by the Company to the application of:

- Provision 11 of the Code, which requires that the Board should include an appropriate combination of Executive and Non-Executive Directors, a full explanation of the Company's compliance is provided on pages 61 and 66; and,
- Provision 25 of the Code, and specifically the requirement for a board committee comprised of independent directors to review the company's internal financial controls and internal control and risk management systems, the Group Risk Committee's composition has not met this requirement for the year. Further explanation is provided on page 73 of the Group Risk Committee Report. The recent and anticipated director appointments referenced on page 66 will facilitate the re-consideration of the Group Risk Committee composition in the forthcoming financial year.

As advised in last year's Annual Report, Independent Audit (https://www.independentaudit.com/) was appointed in January 2021 to undertake an in-depth review of the operation of the Board and its Committees, and its report was presented to the Board at its meeting in June 2021. This governance review afforded the Board an opportunity to reconsider its approach to governance and implement new processes designed to enhance its operation, details of which are set out in Accountability under Board evaluation on page 66 and in the Group Risk Committee report on page 73 and in the Nomination Committee report on page 75.

Board composition

It is critical that the Board has the right composition, so it can provide balanced leadership for the Group and the independent discharge of its duties to shareholders. This relies on the Board having the right balance of skills and experience and objectivity, as well as a good working knowledge of the Group's business.

As advised in last year's Annual Report, the various technological advances, product enhancements and development of the Group's non-leveraged product offering, had led the Board to hold off appointing a further Non-Executive Director during 2022. However, we can now confirm that Susanne Chishti has been appointed to the Group Board as a Non-Executive Director effective as of 1 June 2022. Susanne brings a wealth of technology and fund experience to the Board's composition and outlook and will be able to contribute effectively based on her significant experience within the technology sector.

As was announced on 28 April 2022 Clare Salmon is not putting herself up for re-election at this year's AGM. I would like to thank Clare very much for her hard work, insight and guidance during her time as a Non-Executive Director.

The Board is now in the process of looking for suitable candidates for appointment as a further Non-Executive Director. Further detail in relation to the selection process is provided on page 76 in the Nomination Committee report.

Board effectiveness

The balance of skills, experience and independence of the Board and individual Directors is subject to ongoing review by the Nomination Committee. It was further considered by the governance review undertaken by Independent Audit, as referenced above in relation to the Board's composition.

All Directors received computer and screen-based training on relevant financial services matters with emphasis on the responsibilities with regard to regulation and compliance and have access to other know-how resources and education programmes offered by third-party service providers with whom the Group has established relevant links.

A programme of technical business briefings related to CMC's business portfolio is being prepared for 2023.

Stakeholder engagement

Mindful of relevant obligations under the Code, stakeholder engagement has been a further consideration for the Board this year and we will continue to develop relevant relationships for the benefit of the Company. A regular update in relation to stakeholder engagement is now a feature of Board papers and ongoing governance consideration and has seen matters such as flexible working, charity contributions, investor experience and ESG strategy being considered.

Shareholder engagement

As Chairman, I am responsible for the effective communication between shareholders and the Company and for ensuring the Board understands the views of major shareholders. Regular investor relations reports are distributed to the Board and considered at Board meetings.

Directors regularly meet with a cross-section of the Company's shareholders to ensure an ongoing dialogue is maintained and report to the Board on the feedback received from shareholders. Furthermore, correspondence is conducted with shareholders during the course of the year on a number of fronts. I will also always make myself available to meet any of our shareholders who wish to discuss matters regarding the Company.

I am looking forward to the forthcoming year as the Group seeks to grow and continue to deliver on its strategy and technology in relation to established markets in the leveraged and non-leveraged space, client journey optimisation and its institutional offering.

James Richards

James Richards
Chairman
8 June 2022

Board leadership and purpose

The Board provides entrepreneurial leadership and oversight of the delivery of strategic objectives and the long-term, sustainable success of the Company, taking into account stakeholder priorities and employee engagement feedback.

Further, with regard to the setting of strategy the Board has considered the diversification of the Company's product offerings to ensure a robust range of products designed to be successful within a changing regulatory environment and appealing to changing stakeholder requirements, with the objective of preserving long-term value.

Stakeholder and employee-related matters form part of the Board's decision making processes, facilitated by the investment in employee engagement surveys, the work of the Designated Non-Executive Director for Employee Engagement, ongoing shareholder dialogue and market feedback.

To evidence this:

- the Board has considered a number of employee-related responses to the post-pandemic restrictions working environment, including more flexible working arrangements, market-based remuneration benchmarking and investment in efficient collaborative work platforms, all encompassed within a People Strategy regularly discussed by the Nomination Committee;
- the Board has considered capital distribution initiatives in response to a regular theme of shareholder enquiry, resulting in share buy back announcements on 2 March and 15 March 2022;
- a number of strategies within the Nomination Committee have been considered by the Board, including in relation to ESG and diversity and inclusion ("D&I"), responding to shareholder interests and advocacy, leading to a number of Board decisions, including, for instance, the taking on of a new energy efficient leased space in Barangaroo, Sydney in Australia, the recruitment of a Group Head of Sustainability and working with a D&I consultant;
- the UK CMC Invest offering, developed as a major strategic initiative, in line with market sentiment in search of an accessible retail investment platform; and,
- Board consideration of various charitable initiatives, including, the CMC Charity of the Year nomination process, appointment of Charity Champions and ad hoc charity and community campaigns, as well as Company sponsored volunteering schemes.

Consistent with the diversification of the Company's product offerings, the Board's strategy has addressed leveraged and non-leveraged initiatives. In the leveraged space, the Board has continued to oversee the strategic focus on established markets, client journey optimisation and its institutional offering through an innovative and resilient set of technological solutions. In CMC Markets Invest the Group has launched a non-leveraged UK retail investment platform.

The Board's leadership includes an awareness of the importance of a working culture which promotes inclusion and acceptance of differing approaches to facilitating the successful delivery of strategic projects and initiatives. Again flowing from Board discussions and more focused consideration at Nomination Committee meetings, Directors have overseen an internal shift towards improved engagement on initiatives relating to diversity and inclusion, including an ongoing programme of training facilitated by Inclusive Employers (https://www.inclusiveemployers.co.uk/about/) establishing internal interest groups e.g. Women at CMC, engagement with industry groups e.g. the Investing and Saving Alliance (TISA), and development of flexible working and platform based collaborative work tools. Diversity and inclusion have informed departmental and Group-wide discussions. The Board is able to monitor progress in relation to such initiatives through six-monthly employee engagement surveys (facilitated by CultureAmp (https://www.cultureamp.com/) an independent third party dedicated to providing employee engagement tools and insights to enable an organisation to build a category-defining culture) and feedback from the programme of meetings undertaken by the Non-Executive Director with Designated Responsibility for Employee Engagement.

Board composition

Corporate governance: member meeting attendance

Name	Position	Board meetings	Group Audit Committee	Group Risk Committee	Nomination Committee	Remuneration Committee
James Richards	Chairman	10(10)	—	4(4)	5(5)	8(8)
Paul Wainscott	Senior Independent Director	9(10)	8(8)	4(4)	5(5)	8(8)
Sarah Ing	Independent Non-Executive Director	10(10)	8(8)	4(4)	5(5)	8(8)
Clare Salmon	Independent Non-Executive Director	9(10)	8(8)	4(4)	5(5)	8(8)
Lord Cruddas	Chief Executive Officer	10(10)	—	—	—	—
David Fineberg	Deputy Chief Executive Officer	10(10)	—	—	—	—
Euan Marshall	Chief Financial Officer	10(10)	—	—	—	—
Matthew Lewis	Head of Asia Pacific & Canada	8(10)	—	—	—	—

Separate to these new initiatives the Group has an established process in relation to the reporting and processing of employee-related issues. Within a structure ultimately overseen by the Board, any employee can raise a matter of concern at any time through day-to-day management reports or whistleblower channels as appropriate. The Board receives a Whistleblowing Report annually which will highlight matters raised through the appropriate whistleblowing channels and any updates to the whistleblowing procedures and Group policy.

The Board recognises the importance of an understanding of employee engagement and the prevailing Group culture to ensure alignment with delivery on strategy in a way that ensures a commitment to the Group's values.

Matters reserved for the Board

It is recognised that certain matters cannot, or should not, be delegated and the Board has adopted a schedule of matters reserved for Board consideration and approval. The matters reserved for the Board fall into the following areas:

- strategy and management;
- structure and capital;
- financial reporting and controls;
- internal controls and risk management;
- contracts;
- communications;
- Board membership and other appointments;
- remuneration;
- delegation of authority;
- corporate governance matters;
- policies;
- political and charitable donations;
- appointment of principal professional advisers;
- material litigation;
- whistleblowing;
- pension schemes; and
- insurance.

The schedule of matters reserved for the Board is available on the CMC Markets plc Group website, https://www.cmcmarketsplc.com/investors/corporate-governance/.

Division of responsibilities

The roles of the Chairman and Chief Executive Officer ("CEO") are separate, clearly defined in writing and agreed by the Board.

Chairman

Responsibilities of the Chairman include:

- leadership of the Board and ensuring open and effective communication between the Executive and Non-Executive Directors;
- ensuring Board meetings are effective by setting appropriate and relevant agenda items, creating an atmosphere whereby all Directors are engaged and free to enter healthy and constructive debate;
- ensuring effective communication between major shareholders and the Board;
- overseeing each Director's induction and ongoing training; and
- leadership of the Board effectiveness process through his role as Chair of the Nomination Committee.

CEO

Responsibilities of the CEO include:

- day-to-day management of the Group's business and implementation of the Board-approved strategy;
- acting as Chair of the Executive Committee and leading the senior management team in devising and reviewing Group development for consideration by the Board;
- responsibility for the operations and results of the Group; and
- promoting the Group's culture and standards.

Senior Independent Director

Responsibilities of the Senior Independent Director ("SID") include:

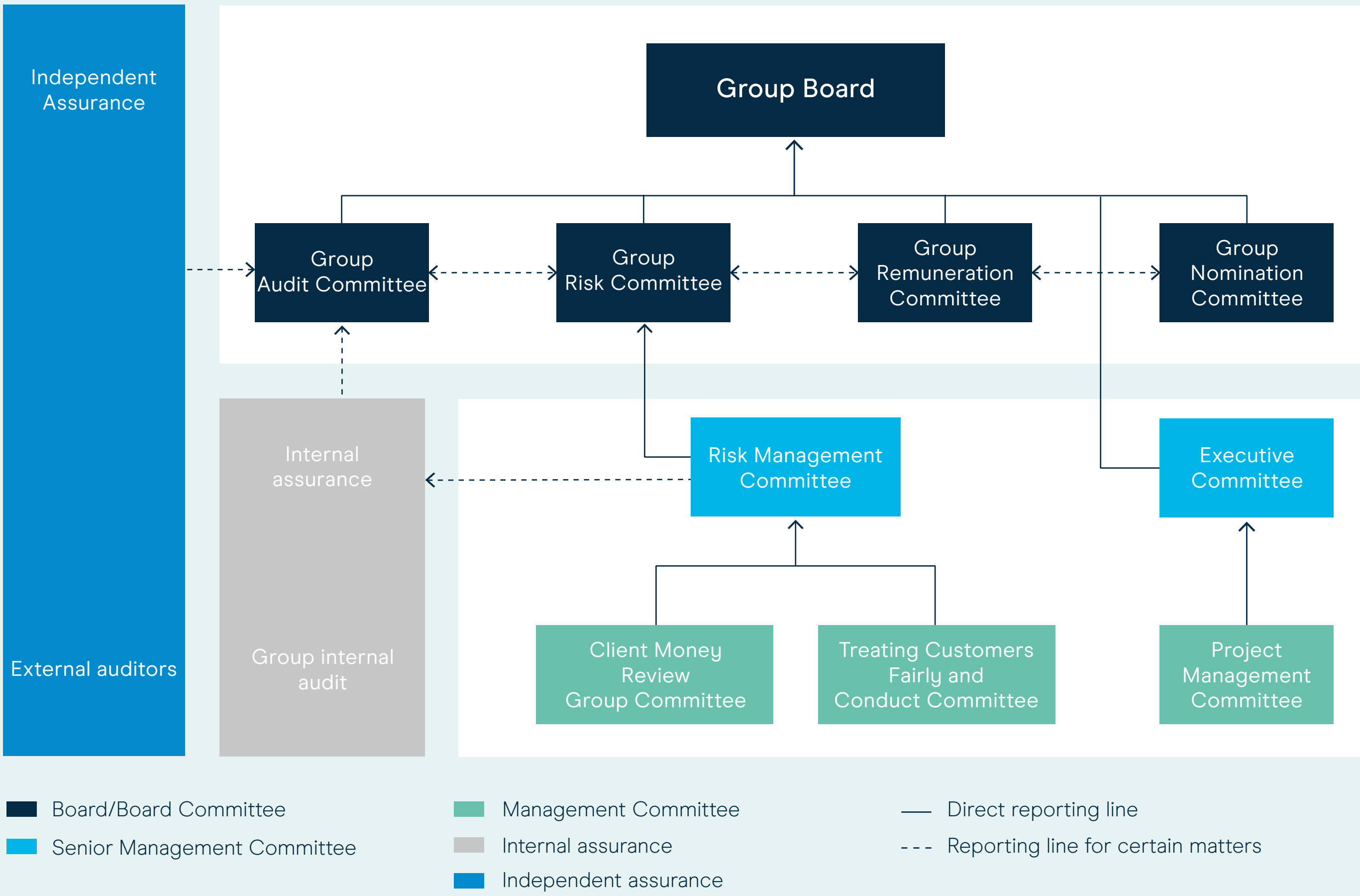
- acting as a sounding board for the Chairman and serving as an intermediary for the other Directors as necessary;
- acting as lead independent Non-Executive Director;
- leading the Non-Executive Directors in the performance evaluation of the Chairman, with input from the Executive Directors; and
- being available to shareholders in the event that the Chairman, Chief Executive Officer or other Executive Directors are unavailable.

Non-Executive Directors

Responsibilities of the Non-Executive Directors include:

- constructively challenging management proposals and providing advice in line with their respective skills and experience;
- helping develop proposals on strategy;
- having a prime role in appointing and, where necessary, removing Executive Directors; and
- having an integral role in succession planning.

Governance structures as at 31 March 2022



Activities of the Board

The Board has a comprehensive meeting planner for the next 12 months that ensures all matters for Board consideration are presented and considered in a timely manner.

Key areas of focus during this financial year were:

- consideration and approval of the Annual Report and Financial Statements and half year results and interim dividend approvals;
- ongoing monitoring of the effect of COVID-19 restrictions on the operation of CMC platforms and products;
- issuance of shares to the EBT;
- approval of Group property management issues and Group Board appointments;
- employee engagement survey results review;
- review of CMC Markets plc governance arrangements and results of the Independent Audit governance review;
- consideration of intra-Group outsourcing and service arrangements;
- the development and launch of new products, including the development of a retail investment platform;
- risk management and risk appetite;
- the review and approval of ICAAP, ILAA and other regulatory documents;
- oversight of CASS reporting and compliance;
- oversight of the transition to Enhanced Firm status under the SMCR at relevant UK regulated Group entities;
- stakeholder engagement;
- consideration and approval of a share buy back programme;
- approval of Board policies, e.g. whistleblowing;
- evaluation of a managed separation of leveraged and non-leveraged businesses; and
- Insurance renewal arrangements and approvals.

Accountability

Election of Directors
The 2022 AGM will be held at 10.00 a.m. on 28 July 2022 at 133 Houndsditch, London EC3A 7BX.

Following recommendations from the Nomination Committee and review by the Chairman, the Board considers that all Directors continue to be effective, remain committed to their roles and have sufficient time available to perform their duties. In accordance with the Company's Articles of Association, other than Clare Salmon, all Directors will seek re-election at the Company's 2022 AGM, which will be set out in the Notice of AGM.

Conflicts of interest
The Company's Articles of Association, in line with the Companies Act 2006, allow the Board to authorise any potential conflicts of interest that may arise and impose limits or conditions as appropriate. The Board has a formal process for the Directors to disclose any conflicts of interest and any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Independence of Non-Executive Directors and time commitment
Each of the Non-Executive Directors is considered to be independent. Each Director is aware of the need to allocate sufficient time to the Company in order to fulfil their responsibilities and is notified of all scheduled Board and Board Committee meetings.

Board independence
For the financial year ended 31 March 2022 the Board composition did not comply with the requirements of Provision 11 regarding at least half of the Board, excluding the Chairman, being independent Non-Executive Directors. However, this position remained under consideration through the year as thought was given to suitable Non-Executive Director appointees with experience to complement the diversification of the Group's business. As has been confirmed on page 61, Susanne Chishti has been appointed to the Group Board as a Non-Executive Director effective as of 1 June 2022.

Therefore, for the period 1 June 2022 to date of AGM on 28 July 2022 the Board's composition will have met the requirements of Provision 11. However, as a result of Clare Salmon's decision not to stand for re-election, the Board will no longer meet the requirements of Provision 11, subsequent to the AGM, and steps will be taken to appoint a successor as detailed on page 76 of the Nomination Committee report.

Directors' induction
A formal procedure for Director induction and ongoing training is in place. As part of a new Director's onboarding, a skills gap analysis and Learning and Development plan is created. The skills assessment is used by the Company to tailor induction meetings and training requirements for all new Directors. One-on-one meetings are organised between the Director and the management team in relevant areas of the business to allow an incoming Director to familiarise themselves with the management team and their respective roles and responsibilities and to gain a greater understanding and awareness of the industry in which the firm operates. These meetings also facilitate an opportunity for new Directors to discuss the business strategy and model, risk management, governance and controls and the requirements of the regulatory framework. These meetings and training arrangements form a key part of the Learning and Development Plan. Non-Executive Directors attended internally and externally facilitated training sessions and have access to online and digital platform-based training and information resources.

Board support
The Board operates in accordance with the provisions of the Articles of Association and established processes and approved policies, as appropriate, and has access to relevant resources as required. Each Director has access to the Company Secretariat Department for advice and related services. The Company Secretary provides meeting papers to Directors in a timely manner to allow for conducive and effective Board and Board Committee meetings.

As stated in each of the Board Committees' terms of reference and the Company's Articles of Association, the Directors may take independent professional advice at the Company's expense.

Board evaluation
As advised in last year's Annual Report, Independent Audit was commissioned to undertake a review of governance arrangements which concluded over the first two quarters of 2021 with a report provided to the June 2021 Board meeting.

During the course of the evaluation, Independent Audit met with Non-Executive and Executive Directors and members of the senior management team, as well as reviewing previous Board, Board Committee and Management Committee materials.

The evaluation reported on a number of Board and governance issues, but was ultimately strategy centric with a view to ensuring that Board and Committee business was designed to effectively discharge strategic responsibilities; the review also included a discrete focus on risk and its inter-relationship with strategy.

The review focused on the Board's role in the articulation of strategy, monitoring progress and ensuring focus; the role of Board papers to support the Board's strategic obligations; Board processes and administration; education; compliance horizon scanning and meeting structuring.

As a result of the review, Board and Committee meeting frequency and sequencing have been amended; meeting structures have been modified with agendas effectively mapping to terms of business and matters reserved; Board and Committee paper templates are being developed; and senior management and delegated authority structures re-considered to provide effective and purposeful support to Board processes.

Board responsibilities in relation to the Annual Report and Accounts

The Board has ultimate responsibility for reviewing and approving the Annual Report and Financial Statements and it has considered and endorsed the arrangements enabling it to confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. With the assistance of the Group Audit Committee, the Board ensured that sufficient time and resources were available to encompass the disclosure requirements that the Group is subject to and that the Annual Report and Financial Statements met all relevant disclosure requirements.

The Board believes in the governance principles of being open, transparent and compliant with the Principles of the Code. Following review by the Group Audit Committee, the Board considered and agreed that the Annual Report and Financial Statements contained the necessary information for shareholders to assess the Company's performance, strategy and overall business model.

Group Audit Committee

The Group Audit Committee has been delegated responsibility for the monitoring and oversight of the external and internal audit of internal controls. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 69 to 72.

Group Risk Committee

The Group Risk Committee has been delegated responsibility for the monitoring and oversight of risk management, mitigation and recommendation for and approval of the risk appetite to the Board. The Committee's responsibilities, main activities and priorities for the coming year are set out on pages 73 and 74.

2021/22 Key shareholder events

June 2021
2021 full-year results

July 2021
Q1 2022 trading update and Annual General Meeting 2021

September 2021
Trading update

October 2021
H1 2022 pre-close trading update

November 2021
H1 2022 interim results

January 2022
Q3 2022 trading update

March 2022
Intention to launch share buyback programme 2022 pre-close trading update

Governance report continued

Shareholder engagement
The Board recognises the importance of good communication with shareholders. The Board maintains regular contact with a cross-section of the Company's shareholders to ensure that the Group strategy takes due consideration of shareholder views.

During the year there were a number of meetings with significant shareholders and potential investors to ensure the Board was regularly apprised of shareholder sentiment and shareholder correspondence was also shared with the Board as appropriate. Investor relation reports are distributed to the Board and considered at each Board meeting.

Stakeholder engagement
The Board recognises its various legal, fiduciary, statutory and governance obligations and duties in relation to stakeholder engagement, including those specified in the Principles and Provisions of the Code and Section 172 of the Companies Act 2006, and receives regular stakeholder engagement updates in the Board papers. Please also see the discussion on pages 12 and 13 regarding responding to stakeholders' needs and under Board Leadership and Purpose on pages 62 and 63, and as mentioned elsewhere initiatives in relation to the development of a non-leveraged trading platform, charitable donations and capital redistribution planning.

Employee engagement
In relation to employee engagement, Clare Salmon is the designated Non-Executive Director with responsibility to engage with (and oversee engagement with) employees, and involve relevant views and experiences in Board discussion and decision making (the "Designated Director"). Clare draws on her considerable experience across a number of listed and non-listed businesses in executive and non-executive positions of communicating with stakeholders and raising relevant issues at Board level. The Designated Director's responsibility is to engage with (and oversee engagement with) employees in ways that are most effective in discerning relevant views and understanding related experiences. The Board as a whole reviews and considers the results of the employee engagement survey.

The Board has considered a number of employee-related initiatives emerging in the wake of the COVID-19 pandemic (including in relation to flexible working, salary benchmarking, collaborative work tools and a related People Strategy) which have been discussed at length. Clare has led and enhanced Board discussion across these initiatives based upon the knowledge that she has built as the Designated Director through regular engagement with employees across the global business. Clare's insight has been supplemented by informed internal research, actual qualitative examples and real-time employee engagement survey results.

In the discharge of their various legal, statutory and governance obligations and duties, the Directors have endeavoured to act to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to the interests of its various stakeholders. Details of the various stakeholder groups and their associated engagement strategies are provided on pages 12 and 13. The Board ensures, in its discussion of relevant matters, that stakeholder interests are considered in related discussions and decision making processes, and inform policies and procedures.

Internal controls over financial reporting
The Group has an Internal Control Framework in place to ensure that the financial information produced is accurate, reliable and timely such that it can be used by all stakeholders to monitor performance and aid effective decision making.

The internal control framework consists of:

- Forecasting and budgeting: The Group has a detailed forecasting and budgeting process in place that is well embedded across the Group.
- Financial Accounting and Reporting: The finance team produce Group consolidated accounts on a monthly basis, and the team is well staffed with a good level of experience. There are full reconciliation and reporting processes in place to ensure that any issues are identified and resolved in a timely manner. Detailed reconciliations are completed between the trading systems and the general ledger to ensure completeness.
- Management reporting: The Group has a detailed suite of MI that is prepared, daily, weekly, monthly and quarterly. This MI was prepared and improved throughout the year to reflect appropriate measurements as the business has changed.
- Tax: The Group has a formal tax strategy, reviewed and approved annually by the Audit Committee, in addition to monthly tax compliance monitoring, quarterly attestations with items raised within the recently established Tax Risk Committee.
- IT environment: The Group is heavily reliant on its IT systems and has systems and controls to ensure that they are operational and accessible at all times. There have been no IT issues in the year that could impact the financial reporting of the Group.

Group Audit Committee report

Paul Wainscott
Chair of the Group Audit Committee

Members and attendance

Paul Wainscott, Chair	●●●●●●●●
Sarah Ing, Independent Non-Executive Director	●●●●●●●●
Clare Salmon, Independent Non-Executive Director	●●●●●●●●

● Attended meeting
○ Did not attend

Dear shareholders

As Chair of the Group Audit Committee (the "Committee") I am pleased to present the Group Audit Committee report.

The Committee is the independent Board Committee that assesses and has independent oversight of financial reporting and the effectiveness of internal control systems. This report summarises the activities, key responsibilities and future focus of the Committee.

Paul Wainscott
Senior Independent Director and Chair of the Group Audit Committee
8 June 2022

Principal responsibilities of the Group Audit Committee

The Committee operates within the agreed terms of reference, which outline the key responsibilities of the Committee.

The Committee's full terms of reference can be found on the Group's website: https://www.cmcmarketsplc.com/investors/corporate-governance/committees/.

Areas of focus in 2021/22

The main responsibilities during the year, in compliance with the requirements of the Code, were as follows:

- to monitor the integrity of the Financial Statements of the Group;
- to review and report to the Board on significant financial reporting issues and judgements;
- to assess the adequacy and effectiveness of the Group's internal control systems and report to the Board on any key findings;
- to review and approve the Internal Audit Charter and Annual Internal Audit Plan;
- to review the findings of all internal audit reports, make recommendations as appropriate and monitor resolution plans;
- to review the performance of the internal audit function;
- to review and make recommendations to the Board on the effectiveness and independence of the Company's external auditor including appointment, reappointment and removal of the external auditor;
- to co-ordinate the external auditor re-tender process and recommendation for appointment for 2023 at the 2022 Annual General Meeting; and,
- to review the findings of the external auditor.

Composition and advisers

The Committee is chaired by Paul Wainscott with Sarah Ing, Clare Salmon and, from 1 June 2022, Susanne Chishti as members. The Committee is considered independent to management and the members are all independent Non-Executive Directors.

The Code requires the inclusion on the Committee of at least one member determined by the Board as having recent and relevant financial experience. The Committee Chair is considered to continue to fulfil this requirement. The Committee as a whole has competence in relation to the leveraged and non-leveraged business sectors in which the Company operates.

The Committee held eight meetings during the financial year. The key activities and discussion points are outlined in the relevant section of this Committee report.

The Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Head of Asia Pacific & Canada, Group Head of Finance, Group Head of Risk, General Counsel & Company Secretary, and Group Head of Financial Crime & UK Money Laundering Reporting Officer attend Committee meetings by invitation. The Group Chairman was invited to and attended all meetings. Representatives from PricewaterhouseCoopers LLP ("PwC"), the external auditor, and Grant Thornton LLP, the internal auditors, attend the Committee meetings by standing invitation. Further, subsequent to the conclusion of the auditor re-tender process in September 2021, which resulted in Deloitte LLP being recommended for appointment for 2023 at the 2022 Annual General Meeting, representatives of Deloitte LLP have attended Committee meetings.

Committee attendance is presented on page 69.

Statement of internal controls and internal audit

The Group's internal audit function is externally facilitated by Grant Thornton LLP. The internal audit function has a reporting line to the Committee and has direct access to the Committee Chair and each Committee member. The Committee reviews all internal audit reports, follows up verification reports on any findings identified by internal audit, and annually approves the Internal Audit Plan and Charter.

External auditor

The Committee considers the reappointment of the external auditor annually and such consideration includes review of the independence of the external auditor and assessment of the auditor's performance.

As advised in last year's Annual Report, upon the Company's entry to the FTSE 350 in 2021 the requirement to re-tender audit arrangements following PwC's external audit role for the Company for a period of ten years was triggered. The Company initiated a re-tender process in relation to the 2022 audit, but following discussions with the Competition and Markets Authority ("CMA") was given permission to defer the re-tender process. The Group confirms that it has complied with the provisions of the CMA Order in respect of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The re-tender process was completed during 2022 in relation to the 2023 external audit. At the conclusion of the re-tender process the Board confirmed, on the recommendation of the Committee, that Deloitte LLP be appointed the Group's external auditor and a resolution to this effect will be put before the shareholders at the 2022 AGM.

The Committee, in line with Financial Reporting Council ("FRC") guidance, continues to review the qualification, expertise, resources, effectiveness and independence of the external auditor. The Committee also reviews the appointment of staff from the external auditor to positions within the Group (when necessary) and meets with the external audit partner at least annually without Executive management present.

The Group's audit and other services fees are disclosed in note 8 of the Financial Statements. Other services fees include the controls opinion relating to the Group's processes and controls over client money segregation and compliance with The Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Non-audit services policy

The Group has a number of relationships with independent advisory and assurance firms which provide alternatives to using PwC.

During the year ended 31 March 2022, PwC provided non-audit services to the Group. However, all services provided fall under categories explicitly permitted under the 2019 Ethical Standards.

In order to ensure compliance with the Ethical Standard issued by the FRC regarding the requirement for safeguarding independence of the external auditor, the Committee has in place a formal policy governing the engagement of the auditor to provide non-audit services, which was reviewed and reapproved in March 2022. The Committee received a non-audit services report for review and approval with the nature of expenditure categorised by discretionary/non-discretionary and incurred and proposed fees.

Priorities for financial year 2023

The Committee's focus will continue to be to ensure that all relevant accounting practices and disclosures are adhered to and that controls around these obligations are successfully embedded with a strong culture of disclosure and transparency.

There will be continued focus on internal systems of control and particular focus will be paid to the results of upcoming internal audits. For the forthcoming year significant attention will be paid to the on-boarding of the new external auditor.

Main activities during the financial year

Agendas for scheduled Committee meetings are based on a pre-agreed annual meeting planner to ensure that the Committee fulfils its responsibilities in line with its terms of reference and regulatory obligations.

At each scheduled meeting the Committee:

- receives a report from the Chief Financial Officer on the year-to-date financial performance of the Group;
- receives an update on current and planned internal audits and any internal audit issues highlighted in completed audit reports;
- receives a Group tax update; and
- receives an update on significant accounting judgements.

May 2021

- Considered the year-end audit report presented by the external auditor and discussed the audit with the lead audit partner, including relevant significant audit and accounting matters. In line with the Committee terms of reference, the Committee met with the Group auditor without management or the Executive Directors present.
- Reviewed the Annual Report and Financial Statements, including the specific disclosures such as going concern, viability and risk management, fair, balanced and understandable and internal controls reporting, for recommendation to the Board.
- Discussed non-audit fees.
- Having considered the auditor's independence letter, concluded that the auditor remained independent and objective and recommended the auditor's reappointment to the Board.
- Reviewed the annual report from the Money Laundering Reporting Officer ("MLRO").

July 2021

- Considered and approved the 2021 Internal Audit Charter.
- Considered progress in relation to the external auditor re-tender process
- Considered the external auditor evaluation in respect of the 2021 financial year.

September 2021

- Considered and approved Tax Strategy and Policy.
- Concluded the external auditor re-tender process with a recommendation to the Board in respect of the proposed auditor for 2023 to be considered at the 2022 Annual General Meeting.
- Discussed FCA requirements in relation to operational resilience within relevant regulated Group companies.

November 2021

- Considered the half-year audit report presented by the external auditor and discussed the report with the lead audit partner.
- Reviewed the interim results, including consideration of going concern, risk management and internal controls reporting, for recommendation to the Board. Agreed the annual Internal Audit Plan for 2022. Agreed the external auditor engagement letter, management representation letter and Audit fee.
- Update in relation to non-audit services and fees.
- Accounting treatment of the ANZ transaction.

January 2022

- Considered the Q3 trading update and recommended to the Board for approval.
- Discussed the potential need to reconsider the current internal audit approach given the increasing size of the Group.
- Considered industry approach to operational resilience compliance.
- Received an update in relation to the external auditor handover process.

March 2022

- Considered the update on year-end audit presented by the external auditor.
- Considered the accounting and tax considerations of the share buy back programme.
- Considered the Group's exposure to, and control environment surrounding, cryptocurrency holdings.
- Reviewed non-audit services policy.
- Considered FRC correspondence relating to the lawfulness of the interim dividend that had been paid during FY21. Further detail in relation to this matter can be found on page 101 of the Directors' report.

Group Audit Committee report continued

Role of the Committee	Responsibilities discharged	Conclusion or action taken
Going concern and long-term viability		
It is required that the Directors make statements in the Annual Report as to the going concern and longer-term viability of the Group.	The Committee reviewed reports from management that assessed the impact of various stress tests and longer-term business risks to determine how the Group would be able to remain viable through periods of liquidity or capital stress.	Following challenge of management on the individual scenarios and impacts thereof, the Committee agreed to recommend the Going Concern and Viability Statement to the Board for approval.
Re-tender of the Group's external auditors		
Following the Group's entry to the FTSE 350 index in 2021, a re-tender, led by the Committee Chair, was undertaken during 2022 for all external audit arrangements.	The Committee reviewed reports from the Chair and management that detailed the regulatory requirements and best practice guidelines of an audit re-tender, along with feedback from management on all participating firms. The Committee selected two firms, by means of a balanced scorecard compiled by the Chair and management, to participate in a final presentation.	Following detailed consideration and discussion, the Committee agreed to recommend Deloitte LLP to the Board for appointment as the Group's external auditors and consideration at the 2022 AGM.
Control improvements and remediation		
The Group completed a number of remediation and improvement activities to its internal controls during 2022 which were highlighted as part of the 2021 external audit.	The Committee requested detailed and regular progress updates from management with a view to gaining timely resolution.	The Committee requested to be kept informed of all developments in the remediation efforts.
The acquisition of Share Investing clients from Australia and New Zealand Banking Group Limited ("ANZ")		
The Group acquired approximately 500,000 Share Investing clients from ANZ, with a phased transition and payment arrangement over a 12-18 month period.	The Committee reviewed reports from management that detailed the accounting treatment of the acquisition.	The Committee concluded that the accounting treatment of the acquisition was appropriate.
Continued client interest in cryptocurrencies		
The Group has seen continued interest from clients in the cryptocurrency asset class. This led to ongoing focus on the cryptocurrency counterparties that the Group hedges its exposure with and the Group's accounting treatment of cryptocurrency assets.	The Committee reviewed reports from management proposing an update to the accounting policy on cryptocurrency assets and the ongoing monitoring and assessment of controls at cryptocurrency counterparties.	The Committee approved the change in accounting policy and requested to be kept abreast of any developments with cryptocurrency counterparties control assessments.
Share buyback programme		
A share buyback programme was launched in March 2022, for an aggregate purchase price of up to £30 million.	The Committee reviewed a report from management detailing the proposed accounting treatment of the buyback programme and its impact on the Group's capital, liquidity and Financial Statements.	The Committee concluded that the accounting treatment of the programme was appropriate.

Group Risk Committee report

Clare Salmon
Chair of the Group Risk Committee

Members and attendance

Clare Salmon, Chair	●●●●
James Richards, Chairman	●●●●
Sarah Ing, Independent Non-Executive Director	●●●●
Paul Wainscott, Senior Independent Director	●●●●

● Attended meeting
○ Did not attend

Dear shareholder

As the Chair of the Group Risk Committee (the "Committee") I am pleased to present the Group Risk Committee report.

The Committee plays in important role in overseeing the operation of the Group's Risk Management Framework and risk appetite and advises the Board on the Group's risk strategy. The Committee reviews, challenges and recommends for approval by the Board, if it sees fit, the Group's key processes and procedures which, for the financial year ended 31 March 2022, included its Internal Capital Adequacy Assessment Process ("ICAAP"), Individual Liquidity Adequacy Assessment ("ILAA") and Group Contingency Funding Plan ("CFP"). The Committee ensures that a robust risk culture continues to be embedded across the business and actively monitors and discusses the latest risk and regulatory developments affecting the Group.

The principal areas of focus for the Committee during the year are shown in this report.

Clare Salmon

Clare Salmon
Independent Non-Executive Director and Chair of the Group Risk Committee
8 June 2022

Principal responsibilities of the Group Risk Committee

The main role and responsibilities of the Committee are:

- oversight of the Group's risk appetite and tolerance;
- review and recommendation of the Risk Appetite Statement and Risk Management Framework;
- provision of advice and recommendations to the Board to assist in Board decision making in relation to risk appetite and risk management;
- oversight of financial and liquidity risks including the responsibilities of the risk management functions;
- review, challenge and recommendation to the Board with regard to ICAAP, ILAA and the Group Contingency Funding Plan;
- oversight of, and recommendations to the Board on, current risk exposures and future risk strategy;
- review of the risks associated with proposed strategic transactions;
- review of the effectiveness of the Group's risk systems;
- approval of the annual Risk Plan;
- approval of the annual Compliance Plan; and
- review of risk taking by Directors and senior management as it impacts their remuneration incentives.

The Committee's full terms of reference can be found on the Group's website (www.cmcmarkets.com/group/committees).

The Committee has oversight of the Group's risk management processes as detailed on pages 50 to 56.

Composition

The Committee is chaired by Clare Salmon with James Richards, Sarah Ing, Paul Wainscott and, from 1 June 2022, Susanne Chishti, as members, all of whom were considered independent, or, in the case of James Richards, considered independent on appointment. The Board believes James Richards continues to demonstrate objective judgement.

Group Risk Committee report continued

Composition continued

The Committee held four meetings during the financial year. Committee attendance is presented on page 73.

The Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Head of Asia Pacific & Canada, Group Head of Risk, and General Counsel & Company Secretary attend Committee meetings by standing invitation. Representatives from other areas of the business attend the Committee meetings by invitation as appropriate to the matter under consideration. The Committee Chair also holds regular individual meetings with the Group Head of Risk, the General Counsel & Company Secretary and other relevant members of the Executive and Senior Management teams. During the year the Committee Chair also met with our current auditor, PricewaterhouseCoopers LLP, and the proposed auditor, Deloitte LLP.

Main activities during the financial year

- Review of outcomes of the Group governance review
- Review and recommendation of Risk Appetite Statement and Risk Management Framework
- Review and recommendation of ILAA, ICAAP and CFP
- Review of annual risk plan
- Robust assessment of principal and emerging risks
- Received updates on proposed changes to the regulatory environment
- Compliance Plan approval
- Review of the potential impact of the Ukraine conflict
- Received update regarding post-Brexit compliance
- Review of adequacy of internal controls

Group governance review

As part of the Board evaluation process and wider review of the Group's governance arrangements, Independent Audit was appointed in January 2021 to undertake a review of the Group's risk management systems. The review made several recommendations with regards to the oversight of risk exercised by the Committee, the information that the Committee receives on a regular basis and the role of the Risk Management Committee within the Group's governance framework. The Committee also saw opportunities to enhance its focus on operational, reputational and people risk in light of the Group's potential diversification plans and following volatile and unpredictable market circumstances after pandemic restrictions were lifted. Additionally, the Committee perceived the need to improve the quality of the Group's horizon scanning to ensure the Group is fully prepared for a broader range of potential scenarios resulting from the volume of change that had been seen both within the business and the external environment.

As a result of the outcomes of the review, the Chair of the Committee has spent time with the Group Head of Risk to make a number of changes to the categorisation, ownership and presentation of the Group's risk information and to ensure that the materiality of each risk was linked in terms of materiality and probability to the Group's three-year business plan. The Committee has also sought guidance from a range of external subject matter experts to support the change process. This review has led us to consider the introduction of an enhanced governance process to better identify risks and mitigations which will be launched in the next financial year.

At management level, the role of the Risk Management Committee within the Group's governance framework has been reviewed and a decision has been taken to set up an Executive Risk Committee ("ERC") as the management forum to discuss risk issues. The aim of the ERC is to assist the Group Head of Risk and the Executive Directors in identifying and synthesising the Group's risks. These risks are then presented to the Committee for review by the Group Head of Risk, as second line of defence, and the Executive Directors, as first line of defence. The ERC reports into the Executive Directors.

Risk appetite and exposure

The Committee has oversight of and makes recommendations to the Board on current risk exposures and future risk appetite and strategy. The Committee reviews the risks associated with proposed strategic transactions and the effectiveness of risk mitigation and monitoring processes. During the year the Committee received a presentation from the Group Head of Risk on the potential risks arising from the launch of a non-leveraged platform.

Throughout the year the Committee has monitored the Group's top and emerging risks. The Committee routinely asks business leaders to present an overview of their risk management practice and receives updates on key issues. In the financial year ended 31 March 2022 updates were provided on post-Brexit compliance, management of risks within the Group's European business and a review of the changes in the Group's cryptocurrency asset exposure.

The Committee reviewed proposed changes to the Group Risk Appetite Statement and Risk Management Framework and made recommendations for Board approval of both documents. The Committee recommended the Group's ICAAP, ILAA and CFP to the Board for approval.

Risk management and internal controls

The Group continues to invest in risk management and internal controls and challenges the business to improve and enhance the Risk Management Framework.

The Committee confirmed at its May 2022 meeting, acting as a Committee of the Board, that it was satisfied that the Group's risk management and internal controls were effective.

Regulatory compliance

The Committee continued to closely monitor global regulatory changes and the impact on the Group. During the year, the Committee received updates on various regulatory issues including the application of product intervention powers on the issuance and distribution of binary options and CFDs to retail clients by ASIC and the impact of the introduction of IFPR on the Group.

Priorities for financial year 2022/23

In the year ahead the Committee will focus on enhancing the Group's risk management systems and embedding the recommendations arising from the Group governance review, including the newly adopted approach to documenting the Group's top risks and mitigations. The Committee will continue to take an active role in advising the Board on risk matters and monitoring the risks associated with regulatory change and the impact that any changes could have on the Group.

Group Nomination Committee report

James Richards
Chair of the Group Nomination Committee

Members and attendance

James Richards,
Chair
●●●●●

Paul Wainscott,
Senior Independent Director
●●●●●

Clare Salmon,
Independent
Non-Executive Director
●●●●●

Sarah Ing,
Independent
Non-Executive Director
●●●●●

● Attended meeting
○ Did not attend

Dear shareholder

I am pleased to present the Nomination Committee (the "Committee") report which summarises the work of the Committee during the year ended 31 March 2022.

Throughout this period the Committee has been the forum for discussing the outcomes of the Group governance review, which was completed by Independent Audit in June 2021, and its subsequent implementation. Specifically for the Committee, the review has resulted in changes to our remit, further details of which can be found later in this report.

Additionally, we have spent time reviewing the composition of the Board alongside succession planning at both Board and senior management level, have reviewed the role of and received updates from Clare Salmon, our Designated NED for workforce engagement, and discussed future training needs of the Board.

Further information on our activities and our priorities for the next year are provided on the following pages.

James Richards
Chairman and Chair of the Group Nomination Committee
8 June 2022

Principal responsibilities of the Nomination Committee

The main roles and responsibilities of the Committee are:

- to evaluate and review the structure, size and composition of the Board including the balance of skills, knowledge, experience and diversity of the Board and keep under review the leadership needs of the organisation to ensure the continued ability to compete effectively in the marketplace;
- to ensure plans are in place for orderly and emergency succession plans in relation to the Board and senior management and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company and the skills and expertise needed in the future;
- to identify and nominate suitable candidates for appointment to the Board including evaluating the balance of skills, knowledge and diversity on the Board and preparing a description of the role required for a particular appointment;
- to oversee the Board evaluation process and, in analysing the results of the evaluation, identify whether there are any skill gaps or opportunities to strengthen the Board;
- to assess the Board Directors' conflicts of interest;
- to assess and keep under review the independence, time commitment and engagement of each of the Non-Executive Directors; and
- to oversee the Group's People Strategy including talent management, diversity and inclusion and workforce engagement.

The Committee's full terms of reference are available on the Group's website: www.cmcmarkets.com/group/committees.

Group Nomination Committee report continued

Composition

The Committee is chaired by James Richards with Sarah Ing, Clare Salmon, Paul Wainscott and, from 1 June 2022, Susanne Chishti as members. The Committee is considered independent to management.

The Committee held five meetings during the financial year. Committee attendance is presented on page 75.

The Committee has considered ongoing succession for the Board and as part of this process it was agreed an additional Non-Executive Director should be appointed. The Committee discussed the current Board composition and balance of skills and noted that the appointment of an additional Non-Executive Director with either technology or regulatory experience would complement the existing membership. Susanne Chishti was identified as a suitable potential candidate with technology experience. Following an interview with the Chairman, she was invited to meet the rest of the Board prior to the Committee considering any recommendation being made to the Board. Following this process, the Committee recommended and the Board approved the appointment of Susanne Chishti with effect from 1 June 2022. She also joined the Audit, Nomination, Remuneration and Risk Committees from this date. Susanne brings extensive fintech knowledge alongside expertise in technology driven innovation which will be highly beneficial as the Group continues to develop its strategy and enhance its offering to clients.

On 28 April 2022 it was announced that Clare Salmon, Chair of the Group Risk Committee, would retire as a Non-Executive Director at the end of the Annual General Meeting on 28 July 2022. The Chairman is leading the process for her successor and has appointed The Inzito Partnership to assist with this search. The Inzito Partnership does not have any connection with the Company or any individual Directors other than to assist with Non-Executive appointments. The search process is ongoing and we will announce any further appointments in due course.

Governance review and implementation

As advised in last year's Annual Report, Independent Audit was commissioned to undertake a review of the Group's governance arrangements including how the Board operates as a whole, how it agrees its priorities and the information it receives, which concluded in the second half of 2021 with a report provided in June 2021. As part of the review, Independent Audit met with individual members of the Board, the General Counsel & Company Secretary and relevant members of the senior management team. Independent Audit has no other connection with the Company or any of the individual Directors.

As a result of the findings, the Committee undertook a comprehensive review of its role and its terms of reference which were updated to include additional responsibilities in relation to the Group's People Strategy, including talent management, diversity and inclusion, and workforce engagement, the Board appointment process and succession planning for both the Board and senior management team.

Main activities during the financial year

Agendas for scheduled Committee meetings are based on a pre-agreed annual meeting planner to ensure that the Committee fulfils its responsibilities in line with its terms of reference and regulatory obligations.

May 2021
- NED time commitment and independence review
- Determination of Director re-election

September 2021
- Scope of role for designated NED for workforce engagement and current engagement programme
- NED recruitment discussion
- Discussion on remit of Committee in light of governance review results

December 2021
- Review of Committee terms of reference
- Update on workforce engagement programme
- Update on outcomes from the governance review

January 2022
- Update on CMC Markets UK plc move to designation as Enhanced Firm
- Update on workforce engagement programme
- Update on Group People Strategy
- Board composition and update on NED recruitment

March 2022
- Board succession planning
- Senior management succession planning
- People Strategy discussion
- Board training

Governance review and implementation continued

At its September and December 2021 meetings the Committee received progress updates on the implementation of the findings of the governance review. Further details on the outcomes of the governance review can be found on page 66.

People strategy

Throughout the year the Committee has discussed the Group's approach to workforce engagement, including the workforce engagement methods set out in the Code, alongside the need to implement a Group-wide People Strategy to address a number of employee matters that had been raised in response to the post-pandemic restrictions working environment. Additionally, the Committee received updates from Clare Salmon as the Designated NED for workforce engagement and discussed the results arising from various employee engagement and pulse surveys that had taken place throughout the year. The main areas of focus highlighted as a result of employee engagement activities that had taken place across the business included career progression and opportunities for employees, flexible working arrangements, and diversity and inclusion.

The Committee spent time with the Deputy CEO and the Group Head of HR discussing the optimal way to design a comprehensive People Strategy which was aligned with the Group's strategy and purpose and aligned with its values and also having due regard to the environmental, social and governance initiatives being undertaken by the Group and addressing matters raised by employees. The proposed People Strategy will be presented to the Committee in the first half of 2023.

Succession planning

In addition to its consideration of succession planning for the Board, the Committee considered the senior management team at its March meeting, taking into account the opportunities and challenges facing the Group and the skills, experience and knowledge that will be needed in the future. The Committee will continue to review the succession plans in place and ensure that a diverse pipeline of talented individuals is being developed across the organisation.

Diversity and inclusion

The Committee recognises the benefits of diversity, whilst ensuring that appointments are based on merit when recruiting. The Board's Diversity Policy can be found on the CMC Markets plc Group website and gender diversity statistics are presented on page 33. The Group maintains a Diversity and Inclusion Statement and Policy. The Committee is committed to reviewing the Group's current and proposed initiatives regarding diversity and inclusion through its consideration of the overall People Strategy for the organisation. Further details of how the Group has looked to further support diversity and inclusion throughout the year can be found in the Sustainability section on pages 28 to 39.

Directors' Remuneration report

Sarah Ing
Chair of the Group Remuneration Committee

Members and attendance

Sarah Ing, Chair	●●●●●●●●
James Richards, Chairman	●●●●●●●●
Clare Salmon, Independent Non-Executive Director	●●●●●●●●
Paul Wainscott, Senior Independent Director	●●●●●●●●

● Attended meeting
○ Did not attend

Dear shareholder

As Chair of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2022.

This report comprises three sections. First, my annual statement as Chair of the Remuneration Committee; second, the Remuneration Policy which was approved by shareholders at the 2021 AGM; and third the Annual report on remuneration which sets out how the 2021 policy was implemented for the year ended 31 March 2022.

Remuneration in context

Financial and strategic performance

As a result of the Group's focus on its strategic initiatives, our financial performance has been strong throughout the financial year, albeit reduced from the prior year. As a result, the Group paid an interim dividend in December 2021 and is recommending a final dividend to shareholders of 8.88 pence per share.

2022 has been a strong year for the Group and we have continued to make strategic investments in areas of the business including technology, client service and our professional and institutional client base, which have been key contributors to the Group's financial performance. This resulted in a net operating income of £281.9 million, down from 31% versus the prior period but up 12% versus 2020. The launch of the UK CMC Invest non-leveraged business in April 2022, in addition to a number of strategic projects currently in development, give the Committee confidence that the Group will deliver sustainable results for the foreseeable future.

The Group's cost base excluding variable remuneration increased by 3% to £173.1 million during the year, mainly as a result of the significant investments in people and technology and increased marketing spend to attract new clients. This, combined with the lower net operating income resulted in a profit before tax of £92.1 million, a decrease of £131.9 million from the prior year.

Our employees

Throughout 2022 CMC Markets has remained vigilant of the ongoing COVID-19 pandemic and its varied impact on each of our locations. We have continued to focus on the wellbeing of our employees and to support our clients and I am proud of the on-going commitment our colleagues have continued to demonstrate in challenging times.

As our offices have opened up we have continued to operate COVID-19 safe environments, and provided free testing for colleagues and their families. We have adopted hybrid working where appropriate in line with many of our competitors for talent, which has been well received by colleagues. Despite very challenging recruitment markets in both the UK and Australia following COVID-19 restrictions being lifted, our headcount increased by 44 employees. We are confident we can increase this rate of growth to meet the needs of our ambitious strategic plans as markets continue to ease, our Manchester hub comes online and other initiatives gather momentum.

Remuneration in context continued

Our employees continued

We have continued to build and shape our employee proposition by increasing opportunities for learning and internal career development. We have also monitored salary levels across our key markets and focused on developing from within where appropriate. As a result 149 employees benefited from an in-year increase this year and the average increase to basic salary was 8% across the Group, for those employed on or before 1 April 2021. In addition, we continue to align our benefits to market developments, for example, increasing the pension provisions in Germany and Poland, and salary sacrifice electric car schemes in Australia.

Remuneration in relation to the year ended 31 March 2022

Throughout the year, the Committee has given careful consideration to remuneration in the context of the external environment and the Group's performance. The outcomes for the specific reward elements are as follows:

2018 Management Equity Plan ("LTIP") Awards

David Fineberg and Matthew Lewis were granted awards under the LTIP which vested during the financial year. The awards were based on performance targets of earnings per share (60%), relative total shareholder return (30%) and net promoter score (10%) measured over a three-year period. The earnings per share and total shareholder return targets were met in full resulting in 100% vesting of these measures. The net promoter score target was between the average and upper quartile which resulted in a 73.2% vesting of the measure. The total vesting for the awards was 97.3%. Further details are included on page 94.

CIP Awards

The financial year ended 31 March 2022 was the third year of the implementation of the CIP and the plan was assessed against Group financial, strategic and individual performance targets, as approved by the Committee as follows:

- 60% based on financial performance (earnings per share – threshold 37.6 pence, target 42.9 pence and maximum 48.3 pence);
- 30% based on strategic performance (a detailed disclosure of strategic objectives is outlined in table on pages 92 and 93); and
- 10% based on achievement of personal and mandatory risk objectives (a detailed disclosure of personal objectives is outlined in table of pages 92 and 93).

As highlighted, the Group has had a comparatively strong year but did not meet its EPS targets with a diluted EPS of 24.7 pence against a minimum target of 37.6 pence, resulting in no award of this element of the Plan, i.e. 60% of the maximum award.

To determine the overall outcomes under the CIP, the Committee also reviewed individual Executive Directors' performance against their strategic and personal objectives which were set at the beginning the year. The Committee assessed each Executive Director against their strategic objectives and determined whether these had been partially met, significantly met, materially met or met. Further details of the Group's strategy are set out on page 20. This resulted in the Committee awarding 37% of potential award to the CEO; 35% to the Deputy CEO; 31% to the CFO and 36% to the Head of Asia Pacific & Canada. Further details on how the Executive Directors performed against their objectives can be found on pages 92 and 93.

The Committee has considered the formulaic outcome and determined that it was appropriate, in light of the holistic performance of the Company and the experience of shareholders and employees, and that no adjustments needed to be applied.

In line with the 2021 Remuneration Policy and in accordance with the rules of the Combined Incentive Plan, the awards comprise a 45% Cash Award and a 55% Share Award. In previous years the CEO has only received the cash element of the Award. In the light of the new prudential framework for UK MiFID investment companies and the MIFIDPRU Remuneration Code going forward his award will be split between cash and shares in line with the Executive Directors, albeit subject to a maximum award of 135% of salary.

Share Awards will be granted, post the release of the Group's results for the year ending 31 March 2022. The Share Awards will be assessed against a performance underpin after a further three-year period ending 31 March 2025 and, if the underpin is achieved, continue to vest until 2027.

Remuneration in relation to 2023

In light of the salary increases made for the year ended 31 March 2021, the Committee is not proposing any further increases for 2023.

The Committee proposes to continue to use Group financial, strategic and individual performance against targets for the 2023 financial year as the basis on which the combined incentive will be awarded. The performance measures applied to the combined incentive will be:

- 60% earnings per share;
- 30% strategic performance; and
- 10% personal objectives.

In relation to the EPS target, the Committee has ensured that a sufficiently stretching range has been set by taking account of a number of internal and external reference points and the impact of regulatory change. The target range is considered commercially sensitive and so will be disclosed in next year's Annual Report. With regard to the strategic and personal objectives, these will be evaluated based on quantitative measurable objectives in the significant majority of cases. Again, these are considered commercially sensitive so detailed disclosure of these quantitative performance measures and associated outcomes will be included in the 2023 Annual Report and Financial Statements.

In order to comply with the MIFIDPRU Remuneration Code, the Committee has decided to adjust the proportions of CIP awards awarded in cash and shares from a previous 45% cash / 55% shares mix to 40% cash / 60% shares. Until now, the CEO, Peter Cruddas, has not received share awards. In future, he will participate in the CIP with the same 40% / 60% mix as the other Executive Directors. The change will not imply an increase in the overall opportunity level.

Engagement with stakeholders

The Committee takes into consideration the guidelines of investor bodies and shareholder views when determining remuneration and welcomes feedback. We undertook an extensive consultation with our key institutional shareholders and main proxy advisory bodies on the proposed 2021 Remuneration Policy and the comments we received in relation to key elements of the policy such as pension alignment and post-employment shareholder guidelines have helped shape the final policy approved at the AGM last year. This year we have not undertaken a formal consultation exercise but continue to welcome constructive engagement with our shareholders.

Workforce remuneration and engagement

The Committee is responsible for reviewing the Group's wider employee remuneration policies and how reward aligns to the culture of the Group. During the year, the Committee discussed the bonus allocation and salary reviews for the wider workforce, reviewed and agreed the Group's approach to long-term incentives beyond the Executive Directors, reviewed the Group's gender pay gap data and the steps that could be taken to close the existing gap, and discussed the operation of and participation in the Group's all-employee share plan.

During the year, all employees have been given the opportunity to participate in our twice-yearly engagement surveys and provide feedback on all topics, including remuneration. The Group Head of HR presented to all employees on the links between Executive and wider employee remuneration with positive feedback. In addition, the Committee has received an update on the initiatives we have undertaken to support and develop employees and managers throughout the year. As noted on page 68 of this report, Clare Salmon is the designated Non-Executive Director with responsibility to engage and oversee engagement with our employees.

I hope you find this report provides a clear understanding of the Committee's approach to remuneration and that you will be supportive of the resolutions relating to remuneration at the 2022 AGM.

Sarah Ing
Independent Non-Executive Director and Chair of the Group Remuneration Committee
8 June 2022

Directors' Remuneration Policy

This policy was reviewed in 2021 and approved by shareholders at the AGM held on 29th July 2021. The policy as approved can be view on the company's website at https://www.cmcmarketsplc.com/investors/

Policy table

The below table summarises the key components of the Remuneration Policy for the Executive Directors.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary To reflect the market value of the role and individual's experience, responsibility and contribution.	The policy is for base salary to be competitive. In making this assessment the Committee has regard for: • the individual's role, responsibilities and experience; • business performance and the external economic environment; • salary levels for similar roles at relevant comparators; and • salary increases across the Group payable in cash. Salaries are reviewed on an annual basis, with any increase normally taking effect from 1 June.	Executive Director salary increases will normally be in line with those awarded to the wider employee population. Increases may be above this level if (i) there is an increase in scale, scope or market comparability of the role and/or (ii) where an Executive Director has been promoted or has had a change in responsibilities. Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant year's Remuneration report.	Business performance is considered in any adjustment to base salary.
Pension To provide competitive retirement benefits.	Executive Directors participate in a defined contribution pension scheme or may receive a cash allowance in lieu.	Aligned to the all employee maximum employer contribution level, which is currently 7% in the UK and 9.5% in Australia.	Not applicable.
Share Incentive Plan ("SIP") To encourage broad employee share ownership.	In line with HMRC rules, Executive Directors are entitled to participate in the SIP on the same terms as other employees.	In line with HMRC permitted limits.	Not applicable.
Benefits To provide market competitive benefits.	Benefits include life insurance, permanent health insurance, private medical insurance, dental insurance, health screening/assessment, critical illness, interest-free season ticket loans, gym membership, eye tests, cycle to work, childcare vouchers, dining card, travel insurance and club membership. Where appropriate, other benefits may be offered including, but not limited to, allowances for relocation and other expatriate benefits to perform his or her role.	Benefits may vary by role and individual circumstances and are reviewed periodically to ensure they remain competitive. The maximum value of the benefits is unlikely to exceed 10% of salary.	Not applicable.

Directors’ Remuneration Policy continued

Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Combined incentive plan To ensure that incentives are fully aligned to the Group’s strategy.	The value of an award will be determined based on performance achieved in the previous financial year against defined financial and strategic targets. Performance conditions and targets are reviewed prior to the start of the year to ensure they are appropriate and stretching and reinforce the business strategy. At the end of the year the Committee determines the extent to which these were achieved. The award will be delivered as follows: Cash award: 45% of the award (40% from FY2023) will be settled in cash as soon as practicable following the financial year. Deferred Shares: 55% of the award (60% from FY2023) will be deferred into shares for up to five years following the financial year. This portion of the award will vest subject to the achievement of a three-year performance underpin to ensure the deferred portion of the award is warranted based on sustained success. Subject to the achievement of the performance underpin and continued service, the Deferred Share portion of the award will vest over a period of at least five years. For 2022/23, it is anticipated this will be as follows, although the Committee will continue to monitor both market and regulatory developments in respect of vesting and holding periods and may for future awards adjust the vesting schedule: • 40% after three years;[1] • 30% after four years;[1] and • 30% after five years.[1] The Combined Incentive awards are discretionary. Dividend equivalents may accrue on the Deferred Share portion of the award and be paid on those shares that vest. Awards under the CIP are non-pensionable and are subject to malus and clawback for a seven-year period from grant in the event of a material financial misstatement, gross misconduct, calculation error, failure of risk management, material reputational damage or any other circumstance the Committee considers appropriate. 1 4, 5 and 6 years in total respectively allowing for the one-year performance period to determine the deferred award amount.	Participants in the new plan will include the Executive Directors. Executive Directors (excluding CEO): Awards may be up to 300% of salary delivered as follows: • Cash award: 135% salary (120% of salary from FY2023). • Deferred Shares 165% salary (180% from FY2023). Current CEO: In respect of the current CEO, Peter Cruddas, awards may be made only up to 135% of salary From FY2022 45% of the award will be made in cash and 55% deferred into shares.	Performance is assessed against Group and individual performance measures as considered appropriate by the Committee. Financial performance will account for at least 60% of an award. For this portion, 25% of the maximum would be payable for performance at Threshold level and 50% for Target performance. It is anticipated that the performance measures applied in 2022/23 will be: • 60% financial: based on achievement of absolute earnings per share targets; • 30% strategic: based on the achievement of measurable objectives against targets relating to strategic business development milestones; and • 10% personal objectives. The Deferred Share portion will vest subject to a performance underpin measured over a period of at least three years starting from the end of the year used to determine the amount of the award. The Committee will review Group performance over the relevant period, taking into account factors such as, a) the Company’s TSR performance, b) aggregate profit levels and c) any regulatory breaches during the period or any other such factor that the Committee considers appropriate which may include personal performance of the relevant Executive Director.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
2015 Management Equity Plan ("LTIP") To reinforce delivery of sustained long-term success, and align the interests of participants with those of shareholders.	In respect of Executive Directors, LTIP awards may only be granted by the Remuneration Committee to facilitate external recruitment – i.e. to be used as the vehicle for buying out incentive awards forfeited on leaving a previous employer as per the recruitment policy set out below. Awards may consist of performance shares (nil cost options or conditional rights to receive shares) or market value options or a combination of the two. LTIP awards normally vest after three years. The Committee may extend the LTIP time horizon by introducing a holding period of up to two years, or by extending the vesting period, e.g. if regulations require. The number of performance shares and/or options vesting is dependent on the degree to which any performance conditions attached to the LTIP award have been met over the performance period. Dividend equivalents may accrue on performance shares and be paid on those shares which vest. The award levels and performance conditions are reviewed in advance of grant to ensure they are appropriate. Awards under the LTIP are non-pensionable and are subject to malus and clawback provisions for a seven-year period from grant in the event of a material financial misstatement, gross misconduct, calculation error, failure of risk management, or in any other circumstance the Committee considers appropriate.	125% of salary in normal circumstances and up to 200% of salary in exceptional circumstances or an equivalent economic value where an award is a combination of shares and options. Vesting for threshold performance in respect of any performance share awards is up to 25% of maximum.	Awards will generally vest subject to the Company's performance and continued employment. The Committee has flexibility to adjust any performance measures and weightings in advance of each future award cycle to ensure they continue to support delivery of the Company's strategy. Over the term of this policy, performance will be predominantly dependent on financial, and/or share price-related measures. The Committee has flexibility to adjust downwards the formulaic outcome based on its assessment of underlying performance, and results being achieved within the Company's risk appetite, over the performance period.

Notes to the policy table

In addition to the elements of remuneration detailed in the policy table, any historical awards or commitments described in this report which were made prior to, but due to be fulfilled after the approval and implementation of, the Remuneration Policy detailed in this report will be honoured.

Shareholding guidelines

Executive Directors are required to build up a holding of 200% of base annual salary. Executive Directors will be required to build up to this level over a period of five years, starting from the date of our listing in 2016 for the Executive Directors who were in role at the time the 2018 Remuneration Policy was approved and from the date of appointment for any recruits since that time or in future. Executive Directors will be expected to retain at least 50% of shares vesting (net of tax) until the guideline level is achieved. For the purposes of satisfying the shareholding requirement, shares held by a connected person (e.g. a spouse) will be considered to be included.

A post-employment shareholding requirement will apply of 200% of base annual salary (or the actual shareholding at date of exit if lower) for a period of two years after leaving employment.

Dividend equivalents

Dividend equivalents are payable on the Deferred Share portion of the combined incentive.

Directors' Remuneration Policy continued

Clawback and malus provisions

Awards under the CIP and LTIP will be subject to provisions that allow the Committee to withhold, reduce or require the repayment of awards after vesting if there is found to have been: (a) material misstatement of the Company's financial results, (b) gross misconduct on the part of the award holder, or (c) any other material event as the Committee considers appropriate.

Risk considerations

The Remuneration Policy is also designed to promote sound and effective risk management. The Remuneration Committee reviews and approves the Remuneration Policy for all employees, including for Material Risk Takers and senior risk and compliance employees, to help ensure pay arrangements encourage appropriate behaviour and compliance with the Company's risk appetite. For example, all employees receive a salary which reflects their market value, responsibilities and experience. An individual may only receive an annual incentive award if they operate within the risk appetite of the Company and has demonstrated appropriate behaviour. Key senior managers are eligible for consideration of LTIP awards, with any vesting based on performance over at least two years. The Committee has flexibility to adjust the formulaic outcome if the Company's recorded performance is not a genuine reflection of underlying business performance or if results were not achieved within the Company's risk appetite. CIP awards are subject to malus and clawback for all participants in various circumstances, including a failure of risk management. The Chief Financial Officer is closely involved in the remuneration process to ensure that both Remuneration Policy and outcomes reinforce compliance with the Company's risk appetite, including reporting independently to the Committee at least annually on compliance with the risk appetite, on any notable risk events and on the behaviour of the Material Risk Takers.

Incentive plan discretions

The Committee will operate the Company's incentive plans according to their respective rules and the Policy set out above, and in accordance with relevant financial services regulations, the Listing Rules and HMRC rules where relevant.

Following amendments in 2019 the CIP specifically includes relevant clauses to ensure the Remuneration Committee are able to use their discretion to reduce the value of a Cash Award or the number of Shares to a Share Award or the extent to which a Share Award will vest, to avoid an otherwise formulaic outcome.

In line with common market practice, the Committee retains discretion as to the operation and administration of these incentive plans, including:

- who participates;
- the timing of grant and/or payment;
- the size of an award and/or payment (within the plan limits approved by shareholders);
- the manner in which awards are settled;
- the choice of (and adjustment of) performance measures and targets in accordance with the Remuneration Policy set out above and the rules of each plan;
- in exceptional circumstances, amendment of any performance conditions applying to an award, provided the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance targets when set;
- discretion relating to the measurement of performance in the event of a variation of share capital, change of control, special dividend, distribution or any other corporate event which may affect the current or future value of an award;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (e.g. rights issues, share buybacks, special dividends, other corporate events, etc.).

Any use of the above discretions would, where relevant, be explained in the annual report on remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

Performance measurement selection

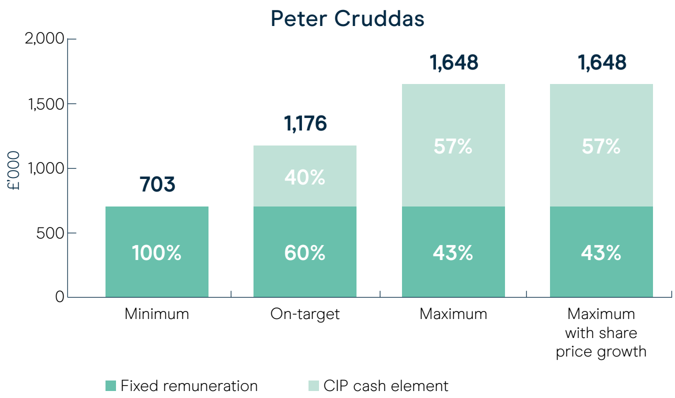
The Company's incentive plans are designed to incentivise the achievement of demanding financial and business-related objectives, using a balance of measures which could include absolute and relative performance measures, as appropriate, selected to support the Group's key strategic priorities.

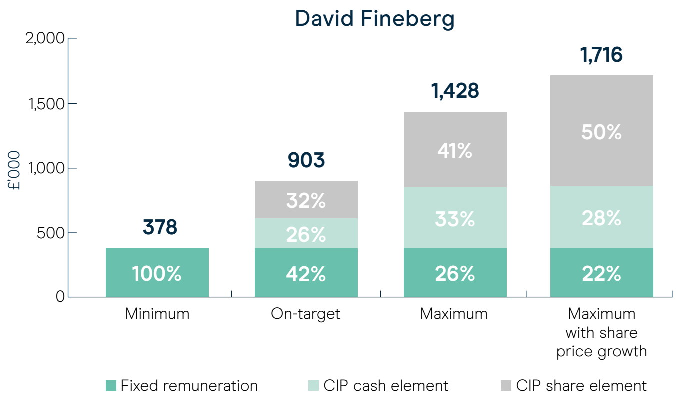
The CIP is designed to align the interests of our participants with the longer-term interests of the Company's shareholders by rewarding them for delivering sustained increases in shareholder value, within the Group's risk appetite. CIP performance measures selected reinforce the Group's strategy over the medium to long term, and provide a balance of internal and external perspectives. The Committee has selected EPS as the primary measure as this is a well-accepted measure of bottom-line financial performance and is well aligned with shareholder interests. Performance measures and targets are reviewed by the Committee ahead of each performance period to ensure they are appropriately stretching and achievable over the performance period.

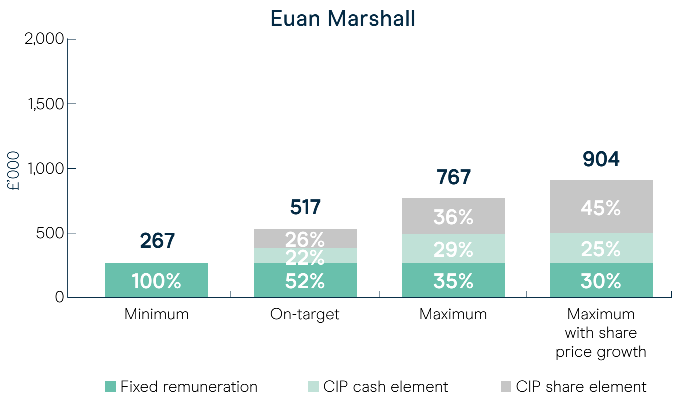
The combined plan strengthens the alignment of pay with the measures of performance that are important in creating value for shareholders and also forms a strong retention and motivation mechanism for Executives. The performance measures selected are a combination of financial performance, strategic performance and individual objectives. The achievement of these performance measures will be reviewed by the Committee ahead of any award and the vesting of share awards will be subject to the achievement of a performance underpin over the vesting period.

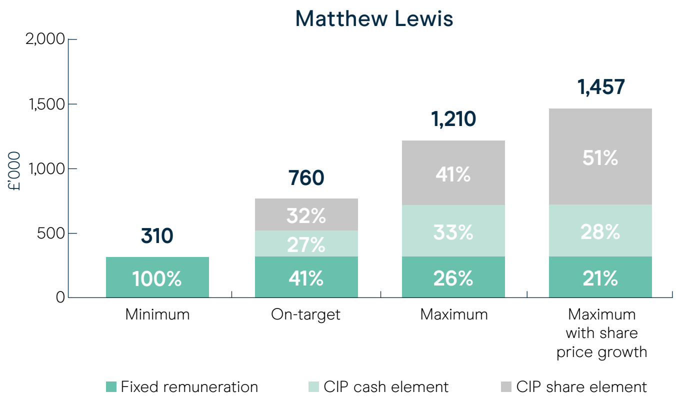
Executive Directors' remuneration scenarios

The charts below provide estimates of the potential future reward opportunity for each of the four Executive Directors, and the implied split between the different elements of remuneration under three different performance scenarios: "Minimum", "On Target" and "Maximum".









Assumptions underlying each element of remuneration are provided in the table below.

Component		Minimum	On Target	Maximum	Maximum with share price growth
Fixed	Base salary	Latest salary	n/a	n/a	n/a
	Pension	Contribution applies to latest salary	n/a	n/a	n/a
	Other benefits	As presented as a single figure on page 91	n/a	n/a	n/a
Combined incentive		No payment	50% of maximum	100% of maximum	100% of maximum with 50% growth in share price

The column headed "Maximum with share price growth" is the maximum figure but including share price growth of 50% for any part of the CIP paid in shares. Otherwise, the projected value of the deferred element of the combined incentive excludes the impact of share price growth and any potential dividend accrual. Actual remuneration delivered, however, will be influenced by these factors. Deferred awards are subject to continuing employment.

In accordance with the scheme rules, Peter Cruddas does not currently participate in the Deferred Share element of the CIP, neither does he participate in the pension arrangements. These elements are therefore not included for him in the above chart which instead only reflects the cash element of the CIP.

Directors' Remuneration Policy continued

Remuneration Policy for new hires

In the case of hiring or appointing a new Executive Director, the Committee may make use of all the existing components of remuneration.

The salaries of new appointees will be determined by reference to their role and responsibilities, experience and skills, relevant market data, internal relativities and their current salaries. New appointees will be eligible to receive a pension contribution or allowance and benefits and participate in the Company's HMRC approved all-employee Share Incentive Plan, in line with the Remuneration Policy.

New appointees will be entitled to participate in the CIP, as described in the policy table, with the relevant maximum being pro-rated to reflect the period served. The Deferred Share portion of a new appointee's combined incentive award will normally vest on the same terms as other Executive Directors, as described in the policy table. Individual objectives will be tailored to the individual's role.

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that the remuneration arrangements are appropriate and in the interests of the Company and its shareholders. The Committee may consider it appropriate to "buy out" incentive arrangements forfeited by an Executive on leaving a previous employer, and may exercise the discretion available under Listing Rule 9.4.2 if necessary. In doing so, the Committee will ensure that the value of any buyout will as closely as possible mirror the expected value of awards forgone (taking into account progress against any performance conditions attached), and take into consideration the timeframe, performance conditions attached and type of award foregone when constructing a buyout award. Buyout awards will be subject to continued employment over the performance period.

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

In the case of hiring or appointing a new Non-Executive Director, the Committee will follow the policy as set out in the table on page 88.

Service contracts

The Executive Directors are employed under contracts of employment with CMC Markets UK plc. The principal terms of the Executive Directors' service contracts are as follows:

Executive Director	Position	Effective date of contract	Notice period from Company	Notice period from Director
Peter Cruddas	Chief Executive Officer	1 February 2016	12 months	12 months
Euan Marshall	Chief Financial Officer	1 November 2019	6 months	6 months
David Fineberg	Deputy Chief Executive Officer	1 February 2016	6 months	6 months
Matthew Lewis	Head of Asia Pacific & Canada	1 November 2019	6 months	6 months

The terms shown in the table above are in line with the Company policy of operating notice periods of up to 9 months in the case of Executive Directors, except for the CEO service contract which can have a notice period of up to 12 months. All employees including Executive Directors are subject to a six-month probation period. The contracts have no fixed duration.

Executive Directors' contracts are available to view at the Company's registered office.

Letters of appointment are provided to the Chairman and Non-Executive Directors. Non-Executive Directors have letters of appointment which means that they retire at each AGM and are put up for re-election at the AGM. Non-Executive Directors' letters of appointment are available to view at the Company's registered office.

Non-Executive Directors are all on a three-month notice period, details of the effective date of Non-Executive Directors' letters of appointment are set out below:

Non-Executive Director	Date of initial letter	Date of latest letter	Date of appointment
James Richards	20 October 2014	16 February 2018	1 April 2015
Sarah Ing	7 July 2017	7 July 2017	14 September 2017
Clare Salmon	19 July 2017	19 July 2017	2 October 2017
Paul Wainscott	11 July 2017	11 July 2017	19 October 2017

Exit payment policy

The Company considers termination payments on a case-by-case basis, taking into account relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. In such an event, the remuneration commitments in respect of Executive Directors' contracts could amount to salary, benefits in kind and pension rights during the notice period, together with payment in lieu of any accrued but untaken holiday leave, if applicable.

The Committee would apply general principles of mitigation to any payment made to a departing Executive Director and would honour previous commitments as appropriate, considering each case on an individual basis.

The table below summarises how the awards under the Combined Incentive Plan, annual incentive and LTIP are typically treated in different leaver scenarios and on a change of control. The Committee retains discretion on determining "good leaver" status, but it typically defines a "good leaver" in circumstances such as retirement with agreement of the Board, ill health, injury or disability, death, statutory redundancy, or part of the business in which the individual is employed or engaged ceases to be a member of the Group. Final treatment is subject to the Committee's discretion.

Event		Timing of vesting/award	Calculation of vesting/payment
Combined incentive	"Good leaver"	On normal vesting date (or earlier at the Committee's discretion).	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served.
	"Bad leaver"	Unvested awards lapse.	Unvested awards lapse on cessation of employment.
	Change of control[1]	On the date of the event.	The Committee will determine the level of vesting taking account of the extent to which performance conditions have been or are likely to be satisfied and, unless the Committee decides otherwise, the proportion of the vesting period served.
LTIP	"Good leaver"	On normal vesting date (or earlier at the Committee's discretion).	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served.
	"Bad leaver"	Unvested awards lapse.	Unvested awards lapse on cessation of employment.
	Change of control[1]	On the date of the event.	The Committee will determine the level of vesting taking account of the extent to which performance conditions have been or are likely to be satisfied and, unless the Committee decides otherwise, the proportion of the vesting period served.

1 In certain circumstances, the Committee may determine that any Deferred Share awards under the annual incentive and both unvested and any deferred awards under the LTIP and CIP will not vest on a change of control and instead be replaced by an equivalent grant of a new award, as determined by the Committee, in the new company.

Upon exit or change of control, SIP awards will be treated in line with the approved plan rules.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional amounts, which would need to be met. In addition, the Committee retains discretion to settle other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and, in which case, the individual is required to seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

Consideration of conditions elsewhere in the Group

In making remuneration decisions, the Committee takes into account the pay and employment conditions of employees across the Group. In particular, the Committee considers the range of base pay increases across the Company as a factor in determining the base salary increases for Executive Directors. The Committee does not consult with employees on the Executive Directors' Remuneration Policy nor does it use any remuneration comparison measurements.

Remuneration Policy for other employees

CMC Markets' approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in the annual incentive award scheme or an equivalent scheme, with targets appropriate to their organisational level and business area. Key senior managers are also eligible for LTIP awards to further support long-term alignment with shareholder interests.

Directors' Remuneration Policy continued

Consideration of shareholder views

The Committee is committed to an ongoing dialogue on Directors' remuneration. It is the Remuneration Committee's intention to consult with major shareholders prior to any major changes to its Remuneration Policy.

Group's Remuneration Policy for Chairman and Non-Executive Directors

The Board determines the Remuneration Policy and level of fees for the Non-Executive Directors, within the limits set out in the Articles of Association. The Remuneration Committee recommends the Remuneration Policy and level of fees for the Chairman of the Board. The Group's policy is:

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Fees To attract suitable individuals with a broad range of experience and skills to oversee shareholders' interests and Company strategy. Fees are set to reflect market value of the role and the individual's time commitment, responsibility, performance and contribution.	**Annual fee for the Chairman** Annual base fee for the Non-Executive Directors. Additional fees are paid to Non-Executive Directors for additional services such as chairing a Board Committee, performing the role of Senior Independent Director, etc. Fees are reviewed from time to time taking into account time commitment, responsibilities, and fees paid by companies of a similar size and complexity. Fee increases are applied in line with the outcome of the review. **Expenses** The Company may reimburse NEDs in cash for reasonable expenses (including any tax due thereon) incurred in carrying out their role.	Fee increases are applied in line with the outcome of the review. Aggregate fees will not exceed the limit approved by shareholders in the Articles of Association which is currently £750,000.	Not applicable.

Minor changes

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

Annual report on remuneration

Principal responsibilities of the Remuneration Committee

The Committee is responsible for determining the Remuneration Policy for the Executive Directors and ensuring that incentive payments are aligned to the Company's purpose, values and strategy in order to promote long-term sustainable success. The Committee is also responsible for setting the remuneration of the Chairman of the Board, members of the Senior Leadership Team, including the General Counsel & Company Secretary, and overseeing the remuneration framework and practices for the wider workforce.

The main role and responsibilities of the Remuneration Committee are:

- to review and agree appropriate Remuneration Policies which comply with all relevant regulations;
- to review and determine the remuneration of the Executive Directors and the senior management team having regard to remuneration of the wider CMC workforce;
- to review and ensure that incentive payments to Executive Directors are linked to the achievement of stretching financial performance and both strategic and individual agreed objectives;
- to ensure that remuneration incentivises and retains key employees including the Executive Directors and senior management;
- to ensure that Executive remuneration is linked to the delivery of the long-term success of the Company;
- have oversight of the operation of remuneration arrangements across the CMC Group through regular review of "management" information including gender related;
- to review any major changes to employee benefit structures, including new share schemes, and ensure that shareholders are consulted, and the required approval processes followed;
- to review the appropriateness of remuneration against the risk management strategy following advice from the Group Risk Committee; and
- to ensure all relevant regulations relating to Executive Director remuneration are adhered to.

Committee composition, attendance and advisers

During the year, the Committee comprised of three independent Non-Executive Directors, namely Sarah Ing as Chairman, Clare Salmon and Paul Wainscott and the Chairman of the Board, James Richards who was considered independent on appointment. From 1 June 2022, Susanne Chishti, independent Non-Executive Director, was appointed as a member of the Committee.

The Committee held six scheduled meetings in the financial year. In addition, the Committee held two unscheduled meetings during the year in order to discharge its duties.

During the year, the Committee was advised by independent remuneration consultants Willis Towers Watson ("WTW") on various remuneration matters including providing advice on all elements of remuneration for the Executive Directors, the Remuneration Policy and best-practice and market updates. WTW is a member of the Remuneration Consultants Group ("RCG") and is a signatory to the RCG's Code of Conduct. It was confirmed that none of the Committee members had any connection or conflicts of interest in regard to this appointment. Additional legal advice was sought from Tapestry Compliance Limited in respect of the Group's share-based plans.

The Chief Executive Officer, Deputy CEO, Chief Financial Officer and Head of Asia Pacific & Canada attend Committee meetings by invitation but do not attend to take part in any discussions relating to their own remuneration. The Head of HR attends Committee meetings where appropriate to the matters being considered including both Executive and wider workforce remuneration. No Director or employee is involved in discussions regarding their own pay.

Main activities during the financial year

April 2021
- Overview of corporate salary review and bonus allocation for 2021
- Consideration of CIP and MEP performance conditions
- Senior management performance and consideration of LTIP awards
- Discussion on Executive Director performance

May 2021
- Draft Directors' remuneration report
- Update on senior management performance review
- Consideration of Executive Director performance and CIP awards
- Indicative vesting of 2018 MEP awards and 2019 retention awards

July 2021
- Executive Director performance objectives 2022
- Senior management performance objectives 2022
- Incentive schemes

October 2021
- Global gender pay update
- Update on market and governance developments
- H1 2022 Performance management update
- Reappointment of remuneration consultants

January 2022
- Implementation of IFPR and impact on Group remuneration framework and policies
- Consideration of General Counsel & Company Secretary remuneration

March 2022
- Update on performance review process and discussion of key senior manager ratings
- Proposed bonus pool for 2022 and corporate salary review
- Discussion on Executive Director performance
- Update on implementation of IFPR
- Considered approach to CEO pay ratio
- Gender pay report 2021/22

Annual report on remuneration continued

Compliance with the 2018 UK Corporate Governance Code

The Committee considers the proposed Remuneration Policy and current practices addresses the provisions contained within paragraph 40 of the Code. As noted in the Chairman's statement, Clare Salmon is the designated Non-Executive Director for engaging with the workforce on a variety of topics including remuneration.

Provision	How addressed
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The proposed Remuneration Policy is clearly disclosed in this report and the Committee has proactively engaged with key institutional shareholders as part of the renewal process. The Committee receives regular updates on market practice and has received updates on pay within the wider workforce.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Committee aims for our arrangements to be as simple as possible by, for example, operating a single combined incentive arrangement. Our aim is for disclosure in this report to be easy to understand for our stakeholders.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Company's discretionary incentive plans ensure the Committee has discretion to reduce the size of awards and awards are subject to malus and clawback provisions. The Committee has discretion to adjust formulaic outcomes if it does not consider them appropriate (see policy pages 81 to 88).
Predictability – the range of possible reward values to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Scenario charts for all Executive Directors are included in the Remuneration Policy and show estimates of potential future reward opportunity and the implied split between the different elements of remuneration under three different performance scenarios. The policy includes an explanation of the discretions that can be exercised by the Committee.
Proportionality – the range of possible reward outcomes, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	A significant part of an Executive's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value.
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's strategy. Please see pages 20 to 24 of this report for more information on the Company's strategy and key performance indicators.

The Remuneration Policy operated as intended in the year ending 31 March 2022 and the following section sets out the remuneration arrangements and outcomes for the year ended 31 March 2023, and how the Committee intends the Remuneration Policy to apply during the year ending 31 March 2023.

The following pages have been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and Rules 9.8.6 and 9.8.8 of the Listing Rules. The Directors' remuneration report, excluding the Remuneration Policy will be put to an advisory shareholder vote at the Annual General Meeting on 28 July 2022.

Single total figure of Executive Director remuneration (audited)

The table below sets out the single total figure of the remuneration received by each Executive Director who served during the year ended 31 March 2022 and 31 March 2021.

Name	Year ended 31 March	Salary £'000	Benefits[1] £'000	Pension[4] £'000	Other[5] £'000	Total fixed remuneration £'000	Annual Incentives[2] £'000	Long-term incentives[3] £'000	Total variable remuneration	Total £'000
Peter Cruddas[1]	**2022**	**700.0**	**3.0**	**—**	**—**	**703.0**	**155.2**	**—**	**155.2**	**858.2**
	2021	594.1	3.0	—	—	597.1	862.3	—	862.3	1,459.4
David Fineberg[1]	**2022**	**350.0**	**1.7**	**24.5**	**1.8**	**378.0**	**165.4**	**926.5**	**1,091.9**	**1,469.9**
	2021	350.0	1.7	30.7	1.8	384.2	423.5	1,542.4	1,965.9	2,350.2
Euan Marshall[1]	**2022**	**250.0**	**1.7**	**13.2**	**1.8**	**266.7**	**69.2**	**—**	**69.2**	**335.9**
	2021	250.0	1.7	15.2	1.8	268.7	192.2	—	192.2	460.9
Matthew Lewis	**2022**	**297.0**	**0.5**	**12.7**	**—**	**310.2**	**146.8**	**332.5**	**479.3**	**789.5**
	2021	276.6	—	13.7	—	290.3	371.7	424.3	796.0	1,086.3

1 Benefits: taxable value of benefits received in the year by Executive Directors comprises private health insurance and club membership for Peter Cruddas.

2 The total cash element of the CIP award earned in respect of performance during the relevant financial year.

3 The long-term incentive payment in 2021 to David Fineberg and Matthew Lewis relates to the vesting of the November 2017 LTIP Performance Award. The majority of the performance targets were yielding a total vesting of 99% of the granted shares. Dividend equivalents are included in the figures. The value attributable to share price growth is £853,967 and £229,030 for David Fineberg and Matthew Lewis respectively. This has been calculated using the grant price of £1.47 and the vesting price of £3.42. The long-term incentive payment in 2022 to David Fineberg and Matthew Lewis relates to the vesting of the November 2018 LTIP Performance Award. The majority of the performance targets were yielding a total vesting of 97.3% of the granted shares. Dividend equivalents are included in the figures. The value attributable to share price growth is £458,093 and £175,456 for David Fineberg and Matthew Lewis respectively. This has been calculated using the grant price of £2.05 and the vesting price of £4.66.

4 Pension: during the year ended 31 March 2021, David Fineberg and Euan Marshall were eligible to receive a Company pension contribution of up to 7% of salary in line with the maximum contribution received by employees across the Group. Matthew Lewis received contributions to the Superannuation plan in Australia. Peter Cruddas opted out of the plan and no compensation was provided. None of the Executive Directors have a prospective right to a final salary pension by reference to years of qualifying service. In line with the revised Remuneration Policy the pension contribution for David Fineberg and Euan Marshall have been reduced in line with that received by employees across the Group.

5 Share Incentive Plan: employees, including the Executive Directors, are entitled to participate in the SIP throughout the year; it allows employees and Directors to receive one matching share for every partnership share purchased under the SIP up to the limits defined by HMRC. In 2022, 568 matching shares were allocated to David Fineberg, and 568 matching shares were allocated to Euan Marshall, calculated based on the dates of purchase. In 2021, 600 matching shares to David Fineberg, and 600 matching shares were allocated to Euan Marshall, calculated based on the dates of purchase. The free and matching shares will be forfeited if, within three years from the date of grant, the individual leaves employment in certain circumstances. Peter Cruddas does not participate in the plan.

CIP for the year ended 31 March 2022 (audited)

During the year ended 31 March 2022 the Executive Directors participated in the Combined Incentive Plan with a maximum opportunity of up to 135% of salary for Peter Cruddas, CEO, up to 300% of salary for David Fineberg, Deputy Chief Executive Officer and Matthew Lewis, the Head of Asia Pacific & Canada, and up to 200% of salary for Euan Marshall, the Chief Financial Officer.

In considering the combined incentive Cash Award and Share Award, together comprising the Award, due to the Executive Directors for the year ended 31 March 2022, the Committee reviewed Group earnings per share ("EPS") against targets over the period.

Group financial performance measure

Financial performance measures account for 60% of the total award.

Measure	Threshold	Target	Maximum	Actual
Group earnings per share ("EPS")	37.6 pence	42.9 pence	48.3 pence	24.7 pence

Whilst Group has had another strong year diluted EPS was 24.7 pence against a maximum target of 42.9 pence, resulting in a 0% award from this element of the Plan.

Annual report on remuneration continued

CIP for the year ended 31 March 2022 (audited) continued

Group strategic and personal performance measures

Strategic performance measures account for 30% of the total award and personal measures account for 10% of the total award.

Chief Executive Officer strategic objectives (30%)	Score	Assessment
In line with the programme approved by the Board drive the delivery of the project to diversity the business into non leveraged Investment products meeting all relevant KPI's and financial metrics.	100%	The launch of the Invest product to time and within budget is a significant milestone for CMC. The development of the Premium proposition is also on target for full development in 2023.
Provide strategic leadership for the key project initiatives delivering significant improvements in the quality of CMC's client offering and the agility of the technology platform, delivering the contemplated financial outcomes from these. These include but are not limited to the ANZ expansion programme, and Projects Grasshopper and Fertilizer.	90%	Strong progress has been on the majority of the initiatives many of which are now generating enhanced revenues.
Drive CMC's leveraged business to ensure levels of client retention and overall satisfaction are improved and not impacted by the diversification of the business.	100%	The Remuneration Committee has considered a number of measures including client retention, Net Promoter, CSAT and Trust pilot scores which confirm this objective has been met.
Continue to evolve and develop the senior leadership team to reflect the increasing complexity and strategic ambition of CMC.	100%	Experienced hires have been made to support the delivery of the UK Invest and Premium products, deliver ERG strategy and lead our Investor Relations function.
In conjunction with the Board and Investor Relations continue to drive the strategic development of CMC and improve the understanding of that strategy among the investor community.	90%	Significant improvements have been made and with the launch of the Invest product and developments in Premium further progress will be made in 2023.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	50%	Good progress has been made in the development of the strategies but further work is now needed to ensure delivery
Award for strategic objectives	**27%**	
Personal & Mandatory Risk Objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	100%	Peter led by example to deliver to the Company's values and ways of working.
Award for Personal objective	**10%**	
Total for strategic and personal objectives (40%)	**37%**	

Deputy CEO strategic objectives (30%)	Score	Assessment
Lead the delivery of significant improvements in the quality of the client offering the leveraged, non-leveraged and the premium proposition.	75%	Strong progress has been made on the majority of the initiatives many of which are now generating enhanced revenues. A structured development programme is now in place and resources are being aligned through a squad to ensure continuous improvement and better accountability for delivery.
Lead those aspects of Project Sinatra relevant to the Trading, Risk and PCM functions ensuring synergies are fully realised and existing capabilities are leveraged.	100%	David has played a key role in driving key components of the Invest product and supporting its wider delivery across the functional areas of CMC. He has actively sought to leverage the existing capabilities within CMC and to ensure the benefits of this investment are utilised in other product areas where relevant.
Establish a programme of continuous improvement for the Institutional product offering.	100%	David has led a process to establish a comprehensive strategy to significantly expand our Institutional offering and the team has delivered record results in this financial year. Dedicated resources are now being aligned to ensure on-going timely delivery of that strategy.
Jointly lead the Transformation programme globally.	75%	Good progress has been made in establishing and prioritising the relevant initiatives for CMC. The resourcing of squads is progressing well along with the aligning processes to a digital approach.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	50%	Good progress has been made in the development of the strategies but further work is now needed to set tangible targets and a programme of initiatives to meet those targets.
Ensure CMC's Net Promoter and Client Satisfaction scores are sustained to the following levels: Threshold – maintain current position during 2022; On target – improve current position during 2022.	100%	The Remuneration Committee has considered a number of measures including client retention, Net Promoter, CSAT and Trust pilot scores which confirm this objective has been met.
Award for strategic objectives	**25%**	
Personal & Mandatory Risk Objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	100%	David led by example to deliver to the Company's values and ways of working.
Award for Personal objective	**10%**	
Total for strategic and personal objectives (40%)	**35%**	

Chief Financial Officer strategic objectives (30%)	Score	Assessment
Lead a strategic review of the current geographic footprint of CMC with specific focus on Europe and Middle East.	100%	A comprehensive European review was delivered in September 2021. The 2023 budgeting process has been enhanced to clearly demonstrate key success measures for strategic projects and a process of regular reviews established.
Lead those aspects of Project Sinatra relevant to the Finance, Legal and Compliance functions ensuring synergies are fully realised and existing capabilities are leveraged.	100%	Euan has played a key role is driving key components of the Invest product and supporting its wider delivery across the functional areas of CMC. He has actively sought to leverage the existing capabilities within CMC and to ensure the benefits of this investment are utilised in other product areas where relevant.
Lead the process to embed the restructure of the Compliance function ensuring the synergies with related functions are realised. Significantly improve the bench strength of the tax team.	90%	Strong progress has been made in delivering this objective particularly with regard to improving the capability and leadership of the tax function.
Drive a process to improve CMC's ESG credentials, including consideration of stakeholders in Board decision making.	100%	Euan has been instrumental in taking ESG forward within CMC including driving the development of an ESG strategy and hiring a senior SME to deliver the associated initiatives.
Jointly lead the Transformation programme globally.	75%	Good progress has been made in establishing and prioritising the relevant initiatives for CMC. The resourcing of squads is progressing well along with the aligning processes to a digital approach.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	50%	Good progress has been made in the development of the strategies but further work is now needed set tangible targets and a programme of initiatives to meet those targets.
Award for strategic objectives	**26%**	
Personal & Mandatory Risk Objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	50%	Euan has continued to lead by example to deliver to the Company's values, ways of working and code of conduct. Further work is in progress in relation to the issues raised regarding the FRC concerns referred to on page 101.
Award for Personal objective	**5%**	
Total for strategic and personal objectives (40%)	**31%**	

Head of Asia Pacific & Canada strategic objectives (30%)	Score	Assessment
Lead the successful implementation of Project Warren.	100%	Excellent progress has been made with this key transaction for CMC with Matthew successfully leading the commercial process and the development of a robust programme to complete the transition. The programme is being delivered to time and budget, and meeting all the relevant commercial performance measures.
Lead those aspects of Project Sinatra relevant to the APAC regions ensuring synergies are fully realised and existing capabilities are leveraged.	100%	Matthew has taken a lead role in supporting the development of the Invest product leveraging APAC's previous experience in stockbroking. He has also been instrumental in leveraging the investment to improve the APAC product and seek relevant synergies across both the UK and Australia.
Deliver significant improvements in the quality of the client offering in the APAC region.	100%	Strong progress has been on the majority of the initiatives many of which are now generating enhanced revenues. A structured development programme is now in place and with an aligned squad model to improve the pace and accountability for delivery.
Jointly lead the Transformation programme globally.	75%	Good progress has been made in establishing and prioritising the relevant initiatives for CMC. The resourcing of squads is progressing well along with the aligning processes to a digital approach.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	50%	Good progress has been made in the development of the strategies but further work is now needed set tangible targets and a programme of initiatives to meet those targets.
Ensure CMC's Net Promoter Scores sustained to the following levels: Threshold – maintain current position during 2022; On target – improve current position during 2022.	100%	The Remuneration Committee has considered a number of measures including client retention, Net Promoter, CSAT and Trust pilot scores which confirm this objective has been met.
Award for strategic objectives	**26%**	
Personal & Mandatory Risk Objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	100%	Matthew has led by example to deliver the to the Company's values and ways of working.
Award for Personal objective	**10%**	
Total for strategic and personal objectives (40%)	**36%**	

Annual report on remuneration continued

Based on the outcomes against the performance targets the Committee recommended the following awards under the Combined Incentive Plan.

Executive Directors Combined Incentive Outcomes

						Cash award		Share award	
	Role	Max Award % salary	Overall outcome (% of max opportunity)	Award (as % salary)	Total award (£’000)	(£’000)	% salary	(£’000)	% salary
Peter Cruddas	Chief Executive Officer	135%	36.5%	49%	344.9	155.2	22%	189.7	27%
David Fineberg	Deputy Chief Executive Officer	300%	35.0%	105%	367.5	165.4	47%	202.1	58%
Euan Marshall	Chief Financial Officer	200%	30.8%	62%	153.8	69.2	28%	84.6	34%
Matthew Lewis	Head of Asia Pacific & Canada	300%	36.3%	109%	326.3	146.8	49%	179.4	60%

Vesting of awards under the LTIP in the financial year ended 31 March 2022 (audited)

The below table details the performance conditions and targets applicable to awards made to Deputy Chief Executive and Head of Asia Pacific & Canada in 2018 under the LTIP which vested in the year. The value attributable to share price growth is £458,093 and £175,456 for David Fineberg and Matthew Lewis respectively. The vesting included 23,513 dividend equivalent shares for David Fineberg and 4,502 shares, paid in cash, for Matthew Lewis. This has been calculated using the grant price of £2.05 and the vesting price of £4.66.

Measure	Weight as a % of max.	Threshold	Maximum	Actual	Actual MEP payable as a % of max
Earnings Per Share (“EPS”)	60%	26.91p	44.86	93.6	100%
Relative TSR FTSE FTSE250 ex. investment trusts	30%	Median	Upper quartile	Upper quartile+	100%
Net Promoter Score (“NPS”) – blend of UK, Germany and Australia metrics	10%	Average	Upper quartile	Between average and upper quartile	73%
				Total	97.3%

The Committee reviewed the formulaic results arising and concluded that they were in line with the shareholder experience over the period and consequently agreed that 97.3% of the maximum awards should vest. The actual amounts are detailed in the single figure table for the Executive Directors.

Share Awards granted in year (audited)

The table below provides details of the deferred element of the 2021 CIP.

Director	Face value of award (£’000)	No. of shares awarded
David Fineberg	517.7	116,131
Euan Marshall	234.7	52,655
Matthew Lewis	454.3	101,919

Notes:

The awards were granted as conditional shares. The award share price was £4.46, calculated using the three-day average share price prior to the date of grant of the award.

Awards vest at 40%, 30% and 30% after three, four and five years respectively and are subject to a performance underpin assessed at the end of three years financial years following the one-year performance period. The performance underpin will consist of a broad review of the performance of the business and will take into account the Company’s three-year TSR performance, three-year aggregate profit levels and any regulatory breaches during the period. The Committee has discretion to apply other factors.

Implementation in 2022/23

Salary

The Executive Directors will not receive a pay rise with effect from 1 June 2022. The table below reflects the current salaries for all Executive Directors.

Name	Role	Previous salary	Adjusted salary	Percentage change
Peter Cruddas	Chief Executive Officer	£700,000	£700,000	—
David Fineberg	Deputy Chief Executive Officer	£350,000	£350,000	—
Euan Marshall	Chief Financial Officer	£250,000	£250,000	—
Matthew Lewis	Head of Asia Pacific & Canada	£300,000	£300,000	—

Combined Incentive Plan

The Committee also proposes to continue to use Group financial, strategic and individual performance against targets for the 2022/23 financial year as the basis on which the combined incentive will be awarded. The performance measures applied to the combined incentive will be:

- 60% earnings per share;
- 30% strategic performance; and
- 10% personal objectives.

In relation to the EPS target, the Committee has ensured that a sufficiently stretching range has been set by taking account of a number of internal and external reference points and the impact of regulatory change. The target range will be disclosed in next year's Annual Report. With regard to the strategic and personal objectives, these will be evaluated based on quantitative measurable objectives in the significant majority of cases. The Directors believe that these performance measures are commercially sensitive therefore detailed disclosure of these quantitative performance measures and associated outcomes will be included in the 2023 Annual Report and Financial Statements.

Pension

The pension contributions for the Executive Directors have been aligned to the all employee maximum contribution level with effect from 1 April 2021. With the exception of the CEO who does not currently participate in the scheme, the Executive Directors based in the UK can receive a pension contribution of 7% of salary, or cash in lieu of pension (net employer costs). The Head of Asia Pacific & Canada receives Super Annuation in Australia.

Share ownership and share interests (audited)

The Committee has adopted guidelines for Executive Directors and other senior Executives to encourage substantial long-term share ownership. Executive Directors are expected to build and hold shares of at least 200% of salary and to retain at least 50% of shares vesting (net of tax) until the guideline is achieved.

The table below shows the interests of the Directors and connected persons in shares and the extent to which CMC Markets' shareholding guidelines are achieved.

	Total share interests at 31 March 2022 Number	Total share interests 31 March 2022 as a % salary	Requirement met	Unvested awards not subject to performance conditions[1]	Unvested awards subject to performance conditions[2]
Executive Directors					
Peter Cruddas (including shares held by spouse)	174,149,738	63,316%	Yes	—	—
David Fineberg[1] (including shares held by spouse)	458,044	333%	Yes	2,798	264,985
Euan Marshall[1] (including shares held by spouse)	32,309	33%	No	1,668	82,190
Matthew Lewis (including shares held by spouse)	268,060	227%	Yes	—	157,208

1 David Fineberg and Euan Marshall have interests under the Share Incentive Plan subject to forfeiture for three years.

2 Unvested Deferred Share awards under made the CIP are included as unvested awards subject to performance conditions and do not count towards the Total share interests.

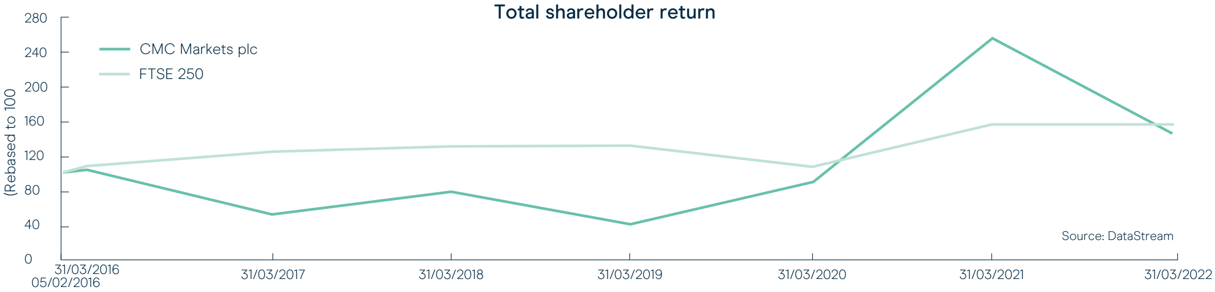
David Fineberg and Euan Marshall have continued to participate in the Share Incentive Plan, each acquiring 112 matching shares and 106 partnership shares during April and May.

There are no other changes to shareholding between 31 March 2022 and 30 May 2022.

Annual report on remuneration continued

Total shareholder return ("TSR") performance and CEO single figure

The below chart compares the total shareholder return ("TSR") of the Company against the FTSE 250 Index based on £100 invested at listing (5 February 2016). The FTSE 250 is used as the benchmark as CMC Markets is a member of this index.



CEO pay history

Name	Year ended 31 March 2016[1]	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2021	**Year ended 31 March 2022**
CEO single figure of remuneration (£'000)	739.9	412.8	845.8	434.4	1,048.5	1,459.4	**858.2**
Annual incentive payout (as % of maximum)	100%	0%	83%	0%	100%	91%	**37%**
Long-term incentives (as % of maximum)	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**

1 CMC Markets listed on the London Stock Exchange on 5 February 2016; however the full-year single figure has been included here for the year ended 31 March 2016.

Percentage change in remuneration

The table below shows the annual percentage change in salary, taxable benefits and annual incentive for each Director with colleagues employed by the Group who are also not Directors of the Group:

	2021			**2022**		
% Change in ED & NED remuneration	Salary/fees	Taxable benefits	Annual incentive	**Salary/fees**	**Taxable benefits**	**Annual incentive**
Executive Directors						
Peter Cruddas	34%	0%	43%	**18%**	**0%**	**-60%**
David Fineberg	3%	7%	0%	**0%**	**0%**	**-61%**
Euan Marshall	0%	0%	14%	**0%**	**0%**	**-64%**
Matthew Lewis[3]	24%	0%	18%	**7%**	**0%**	**-60%**
Non-Executive Directors						
James Richards	18%	n/a	n/a	**11%**	**4,692%**	**n/a**
Paul Wainscott	8%	0%	n/a	**5%**	**513%**	**n/a**
Clare Salmon[1]	8%	n/a	n/a	**10%**	**n/a**	**n/a**
Sarah Ing	8%	n/a	n/a	**5%**	**n/a**	**n/a**
All employees[2]	5%	0%	15%	**8%**	**0%**	**-5%**

1 Clare Salmon received an increase in fees of £7,500 to reflect additional responsibilities as Engagement Non-Executive Director.

2 The employee figure relates to those "same store" employees i.e. those employed on 1 April 2021 and compares their salary then to 31 March 2022. Annual incentive figure is based on the corporate bonus awards and does not reflect stock awarded to employees.

3 The salary increase for Matthew Lewis is as a result of exchange rate movements.

Pay ratio reporting

The Company is required to publish information on the pay ratio of the Group Chief Executive to UK employees. The table below sets out the ratio of the pay and benefits of the median UK employee (P50) and those at the 25th (P25) and 75th (P75) percentile to the remuneration received by the Group Chief Executive Officer. We have used "method A" as we believe it provides the most consistent and comparable outcomes. The ratios reflect all remuneration received by an individual in respect of the relevant years, and includes salary, benefits, pension, and value received from incentive plans. Employee pay and benefits were determined on 31 March 2022 using the same approach as used for the Single Total Figure.

		Total remuneration		
Financial year	Methodology	P25 (lower quartile) pay ratio	P50 (median) pay ratio	P75 (upper quartile) pay ratio
2022	A	18:1	11:1	8:1
2021	A	33:1	21:1	15:1
2020	A	26:1	17:1	12:1

Comparative employee reward elements are detailed below:

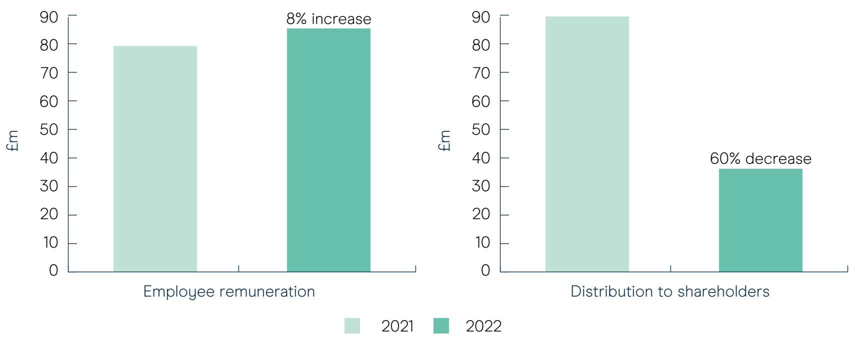
	CEO £'000	P25 (lower quartile) £'000	P50 (median) £'000	P75 (upper quartile) £'000
Total salary	700.0	44.1	68.7	89.7
Total remuneration	858.2	48.4	79.2	105.5

Our principles for pay setting and progression in our wider workforce are the same as for our Executives, with total reward being sufficiently competitive to attract and retain high calibre individuals without over-paying and providing the opportunity for individual development and career progression. The pay ratios reflect how remuneration arrangements differ as accountability increases for more senior roles within the organisation, and in particular the ratios reflect the weighting towards long-term value creation and alignment with shareholder interests for the CEO.

We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees. The median reference employee has the opportunity for annual pay increases, annual performance payments and career progression.

Relative importance of spend on pay

The chart below illustrates the Group's actual expenditure on shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2021 and 31 March 2022.



Dilution

The Company's share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes, compared to the relevant dilution limits set by the Investment Association in respect of all share plans (10% in any rolling ten-year period) and Executive share plans (5% in any rolling ten-year period).

Annual report on remuneration continued

Payments to past Directors and for loss of office (audited)

There were no payments to past Directors and for loss of office during the year.

Non-Executive Director remuneration

The table below sets out the remuneration for the Non-Executive Directors for the year ending 31 March 2022. The fees for the Chairman and the Non-Executives have not changed this year except an additional fee was paid to reflect the additional NED time commitment in fulfilling the role of Stakeholder Engagement Director.

Role	£'000
Chairman fee	210.0
Non-Executive Director fee	70.0
Committee Chairman additional fee	10.0
Stakeholder Engagement Director fee	7.5
Senior Independent Director additional fee	5.0

External appointments

It is the Board's policy to allow Executive Directors to take up external Non-Executive positions, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. Peter Cruddas was a Director of The Peter Cruddas Foundation, Finada Limited and Crudd Investments Limited during the year ended 31 March 2022 and received no fees in relation to these appointments. No other Executive Director held any outside appointments.

Single total figure of Non-Executive Director remuneration (audited)

The table below sets out the single total figure of the remuneration received by each Non-Executive Director who served during the year ended 31 March 2022 and 31 March 2021. The fees set out in the table below reflect the actual amounts paid during the year. The Non-Executive Directors do not receive any variable remuneration.

Remuneration comprises an annual fee for acting as a Chairman or Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of service as Chairman of the Audit, Risk or Remuneration Committees and Senior Independent Director.

Name	Year ended 31 March	Base fee £'000	Committee fee £'000	SID fee £'000	Benefits[1] £'000	Total[2] £'000
James Richards	**2022**	**210.0**	**—**	**—**	**12.0**	**222.0**
	2021	189.1	—	—	0.3	189.4
Paul Wainscott	**2022**	**70.0**	**10.0**	**5.0**	**1.5**	**86.5**
	2021	65.8	10.0	5.0	0.3	81.1
Clare Salmon	**2022**	**73.7**	**10.0**	**—**	**—**	**83.7**
	2021	65.8	10.0	—	—	76.1
Sarah Ing	**2022**	**70.0**	**10.0**	**—**	**—**	**80.0**
	2021	65.8	10.0	—	—	76.1

1 Non-Executive Directors are not entitled to benefits. Benefits for 2022 (and any tax due thereon) relates to reimbursed travel expenses. Benefits for 2021 (and any tax due thereon) referred to in the above table were an allowance made for home working expenses provided to all employees and NEDs.

2 Non-Executive Directors are not entitled to receive share-based payments and no award of shares was granted to any NEDs during the period.

Non-Executive Director share ownership and share interests (audited)

The table below shows the interests of the Non-Executive Directors and connected persons in shares.

Name	Ordinary Shares held at 31 March 2021	**Ordinary Shares held at 31 March 2022**
James Richards	—	**—**
Paul Wainscott	—	**—**
Clare Salmon	824	**824**
Sarah Ing	—	**—**

There are no other changes to shareholding between 31 March 2022 and 30 May 2022.

The Remuneration Committee

During the year, the Committee sought internal support from the Executive Directors, who attended Committee meetings by invitation from the Chairman. Advice was sought on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. No Director was present for any discussions that related directly to their own remuneration. The Company Secretary, Patrick Davis, or his deputy attends each meeting as Secretary to the Committee.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. Willis Towers Watson ("WTW") have continued to act as advisers to the Committee throughout the year. WTW were appointed in 2017 by the Committee following a review of advisers. WTW are voluntary signatories to the Code of Conduct for Remuneration Consultants, which assures clients of independence and objectivity. Details of the Code can be found at www.remunerationconsultantsgroup.com. During the year, WTW provided independent advice on a range of remuneration matters including current market practice, benchmarking of Executive pay and incentive design. The fees paid to WTW in respect of work carried out, on a time and expenses basis, for the Committee for the year under review totalled £69,500. The Committee is comfortable that the advice it has received has been objective and independent.

Statement of voting at the AGM

The Company AGM was held on 29 July 2021, where a revised Directors' Remuneration Policy and Directors' remuneration report were tabled. Further details regarding how the Committee has consulted with shareholders with regards to remuneration are included in the Chair's statement.

The result of the vote on these resolutions is set out below:

	Remuneration Policy (at 2021 AGM when the current policy was approved)		**Remuneration report**	
	% of votes (excluding withheld)	Number of votes	**% of votes (excluding withheld)**	**Number of votes**
For	99.65	261,580,649	**90.17**	**236,688,883**
Against	0.35	913,806	**9.83**	**25,803,786**
Total votes cast		262,494,455		**262,492,669**
Withheld[1]		55,779		**57,565**

1 A vote withheld is not a vote in law and so is not counted for the purposes of the calculation of the proportion of votes "for" and "against" a resolution.

This report will be submitted to shareholders for approval at the AGM to be held on 28 July 2022.

Approved by the Board on 8 June 2022 and signed on its behalf by:

Sarah Ing
Chair of the Group Remuneration Committee
8 June 2022

Directors' report

The Directors present their report, together with the consolidated Financial Statements for the year ended 31 March 2022. For the purpose of the FRC's Disclosure Guidance and Transparency Rule ("DTR") 4.1.8R, the Directors' report is also the Management report for the year ended 31 March 2022.

The Corporate governance report can be found on pages 58 to 104 and, together with this report of which it forms part, fulfils the requirements of the Corporate governance statement for the purpose of the DTRs.

Going concern

Having given due consideration to the nature of the Group's business, and risks emerging or becoming more prominent, the Directors consider that the Company and the Group are going concerns and the Financial Statements are prepared on that basis. This treatment reflects the reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future and the consideration of the various risks set out on pages 51 to 56 and financial risks described in note 30 to the Financial Statements.

Viability statement

The Directors of the Company have considered the Group's current financial position and future prospects and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

In reaching this conclusion, both the prospects and viability considerations have been assessed:

Long-term prospects

- The Group's current financial position is outlined in the Strategic report (pages 2 to 56).
- The Group's business model: during the year the Group's risk management has continued to be optimised and strategic initiatives have continued to progress well, with the non-leveraged UK Invest platform launched in April 2022. This diversification into new geographies and products, combined with ongoing geopolitical events and recent interest rate rises by central banks providing additional opportunities for clients to trade. On this basis, the Group maintains its belief that it will continue to demonstrate delivery of sufficient cash generation to support operations.
- Assessment of prospects and assumptions: conservative expectations of future business prospects through delivery of the Group strategy (see pages 20 and 21) as presented to the Board through the budget process. The annual budget process consists of a detailed bottom-up process with a 12-month outlook which involves input from all relevant functional and regional heads. The process includes a collection of resource assumptions required to deliver the Group strategy and associated revenue impacts with consideration of key risks. This is used in conjunction with external assumptions such as a region-by-region review of the regulatory environment and incorporation of any anticipated regulatory changes, as outlined in the Strategic report, to revenue modelling, market volatility, interest rates and industry growth, which materially impact the business. The budget is used to set targets across the Group. The budgeting process also covers liquidity and capital planning and, in addition to the granular budget, a three-year outlook is prepared using assumptions on industry growth, the effects of regulatory change, revenue growth from strategic initiatives and cost growth required to support initiatives. The budget was reviewed and approved by the Board at the March 2022 Board meeting.
- Ongoing review and monitoring of risks: these have been identified in the Group's Risk Appetite Statement, outlined in the Group's principal risks and uncertainties (pages 51 to 56) and monitored monthly by the Risk Management Committee, with review and challenge from the Group Risk Committee.

Viability

- Scenario stress testing: available liquidity and capital adequacy are central to understanding the Group's viability and stress scenarios, such as adverse market conditions and adverse regulatory change, are considered in the Group's Individual Capital Adequacy Assessment Process ("ICAAP") and Individual Liquidity Adequacy Assessment ("ILAA") documents, which are shared with the FCA on request. The results of the stress testing showed that, due to the robustness of the business, the Group would be able to withstand scenarios, including combined scenarios, over the financial planning period by taking management actions that have been identified within the scenario stress tests. In accordance with Investment Firm Prudential Regime ("IFPR") that has become applicable for FCA regulated investment firms from 1st January 2022, the Firm will, going forward, perform an Internal Capital Adequacy and Risk Assessment ("ICARA") that will replace the ICAAP and ILAA processes.

The Directors have concluded that three years is an appropriate period over which to provide a viability statement as this is the longest period over which the Board reviews the success of strategic opportunities and this timeline is also aligned with the period over which internal stress testing occurs. The Directors have no reason to believe that the Group will not be viable over a longer period, given existing and known, future changes to relevant regulations.

In addition to considering the above, the Group also monitors performance against pre-defined budget expectations and risk indicators, along with strategic progress updates, which provide early warning to the Board, allowing management action to be taken where required including the assessment of new opportunities.

Directors

With the exception of Clare Salmon and Susanne Chishti, all of the Directors will seek re-election at the 2022 AGM on Thursday 28 July 2022. Following recommendation by the Nomination Committee, a Director may be appointed to the Board by the Board of Directors and will then be put forward at the following AGM for election by the shareholders. The Company's Articles of Association, available on the CMC Markets plc Group website, detail the appointment and removal process for Directors. The Board approved the appointment of Susanne Chishti with effect from 1 June 2022 and Susanne will seek election at the 2022 AGM.

Directors' interests can be found in the Directors' remuneration report on page 78 to 99 and other directorships are disclosed on pages 58 and 59.

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

James Richards	Chairman
Paul Wainscott	Senior Independent Director
Lord Cruddas	Chief Executive Officer
David Fineberg	Deputy Chief Executive Officer
Sarah Ing	Non-Executive Director
Clare Salmon	Non-Executive Director
Susanne Chishti	Non-Executive Director (appointed 1 June 2022)
Euan Marshall	Chief Financial Officer
Matthew Lewis	Head of Asia Pacific & Canada

Further details and individual biographies for current Directors are set out on pages 58 and 59.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also maintains appropriate insurance to cover Directors' and Officers' liability, which is assessed annually and approved by the Board. No amount was paid under the Directors' and Officers' liability insurance during the year.

Branch offices

The Group has overseas branches in the following jurisdictions: Australia, Austria, China, New Zealand, Poland, South Africa and Spain.

Strategic report

The Companies Act 2006 requires the Group to prepare a Strategic report, which commences at the start of this Annual Report and Financial Statements up to page 56. As permitted by Section 414 C(11) of the Companies Act 2006, some matters required to be included in the Directors' report have instead been included in the Strategic report. These disclosures are incorporated by reference in the Directors' report. The Strategic report includes information on the Group's operations and business model, review of the business throughout the year, anticipated future developments, key performance indicators and principal risks and uncertainties. The use of financial instruments is included in the report and further covered under note 29 to the consolidated Financial Statements. The Group's vision is to be a global provider of online retail financial services with a complete professional and institutional offering. Its strategic objective is to provide superior shareholder returns through the consistent and sustainable delivery of growth in revenue and improvement to operating margins through operational excellence including product innovation, technology and service. The strategic objectives to achieve this are also set out in the Strategic report on pages 2 to 56.

Dividends

On 8 June 2022, the Board recommended a final dividend of 8.88 pence per Ordinary Share in respect of the full financial year ended 31 March 2022, subject to shareholder approval at the 2022 AGM. If approved, the dividend will be paid on 11 August 2022 to shareholders on the register of members at the close of business on 15 July 2022. An interim dividend of 3.50 pence per Ordinary Share was paid on 20 December 2021, bringing the total dividend for the year ended 31 March 2022 to 12.38 pence per Ordinary Share. Further information on dividends is shown in note 11 of the Financial Statements and is incorporated into this report by reference.

Distributions

During the year to 31 March 2022, the Board became aware of certain procedural issues (namely an inadvertent failure to make the relevant filings at Companies House) in respect of payments of interim dividends on 23 December 2016, 22 December 2017 and 18 December 2020 (together, the Relevant Distributions) which means that the Relevant Distributions had been made otherwise than in accordance with the requirements of the Companies Act 2006. At the AGM to be held on 28 July 2022, a special resolution will be proposed which will, if passed, authorise the appropriation of distributable profits to the payment of the Relevant Distributions and the entry by the Company into deeds of release. One deed of release will release shareholders and former shareholders from all claims which the Company has or may have in respect of the payment of those Relevant Distributions and there will also be deeds of release which will waive any rights the Company has or may have to make claims against former Directors and Directors in respect of the Relevant Distributions. The entry by the Company into each deed of release constitutes a related party transaction (as defined in the Listing Rules and IAS24). The overall effect of the proposed resolution is to return all parties to the position they would have been in had the Relevant Distributions been made in full compliance with the Companies Act 2006.

The Company has also taken the necessary steps to ensure that procedural issues do not arise in future in relation to the payment of dividends.

Share capital

The Company's share capital comprises Ordinary Shares of 25 pence each and Deferred Shares of 25 pence each. At 31 March 2022, there were 290,293,919 Ordinary (99.15%) of the overall share capital) and 2,478,086 Deferred Shares (0.85%) of the overall share capital) in issue.

Further information about share capital can be found in note 25 of the Financial Statements.

Ordinary Shares

The holders of Ordinary Shares are entitled to one vote per share at meetings of the Company. All Ordinary Shares in issue in the Company rank equally and carry the same voting rights and the same rights to receive dividends and other distributions declared or paid by the Company. Throughout the year, the Ordinary Shares were publicly listed on the London Stock Exchange and it remains so as at the date of this report. There are no specific restrictions on the size of a shareholding nor on the transfer of shares which are both governed by the Articles of Association and the prevailing law. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of shares or on voting rights. No person has special rights of control over the Company's share capital and all issued shares are fully paid.

Directors' report continued

Ordinary Shares continued

Shares held by the Employee Benefit Trust rank pari passu with the Ordinary Shares and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in this trust rest with the trustees, who may take account of any recommendation from the Company. Voting rights are not exercisable by the employees on whose behalf the shares are held in trust.

Deferred Shares

The holders of Deferred Shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The Deferred Shares have no rights to dividends and, on a return of assets in a winding-up, entitle the holder only to the repayment of the amounts paid upon such shares. The Deferred Shares may be purchased at nominal value at the option of the Company by notice in writing served on the holder of the Deferred Shares. No application has been made or is currently intended to be made for the Deferred Shares to be admitted to the Official List or to trade on the London Stock Exchange or any other investment exchange.

Share capital and Directors' powers

The powers of the Directors, including in relation to the issue or buyback of the Company's shares, are set out in the Companies Act 2006 and the Company's constitution. The Directors were granted authority to issue and allot shares and to buy back shares at the 2021 AGM.

Shareholders will be asked to renew these authorities in line with the latest institutional shareholder guidelines at the 2022 AGM.

On 2 March 2022 the Company announced its intention to launch a share buyback programme (the "Buyback Programme"). In light of the Company's robust capital position and having considered the ongoing investment in the business, the Board has decided to return excess capital to shareholders via the repurchase of Ordinary Shares up to an aggregate purchase price of £30 million, subject to continuing regulatory approval. Regulatory approval was obtained from the FCA and the programme launched on 15 March 2022. The Buyback Programme should be considered as part of a normal events approach to shareholder returns alongside the current dividend policy, which is unchanged. During the year ended 31 March 2022, the Company purchased and cancelled 1,123,554 of its issued fully paid Ordinary Shares with a nominal value of £0.25 at an average price paid of £2.65 per Share (and £2,975,000 in aggregate). During the period starting 1 April 2022 and up to 7 June 2022, the Company purchased and cancelled 3,480,149 of its issued fully paid Ordinary Shares for £9,744,000 in aggregate.

Controlling Shareholder Disclosure

The Company entered into a Relationship Agreement with Peter and Fiona Cruddas (the "Controlling Shareholders") on 26 January 2016, the terms of which came into force on listing the Company to trade on the Main Market of the London Stock Exchange. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independent of the Controlling Shareholders and their associates, that transactions and relationships with the Controlling Shareholders and their associates are at arm's length and on normal commercial terms (subject to the rules on related party transactions in the Listing Rules) and to ensure the Controlling Shareholders do not take any action that would prevent the Company from complying with, or circumvent, the Listing Rules. The Relationship Agreement will stay in effect until the earlier of: (i) the Controlling Shareholders ceasing to own in aggregate an interest in at least 10% or more of the shares in the Company (or an interest which carries 10% or more of the aggregate voting rights in the Company from time to time); or (ii) the shares ceasing to be listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's Main Market for listed securities. The Company has complied with the independence provisions included in the Relationship Agreement and, so far as the Company is aware, such provisions have been complied with during the period under review by the controlling shareholders and their associates.

Significant contracts and change of control

The Company has a large number of contractual arrangements which it believes are essential to the business of the Company. These can be split into three main categories, which are a committed bank facility, prime broker arrangements, and market data and technology contracts. The committed bank facility includes provisions which may, on a change of control, require any outstanding borrowings to be repaid or result in termination of the facilities.

The Group's share and incentive plans include usual provisions relating to change of control. There are no agreements providing for compensation for the Directors or employees on a change of control.

Statutory information contained elsewhere in the report

Information required to be part of this Directors' report can be found elsewhere in the Annual Report as indicated below. These sections are deemed to be incorporated by reference into the Directors' report:

Information	Location in Annual Report
Employees (employment of disabled persons and employee engagement)	Pages 28 to 39
Disclosure of overseas branches	Page 101
Employee share schemes	Note 31, pages 155 to 157
Financial risk management, objectives and policies	Note 30, pages 147 to 154
Likely future developments	Pages 20 to 21
Internal controls over financial reporting	Page 68
Directors' interests	Pages 95 and 99
Related party transactions	Note 33, page 157 to 158
Greenhouse gas emissions, energy consumption and energy efficiency action	Pages 37 to 38

Disclosure table pursuant to Listing Rule LR 9.8.4C

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by Group.	None.
9.8.4(2)	Unaudited financial information (LR 9.2.18R).	None.
9.8.4(4)	Long-term incentive scheme information involving Board Directors (LR 9.4.3R).	Details can be found on pages 91 to 94 of the Directors' remuneration report.
9.8.4(5)	Waiver of emoluments by a Director.	None.
9.8.4(6)	Waiver of future emoluments by a Director.	None.
9.8.4(7)	Non-pre-emptive issues of equity for cash.	None.
9.8.4(8)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings.	None.
9.8.4(9)	Listed company is a subsidiary of another company.	Not applicable.
9.8.4(10)	Contracts of significance involving a Director or a Controlling Shareholder.	None, except for Lord Cruddas' service contract.
9.8.4(11)	Contracts for the provision of services by a Controlling Shareholder.	None, except for Lord Cruddas' service contract.
9.8.4(12)	Shareholder waiver of dividends.	The trustees of the CMC Markets plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(13)	Shareholder waiver of future dividends.	The trustees of the CMC Markets plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(14)	Agreement with Controlling Shareholder.	See Controlling Shareholder Disclosure on page 102 of the Directors' report.

Substantial shareholdings

Information provided to the Company by substantial shareholders pursuant to the DTRs is published via a Regulatory Information Service and on the Company's website. The table below sets out details of the shareholdings of Lord Peter Andrew Cruddas and Mrs Fiona Cruddas, and further provides details of the interests in the voting rights of the Company's Ordinary issued share capital as at 31 March 2022, notified to the Company under DTR 5. Holdings may have changed since being notified to the Company. Notification of any change is not required until the next applicable threshold is crossed.

Shareholder As at 31 March 2022	Number of voting rights	% of voting rights
Lord Peter Andrew Cruddas	165,155,374	56.89
Schroder Plc	14,724,441	5.05
Aberforth Partners	14,446,286	5.00
Mrs Fiona Cruddas	8,994,364	3.10

In the period from 1 April to 8 June 2022 the Company has received notification from Schroders plc (Schroder Investment Mgt) that it is holding 14,167,409 Ordinary Shares representing 4.90% of the total voting rights attached to the issued share capital.

The shareholdings of CMC Markets plc Directors are listed within the Directors' remuneration report on pages 78 to 99.

Articles of Association

Any amendments to the Company's Articles of Association may only be made by passing a special resolution at a general meeting of the shareholders of the Company. The Company has not adopted any special rules regarding the appointment and replacement of Directors other than as provided for under UK company law.

Research and development

The Group continues to invest in the development of the Next Gen platforms and stockbroking platforms in addition to maintaining existing infrastructure with considerable effort applied by the technical and software development teams. In addition, the Group has capitalised development costs relating to new product and functionality development. During the year development expenditure amounting to £8.5 million has been capitalised (2021: £5.4 million).

Directors' statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they each are aware, there is no relevant audit information (being information needed by the external auditors in connection with preparing their audit report) of which the Company's external auditors are unaware, and each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to Section 418 of the Companies Act 2006.

Independent auditors

PwC acted as auditors throughout the year. At the conclusion of the external auditor re-tender process the Board confirmed, on the recommendation of the Audit Committee, that Deloitte LLP be appointed the Group's external auditors and a resolution to this effect will be put before the shareholders at the 2022 AGM.

In accordance with Section 489 and Section 492 of the Companies Act 2006, resolutions proposing the Deloitte LLP as the Company's auditors and authorising the Directors to determine the auditors' remuneration will be put to the 2022 AGM.

Political donations

No political donations were made by the Company during the year.

Annual General Meeting

The 2022 AGM is to be held at 10.00 a.m. on Thursday 28 July 2022 at 133 Houndsditch, London EC3A 7BX.

Due to the Controlling Shareholder Disclosure on page 102, the independent shareholders' voting results on the re-election of independent Non-Executive Directors will be disclosed when the voting results are published. Should the required percentage of the independent shareholders' vote to approve re-election not be achieved, then a further vote will be held at a subsequent general meeting within the prescribed time period.

Mandatory climate-related and environmental disclosures in the Directors' report

Disclosures consistent with the TCFD recommendations on climate-related disclosures in relation to governance, strategy, risk management, as well as metrics and targets, are integrated into this Annual Report in the following sections: Strategy, Key performance indicators, Risk management, Principal risks, Governance, Directors' remuneration report and in the Notes to the Financial Statements. These disclosures together meet all of the disclosures required under the TCFD Recommendations and Recommended Disclosures.

Events after the Reporting Period

On 31 May 2022, the Group received notice of a class action lawsuit being brought against one of its operating entities. The Group is currently reviewing the statement of claim and at this time it is not possible to reliably estimate the possible financial effect, if any, on the Group.

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group and the parent company Financial Statements in accordance with UK-adopted international accounting standards.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the Financial Statements and the Directors' remuneration report comply with the Companies Act 2006.

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

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in the corporate governance section confirm that, to the best of their knowledge:

- the Group and parent company Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and parent company, and of the profit of the Group;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

The Annual Report was approved by the Board on 8 June 2022.

By order of the Board

Patrick Davis
Company Secretary
8 June 2022

CMC Markets plc
Registered number: 05145017

Independent auditors' report
To the members of CMC Markets plc

Report on the audit of the financial statements
Opinion
In our opinion, CMC Markets plc's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit and the group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent company statements of financial position as at 31 March 2022; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated and Parent company statements of changes in equity, and the Consolidated and Parent company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Group Audit Committee.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 8 to the financial statements, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach
Overview
Audit scope
Group
- The group consists of a UK holding company with a number of subsidiary entities and branches containing the operating businesses of both the UK and overseas territories.
- We determined the appropriate work to perform based on the consolidated balances of the group. The majority of the audit work was performed by the group engagement team in London, including a full scope audit of the significant component CMC Markets UK Plc.
- The following entities were also determined to be significant components and were subject to full scope audits by component auditors PwC Australia: CMC Markets Stockbroking Ltd and CMC Markets Asia Pacific Pty Ltd.
- Where a non-significant component comprised a significant proportion of one or more consolidated account balances, specific audit procedures were performed over those account balances in those components.

Parent company
- The parent company audit was performed by the group engagement team in London.

Key audit matters
- Cryptocurrency assets (group).
- Carrying value of newly capitalised intangible assets under development (group).
- Investment in subsidiaries (parent company).

Materiality
- Overall group materiality: £4,605,000 (2021: £4,610,000) based on 5% of profit before tax.
- Overall parent company materiality: £1,708,000 (2021: £1,686,600) based on 1% of net assets.
- Performance materiality: £3,450,000 (2021: £3,455,000) (group) and £1,281,000 (2021: £1,264,900) (parent company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent auditors' report continued
To the members of CMC Markets plc

Report on the audit of the financial statements continued
Our audit approach continued
Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The following were key audit matters last year, but are no longer considered to be key audit matters for the reasons set out below:

- Impact of COVID-19 (group and parent company) - The impact of COVID-19 on the operations and performance of the group and parent company have lessened in the current year.
- Risk of fraud in revenue recognition (group) - The revenue stream to which this applied in the prior year, is immaterial in the current year.

The following are new key audit matters this year:

- Cryptocurrency assets (group)
- Carrying value of newly capitalised intangible assets under development (group)
- Investment in subsidiaries (parent company).

Key audit matter	How our audit addressed the key audit matter
Cryptocurrency assets (group) Accounting Policy - Page 119 Significant accounting judgements and estimates - Page 120 Disclosure - Note 18 In order to economically hedge cryptocurrency exposures arising from client activity, the group holds cryptocurrency assets. At year-end, the group held £13.4m of such assets, with £12.5m of them at one custodian ("the Custodian"). Owning cryptocurrency assets introduces particular financial reporting risks, notably with regards to demonstrating the existence and ownership of the cryptocurrency assets, with some relevant controls operating at the Custodian. The Custodian procures and provides the group with a controls assurance report over the design and operation of key controls at the Custodian, and an associated bridging letter which addresses the period from the reference date of the controls report to 31 March 2022. The assurance opinion in the Custodian controls report assumes the effective design and operation of complementary controls at both CMC Markets (as the user entity) and the Custodian's subservicer ("the Subservicer"). The complementary user entity controls ("CUECs") within CMC Markets include controls over access to the Custodian account and periodic reconciliations between group and Custodian records. The complementary controls at the Subservicer include certain technology access and change management controls over the infrastructure provided by the Subservicer to the Custodian. The Subservicer procures and provides the group with a controls assurance report over the design and operation of key controls at the Subservicer, and an associated bridging letter which addresses the period from the reference date of the controls report to 31 March 2022.	We performed the following controls testing regarding the cryptocurrency assets held at the Custodian: • Obtained and reviewed the Custodian controls assurance report and associated bridging letter; • Evaluated the design, implementation and operating effectiveness of relevant complementary controls within CMC Markets; and • Obtained and reviewed the Subservicer controls assurance report and associated bridging letter. We found that key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit. Our substantive audit testing over cryptocurrency assets held at the Custodian included the following: • Confirmation of cryptocurrency assets held at the Custodian; • Testing the year-end reconciliation of CMC's records to the Custodian; • Testing the year-end valuation of a sample of cryptocurrency assets; and • Evaluating the accounting treatment of the cryptocurrency assets. Based on the work performed, we are satisfied that the cryptocurrency assets have been appropriately recognised in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Carrying value of newly capitalised intangible assets under development (group) Accounting Policy - Page 123 Significant accounting judgements and estimates - Page 121 Disclosure - Note 12 Strategic change in the business has included the acquisition of customer relationships in Australia (£14.2m) and the development of a new software platform in the UK (£6.1m). These are capitalised as "Assets under development" and judgement is required in determining the extent and timing of the capitalisation. As the assets were not yet in use at the year-end, impairment assessments were required. These required the estimation of future cashflows associated with these new assets.	**Customer relationships in Australia** The capitalised amount of £14.2m comprises the total consideration payable for the customer relationships being acquired. We evaluated the accounting treatment on recognition and agreed the amount to the underlying contract. The year-end impairment assessment determines the recoverable amount using a value-in-use calculation. Our testing of the assessment included the following: • Identification of the key inputs and assumptions underpinning the forecast revenues and costs; • Evaluation of those key inputs and assumptions, including with reference to historic performance; • Evaluation of the discount rate used; and • Testing the mathematical integrity of the calculation. We found the recoverable amount to have been based on reasonable and supportable assumptions. Based on the work performed, we are satisfied that the asset has been appropriately recognised in the financial statements. **New UK software platform** The capitalised amount of £6.1m comprises the estimated time spent on the development of the asset, by both internal staff and external contractors. Our testing of the capitalisation included the following: • Evaluation of the judgement to capitalise the costs, based on the activities being performed; • Agreeing capitalised amounts to underlying support, including payroll records; and • Evaluation of the nature and estimated proportion of internal staff time capitalised, including enquiry with a sample of project team members and inspection of their employment contracts. The year-end impairment assessment determined the recoverable amount using a value-in-use calculation. Our testing of the assessment included the following; • Identification of the key inputs and assumptions underpinning the forecast revenues and costs; • Evaluation of those key inputs and assumptions, including comparison to industry and market information; • With support of our valuations specialists, evaluation of the discount rate used; and • Testing the mathematical integrity of the calculation. We found the recoverable amount to have been based on reasonable and supportable assumptions, noting that total revenue is a major source of estimation uncertainty requiring disclosure. We evaluated the relevant disclosures in Notes 1 and 12. Based on the work performed, we are satisfied that the asset has been appropriately recognised in the financial statements and that appropriate disclosure has been made regarding the estimation uncertainty in determining its recoverable amount.

Independent auditors' report continued
To the members of CMC Markets plc

Report on the audit of the financial statements continued
Our audit approach continued
Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Investment in subsidiaries (parent company) Accounting Policy - Page 124 Disclosure - Note 15 The parent company has total investments in subsidiaries of £169.0m, of which £167.7m is an investment in CMC Markets Holdings Limited, the holding company that, via a series of other holding companies, owns the operating entities of the group. This investment is held at cost less any provision for impairment. Judgement is required to determine whether this investment might be impaired. At the year-end, no impairment provision is held against this investment.	We have evaluated management's impairment assessment, noting that the carrying value of the investment is supported by the recoverable amount of the underlying operating companies. Based on the work performed, we are satisfied that no impairment of the parent company's investment in CMC Markets Holdings Limited is required.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group operates through a network of companies primarily in the UK, Europe and Asia Pacific each of which is considered to be a financial reporting component. In establishing the overall approach to our audit of the financial statements, we determined the type of work that was required to be performed over the components by us, as the group engagement team, or auditors from other PwC network firms operating under our instruction ('component auditors').

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole. This included regular communication with the component auditors throughout the audit, the issuance of instructions, a review of the results of their work and attendance at clearance meetings.

Any components which were considered individually financially significant in the context of the group's consolidated financial statements were considered full scope audit components.

We considered the significance of other components in relation to primary statement account balances. We considered the presence of any significant audit risks and other qualitative factors (including history of misstatements through fraud or error). Any component which was not already included as a full scope audit component but was identified as being individually financially significant in respect of one or more account balances was subject to specific audit procedures over those account balances.

All remaining components were subject to procedures which mitigated the risk of material misstatement including testing of entity level controls, information technology general controls and group level analytical review procedures.

The parent company audit was performed by the group engagement team.

In planning and executing our audit, we considered the group's governance framework and climate change risk assessment processes as outlined in the Strategic Report. This, together with our own risk assessment, provided us with a good understanding of the potential impact of climate change on the financial statements. Management has considered the potential impacts of climate change on the financial statements and concluded that there is no risk of a material impact at the reporting date. That conclusion is consistent with our audit procedures.

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

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

	Financial statements – group	Financial statements – parent company
Overall materiality	£4,605,000 (2021: £4,610,000).	£1,708,000 (2021: £1,686,600).
How we determined it	5% of profit before tax	1% of net assets
Rationale for benchmark applied	We set materiality as being 5% of profit before tax, which is a typical approach for profit oriented groups like CMC Markets plc. In the prior year, we used 1% of total revenues but now consider 5% of profit before tax to be a more appropriate basis due to normalisation of the group's financial performance.	We have used net assets as the materiality benchmark as the parent company of the group primarily holds investments in its underlying subsidiaries. This is consistent with the benchmark used in the prior year.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £236,000 and £3,616,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £3,450,000 (2021: £3,455,000) for the group financial statements and £1,281,000 (2021: £1,264,900) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Group Audit Committee that we would report to them misstatements identified during our audit above £227,000 (group audit) (2021: £230,000) and £85,000 (parent company audit) (2021: £84,300) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's going concern assessments;
- Evaluation of management's financial forecasts and management's stress testing of liquidity and regulatory capital, including the severity of the stress scenarios and assumptions that were used; and
- Substantiation of liquid resources held by, and liquidity facilities available to, the group.

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report continued
To the members of CMC Markets plc

Report on the audit of the financial statements continued

Reporting on other information continued

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

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

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Group Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to laws and regulations issued by the Financial Conduct Authority ("FCA") (including the Listing Rules), UK tax legislation, and equivalent local laws and regulations applicable to other countries the group operates in, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing key correspondence with regulators, such as the FCA, in relation to the group's compliance with applicable regulations;
- Writing to external legal counsel to identify any instances of non-compliance with laws and regulations, and assessing their potential impact;
- Evaluation of the parent company's actions to address the unlawful dividends declared and review of the related disclosures made in the Directors' Report;
- Identifying and testing what we considered to be higher risk manual journal entries, including backdated post close journals, journals created and approved by the same person, journals posted to unusual account combinations and journals posted by infrequent users; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report continued
To the members of CMC Markets plc

Other required reporting
Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Group Audit Committee, we were appointed by the members on 29 October 2009 to audit the financial statements for the year ended 31 March 2010 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the years ended 31 March 2010 to 31 March 2022.

Other matter
As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Hamish Anderson

Hamish Anderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 June 2022

Consolidated income statement
For the year ended 31 March 2022

GROUP	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenue		**325,809**	461,308
Interest income		**834**	746
Total revenue	4	**326,643**	462,054
Introducing partner commissions and betting levies		**(44,693)**	(52,288)
Net operating income	3	**281,950**	409,766
Operating expenses	5	**(189,131)**	(183,994)
Net impairment gains on financial assets		**1,494**	—
Operating profit		**94,313**	225,772
Finance costs	7	**(2,177)**	(1,762)
Profit before taxation	8	**92,136**	224,010
Taxation	9	**(20,138)**	(45,903)
Profit for the year attributable to owners of the parent		**71,998**	178,107
Earnings per share			
Basic earnings per share	10	**24.8p**	61.5p
Diluted earnings per share	10	**24.7p**	61.2p

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The Company had no other comprehensive income.

Consolidated statement of comprehensive income

For the year ended 31 March 2022

GROUP	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit for the year		71,998	178,107
Other comprehensive income/ (expense):			
Items that may be subsequently reclassified to income statement			
Loss on net investment hedges, net of tax	27	(1,089)	(2,007)
Currency translation differences	27	1,761	4,563
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	27	(54)	(54)
Other comprehensive income for the year		618	2,502
Total comprehensive income for the year attributable to owners of the parent		72,616	180,609

Consolidated statement of financial position
At 31 March 2022

GROUP	Note	31 March 2022 £'000	31 March 2021 £'000
ASSETS			
Non-current assets			
Intangible assets	12	**30,328**	10,330
Property, plant and equipment	13	**24,941**	26,105
Deferred tax assets	14	**6,022**	6,370
Financial investments	19	**13,448**	—
Trade and other receivables	16	**1,797**	1,800
Total non-current assets		**76,536**	44,605
Current assets			
Trade and other receivables	16	**156,917**	127,119
Derivative financial instruments	17	**2,359**	3,241
Current tax recoverable		**—**	1,749
Other assets	18	**13,443**	—
Financial investments	19	**14,497**	28,104
Amounts due from brokers		**196,117**	253,895
Cash and cash equivalents	20	**176,578**	118,921
Total current assets		**559,911**	533,029
Total assets		**636,447**	577,634
LIABILITIES			
Current liabilities			
Trade and other payables	21	**215,853**	152,253
Derivative financial instruments	17	**2,362**	3,077
Share buyback liability		**27,264**	—
Borrowings	22	**194**	945
Lease liabilities	23	**4,916**	4,599
Current tax payable		**429**	—
Provisions	24	**369**	1,889
Total current liabilities		**251,387**	162,763
Non-current liabilities			
Borrowings	22	**—**	194
Lease liabilities	23	**9,269**	10,727
Deferred tax liabilities	14	**3,309**	1,622
Provisions	24	**2,117**	1,811
Total non-current liabilities		**14,695**	14,354
Total liabilities		**266,082**	177,117
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**73,193**	73,299
Share premium	25	**46,236**	46,236
Capital redemption reserve	25	**281**	—
Own shares held in trust	26	**(1,094)**	(382)
Other reserves	27	**(75,980)**	(49,334)
Retained earnings		**327,729**	330,698
Total equity		**370,365**	400,517
Total equity and liabilities		**636,447**	577,634

The Financial Statements on pages 113 to 158 were approved by the Board of Directors on 8 June 2022 and signed on its behalf by:

Cruddas

Lord Cruddas
Chief Executive Officer

Euan Marshall

Euan Marshall
Chief Financial Officer

Parent company statement of financial position

At 31 March 2022

Company registration number: 05145017

COMPANY	Note	31 March 2022 £'000	31 March 2021 £'000
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	15	**168,962**	168,111
Total non-current assets		**168,962**	168,111
Current assets			
Trade and other receivables	16	**1,020**	14,019
Cash and cash equivalents	20	**28,263**	167
Total current assets		**29,283**	14,186
Total assets		**198,245**	182,297
LIABILITIES			
Current liabilities			
Trade and other payables	21	**143**	60
Share buyback liability		**27,264**	—
Total current liabilities		**27,407**	60
Non-current liabilities			
Borrowings	22	**—**	13,549
Total non-current liabilities		**—**	13,549
Total liabilities		**27,407**	13,609
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**73,193**	73,299
Share premium	25	**46,236**	46,236
Capital redemption reserve	25	**281**	—
Share buyback reserve		**(27,264)**	—
At 1 April		**49,153**	48,527
Profit for the year attributable to the owners		**102,550**	61,140
Other changes in retained earnings		**(73,311)**	(60,514)
Retained earnings		**78,392**	49,153
Total equity		**170,838**	168,688
Total equity and liabilities		**198,245**	182,297

The Financial Statements on pages 113 to 158 were approved by the Board of Directors on 8 June 2022 and signed on its behalf by:

Cruddas

Euan Marshall

Lord Cruddas
Chief Executive Officer

Euan Marshall
Chief Financial Officer

Consolidated and parent company statements of changes in equity

For the year ended 31 March 2022

GROUP	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held in trust £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 April 2020		72,899	46,236	—	(433)	(51,836)	216,013	282,879
New shares issued		400	—	—	—	—	—	400
Profit for the year		—	—	—	—	—	178,107	178,107
Other comprehensive income for the year		—	—	—	—	2,502	—	2,502
Acquisition of own shares held in trust	26	—	—	—	(364)	—	—	(364)
Utilisation of own shares held in trust	26	—	—	—	415	—	—	415
Share-based payments		—	—	—	—	—	(2,458)	(2,458)
Tax on share-based payments		—	—	—	—	—	1,164	1,164
Dividends	11	—	—	—	—	—	(62,128)	(62,128)
At 31 March 2021		**73,299**	**46,236**	**—**	**(382)**	**(49,334)**	**330,698**	**400,517**
New shares issued		**175**	**—**	**—**	**—**	**—**	**—**	**175**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**71,998**	**71,998**
Other comprehensive income for the year		**—**	**—**	**—**	**—**	**618**	**—**	**618**
Acquisition of own shares held in trust	26	**—**	**—**	**—**	**(1,006)**	**—**	**—**	**(1,006)**
Utilisation of own shares held in trust	26	**—**	**—**	**—**	**294**	**—**	**—**	**294**
Share buyback	25	**(281)**	**—**	**281**	**—**	**(27,264)**	**(2,975)**	**(30,239)**
Share-based payments		**—**	**—**	**—**	**—**	**—**	**59**	**59**
Tax on share-based payments		**—**	**—**	**—**	**—**	**—**	**553**	**553**
Dividends	11	**—**	**—**	**—**	**—**	**—**	**(72,604)**	**(72,604)**
At 31 March 2022		**73,193**	**46,236**	**281**	**(1,094)**	**(75,980)**	**327,729**	**370,365**

Total equity is attributable to owners of the Company

COMPANY	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share buyback reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2020		72,899	46,236	—	—	48,527	167,662
New shares issued		400	—	—	—	—	400
Profit for the year		—	—	—	—	61,140	61,140
Share-based payments		—	—	—	—	1,621	1,621
Dividends		—	—	—	—	(62,135)	(62,135)
At 31 March 2021		**73,299**	**46,236**	**—**	**—**	**49,153**	**168,688**
New shares issued		**175**	**—**	**—**	**—**	**—**	**175**
Profit for the year		**—**	**—**	**—**	**—**	**102,550**	**102,550**
Share-based payments		**—**	**—**	**—**	**—**	**2,272**	**2,272**
Share buyback	25	**(281)**	**—**	**281**	**(27,264)**	**(2,975)**	**(30,239)**
Dividends	11	**—**	**—**	**—**	**—**	**(72,608)**	**(72,608)**
At 31 March 2022		**73,193**	**46,236**	**281**	**(27,264)**	**78,392**	**170,838**

Consolidated and parent company statements of cash flows
For the year ended 31 March 2022

	Note	GROUP Year ended 31 March 2022 £'000	GROUP Year ended 31 March 2021 £'000	COMPANY Year ended 31 March 2022 £'000	COMPANY Year ended 31 March 2021 £'000
Cash flows from operating activities					
Cash generated from operations	28	181,795	151,300	12,784	754
Interest income		1,742	1,784	—	21
Tax paid		(14,651)	(33,620)	—	—
Net cash generated from operating activities		168,886	119,464	12,784	775
Cash flows from investing activities					
Purchase of property, plant and equipment		(3,500)	(4,162)	—	—
Investment in intangible assets		(21,813)	(8,028)	—	—
Purchase of financial investments		(28,337)	(28,933)	—	—
Proceeds from maturity of financial investments		27,511	25,176	—	—
Outflow on net investment hedges		(998)	(1,761)	—	—
Investment in subsidiaries		—	—	(1,030)	(469)
Amounts contributed by subsidiaries in relation to share-based payments		—	—	2,157	2,587
Dividends received		—	—	103,617	61,950
Net cash (used in)/generated from investing activities		(27,137)	(17,708)	104,744	64,068
Cash flows from financing activities					
Repayment of borrowings		(10,945)	(51,190)	(13,549)	(2,700)
Proceeds from borrowings		10,000	50,000	—	—
Principal elements of lease payments		(5,962)	(6,057)	—	—
Proceeds from issue of Ordinary Shares		—	80	175	400
Acquisition of own shares		(831)	(44)	—	—
Share buyback		(2,975)	—	(2,975)	—
Dividends paid		(72,604)	(62,128)	(72,608)	(62,135)
Finance costs paid		(2,151)	(1,749)	(475)	(351)
Net cash used in financing activities		(85,468)	(71,088)	(89,432)	(64,786)
Net increase in cash and cash equivalents		56,281	30,668	28,096	57
Cash and cash equivalents at the beginning of the year	20	118,921	84,307	167	110
Effect of foreign exchange rate changes		1,376	3,946	—	—
Cash and cash equivalents at the end of the year	20	176,578	118,921	28,263	167

Notes to the consolidated and parent company financial statements
For the year ended 31 March 2022

1. General information and basis of preparation

Corporate information
CMC Markets plc (the "Company") is a public company limited by shares incorporated in the United Kingdom and domiciled in England and Wales under the Companies Act 2006. The nature of the operations and principal activities of CMC Markets plc and its subsidiaries (collectively the "Group") are set out in note 3.

Functional and presentation currency
Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's Financial Statements are presented in Sterling (GBP), which is the Company's functional and the Group's presentation currency. Foreign operations are included in accordance with the policies set out in note 2.

Going concern
The Directors have prepared the Financial Statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

The Group has considerable financial resources, a broad range of products and a geographically diversified business. Consequently, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook.

Accordingly, the Directors have reasonable expectation that the Group has adequate resources for that period and believe it is appropriate to adopt the going concern basis in preparing the Financial Statements. Further details are set out in the Viability statement on page 100.

Basis of accounting
On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its Group financial statements on 1 April 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Financial Statements have been prepared in accordance with the going concern basis, under the historical cost convention, except in the case of "Financial instruments at fair value through profit or loss ("FVPL")" and "Financial instruments at fair value through other comprehensive income ("FVOCI")". The financial information is rounded to the nearest thousand except where otherwise indicated.

The Company and Group's principal accounting policies adopted in the preparation of these Financial Statements are set out in note 2 below. These policies have been consistently applied to all years presented, with the exception of the adoption of the new and revised standards as set out below. The Financial Statements presented are at and for the years ended 31 March 2022 and 31 March 2021. Financial annual years are referred to as 2022 and 2021 in the Financial Statements.

Application of new and revised accounting standards
The following standards and interpretations applied for the first time in the current financial year, but do not have a significant impact on the financial statements of the Company and the Group:

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Accounting policy – Other assets
Other assets represent cryptocurrencies controlled by the Group. The Group offers various cryptocurrency-related products that can be traded on its platform. The Group purchases and sells cryptocurrencies as part of its hedging activity.

The Group holds cryptocurrency assets for trading in the ordinary course of its business, effectively acting as a commodity broker-dealer in respect of the underlying cryptocurrency assets. In the prior period cryptocurrency assets were disclosed within "Amount due for brokers" (31 March 2021: £1,520,000). The assets will continue to be measured at fair value less cost to sell with changes in valuation being recorded within revenue in the income statement in the period in which they arise. Cryptocurrency assets are not financial instruments, and they are categorised as non-financial assets.

Cryptocurrency assets continue to be held at fair value through profit and loss therefore the adoption of this accounting policy impacts classification only. Other assets amount to £13,443,000 and are presented as a separate line in the consolidated statement of financial position. The Statement of Financial Position has not been restated to reclassify the comparative, on grounds of materiality.

There is no further impact for the year ended 31 March 2022 and for the year ended 31 March 2021.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

1. General information and basis of preparation continued

New accounting standards in issue but not yet effective

At the date of authorisation of the Financial Statements, the following new standards and interpretations relevant to the Company and the Group were in issue but not yet effective and have not been applied to the Financial Statements:

IFRS 17 Insurance contracts
Reference to the Conceptual Framework – Amendments to IFRS 3
Annual Improvements to IFRS Standards 2019-2020
Classification of Liabilities as Current or Non-current – Amendments to IAS 1
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
Definition of Accounting Estimate – Amendments to IAS 8
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company and the Group in future periods.

Basis of consolidation

The Financial Statements incorporate the financial information of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

CMC Markets plc became the ultimate holding company of the Group under a Group reorganisation in 2006. The pooling of interests method of accounting was applied to the Group reorganisation as it fell outside the scope of IFRS 3 "Business Combinations". The Directors adopted the pooling of interests as they believed it best reflected the true nature of the Group. All other business combinations have been accounted for by the acquisition method of accounting.

Under the acquisition method of accounting, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Acquisition-related costs are expensed as incurred.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those adopted by the Group.

All inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Significant accounting judgements and estimates

The preparation of Financial Statements in conformity with IFRSs requires the use of certain significant accounting judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

No significant estimates were used in the preparation of the financial statements. The judgements that have the most significant impact on the presentation or measurement of items recorded in the Financial Statements are as follows:

Deferred taxes

The recognition and measurement of deferred tax assets involve significant judgment. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Contingent liabilities

Judgement has been applied in evaluating the accounting treatment of the specific matters described in Note 34 (Contingent Liabilities), notably the probability of any obligation or future payments arising.

Accounting for cryptocurrencies

The Group has recognised £13,443,000 (31 March 2021: £1,520,000 in "Amounts due from brokers") of cryptocurrency assets and rights to cryptocurrency assets on its Statement of Financial Position as at 31 March 2022. These assets are used for hedging purposes and held for sale in the ordinary course of business. A judgement has been made to apply the measurement principles of IFRS 13 Fair value measurement in accounting for these assets. The assets are presented as 'other assets' on the Consolidated Statement of Financial Position.

1. General information and basis of preparation continued

Significant accounting judgements and estimates continued

Intangible assets

The Group has recognised £14,237,000 of intangible assets under development on its Statement of Financial Position as at 31 March 2022 relating to the transaction with Australia and New Zealand Banking Group Limited ("ANZ") to transition its portfolio of Share investing clients to CMC for AUD$25m. A judgement has been made to apply the recognition and measurement principles of IAS 38 Intangibles in accounting for these assets.

The Group has recognised £6,054,000 of intangible assets under development on its Statement of Financial Position as at 31 March 2022 relating to the development of the UK CMC Invest trading platform. In performing the annual impairment assessment, which concluded that no impairment was required, it was determined that the recoverable amount of the asset is a source of estimation uncertainty which is sensitive to the estimated future revenues from the UK CMC Invest business. Relevant disclosure is included in Note 12.

2. Summary of significant accounting policies

Total revenue

Revenue

Revenue comprises the fair value of the consideration received from the provision of online financial services in the ordinary course of the Group's activities, net of client rebates. Revenue is shown net of value added tax after eliminating sales within the Group.

The Group generates revenue principally from commissions, spreads and financing income associated with stockbroking and acting as a spread bet and contract for difference market maker to its clients, and the transactions undertaken to hedge the resulting risks.

Leveraged – Contracts for difference ("CFD") and spread bet

Revenue from CFD and spread bet represents:

- fees paid by clients for commission and funding charges in respect of the opening, holding and closing of financial spread bets and contracts for difference, together with the spread and fair value gains and losses for the Group arising on client trading activity; and
- fees paid by the Group in commissions and funding charges arising in respect of hedging the risk associated with the client trading activity and the Group's currency exposures, together with the spread and fair value gains and losses incurred by the Group arising on hedging activity.

Commission and funding charges are accounted for in accordance with IFRS15 "Revenue from Contracts with Customers". Commission income is earned and recognised when the trade is placed, and funding charges when an open position is held by a customer at 5:00pm New York time. Spread and fair value gains and losses are accounted for in accordance with IFRS9 "Financial Instruments" and IFRS13 "Fair Value Measurement".

Open client and hedging positions are fair valued on a daily basis and the unrealised gains and losses arising on this valuation are recognised in revenue, alongside realised gains and losses on positions that have closed.

Non-leveraged – Stockbroking revenue from contracts with customers

Revenue from the provision of financial information and stockbroking services to third parties represents fee and commission income. The Group recognises this revenue when the amount for the service can be determined and the performance obligation has been satisfied, this leads to the revenue being recognised on the date of the Group providing the service to the client.

Other revenue from contracts with customers

Other revenue from the provision of financial information, dormancy fees and balance conversions are accounted for in accordance with IFRS15 "Revenue from Contracts with Customers".

Interest income

Total revenue also includes interest earned on the Group's own funds, clients' funds and broker trading deposits. Interest income is accrued based on the effective interest rate method, by reference to the principal outstanding and at the interest rate applicable. In addition, the Group earns interest income on UK Government securities held as financial investments, calculated using the effective interest method.

Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. This is presented within other interest income.

Introducing partner commissions and betting levies

Commissions payable to introducing partners and spread betting levies are charged to the income statement when the associated revenue is recognised and are disclosed as a deduction from total revenue in deriving net operating income. Betting levy is payable on net gains generated from clients on spread betting and the Countdowns products.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

2. Summary of significant accounting policies continued

Segmental reporting

The Group's segmental information is disclosed in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the CMC Markets plc Board. Operating segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated. The segments are subject to annual review and the comparatives restated to reflect any reclassifications within the segmental reporting.

Share-based payment

The Group issues equity settled and cash settled share-based payments to certain employees.

Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at date of grant. The fair value determined at the grant date of the equity settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the retained earnings.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Cash settled share-based payments are measured at expected value at vesting date at least once per year, along with the likelihood of meeting non-market-based vesting conditions and the number of shares that are expected to vest. The cost is recognised in the income statement with a corresponding accrual.

Retirement benefit costs

A defined contribution plan is a post-employment benefit plan into which the Group pays fixed contributions to a third-party pension provider and has no legal or constructive obligation to pay further amounts. Contributions are recognised as staff expenses in profit or loss in the years during which related employee services are fulfilled.

The Group operates defined contribution pension schemes for its Directors and employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

Taxation

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

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised. Deferred tax is calculated using tax rates and laws enacted or substantively enacted by the balance sheet date and are expected to apply when the asset or liability is settled.

Such assets and liabilities are not recognised if the temporary difference arises from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Foreign currencies

Transactions denominated in currencies, other than the functional currency, are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

2. Summary of significant accounting policies continued

Foreign currencies continued

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates applicable to the relevant year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Such translation differences are recognised as income or expense in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of a subsidiary, at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included within "intangible assets" at cost less accumulated impairment losses.

Goodwill is tested for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. On disposal of a subsidiary, the attributed amount of goodwill, which has not been subject to impairment, is included in the determination of the profit or loss on disposal.

Goodwill is allocated to cash-generating units for purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, identified according to business segment.

Computer software (purchased and developed)

Purchased software is recognised as an intangible asset at cost when acquired. Costs associated with maintaining computer software are recognised as an expense as incurred. Costs directly attributable to internally developed software are recognised as an intangible asset only if all of the following conditions are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Where the above conditions are not met, costs are expensed as incurred. Directly attributable costs that are capitalised include software development and employee costs. Costs which have been recognised as an asset are amortised on a straight-line basis over the asset's estimated useful life from the point at which the asset is ready to use.

Trademarks and trading licences

Trademarks and trading licences that are separately acquired are capitalised at cost and those acquired from a business combination are capitalised at the fair value at the date of acquisition. Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives.

Client relationships

The fair value attributable to client relationships acquired through a business combination is included as an intangible asset and amortised over the estimated useful life on a straight-line basis. The fair value of client relationships is calculated at the date of acquisition on the basis of the expected future cash flows to be generated from that asset. Separate values are not attributed to internally generated client relationships.

Following initial recognition, computer software, trademarks and trading licences and client relationships are carried at cost or initial fair value less accumulated amortisation. Amortisation is provided on all intangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Amortisation policy
Computer software (purchased or developed)	3-10 years or life of licence
Trademarks and trading licences	10–20 years
Client relationships	14 years

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Assets under development are transferred to the relevant intangible asset class and amortised over their useful life from the point at which the asset is ready to use. Assets under development are tested for impairment annually.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

2. Summary of significant accounting policies continued
Property, plant and equipment
Property, plant and equipment ("PPE") is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all PPE at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Depreciation policy
Furniture, fixtures and equipment	5 years
Computer hardware	5 years
Leasehold improvements	15 years or life of lease

The useful lives and residual values of the assets are assessed annually and may be adjusted depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Investment in subsidiary undertakings
In the parent company statement of financial position, investment in subsidiary undertakings is stated at cost less any provision for impairment.

Impairment of assets
Assets subject to amortisation or depreciation are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. Value in use is the estimated discounted future cash flows generated from the asset's continued use, including those from its ultimate disposal. Net realisable value is the estimated amount at which an asset can be disposed of, less any direct selling costs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and previously recognised impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments
Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and
- those to be measured at amortised cost.

Measurement
At initial recognition, the Group measures all financial asset at its fair value plus, in the case of a financial asset measured through other comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Regular way transactions are recognised on trade date.

The Group subsequently measures cash and cash equivalents, amounts due from brokers and trade and other receivables at amortised cost. The Group subsequently measures derivative financial instruments and financial investments at fair value.

Cash and cash equivalents
Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Amounts due from brokers
Amounts due from brokers represent funds placed with hedging counterparties, a proportion of which are posted to meet broker margin requirements. All derivatives used as hedges held for trading are margin traded. Assets or liabilities resulting from profits or losses on open positions are recognised separately as derivative financial instruments.

2. Summary of significant accounting policies continued

Other assets

Other assets represent cryptocurrencies controlled by the Group. The Group offers CFDs on cryptocurrencies as a product that can be traded on its platform. As part of a wider hedging strategy, the Group purchases and sells cryptocurrencies to hedge the clients' positions.

The Group holds cryptocurrency assets for trading in the ordinary course of its business, effectively acting as a commodity broker-dealer in respect of the underlying cryptocurrency asset. The assets are recognised on trade date and measured at fair value with changes in valuation being recorded in the income statement in the period in which they arise. Cryptocurrency assets are not financial instruments, and they are categorised as non-financial assets.

Trade and other receivables

Trade receivables primarily comprise amounts due from clients and stockbroking settlement balances. They are short term in nature are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are short term and do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. Amounts are written off when there is no reasonable expectation of recovery of the amount.

The expected loss model for these trade receivables has been built based on the levels of loss experienced, with due consideration given to forward-looking information.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating costs in the income statement.

The Group sub-leases some of its leased premises. Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). The Group, as a lessor, has reclassified certain of its sub-lease agreements as finance leases and recognised a lease receivable equal to the net investment in the sub-lease. This is presented within Other Debtors.

Financial investments

Under IFRS 9, financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at FVOCI.

Financial investments are non-derivative financial assets and are recognised on a trade date basis. Financial investments are initially measured at fair value plus directly related transactions costs. They are re-measured at fair value and changes are recognised in OCI until the assets are sold or disposed of.

Interest income is calculated using the effective interest method on debt securities. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the income statement.

Derivative financial instruments

Derivative financial instruments, comprising index, commodities, foreign exchange and treasury futures and forward foreign exchange contracts, are classified as "fair value through profit or loss" under IFRS 9, unless designated as accounting hedges. Derivatives not designated as accounting hedges are initially recognised at fair value. Subsequent to initial recognition, changes in fair value of such derivatives and gains or losses on their settlement are recognised in the income statement.

For accounting hedges, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group designates certain derivatives as either:

Held for trading

Derivatives classified as held for trading are included in this category. The Group uses derivative financial instruments in order to hedge derivative exposures arising from open client positions, which are classified as held for trading. All derivatives held for trading are carried in the statement of financial position at fair value with gains or losses recognised in revenue in the income statement.

Held as hedges of net investments in foreign operations

Where a foreign currency derivative financial instrument is a formally designated accounting hedge of a net investment in a foreign operation, foreign exchange differences arising on translation of the financial instrument are recognised in the net investment hedging reserve via other comprehensive income to the extent the hedge is effective. The Group assesses the effectiveness of its net investment hedges based on fair value changes of its net assets and the fair value changes of the relevant financial instrument. The gain or loss relating to the ineffective portion is recognised immediately in operating expenses in the income statement. Accumulated gains and losses recorded in the net investment hedging reserve are recognised in operating costs in the income statement on disposal of the foreign operation.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

2. Summary of significant accounting policies continued

Derivative financial instruments continued

Economic hedges (held as hedges of monetary assets and liabilities, financial commitments or forecast transactions)
These are derivatives held to mitigate the foreign exchange risk on monetary assets and liabilities, financial commitments or forecast transactions. Where a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognised monetary asset or liability, financial commitment or forecast transaction, but does not meet the criteria to qualify for hedge accounting under IFRS, no hedge accounting is applied and any gain or loss resulting from changes in fair value of the hedging instrument is recognised in operating costs in the income statement.

Trade and other payables
Trade and other payables are not interest bearing and are stated at fair value on initial recognition and subsequently at amortised cost.

Leases
Under IFRS 16, when the Group is the lessee, it is required to recognise both:

- a lease liability, measured at the present value of remaining cash flows on the lease; and
- a right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Subsequently, the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when the payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change in an index or rate;
- the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- the Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the consolidated statement of financial position, the ROU assets are included within property, plant and equipment.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Extension and termination options are included in a number of property leases in the Group. Management considers the facts and circumstances that may create an economic incentive to exercise an extension or termination option in order to determine whether the lease term should include or exclude such options. Extension or termination options are only included within the lease term if they are reasonably certain to be exercised in the case of extension options and not exercised in the case of termination options.

Borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Provisions
A provision is a liability of uncertain timing or amount that is recognised when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. The increase in the provision due to the unwind of the discount to present value over time is recognised as an interest expense.

Share capital
Ordinary and Deferred Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Own shares held in trusts
Shares held in trust by the Company for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

2. Summary of significant accounting policies continued

Capital redemption reserve

The capital redemption reserve was created for capital maintenance purposes as a result of the share buyback programme. When shares are repurchased out of the Company's profits, the amount by which the Company's issued share capital is diminished must be transferred to the capital redemption reserve. This amount is the nominal value of the shares bought back. See note 25.

Share buyback reserve

The share buyback reserve was created as a result of the share buyback programme and on inception of the contract amounted to the full value of the share buyback programme plus directly attributed costs. As shares are being repurchased, the share buyback reserve amount is reduced by the consideration paid for the repurchased shares with a corresponding transaction recorded within Retained earnings to reflect the consumption of distributable profits. See note 27.

Employee benefit trusts

Assets held in employee benefit trusts ("EBT") are recognised as assets of the Group, until these vest unconditionally to identified employees. A full provision is made in respect of assets held by the trust as there is an obligation to distribute these assets to the beneficiaries of the employee benefit trust.

The employee benefit trusts own equity shares in the Company. These investments in the Company's own shares are held at cost and are included as a deduction from equity attributable to the Company's equity owners until such time as the shares are cancelled or transferred. Where such shares are subsequently transferred, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity owners.

Client money

The Group holds money on behalf of clients in accordance with the Client Asset ("CASS") rules of the FCA and other financial markets regulators in the countries in which the Group operates. The amounts held on behalf of clients at the balance sheet date are stated in notes 20 and 21. Segregated client funds comprise individual client balances which are pooled in segregated client money bank accounts. Segregated client money bank accounts hold statutory trust status restricting the Group's ability to use the monies and accordingly such amounts and are not recognised on the Group's Statement of Financial Position.

3. Segmental reporting

The Group's principal business is online retail financial services including stockbroking and providing its clients with the ability to trade contracts for difference ("CFD") and financial spread betting on a range of underlying shares, indices, foreign currencies, commodities and treasuries. The Group also makes these services available to institutional partners through white label and introducing broker arrangements. The Group's CFDs are traded worldwide, whereas the financial spread betting products are only available to trade in the UK and Ireland and the Group provides stockbroking services only in Australia. The Group's business is generally managed on a geographical basis and, for management purposes, the Group is organised into four segments:

- Leveraged – CFD and spread bet – UK and Ireland ("UK & IE");
- Leveraged – CFD – Europe;
- Leveraged – CFD – Australia, New Zealand and Singapore ("APAC") and Canada; and
- Non-leveraged – Stockbroking – Australia.

These segments are in line with the management information received by the chief operating decision maker ("CODM").

Revenues and costs are allocated to the segments that originated the transaction. Costs generated centrally are allocated to segments on an equitable basis, mainly based on revenue, headcount or active client levels, or where central costs are directly attributed to specific segments.

	Year ended 31 March 2022					
	Leveraged			Non-leveraged		
GROUP	UK & IE £'000	Europe £'000	APAC & Canada £'000	Australia £'000	Central £'000	Total £'000
Segment revenue net of introducing partner commissions and betting levies	80,891	43,795	108,384	48,046	—	281,116
Interest income	(413)	—	335	912	—	834
Net operating income	80,478	43,795	108,719	48,958	—	281,950
Segment operating expenses	(18,767)	(6,480)	(22,755)	(10,422)	(129,213)	(187,637)
Segment contribution	61,711	37,315	85,964	38,536	(129,213)	94,313
Allocation of central operating expenses	(35,527)	(30,597)	(40,689)	(22,400)	129,213	—
Operating profit	26,184	6,718	45,275	16,136	—	94,313
Finance costs	(432)	(290)	(195)	(168)	(1,092)	(2,177)
Allocation of central finance costs	(474)	(207)	(411)	—	1,092	—
Profit before taxation	25,278	6,221	44,669	15,968	—	92,136

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

3. Segmental reporting continued

GROUP	Year ended 31 March 2021 Leveraged UK & IE £'000	Europe £'000	APAC & Canada £'000	Non-leveraged Australia £'000	Central £'000	Total £'000
Segment revenue net of introducing partner commissions and betting levies	125,947	65,035	163,236	54,802	—	409,020
Interest income	(26)	—	533	239	—	746
Net operating income	125,921	65,035	163,769	55,041	—	409,766
Segment operating expenses	(19,909)	(6,574)	(21,950)	(10,039)	(125,522)	(183,994)
Segment contribution	106,012	58,461	141,819	45,002	(125,522)	225,772
Allocation of central operating expenses	(36,336)	(30,393)	(37,320)	(21,473)	125,522	—
Operating profit	69,676	28,068	104,499	23,529	—	225,772
Finance costs	(484)	(36)	(242)	(213)	(787)	(1,762)
Allocation of central finance costs	(331)	(134)	(322)	—	787	—
Profit before taxation	68,861	27,898	103,935	23,316	—	224,010

The measurement of net operating income for segmental analysis is consistent with that in the income statement and is broken down by geographic location and business line below.

	Year ended 31 March 2022 £'000			Year ended 31 March 2021 £'000		
Net operating income by geography	Leveraged	Non-leveraged	Total	Leveraged	Non-leveraged	Total
UK	**80,478**	**—**	**80,478**	125,921	—	125,921
Australia	**49,020**	**48,958**	**97,978**	101,127	55,041	156,168
Other countries	**103,494**	**—**	**103,494**	127,677	—	127,677
Total net operating income	**232,992**	**48,958**	**281,950**	354,725	55,041	409,766

The Group uses "Segment contribution" to assess the financial performance of each segment. Segment contribution comprises operating profit for the year before finance costs and taxation and an allocation of central operating expenses.

The measurement of segment assets for segmental analysis is consistent with that in the balance sheet. The total of non-current assets other than deferred tax assets, broken down by location and business line of the assets, is shown below.

	Year ended 31 March 2022 £'000			Year ended 31 March 2021 £'000		
	Leveraged	Non-leveraged	Total	Leveraged	Non-leveraged	Total
UK	**41,168**	**—**	**41,168**	22,662	—	22,662
Australia	**3,244**	**23,010**	**26,254**	4,336	8,357	12,693
Other countries	**3,092**	**—**	**3,092**	2,880	—	2,880
Total non-current assets	**47,504**	**23,010**	**70,514**	29,878	8,357	38,235

4. Total revenue
Revenue

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Leveraged	**247,987**	373,006
Non-leveraged	**74,326**	83,310
Other revenue	**3,496**	4,992
Total	**325,809**	461,308

Leveraged revenue represents CFD and spread bet revenue. Non-leveraged revenue represents stockbroking revenue.

4. Total revenue continued

Interest income

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Bank and broker interest	825	681
Interest on financial investments	9	43
Other interest income	—	22
Total	834	746

The Group earns interest income from its own corporate funds and from segregated client funds.

5. Operating expenses

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Net staff costs (note 6)	84,862	78,653
IT costs	28,721	26,162
Sales and marketing	27,363	30,399
Premises	3,343	3,794
Legal and professional fees	8,568	7,234
Regulatory fees	5,576	5,002
Depreciation and amortisation	12,901	11,239
Irrecoverable sales tax	2,789	6,536
Other	15,480	15,017
	189,603	184,036
Capitalised internal software development costs	(472)	(42)
Operating expenses	189,131	183,994

The above presentation reflects the breakdown of operating expenses by nature of expense.

6. Employee information

The aggregate employment costs of staff and Directors were:

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Wages and salaries	74,352	66,694
Social security costs	9,475	9,452
Other pension costs	2,230	1,916
Share-based payments	2,418	2,489
Total Directors and employee costs	88,475	80,551
Contract staff costs	3,880	3,243
	92,355	83,794
Capitalised internal software development costs	(7,493)	(5,141)
Net staff costs	84,862	78,653

Compensation of key management personnel is disclosed in the Directors' remuneration report on page 91.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

6. Employee information continued
The monthly average number of Directors and employees of the Group during the year is set out below:

GROUP	Year ended 31 March 2022 Number	Year ended 31 March 2021 Number
By activity:		
Key management	8	8
Client acquisition and maintenance	420	392
IT development and support	252	217
Global support functions	215	179
Total Directors and employees	895	796
Contract staff	22	22
Total staff	917	818

The Company had no employees during the current year or prior year.

7. Finance costs

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest and fees on bank borrowings	1,451	926
Interest on lease liabilities	700	818
Other finance costs	26	18
Total	2,177	1,762

8. Profit before taxation

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation	10,081	9,254
Amortisation of intangible assets	2,820	1,985
Net foreign exchange gain	(1,179)	(222)
Auditors' remuneration for audit and other services (see below)	2,057	1,975

Fees payable to the Company's auditors, PricewaterhouseCoopers LLP, were as follows:

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Audit services		
Audit of CMC Markets plc's financial statements	659	681
Audit of CMC Markets plc's subsidiaries	780	777
Total audit fees	1,439	1,458
Non-audit services		
Audit-related services	618	517
Total non-audit fees	618	517
Total fees	2,057	1,975

9. Taxation

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Analysis of charge for the year		
Current tax:		
Current tax on profit for the year	18,642	35,124
Adjustments in respect of previous years	(465)	(815)
Total current tax	18,177	34,309
Deferred tax:		
Origination and reversal of temporary differences	1,699	11,508
Adjustments in respect of previous years	409	86
Impact of change in tax rate	(147)	—
Total deferred tax	1,961	11,594
Total tax	20,138	45,903

The standard rate of UK corporation tax charged was 19% with effect from 1 April 2017. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The effective tax rate of 21.86% (year ended 31 March 2021: 20.49%) differs from the standard rate of UK corporation tax of 19% (year ended 31 March 2021: 19%). The differences are explained below:

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit before taxation	92,136	224,010
Profit multiplied by the standard rate of corporation tax in the UK of 19% (year ended 31 March 2021: 19%)	17,506	42,562
Adjustment in respect of foreign tax rates	2,500	3,918
Adjustments in respect of previous years	(56)	(729)
Impact of change in tax rate	(147)	1
Expenses not deductible for tax purposes	291	415
Recognition of previously unrecognised tax losses	—	(678)
Other differences	44	414
Total tax	20,138	45,903

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Tax on items recognised directly in equity		
Tax credit on share-based payments	553	1,164

10. Earnings per share ("EPS")

Basic EPS is calculated by dividing the earnings attributable to the equity owners of the Company by the weighted average number of Ordinary Shares in issue during each year excluding those held in employee share trusts which are treated as cancelled.

For diluted earnings per share, the weighted average number of Ordinary Shares in issue, excluding those held in employee share trusts, is adjusted to assume vesting of all dilutive potential weighted average Ordinary Shares and that vesting is satisfied by the issue of new Ordinary Shares.

GROUP	Year ended 31 March 2022	Year ended 31 March 2021
Earnings attributable to ordinary shareholders (£'000)	71,998	178,107
Weighted average number of shares used in the calculation of basic EPS ('000)	290,815	289,677
Dilutive effect of share options ('000)	1,022	1,485
Weighted average number of shares used in the calculation of diluted EPS ('000)	291,837	291,162
Basic EPS	24.8p	61.5p
Diluted EPS	24.7p	61.2p

For the year ended 31 March 2022, 1,022,000 (year ended 31 March 2021: 1,485,000) potentially dilutive weighted average Ordinary Shares in respect of share options in issue were included in the calculation of diluted EPS.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

11. Dividends

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Declared and paid in each year		
Final dividend for 2021 at 21.43p per share (2020: 12.18p)	**62,410**	35,393
Interim dividend for 2022 at 3.50p per share (2021: 9.20p)	**10,194**	26,735
Total	**72,604**	62,128

The final dividend for 2022 of 8.88 pence per share, amounting to £25,778,000 was proposed by the Board on 8 June 2022 and has not been included as a liability at 31 March 2022. The dividend will be paid on 11 August 2022, following approval at the Company's AGM, to those members on the register at the close of business on 15 July 2022. The dividends paid or declared in relation to the financial year are set out below:

GROUP	Year ended 31 March 2022 Pence	Year ended 31 March 2021 Pence
Declared per share		
Interim dividend	**3.50**	9.20
Final dividend	**8.88**	21.43
Total dividend	**12.38**	30.63

12. Intangible assets

GROUP	Goodwill £'000	Computer software £'000	Trademarks and trading licences £'000	Client relationships £'000	Assets under development £'000	Total £'000
Cost						
At 1 April 2020	11,500	121,085	1,409	2,684	1,054	137,732
Additions	—	2,678	—	—	5,350	8,028
Transfers	—	275	—	—	(275)	—
Disposals	—	—	(57)	—	(33)	(90)
Research and development grant	—	(515)	—	—	—	(515)
Foreign currency translation	—	2,472	45	311	52	2,880
At 31 March 2021	**11,500**	**125,995**	**1,397**	**2,995**	**6,148**	**148,035**
Additions	**—**	**77**	**—**	**—**	**21,736**	**21,813**
Transfers	**—**	**5,246**	**—**	**—**	**(5,246)**	**—**
Disposals	**—**	**—**	**(356)**	**—**	**—**	**(356)**
Foreign currency translation	**—**	**869**	**11**	**100**	**970**	**1,950**
At 31 March 2022	**11,500**	**132,187**	**1,052**	**3,095**	**23,608**	**171,442**
Accumulated amortisation and impairment						
At 1 April 2020	(11,500)	(117,907)	(1,053)	(2,684)	—	(133,144)
Charge for the year	—	(1,945)	(40)	—	—	(1,985)
Foreign currency translation	—	(2,223)	(42)	(311)	—	(2,576)
At 31 March 2021	**(11,500)**	**(122,075)**	**(1,135)**	**(2,995)**	**—**	**(137,705)**
Charge for the year	**—**	**(2,773)**	**(47)**	**—**	**—**	**(2,820)**
Disposals	**—**	**—**	**287**	**—**	**—**	**287**
Foreign currency translation	**—**	**(764)**	**(12)**	**(100)**	**—**	**(876)**
At 31 March 2022	**(11,500)**	**(125,612)**	**(907)**	**(3,095)**	**—**	**(141,114)**
Carrying amount						
At 1 April 2020	—	3,178	356	—	1,054	4,588
At 31 March 2021	—	3,920	262	—	6,148	10,330
At 31 March 2022	**—**	**6,575**	**145**	**—**	**23,608**	**30,328**

Computer software includes capitalised development costs of £26,487,000 relating to the Group's Next Generation trading platform which has been fully amortised. Research and Development expenditure recognised as expense during the year amounted to £1,690,00 (31 March 2021: £824,000).

12. Intangible assets continued

Impairment

Intangibles are tested for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Assets under development are tested for impairment annually. There was no impairment identified in the year ended 31 March 2022 (year ended 31 March 2021: £nil).

At 31 March 2022, the Group had no material capital commitments in respect of intangible assets (31 March 2021: £nil).

Impairment sensitivity analysis

The recoverable amount of the asset under development relating to the UK CMC Invest platform has been determined using a value-in-use discounted cashflow calculation. This uses the most recent board-approved forecast results, a discount rate of 7.7% and long term growth rate (beyond the forecasting period) of 0%. The carrying value of the asset at 31 March 2022 was £6,054,000.

The recoverable amount is sensitive to changes in forecast revenues. A 4.5% reduction in forecast revenues would determine a recoverable amount equal to the carrying value of £6,054,000. A 12% reduction in forecast revenues would result in the full impairment of the asset.

13. Property, plant and equipment

GROUP	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Computer hardware £'000	Right-of-use asset £'000	Total £'000
Cost					
At 1 April 2020	18,600	9,807	31,008	17,657	77,072
Additions	—	58	4,805	1,707	6,570
Disposals	(43)	(408)	(12)	(870)	(1,333)
Foreign currency translation	716	199	448	652	2,015
At 31 March 2021	**19,273**	**9,656**	**36,249**	**19,146**	**84,324**
Additions	**106**	**198**	**3,196**	**5,362**	**8,862**
Disposals	**(2,733)**	**(1,007)**	**(2,262)**	**(275)**	**(6,277)**
Foreign currency translation	**237**	**75**	**192**	**324**	**828**
At 31 March 2022	**16,883**	**8,922**	**37,375**	**24,557**	**87,737**
Accumulated depreciation					
At 1 April 2020	(12,156)	(8,523)	(24,166)	(4,089)	(48,934)
Charge for the year	(1,796)	(554)	(2,756)	(4,148)	(9,254)
Disposals	43	408	12	546	1,009
Foreign currency translation	(484)	(126)	(325)	(105)	(1,040)
At 31 March 2021	**(14,393)**	**(8,795)**	**(27,235)**	**(7,796)**	**(58,219)**
Charge for the year	**(1,642)**	**(414)**	**(3,225)**	**(4,800)**	**(10,081)**
Disposals	**2,736**	**1,001**	**2,248**	**181**	**6,166**
Foreign currency translation	**(222)**	**(72)**	**(147)**	**(221)**	**(662)**
At 31 March 2022	**(13,521)**	**(8,280)**	**(28,359)**	**(12,636)**	**(62,796)**
Carrying amount					
At 1 April 2019	6,444	1,284	6,842	13,568	28,138
At 31 March 2021	4,880	861	9,014	11,350	26,105
At 31 March 2022	**3,362**	**642**	**9,016**	**11,921**	**24,941**

The carrying amount of recognised right-of-use assets relate to the following types of assets:

Notes to the consolidated and parent company financial statements continued

For the year ended 31 March 2022

13. Property, plant and equipment continued

GROUP	Computer hardware £'000	Leasehold properties £'000	Total £'000
At 1 April 2020	**914**	**12,654**	**13,568**
Additions	—	1,707	1,707
Disposals	—	(324)	(324)
Charge for the year	(609)	(3,539)	(4,148)
Foreign currency translation	—	547	547
At 31 March 2021	**305**	**11,045**	**11,350**
Additions	—	5,362	5,362
Disposals	—	(94)	(94)
Charge for the year	(305)	(4,495)	(4,800)
Foreign currency translation	—	103	103
At 31 March 2022	**—**	**11,921**	**11,921**

Refer to note 23 for further details on lease liabilities.

14. Deferred tax

GROUP	31 March 2022 £'000	31 March 2021 £'000
Deferred tax assets to be recovered within 12 months	**1,807**	1,966
Deferred tax assets to be recovered after 12 months	**4,215**	4,404
	6,022	6,370
Deferred tax liabilities to be settled within 12 months	**(993)**	(495)
Deferred tax liabilities to be settled after 12 months	**(2,316)**	(1,127)
	(3,309)	(1,622)
Net deferred tax asset	**2,713**	4,748

Deferred income taxes are calculated on all temporary differences under the liability method at the tax rate expected to apply when the deferred tax will crystallise. The gross movement on deferred tax is as follows:

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
At 1 April	**4,748**	14,324
Charge to income for the year	**(2,108)**	(11,594)
Charge to equity for the year	**(135)**	(7)
Change in tax rate	**147**	—
Research and development tax credit	**—**	310
Foreign currency translation	**61**	1,715
At 31 March	**2,713**	4,748

14. Deferred tax continued

The following table details the deferred tax assets and liabilities recognised by the Group and movements thereon during the year:

GROUP	Tax losses £'000	Accelerated capital allowances £'000	Other timing differences £'000	Total £'000
At 1 April 2020	6,415	689	7,220	14,324
Charge to income for the year	(7,106)	(3,317)	(1,171)	(11,594)
Charge to equity for the year	—	—	(7)	(7)
Research and development tax credit	—	—	310	310
Foreign currency translation	826	276	613	1,715
At 31 March 2021	**135**	**(2,352)**	**6,965**	**4,748**
Charge to income for the year	**(41)**	**1,894**	**(3,961)**	**(2,108)**
Charge to equity for the year	**—**	**—**	**(135)**	**(135)**
Research and development tax credit	**(1)**	**169**	**(21)**	**147**
Foreign currency translation	**—**	**11**	**50**	**61**
At 31 March 2022	**93**	**(278)**	**2,898**	**2,713**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of the temporary differences can be deducted. The recoverability of the Group's deferred tax asset in respect of carry forward losses is based on an assessment of the future levels of taxable profit expected to arise that can be offset against these losses. The Group's expectations as to the level of future taxable profits take into account the Group's long-term financial and strategic plans and anticipated future tax adjusting items. In making this assessment, account is taken of business plans including the Board-approved Group budget. Key budget assumptions are discussed in the Directors' viability statement.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 March 2022 the Group did not recognise deferred tax assets of £181,000 (at 31 March 2021: £267,000) in respect of losses amounting to £724,000 (year ended 31 March 2021: £1,068,000). These relate to the Group's subsidiary, Information Internet Ltd and there are no time limits on their utilisation.

The Group has recognised a deferred tax asset of £94,000 (at 31 March 2021: £95,000) in respect of losses of £375,000 (year ended 31 March 2021: £380,000) in the Group's subsidiary, Information Internet Ltd as at 31 March 2021.

A deferred tax asset of £nil (at 31 March 2021: £310,000) has arisen for the Group in respect of Research and Development tax credits arising in Australia which have not been used due to the existence of tax losses. The credits are expected to be utilised in future.

On 5 March 2021 the UK government announced that from 1 April 2023 the Corporation Tax main rate will be increased from 19% to 25%. This was substantively enacted on 24 May 2021. Deferred tax balances are reported at the substantively enacted tax rate of 25% at 31 March 2022.

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15. Investment in subsidiary undertakings

COMPANY	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
At 1 April	168,111	169,023
Capital contribution relating to share-based payments	2,272	1,621
Amounts contributed by subsidiaries in relation to share-based payments	(2,157)	(2,587)
Investment	1,030	469
	169,256	168,526
Impairment	(294)	(415)
At 31 March	**168,962**	168,111

The list below includes all of the Group's direct and indirect subsidiaries as at 31 March 2022:

	Country of incorporation	Principal activities	Held
CMC Markets Holdings Ltd	England	Holding company	Directly
CMC Markets UK Holdings Ltd	England	Holding company	Indirectly
CMC Markets Investments Limited	England	Online trading	Indirectly
CMC Markets Investments Nominee Limited	England	Online trading	Indirectly
CMC Markets UK plc	England	Online trading	Indirectly
Information Internet Ltd	England	IT development	Indirectly
CMC Spreadbet plc	England	Financial spread betting	Indirectly
CMC Markets Overseas Holdings Ltd	England	Holding company	Indirectly
CMC Markets Asia Pacific Pty Ltd	Australia	Online trading	Indirectly
CMC Markets Group Australia Pty Ltd	Australia	Holding company	Indirectly
CMC Markets Stockbroking Ltd	Australia	Stockbroking	Indirectly
CMC Markets Stockbroking Services Pty Ltd	Australia	Employee services	Indirectly
CMC Markets Stockbroking Nominees Pty Ltd	Australia	Stockbroking nominee	Indirectly
CMC Markets Stockbroking Nominees (No. 2 Account) Pty Ltd	Australia	Dormant	Indirectly
CMC Markets Canada Inc	Canada	Online trading	Indirectly
CMC Markets NZ Ltd	New Zealand	Online trading	Indirectly
CMC Markets Singapore Pte Ltd	Singapore	Online trading	Indirectly
CMC Business Services (Shanghai) Limited	China	Training and education	Indirectly
CMC Markets Germany GmbH	Germany	Online trading	Indirectly
CMC Markets Middle East Ltd	UAE	Online trading	Indirectly

Please refer to pages 162 and 163 for the registered office addresses of the subsidiaries above.

All shareholdings are of Ordinary Shares. The issued share capital of all subsidiary undertakings is 100% owned, which also represents the proportion of the voting rights in the subsidiary undertakings.

The list below includes all of the Group's employee benefit trusts as at 31 March 2022:

	Country of incorporation
CMC Markets plc Employee Share Trust	Jersey
CMC Markets plc UK Share Incentive Plan	England
CMC Markets plc (Discretionary Schemes) Employee Share Trust	England

Investment in subsidiary undertakings are tested for impairment annually. Total provision for impairment recorded during the year ended 31 March 2022 amounted to £294,000 (year ended 31 March 2021: £415,000).

16. Trade and other receivables

	GROUP		COMPANY	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Current				
Gross trade receivables	15,256	9,103	—	—
Less: provision for impairment of trade receivables	(6,219)	(7,762)	—	—
Trade receivables	9,037	1,341	—	—
Amounts due from Group companies	—	—	1,013	159
Prepayments and accrued income	11,143	9,799	7	79
Stockbroking debtors	134,324	99,035	—	—
Other debtors	2,413	16,944	—	13,781
	156,917	127,119	1,020	14,019
Non-current				
Other debtors	1,797	1,800	—	—
Total	158,714	128,919	1,020	14,019

Stockbroking debtors represent the amount receivable in respect of equity security transactions executed on behalf of clients with a corresponding balance included within trade and other payables (note 21).

As at 31 March 2021, the other debtors balance included a deposit of AUD$25,000,000 (£13,781,000) which was repaid as part of the transaction with ANZ as described in note 1.

17. Derivative financial instruments

Assets

GROUP	31 March 2022 Notional amount £m	31 March 2022 Carrying amount £'000	31 March 2021 Notional amount £m	31 March 2021 Carrying amount £'000
Held for trading				
Index, commodity, foreign exchange, cryptocurrency and treasury futures	97.5	1,774	198.1	2,058
Forward foreign exchange contracts	90.2	417	227.0	681
Held for hedging				
Forward foreign exchange contracts – economic hedges	14.0	78	27.2	331
Forward foreign exchange contracts – net investment hedges	40.0	90	52.2	171
Total	241.7	2,359	504.5	3,241

Liabilities

GROUP	31 March 2022 Notional amount £m	31 March 2022 Carrying amount £'000	31 March 2021 Notional amount £m	31 March 2021 Carrying amount £'000
Held for trading				
Index, commodity, foreign exchange, cryptocurrency and treasury futures	107.6	(1,690)	217.6	(2,409)
Forward foreign exchange contracts	79.4	(131)	38.1	(216)
Held for hedging				
Forward foreign exchange contracts – economic hedges	36.0	(530)	48.6	(451)
Forward foreign exchange contracts – net investment hedges	4.7	(11)	—	(1)
Total	227.7	(2,362)	304.3	(3,077)

The fair value of derivative contracts and cryptocurrencies are based on the market price of comparable instruments at the balance sheet date. All derivative financial instruments have a maturity date of less than one year.

Notes to the consolidated and parent company financial statements continued
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17. Derivative financial instruments continued

Held for trading
As described in note 30, the Group enters into derivative contracts and holds cryptocurrencies in order to hedge its market price risk exposure arising from open client positions.

Held for hedging
The Group's forward foreign exchange contracts are designated as either economic or net investment hedges.

Economic hedges are held for the purpose of mitigating currency risk relating to transactional currency flows arising from earnings in foreign currencies but do not meet the criteria for designation as hedges. During the year ended 31 March 2022, £869,000 of gains net of revaluation gains or losses relating to economic hedges were recognised in the income statement (year ended 31 March 2021: gains of £328,000).

The Group has designated a number of foreign exchange derivative contracts as hedges of the net investment in the Group's foreign operations. At 31 March 2022, £8,662,000 (31 March 2021: £7,573,000) of fair value losses were recorded in net investment hedging reserve within other reserves. At 31 March 2022, £7,827,000 (31 March 2021: £6,066,000) of fair value gains were recorded in the translation reserve within other reserves.

During the year ended 31 March 2022, fair value losses of £1,089,000 (year ended 31 March 2021: losses of £2,007,000) relating to net investment hedges were recognised in other comprehensive income. All changes in the fair value were treated as being effective under IFRS 9 "Financial Instruments"; as a result there was no amount reclassified from the net investment hedging reserve or translation reserve into the income statement.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets at the balance sheet date.

The Group's derivative positions are reported gross on the statement of financial position, as required by IAS 32 where there are no offset rights in place. There are no further netting arrangements or collateral posted which would impact the settlement of these balances.

18. Other assets

GROUP	31 March 2022 £'000	31 March 2021 £'000
Exchange	953	—
Vaults	12,490	—
Total	**13,443**	—

Other assets are cryptocurrencies, which are owned and controlled by the Group for the purpose of hedging the Group's exposure to clients' cryptocurrency trading positions. The Group holds cryptocurrencies on exchange and in vault as above.

19. Financial investments

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
UK government securities		
At 1 April	28,037	25,385
Purchase of securities	28,337	28,933
Maturity of securities and coupon receipts	(28,428)	(26,256)
Net accrued interest	(17)	29
Changes in the fair value of debt instruments at fair value through other comprehensive income	(54)	(54)
At 31 March	**27,875**	28,037
Equity securities		
At 1 April	67	60
Foreign currency translation	3	7
At 31 March	**70**	67
Total	**27,945**	28,104

19. Financial investments continued

The effective interest rates of UK government securities held at the year end range from -0.19% to 1.72% (31 March 2021: -0.20% to 1.70%).

GROUP	31 March 2022 £'000	31 March 2021 £'000
Analysis of financial investments		
Non-current	13,448	—
Current	14,497	28,104
Total	27,945	28,104

Financial investments are shown as current assets when they have a maturity of less than one year and as non-current when they have a maturity of more than one year.

All of the Group's UK government securities measured at FVOCI are considered to have low credit risk. These UK government securities are held to meet the Group's regulatory threshold requirements under IFPR. There was no impairment identified in the year ended 31 March 2022 (year ended 31 March 2021: £nil).

20. Cash and cash equivalents

	GROUP		COMPANY	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Gross cash and cash equivalents	723,213	668,304	28,263	167
Less: client monies	(546,635)	(549,383)	—	—
Cash and cash equivalents	176,578	118,921	28,263	167
Analysed as:				
Cash at bank	176,578	118,921	28,263	167

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Analysis of net cash

GROUP	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents	176,578	118,921
Borrowings	(194)	(1,139)
Lease liabilities	(14,185)	(15,326)
Net cash	162,199	102,456

GROUP	Borrowings	Lease liabilities	Sub-total	Cash and cash equivalents	Total
At 1 April 2020	(1,631)	(19,273)	(20,904)	84,307	63,403
Financing cash flows	1,190	6,057	7,247	30,668	37,915
Inception/modification of leases and non-cash borrowings	(698)	(1,181)	(1,879)	—	(1,879)
Foreign exchange adjustments	—	(929)	(929)	3,946	3,017
At 31 March 2021	(1,139)	(15,326)	(16,465)	118,921	102,456
Financing cash flows	945	5,962	6,907	56,281	63,188
Inception/modification of leases	—	(4,658)	(4,658)	—	(4,658)
Foreign exchange adjustments	—	(163)	(163)	1,376	1,213
At 31 March 2022	(194)	(14,185)	(14,379)	176,578	162,199

Notes to the consolidated and parent company financial statements continued
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21. Trade and other payables

	GROUP		COMPANY	
	31 March 2022 £'000	31 March 2021 £'000	**31 March 2022 £'000**	31 March 2021 £'000
Current				
Gross trade payables	**593,995**	580,062	**10**	—
Less: client monies	**(546,635)**	(549,383)	**—**	—
Trade payables	**47,360**	30,679	**10**	—
Tax and social security	**2,242**	236	**—**	—
Stockbroking creditors	**123,875**	89,091	**—**	—
Accruals and other creditors	**42,376**	32,247	**133**	60
Total	**215,853**	152,253	**143**	60

Stockbroking creditors represent the amount payable in respect of equity and securities transactions executed on behalf of clients with a corresponding balance included within trade and other receivables (note 16).

22. Borrowings

	GROUP		COMPANY	
	31 March 2022 £'000	31 March 2021 £'000	**31 March 2022 £'000**	31 March 2021 £'000
Current				
Other liabilities	**194**	945	**—**	—
	194	945	**—**	—
Non-current				
Other liabilities	**—**	194	**—**	—
Amount due to Group companies	**—**	—	**—**	13,549
	—	194	**—**	13,549
Total	**194**	1,139	**—**	13,549

The fair value of financial liabilities is approximately equivalent to the book value shown above.

Bank loans
In March 2022 , the syndicated revolving credit facility was renewed at a level of £55,000,000 (31 March 2021: £55,000,000) where £27,500,000 had a maturity date of March 2023 and £27,500,000 had a maturity date of March 2025. This facility can only be used to meet broker margin requirements of the Group. The rate of interest payable on any loans is the aggregate of the applicable margin and SONIA. Other fees such as commitment fees, legal fees and arrangement fees are also payable on this facility (note 7).

No amount was outstanding on this facility at 31 March 2022 (31 March 2021: £nil).

23. Lease liabilities

The Group leases several assets including leasehold properties and computer hardware to meet its operational business requirements. The average lease term is 2.1 years.

ROU asset balances relate to both leasehold properties and computer hardware. Refer to note 13 for a breakdown of the carrying amount of ROU assets.

The movements in lease liabilities during the year were as follows:

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
At 1 April	15,326	19,273
Additions	4,658	1,181
Interest expense	700	818
Lease payments made during the year	(6,662)	(6,875)
Foreign currency translation	163	929
At 31 March	14,185	15,326

GROUP	31 March 2022 £'000	31 March 2021 £'000
Analysis of lease liabilities		
Non-current	9,269	10,727
Current	4,916	4,599
Total	14,185	15,326

The lease payments for the year ended 31 March 2022 relating to short-term leases amounted to £207,000 (year ended 31 March 2021: £748,000).

As at 31 March 2022 the potential future undiscounted cash outflows that have not been included in the lease liability due to lack of reasonable certainty the lease extension options might be exercised amounted to £nil (31 March 2021: £nil).

Refer to note 29 for maturity analysis of lease liabilities.

24. Provisions

GROUP	EBT commitments £'000	Property related £'000	Other £'000	Total £'000
At 1 April 2020	122	1,958	394	2,474
Additional provision	—	113	1,463	1,576
Utilisation of provision	(122)	(27)	(258)	(407)
Currency translation	—	57	—	57
At 31 March 2021	—	2,101	1,599	3,700
Additional provision	—	623	—	623
Utilisation of provision	—	(326)	(1,506)	(1,832)
Currency translation	—	18	(23)	(5)
At 31 March 2022	—	2,416	70	2,486

The provision relating to EBTs represents the obligation to distribute assets held in EBTs to beneficiaries.

The property-related provisions include dilapidation provisions. Dilapidation provisions have been capitalised as part of cost of ROU assets and are amortised over the term of the lease. These dilapidation provisions are utilised as and when the Group vacates a property and expenditure is incurred to restore the property to its original condition.

The other provisions balance on 31 March 2022 predominantly relates to provisions made for client complaints linked to market volatility during Q1 2021.

GROUP	31 March 2022 £'000	31 March 2021 £'000
Analysis of total provisions		
Current	369	1,889
Non-current	2,117	1,811
Total	2,486	3,700

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25. Share capital, share premium and capital redemption reserve

GROUP AND COMPANY	Number 31 March 2022	Number 31 March 2021	£'000 31 March 2022	£'000 31 March 2021
Authorised				
Ordinary Shares of 25p	**400,000,000**	400,000,000	**100,000**	100,000
Allotted, issued and fully paid				
Ordinary Shares of 25p	**290,293,919**	290,717,473	**72,573**	72,679
Deferred Shares of 25p	**2,478,086**	2,478,086	**620**	620
Total	**292,772,005**	293,195,559	**73,193**	73,299

Share class rights
The Company has two classes of shares, Ordinary and Deferred, neither of which carries a right to fixed income. Deferred Shares have no voting or dividend rights. In the event of a winding-up, Ordinary Shares shall be repaid at nominal value plus £500,000 each in priority to Deferred Shares.

GROUP AND COMPANY	Ordinary Shares Number	Deferred Shares Number	Total Number
At 1 April 2020	289,117,473	2,478,086	291,595,559
New shares issued	1,600,000	—	1,600,000
At 31 March 2021	**290,717,473**	**2,478,086**	**293,195,559**
New shares issued	**700,000**	**—**	**700,000**
Shares cancelled	**(1,123,554)**	**—**	**(1,123,554)**
At 31 March 2022	**290,293,919**	**2,478,086**	**292,772,005**

GROUP AND COMPANY	Ordinary Shares £'000	Deferred Shares £'000	Share premium £'000	Capital redemption reserve £'000	Total £'000
At 1 April 2020	72,279	620	46,236	—	119,135
New shares issued	400	—	—	—	400
At 31 March 2021	**72,679**	**620**	**46,236**	**—**	**119,535**
New shares issued	**175**	**—**	**—**	**—**	**175**
Shares cancelled	**(281)**	**—**	**—**	**281**	**—**
At 31 March 2022	**72,573**	**620**	**46,236**	**281**	**119,710**

Movements in share capital and premium
During the year ended 31 March 2022, 700,000 (year ended 31 March 2021: 1,600,000) shares with nominal value of 25 pence were issued to Employee Benefit Trusts (EBTs).

During the year ended 31 March 2022, 1,123,554 (year ended 31 March 2021: nil) shares with nominal value of 25 pence were cancelled pursuant to the share buyback programme.

During the year ended 31 March 2022, no Ordinary Shares were converted to Deferred Shares in accordance with the terms of grant to employees who have now left the Group (year ended 31 March 2021: nil).

Capital redemption reserve
On 14 March 2022, the Board approved a share buyback programme with up to £30.0 million to be returned to shareholders.

During the period starting 17 March 2022 and up to 31 March 2022, the Company repurchased and cancelled 1,123,554 Ordinary Shares with nominal value of 25 pence. The amount by which the Company's share capital is diminished on the cancellation of the purchased shares is transferred to the capital redemption reserve. This amounted to £281,000 for the year ended 31 March 2022.

26. Own shares held in trust

GROUP	Number	£'000
Ordinary Shares of 25p		
At 1 April 2020	355,904	433
Acquisition	1,610,877	364
Utilisation	(1,630,770)	(415)
At 31 March 2021	**336,011**	**382**
Acquisition	**1,039,903**	**1,006**
Utilisation	**(722,299)**	**(294)**
At 31 March 2022	**653,615**	**1,094**

The shares are held by various EBTs for the purpose of encouraging or facilitating the holding of shares in the Company for the benefit of employees and the trustees will apply the whole or part of the trust's funds to facilitate dealing in shares by such beneficiaries.

27. Other reserves

GROUP	Translation reserve £'000	Net investment hedging reserve £'000	FVOCI reserve £'000	Merger reserve £'000	Share buyback reserve £'000	Total £'000
At 1 April 2020	1,503	(5,566)	27	(47,800)	—	(51,836)
Currency translation differences	4,563	—	—	—	—	4,563
Losses on net investment hedges	—	(2,007)	—	—	—	(2,007)
Losses on financial investments at FVOCI	—	—	(54)	—	—	(54)
At 31 March 2021	**6,066**	**(7,573)**	**(27)**	**(47,800)**	**—**	**(49,334)**
Currency translation differences	**1,761**	**—**	**—**	**—**	**—**	**1,761**
Share buyback	**—**	**—**	**—**	**—**	**(27,264)**	**(27,264)**
Losses on net investment hedges	**—**	**(1,089)**	**—**	**—**	**—**	**(1,089)**
Losses on financial investments at FVOCI	**—**	**—**	**(54)**	**—**	**—**	**(54)**
At 31 March 2022	**7,827**	**(8,662)**	**(81)**	**(47,800)**	**(27,264)**	**(75,980)**

Translation reserve
The translation reserve is comprised of translation differences on foreign currency net investments held by the Group.

Net investment hedging reserve
Overseas net investments are hedged using forward foreign exchange contracts. Gains and losses on instruments used to hedge these overseas net investments are shown in the net investment hedging reserve. These instruments hedge balance sheet translation risk, which is the risk of changes in reserves due to fluctuations in currency exchange rates. All changes in the fair value of these hedging instruments were treated as being effective under IFRS 9 "Financial Instruments".

FVOCI reserve
The Group holds certain UK government securities measured at FVOCI. For these investments, changes in fair value are accumulated within the FVOCI reserve within other reserves. The accumulated changes in fair value are transferred to profit or loss when the investments are derecognised or impaired.

Merger reserve
The merger reserve arose following a corporate restructure in 2005 when a new holding company, CMC Markets plc, was created to bring all CMC companies into the same corporate structure. The merger reserve represents the difference between the nominal value of the holding Company's share capital and that of the acquired companies.

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27. Other reserves continued
Share buyback reserve
On 14 March 2022, the Board approved a share buyback programme with up to £30.0 million to be returned to shareholders. On inception of the contract, a financial liability of £30,239,000 was established representing the financial liability for the full value of the share buyback programme plus directly attributable costs.

The share buyback reserve amount is reduced by the consideration paid for the repurchased shares with a corresponding transaction recorded within Retained earnings to reflect the consumption of distributable profits.

The shares purchased and the average price paid per share for the year ended 31 March 2022 were as follows:

Year ended 31 March	Number of shares purchased	Aggregate purchase amount	Average price of shares purchased
2022	1,123,554	£2,975,000	£2.65

28. Cash generated from/(used in) operations

	GROUP		COMPANY	
	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Cash flows from operating activities				
Profit before taxation	92,136	224,010	102,550	61,140
Adjustments for:				
Interest income	(834)	(746)	—	(21)
Dividends received	—	—	(103,617)	(61,950)
Finance costs	2,177	1,762	475	648
Impairment of investment in subsidiaries	—	—	294	415
Depreciation	10,081	9,254	—	—
Amortisation of intangible assets	2,820	1,985	—	—
Research and development tax credit	(743)	(728)	—	—
Loss/(Profit) on disposal of property, plant and equipment	86	(109)	—	—
Other non-cash movements including exchange rate movements	(681)	(908)	—	—
Share-based payment	356	(2,045)	—	—
Changes in working capital				
(Increase)/Decrease in trade and other receivables	(29,800)	59,616	12,999	553
Decrease/(Increase) in amounts due from brokers	57,778	(119,619)	—	—
Increase in other assets	(13,443)	—	—	—
Increase/(Decrease) in trade and other payables	63,600	(24,932)	83	(31)
Decrease in net derivative financial instruments	76	2,574	—	—
(Decrease)/Increase in provisions	(1,814)	1,186	—	—
Cash generated from operations	181,795	151,300	12,784	754

29. Financial instruments
Analysis of financial instruments by category
The following tables analyse financial assets and liabilities in accordance with the categories of financial instruments on an IFRS 9 basis.

	31 March 2022			
GROUP	Assets at FVOCI £'000	Assets at FVPL £'000	Assets at amortised cost £'000	Total £'000
Financial assets				
Cash and cash equivalents	—	—	176,578	176,578
Financial investments	27,875	70	—	27,945
Amounts due from brokers	—	—	196,117	196,117
Derivative financial instruments	—	2,359	—	2,359
Trade and other receivables excluding non-financial assets	—	—	148,092	148,092
	27,875	2,429	520,787	551,091

29. Financial instruments continued

Analysis of financial instruments by category continued

	31 March 2022			
	Liabilities at FVOCI £'000	Liabilities at FVPL £'000	Liabilities at amortised cost £'000	Total £'000
Financial liabilities				
Trade and other payables excluding non-financial liabilities	—	—	(213,611)	(213,611)
Share buyback liability	—	—	(27,264)	(27,264)
Derivative financial instruments	—	(2,362)	—	(2,362)
Borrowings	—	—	(194)	(194)
Lease liabilities	—	—	(14,185)	(14,185)
	—	(2,362)	(255,254)	(257,616)

	31 March 2021			
GROUP	Assets at FVOCI £'000	Assets at FVPL £'000	Assets at amortised cost £'000	Total £'000
Financial assets				
Cash and cash equivalents	—	—	118,921	118,921
Financial investments	28,037	67	—	28,104
Amounts due from brokers	—	1,520	252,375	253,895
Derivative financial instruments	—	3,241	—	3,241
Trade and other receivables excluding non-financial assets	—	—	119,617	119,617
	28,037	4,828	490,913	523,778

	31 March 2021			
	Liabilities at FVOCI £'000	Liabilities at FVPL £'000	Liabilities at amortised cost £'000	Total £'000
Financial liabilities				
Trade and other payables excluding non-financial liabilities	—	—	(152,017)	(152,017)
Derivative financial instruments	—	(3,077)	—	(3,077)
Borrowings	—	—	(1,139)	(1,139)
Lease liabilities	—	—	(15,326)	(15,326)
	—	(3,077)	(168,482)	(171,559)

Maturity analysis

	31 March 2022				
GROUP	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	176,578	—	—	—	176,578
Financial investments	70	—	14,837	13,338	28,245
Amounts due from brokers	196,117	—	—	—	196,117
Derivative financial instruments	—	2,359	—	—	2,359
Trade and other receivables	144,364	1,810	354	1,564	148,092
	517,129	4,169	15,191	14,902	551,391
Financial liabilities					
Trade and other payables (excluding non-financial)	(213,611)	—	—	—	(213,611)
Share buyback liability	(27,264)	—	—	—	(27,264)
Derivative financial instruments	—	(2,362)	—	—	(2,362)
Borrowings	—	—	(194)	—	(194)
Lease liabilities	—	(1,443)	(4,146)	(9,506)	(15,095)
	(240,875)	(3,805)	(4,340)	(9,506)	(258,526)
Net liquidity gap	276,254	364	10,851	5,396	292,865

Notes to the consolidated and parent company financial statements continued
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29. Financial instruments continued
Maturity analysis continued

	31 March 2021				
GROUP	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	118,921	—	—	—	118,921
Financial investments	67	—	27,251	—	27,318
Amounts due from brokers	253,895	—	—	—	253,895
Derivative financial instruments	—	3,241	—	—	3,241
Trade and other receivables	101,553	14,589	1,674	1,800	119,616
	474,436	17,830	28,925	1,800	522,991
Financial liabilities					
Trade and other payables (excluding non-financial)	(152,017)	—	—	—	(152,017)
Derivative financial instruments	—	(3,077)	—	—	(3,077)
Borrowings	—	(42)	(904)	(194)	(1,140)
Lease liabilities	—	(1,453)	(3,660)	(11,444)	(16,557)
	(152,017)	(4,572)	(4,564)	(11,638)	(172,791)
Net liquidity gap	322,419	13,258	24,361	(9,838)	350,200

The amounts disclosed in the table are the contractual undiscounted cash flows, including principal and interest payments, these amounts will not reconcile to the amounts disclosed in the Statement of Financial Position.

Given that 94% of the Group's financial assets are available on demand, there is no significant maturity risk as at 31 March 2022 (31 March 2021: 91%).

	31 March 2022				
COMPANY	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	28,263	—	—	—	28,263
Trade and other receivables	1,013	—	—	—	1,013
	29,276	—	—	—	29,276
Financial liabilities					
Trade and other payables	(143)	—	—	—	(143)
Share buyback liability	(27,264)	—	—	—	(27,264)
	(27,407)	—	—	—	(27,407)
Net liquidity gap	1,869	—	—	—	1,869

	31 March 2021				
COMPANY	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	167	—	—	—	167
Trade and other receivables	159	13,781	—	—	13,940
	326	13,781	—	—	14,107
Financial liabilities					
Trade and other payables	(60)	—	—	—	(60)
Borrowings	—	—	—	(13,549)	(13,549)
	(60)	—	—	(13,549)	(13,609)
Net liquidity gap	266	13,781	—	(13,549)	498

29. Financial instruments continued

Fair value estimation

The Group's assets and liabilities that are measured at fair value are derivative financial instruments, financial investments in UK government securities and equity securities. The table below categorises those financial instruments measured at fair value based on the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	31 March 2022			
GROUP	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial investments	27,875	—	70	27,945
Derivative financial instruments (current assets)	—	2,359	—	2,359
Derivative financial instruments (current liabilities)	—	(2,362)	—	(2,362)
	27,875	(3)	70	27,942

	31 March 2021			
GROUP	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial investments	28,037	—	67	28,104
Derivative financial instruments (current assets)	—	3,241	—	3,241
Derivative financial instruments (current liabilities)	—	(3,077)	—	(3,077)
Amounts due from brokers	1,520	—	—	1,520
	29,557	164	67	29,788

30. Financial risk management

The Group's day-to-day business activities naturally expose it to strategic, financial (including credit, counterparty, market and liquidity) and operational risks. The Board accepts that it cannot place a cap or limit on all of the risks to which the Group is exposed to, however, effective risk management ensures that risks are managed to an acceptable level. The Board is ultimately responsible for the implementation of an appropriate risk strategy, defining and communicating the Group's risk appetite, the establishment and maintenance of effective systems and controls, and continued monitoring of the adherence to Group policies. The Group has adopted a standard risk process, through a five-step approach to risk management: risk identification; risk assessment; risk management; risk reporting; and risk monitoring. The approach to managing risk within the business is governed by the Board-approved Risk Appetite Statement and Risk Management Framework.

The Board sets the strategy and the policies for managing these risks and delegates the monitoring and management of these risks to various Committees including the Risk Management Committee, which in turn reports to the Group Risk Committee.

The Group's ICAAP review document is prepared under the requirements set out in the Financial Conduct Authority ("FCA") Rulebook in accordance with CRD IV[1]. From 1st January 2022, the Investment Firm Prudential Regime ("IFPR") has become applicable for FCA regulated investment firms. A key purpose of an ICAAP review document, and its successor the ICARA review document, is to inform a firm's board of the ongoing assessment of the firm's risks, how the firm intends to mitigate those risks, and how much current and future capital and liquidity is necessary to hold against those risks. This is achieved by considering potential stresses as well as mitigating factors.

Financial risks arising from financial instruments are categorised into market, credit, counterparty and liquidity risks which, together with how the Group categorises and manages these risks, are described below.

1 The Capital Requirements Directive (2013/36/EU) ("CRD") and the Capital Requirements Regulation (575/2013) ("CRR"), called "CRD IV".

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

30. Financial risk management continued

Market risk

Market risk is defined as the risk that the value of our residual portfolio will decrease due to the change in market risk factors. The three standard market risk factors are price moves, interest rates and foreign exchange rates.

Mitigation of market risk

The Group benefits from a number of factors which also reduce the volatility of its revenue and protect it from market shocks as follows:

- Natural mitigation of concentration

The Group acts as a market maker in over 10,000 cross asset class instruments, specifically equities, equity indices, commodities, treasuries, foreign exchange and cryptocurrencies. Due to the high level of notional turnover there is a high level of internal crossing and natural aggregation across instruments and asset classes to mitigate significant single instrument concentration risk within the portfolio.

- Natural aggregation

In the year ended 31 March 2022 , the Group had over 64,000 Leveraged active clients. This large international client base has a diverse range of trading strategies resulting in the Group enjoying a high degree of natural aggregation between clients. This “portfolio effect” leads to a significant reduction in the Group’s net market risk exposure.

- Ease of hedging

The Group predominantly acts as a market maker in linear, highly liquid financial instruments in which it can easily neutralise market risk exposure through its prime broker (“PB”) arrangements. In order to avoid over-reliance on one arrangement the Group policy is to have two PBs per asset class. For instruments where there is no equivalent underlying market (e.g. Countdowns) the Group controls its risk through setting prudent position/exposure limits. This is further augmented by dealer monitoring and intervention, which can take the form of restricting the size offered or, if deemed necessary, restricting the clients’ ability to take a position in an instrument.

Market risk limits

Market risk exposures are managed in accordance with the Group’s Risk Appetite Statement and Group Risk Management Framework to ensure that the Group has sufficient capital resources to support the calculated market risk capital requirement as well as staying within its risk appetite. The Group manages this component under notional position limits that are set on an instrument and asset class level with overarching capital-based limits.

Client exposures can vary significantly over a short period of time and are highly dependent on underlying market conditions. The Group’s own funds requirements (“OFR”) are calculated in accordance with the IFPR. The Market Risk OFR has decreased compared to the prior year and remains within the Board-approved risk appetite.

GROUP OFR	31 March 2022 £’000	31 March 2021 £’000
Asset class		
Consolidated equities	**20,284**	29,462
Commodities	**7,586**	7,362
Fixed income and interest rates	**2,062**	1,067
Foreign exchange	**14,222**	18,090
Cryptocurrencies	**551**	6,140
	44,705	62,121

Market price risk – stress testing

Group Financial Risk conducts market price risk stress testing on a daily basis. The stress testing approach is tailored according to the asset class and the client behaviour to ensure the most suitable stress testing model is used. For example longer/shorter holding periods, intra-day movements or end-of-day positions, historical volatility or Conditional Value at Risk (“CVaR”)/ Expected Tail Loss (“ETL”) (for severe market movements). The Group not only runs likely and probable scenarios but also extreme case stress scenarios, where the stress factors simulate low probability severe events to assess potential impact on capital adequacy.

30. Financial risk management continued

Non-trading book interest rate risk

Interest rate risk arises from either less interest being earned or more being paid on interest-bearing assets and liabilities due to a change in the relevant floating rate.

Interest rate risk is felt by the Group through a limited number of channels: income on segregated client and own funds; debits on client balances that are over a pre-defined threshold; and changes to the value of fixed rate UK government securities held.

The sensitivity analysis performed is based on a reasonable and possible move in the floating rate by 1.25% upwards and 0.25% downwards. This is in line with the Bank of England MPC's projections.

This is summarised in the below table and reflects the Group's view that in the current economic environment, interest rate volatility is unlikely to have a significant impact on the profits of the Group.

Changes in interest rate variables result in a decrease/increase in the fair value of fixed rate financial assets classified as available for sale. This has no material impact on the Group's equity.

	31 March 2022	
GROUP	Absolute increase £'000	Absolute decrease £'000
Impact of	1.25% change	0.25% change
Profit after tax	5,776	(990)
Equity	5,776	(990)

	31 March 2021	
GROUP	Absolute increase £'000	Absolute decrease £'000
Impact of	0.50% change	0.25% change
Profit after tax	1,530	(671)
Equity	1,530	(671)

Non-trading book foreign exchange risk

Foreign exchange risk is the risk that the Group's results are impacted by movements in foreign exchange rates.

CMC is exposed to foreign exchange risk in the form of transaction and translation exposure.

Transaction exposure is from holdings of cash and other current assets and liabilities in a currency other than the base currency of the entity. This risk is hedged each month by the Liquidity Risk Management team according to a policy based on a cap and floor model, with gains/losses recognised in the income statement. Any foreign exchange transaction exposures are hedged in accordance with Group Foreign Exchange Hedging Policy. Given the effectiveness of the hedging programme (Income statement impact in year ended 31 March 2022: gain of £52,000 (year ended 31 March 2021: gain of £328,000), no sensitivity analysis has been performed. These "fair value hedges" are derivative financial instruments and are reported as described in note 17.

Translation exposure occurs when the net assets of an entity are denominated in a foreign currency other than GBP, when the Consolidated Statement of Financial Position is prepared. The Group hedges this exposure by using FX spot, forwards and swaps in relation to exposures considered to have a potential material impact on the Group's net assets and regulatory capital. The unhedged portion does not pose a significant risk to the capital adequacy or to the ongoing profitability of the Group. The economic relationship between the hedged item and the hedging instrument is determined using critical terms matching for the purpose of assessing hedge effectiveness. The Group Risk Management Policy outlines the Group's appetite to manage the translation exposure. The Dollar offset method is used to determine ineffectiveness.

At 31 March 2022, £8,662,000 (31 March 2021: £7,573,000) of fair value losses were recorded in net investment hedging reserve within other reserves. At 31 March 2022, £7,827,000 (31 March 2021: £6,066,000) of fair value gains were recorded in translation reserve within other reserves.

During the year ended 31 March 2022, fair value losses of £1,089,000 (year ended 31 March 2021: losses of £2,007,000) relating to net investment hedges were recognised in other comprehensive income. All changes in the fair value were treated as being effective under IFRS 9 "Financial Instruments"; as a result there was no amount reclassified from the net investment hedging reserve or translation reserve into the income statement. These "net investment hedges" are derivative financial instruments and are reported as described in note 17.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

30. Financial risk management continued
Credit risk
Credit risk is the risk of losses arising from a counterparty failing to meet its obligations as they fall due. Credit risk is divided into credit, counterparty and settlement risk. Below are the channels of credit risk the Group is exposed through:

- Financial Institutions ("FIs"); and
- Client.

Financial institution credit risk
The Group has relationships with a number of counterparties that provide prime brokerage and/or banking services (e.g. cash accounts, foreign exchange trading, credit facilities, custodian services, etc.).

FI credit risk can be felt in the following ways:

- For FIs used as a bank and those as a broker, the Group does not receive the funds the FIs hold on the Group's account.
- For FIs used as a prime broker, a default will result in a loss of any unrealised profits and could cause the need to re-hedge at a different broker at a different price.
- For FIs used as a cryptocurrency counterparty, the loss of physical assets.

Mitigation of FIs credit risk
To mitigate or avoid a credit loss:

- The Group maintains, where practical, a range of relationships to reduce over-reliance on a single FI – as detailed in the Group Counterparty Concentration Risk Policy.
- The Group regularly monitors the credit worthiness of the Institutions that it is exposed to and reviews counterparties at least annually – as detailed in the Group Hedge Counterparty Selection Policy.

Contractual losses can be reduced by the "close-out netting" conditions in the ISDA and broker agreements. If a specified event of default occurs, all transactions or all of a given type are terminated and netted (i.e. set off against each other) at market value or, if otherwise specified in the contract or if it is not possible to obtain a market value, at an amount equal to the loss suffered by the non-defaulting party in replacing the relevant contract.

In order to manage both credit and counterparty credit risk within appetite the Group sets internal limits. As defined in the Group's policies the limits determine the total balance that can be held with each rated FI, each unrated FI and each cryptocurrency counterparty. These limits are expressed as a maximum percentage of capital, in the case of rated FIs, or a fixed amount for both unrated FIs and cryptocurrency counterparties. Liquidity Risk Management monitors the credit quality of all FIs and cryptocurrency counterparties, by tracking the credit ratings issued by Standard & Poor's and Fitch rating agencies, the credit default swap ("CDS") spreads determined in the CDS market, share price, performance against a relevant index, and other relevant metrics.

All rated FIs that the Group transacts with are of investment grade quality; however, no quantitative credit rating limits are set by the Group that FIs must exceed because the choice of suitable FIs is finite and therefore setting minimum rating limits could lead to the possibility that no FIs are able to meet them. As an alternative, the Group reviews negative rating action and large CDS spread widening to FIs on a case-by-case basis. Should an institution's credit rating fall below investment grade, the Risk Management Committee will be called and options discussed. Possible actions by the Group to reduce exposure to FIs depend on the nature of the relationship and the practical availability of substitute FIs. Possible actions include the withdrawal of cash balances from a FI on a daily basis, switching a proportion of hedge trading to another prime broker FI or ceasing all commercial activity with the FI.

The tables below present CMC Markets plc's exposure to credit institutions (or similar) based on their long-term credit rating:

	31 March 2022				
GROUP	Cash and cash equivalents £'000	Amounts due from brokers £'000	Other assets £'000	Net derivative financial instruments £'000	Total £'000
AA+ to AA-	56,252	—	—	—	56,252
A+ to A-	26,618	—	—	—	26,618
BBB+ to BBB-	79,055	172,771	—	5	251,831
Unrated	14,653	23,346	13,443	(8)	51,434
	176,578	196,117	13,443	(3)	386,135

30. Financial risk management continued

Credit risk continued

Mitigation of FIs credit risk continued

GROUP	31 March 2021 Cash and cash equivalents £'000	Amounts due from brokers £'000	Net derivative financial instruments £'000	Total £'000
AA+ to AA-	55,948	—	—	55,948
A+ to A-	56,364	86,568	202	143,134
BBB+ to BBB-	3,796	115,805	(38)	119,563
Unrated	2,813	51,522	—	54,335
	118,921	253,895	164	372,980

No cash balances or deposits with institutions were considered impaired (year ended 31 March 2021: £nil).

Client counterparty risk

The Group's CFD and spread bet business operates a real-time mark-to-market leveraged trading facility where clients are required to lodge collateral against positions, with any profits and losses generated by the client credited and debited automatically to their account. As with any leveraged product offering, there is the potential for a client to lose more than the collateral lodged.

Client counterparty risk captures the risk associated with a client defaulting on its obligations due to the Group. As the Group does not offer most of its retail clients credit terms and has a robust liquidation process, client counterparty risk will in general only arise when markets and instruments gap and the movement in the value of a client's leveraged portfolio exceeds the value of the equity that the client has held at the Group leaving the client account in deficit.

"Negative balance protection" accounts do not pose counterparty risk to the Group as the maximum loss for this account type is limited to their account value.

Further to this the Group operates as a designated clearing broker in Australia, where trading is subject to a settlement process for financial products transacted on the Australian Security Exchange and Chi-X Australia. As a result of this clearing process, the Group has settlement risk if a client or counterparty do not fulfil their side of the agreement by failing to deliver the underlying stock or value of the contract. While international securities trading is further offered to clients, this trading is predominantly fully vetted, which limits the settlement exposure generation.

Mitigation of client counterparty risk

- Liquidation process
  This is the automated process of closing a client's open position(s) if the account's total equity is not enough to cover a predefined percentage of required margin for the portfolio held.

  Pre-emptive processes are also in place where a client's free equity (total equity less total margin requirement) becomes negative[1]. At this point the client's account is restricted from increasing their position and a notification is sent inviting them to review their account.

  1 Clients in some regions may use limited risk accounts, where it is guaranteed that a client cannot move to a negative equity balance.

- Tiered margin
  Tiered margins were implemented in September 2013 on the Next Generation platform. It enables the Group to set higher margin rates (therefore requiring a client to lodge more collateral) against positions that are deemed to be more risky due to risk profile, which could be due to size relative to the underlying turnover, the Group's risk appetite or volatility of the instrument.

- Position limits
  Position limits can be implemented on an instrument and client level. The instrument level enables the Group to control the total exposure the Group acquires in a single instrument. At a client level this ensures that the client can only reach a pre-defined size in any one instrument or asset class. Additionally, a position limit on an underlying instrument can be applied limiting the overall exposure that can be reached through different futures of the same underlying. For FX the client position limits are based on Net Open Position ("NOP") which limits the currency exposure a client can reached via different FX pairs.

Client counterparty risk stress testing

Group Financial Risk conducts client counterparty risk stress testing on a daily basis based on an internal model developed to assess the potential client counterparty risk exposure. The Group's stress testing is based on scenarios with different severity including stress factors which simulate low probability severe events to assess potential impact.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

30. Financial risk management continued
Credit risk continued
Client debt history
The Group determines expected credit losses for amounts due from clients, based on historic experience and forward looking considerations. The charge for the year was £575,000 (year ended 31 March 2021: £3,042,000), which amounts to 0.2% of total revenue (year ended 31 March 2021: 0.6%). During the year, debts of £2,118,000 were written off, which represented 0.7% of revenue (year ended 31 March 2021: £1,133,000, 0.2% of revenue).

The table below details the movement on the Group provision for impairment of trade receivables under the expected credit loss model:

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Opening provision	7,762	5,853
Net debt provided	575	3,042
Debt written off	(2,118)	(1,133)
Closing provision	6,219	7,762

Debt ageing analysis
The Group seeks to minimise the effects of client debts on the Company's profit and loss. Client debts are managed very early in their life cycle in order to minimise the likelihood of them ageing. Under the simplified approach, debts that are past due carry an expected credit loss provision as set out in the table below:

	31 March 2022	
GROUP	Debt £'000	Provision £'000
Less than one month	221	28
One to three months	200	81
Three to twelve months	371	366
Over twelve months	5,749	5,744
	6,541	6,219

	31 March 2021	
GROUP	Debt £'000	Provision £'000
Less than one month	175	42
One to three months	2,348	1,363
Three to twelve months	1,308	1,162
Over twelve months	5,272	5,195
	9,103	7,762

UK government securities
All of the Group's UK government securities measured at FVOCI are considered to have low credit risk. The majority of these UK government securities are held to meet the Group's regulatory threshold requirements under IFPR. These UK government are in Stage 1 and ECL is immaterial for the year ended 31 March 2022 (year ended 31 March 2021: £nil).

Cash and cash equivalents
While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the ECL is immaterial for the year ended 31 March 2022 (year ended 31 March 2021: £nil).

30. Financial risk management continued

Liquidity risk

Liquidity risk is the risk that there is insufficient available liquidity to meet the obligations of the Group as they fall due.

Liquidity is managed centrally for the Group by the Treasury team. The Group utilises a combination of liquidity forecasting and stress testing (formally documented in the Individual Liquidity Adequacy Assessment ("ILAA") and its successor the ICARA) to ensure that it retains access to sufficient liquid resources under both normal and stressed conditions to meet its liabilities as they fall due. Liquidity forecasting incorporates the impact of liquidity regulations in force in each jurisdiction that the Group is active in and other impediments to the free movement of liquidity around the Group, including its own protocols on minimum liquidity to be retained by overseas entities.

Liquidity stress testing is performed quarterly using a range of firm-specific and market-wide scenarios that represent severe but plausible stress events that the Group could be exposed to over the short and medium term. The Group ensures that the tests are commensurate to its current and future liquidity risk profile. Output from the quarterly stress testing process is used to calibrate a series of limits and metrics which are monitored and reported to senior management daily. This process seeks to ensure that the Group has appropriate sources of liquidity in place to meet its liabilities as they fall due under both "business as usual" and stressed conditions. Due to the risk management strategy adopted and the changeable scale of the client trading book, the largest and most variable consumer of liquidity is PB margin requirements. The collateral calls are met in cash from own funds but to ensure liquidity is available for extreme spikes, the Group has a committed bank facility of £55.0 million to meet short-term liquidity obligations to PBs in the event that it does not have sufficient access to own cash and to leave a sufficient liquidity buffer to cope with a stress event.

The Group does not actively engage in maturity transformation as part of its underlying business model and therefore maturity mismatch of assets and liabilities does not represent a material liquidity risk.

Own funds

Own funds is a key measure the Group uses to monitor the overall level of liquidity available to the Group. Own funds includes investments in UK government securities, the majority of which are held to meet the Group's regulatory threshold requirements under IFPR. The derivation of own funds is shown in the table below:

GROUP	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents (net of bank overdraft)	176,578	118,921
Amount due from brokers	196,117	253,895
Other assets	13,443	—
Financial investments	27,945	28,104
Derivative financial instruments (current assets)	2,359	3,241
	416,442	404,161
Less: title transfer funds	(44,133)	(30,679)
Less: derivative financial instruments (current liabilities)	(2,362)	(3,077)
Own funds	**369,947**	370,405

Notes to the consolidated and parent company financial statements continued
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30. Financial risk management continued
Liquidity risk continued
Own funds continued
The following Own Funds Flow Statement summarises the Group's generation of own funds during each year and excludes all cash flows in relation to monies held on behalf of clients. Additionally, short-term financial investments, amounts due from brokers and amounts receivable/(payable) on the derivative financial instruments have been included within "own funds" in order to provide a clear presentation of the Group's potential cash resources.

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Operating activities		
Profit before tax	92,136	224,010
Adjustments for:		
Finance costs	2,177	1,762
Depreciation and amortisation	12,901	11,239
Other non-cash adjustments	(1,124)	(4,083)
Tax paid	(14,651)	(33,620)
Own funds generated from operating activities	91,439	199,308
Movement in working capital	18,532	13,863
Outflow from investing activities		
Net purchase of property, plant and equipment and intangible assets	(25,313)	(12,190)
Other outflow from investing activities	(998)	(1,761)
Outflow from financing activities		
Proceeds from issue of Ordinary Shares	—	80
Interest paid	(2,177)	(1,762)
Dividends paid	(72,604)	(62,128)
Share buyback	(2,975)	—
Other outflow from financing activities	(7,738)	(7,291)
Total outflow from investing and financing activities	(111,805)	(85,052)
(Decrease)/Increase in own funds	(1,834)	128,119
Own funds at the beginning of the year	370,405	238,340
Effect of foreign exchange rate changes	1,376	3,946
Own funds at the end of the year	369,947	370,405

Capital management
The Group's objectives for managing capital are as follows:

- to comply with the capital requirements set by the financial market regulators to which the Group is subject;
- to ensure that all Group entities are able to operate as going concerns and satisfy any minimum externally imposed capital requirements; and
- to ensure that the Group maintains a strong capital base to support the development of its business.

The capital resources of the Group consist of equity, being share capital reduced by own shares held in trust, share premium, other reserves and retained earnings, which at 31 March 2022 totalled £370,365,000 (31 March 2021: £400,517,000). The Group has been compliant with all applicable prudential regulatory requirements to which it is subject throughout the year.

The Group's ICAAP review document, prepared under the requirements of the FCA and CRD IV, is an ongoing assessment of CMC Markets plc' risks and risk mitigation strategies, to ensure that adequate capital is maintained against risks that the Group wishes to take to achieve its business objectives. The Group is currently preparing the first iteration of its ICARA review document.

The outcome of the ICARA is presented as an Internal Capital and Liquidity Assessment document covering the Group. It is reviewed and approved by the Board on an annual basis.

Further information on the Group's management of regulatory capital was previously provided in the "Pillar 3 Disclosure" report, which is available on the CMC Markets plc website (www.cmcmarkets.com/group). In accordance with the new IFPR rules, disclosure requirements are now only applicable at a solo regulated entity level. These are also available on the Group's website. The Group's country-by-country reporting disclosure is also available in the same location on the website.

31. Share-based payment

The Group operates both equity and cash settled share options schemes for certain employees including Directors.

Current awards have been granted under the terms of the Management Equity Plan 2015 ("2015 MEP"), the Combined Incentive Plan ("2018 CIP"), the UK Share Incentive Plan ("UK SIP") and the International Share Incentive Plan ("Australian SIP"). Equity settled schemes are offered to certain employees, including Executive Directors in the UK and Australia and automatically vest on vest date subject to conditions described below for each scheme. Cash settled schemes are offered to certain employees outside of the UK and Australia. Equity schemes for UK employees are settled net of employee taxes due. The rights of participants in the various employee share schemes are governed by detailed terms, including in relation to arrangements which would apply in the event of a takeover.

Consolidated Income statement charge for share-based payments

The total costs relating to these schemes for the year ended 31 March 2022 was £2,418,000 (year ended 31 March 2021: £2,489,000).

For the year ended 31 March 2022 the charge relating to equity settled share-based payments was £2,269,000 (year ended 31 March 2021: £1,620,000) and the charge relating to cash settled share-based payments was £149,000 (year ended 31 March 2021: £869,000).

No shares were gifted to employees during the year (year ended 31 March 2021: nil).

Current schemes

2015 MEP

Share options granted under the 2015 MEP are predominantly equity settled, with the exception of certain participants that are cash settled. The options granted have been in the form of "non-market performance" awards. The Remuneration Committee approves any awards made under the 2015 MEP. Current schemes are:

- Long Term Incentive Plan: awards to senior management and critical staff, excluding Executive Directors. The options have dividend equivalence where additional shares will be awarded in place of dividends on vesting. The only vesting condition of the current equity settled awards is that employees remain employed by the Group.

The fair value of awards were calculated using the average of the share price three days prior to the grant date.

2018 CIP

Share awards granted to the Executive Directors under the 2018 CIP have been in the form of conditional awards and are equity settled. The Remuneration Committee approves any awards made under the 2018 CIP. Shares awarded are deferred over a period of at least three years subject to a performance underpin. The Committee will review Group performance over the relevant period, taking into account factors such as a) the Company's TSR performance, b) aggregate profit levels and c) any regulatory breaches during the period.

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

31. Share-based payment continued
Current schemes continued

Scheme	Share price at award	Vesting date	Number: At the start of the year	Awarded during the year	Forfeited during the year	Dividend equivalent awarded during the year	Exercised during the year	At the end of the year
Combined Incentive Plan	349.2p	20 July 2023	97,893	—	—	6,886	—	104,779
Combined Incentive Plan	349.2p	20 July 2024	73,420	—	—	5,164	—	78,584
Combined Incentive Plan	349.2p	20 July 2025	73,417	—	—	5,164	—	78,581
Combined Incentive Plan	445.8p	22 July 2024	—	108,282	—	6,136	—	114,418
Combined Incentive Plan	445.8p	21 July 2025	—	81,212	—	4,601	—	85,813
Combined Incentive Plan	445.8p	20 July 2026	—	81,212	—	4,601	—	85,813
Executive Retention Scheme	204.7p	5 July 2021	208,416	—	(9,590)	—	(198,826)	—
Long Term Incentive Plan	204.7p	5 July 2021	537,013	—	(20,970)	—	(516,043)	—
Long Term Incentive Plan	87.8p	24 June 2021	312,512	—	(502)	—	(312,010)	—
Long Term Incentive Plan	349.2p	20 July 2022	480,331	—	(8,168)	30,190	(9,913)	492,440
Long Term Incentive Plan	445.8p	20 July 2023	—	448,865	(34,397)	28,045	—	442,513
Total			1,783,002	719,571	(73,627)	90,787	(1,036,792)	1,482,941

The weighted average share price at exercise of options was 459.5 pence and the weighted average exercise price of exercised awards for UK participants (881,714 shares) was £nil and for Australian participants (155,078 shares) was £nil. The weighted average remaining contractual life of share options outstanding at 31 March 2021 was 1.5 years and the weighted average share price of awarded options during the period was 445.8p.

In addition, cash settled awards have been granted and vest in periods from April 2022 to April 2024. Balances of 38,360 awards, 67,704, 36,064 awards, 63,643 awards and 16,193 awards in each of the four tranches remained at the end of the period, with a total carrying value of £369,000 as at 31 March 2022 (31 March 2021: £463,000). All of these awards benefit from dividend equivalence. The value of these awards is the share price on the date these awards vest.

UK and Australia SIP awards
Shares awarded under the UK SIP scheme are held in trust in accordance with UK tax authority conditions and all shares awarded under the Australian scheme are held in a UK trust. Employees are entitled to receive dividends in the form of additional shares on the shares held in trust as long as they remain employees.

UK employees are invited to subscribe for up to £1,800 of partnership shares relating to each tax year with the Company matching on a one-for-one basis. All matching shares vest after three years should the employee remain employed by the Group for the term of the award.

Australian employees are invited to subscribe for up to the equivalent of £1,800 of investment shares with the Company matching on a one-for-one basis. Matching shares for each scheme vest on the third anniversary after award date should the employee remain employed by the Group for the term of the award.

31. Share-based payment continued

Current schemes continued

Country of award	Award date	Share price at award	Vesting period/ date	Number: At the start of the year	Awarded during the year	Forfeited during the year	Exercised during the year	At the end of the year
UK	April 2018 to March 2019	85.5p to 204.5p	April 2021 to March 2022	85,880	—	(3,129)	(82,751)	—
UK	April 2019 to March 2020	79.3p to 179.2p	April 2022 to March 2023	100,643	—	(6,417)	—	94,226
UK	April 2020 to March 2021	194.6p to 425.2p	April 2023 to March 2024	53,724	—	(4,800)	—	48,924
UK	April 2021 to March 2022	225.8p to 518.0p	April 2024 to March 2025	—	77,371	(3,858)	—	73,513
Australia	5 April 2018	178.2p	5 April 2021	4,029	—	—	(4,029)	—
Australia	5 April 2019	83.5p	5 April 2022	8,229	—	(1,797)	—	6,432
Australia	5 April 2020	201.0p	5 April 2023	3,179	—	—	—	3,179
Australia	6 April 2021	527.0p	6 April 2024	—	2,904	—	—	2,904
Total				255,684	80,275	(20,001)	(86,780)	229,178

The weighted share price at the exercise date of options exercised during the year ended 31 March 2022 was 366.9 pence (year ended 31 March 2021: 282.3 pence).

The fair value of SIP awards is determined to be the share price at grant date without making adjustments for dividends as awardees are entitled to dividend equivalents over the vesting period.

Movement in share options

890,633 new share options were granted in the year ended 31 March 2022 (year ended 31 March 2021: 858,829) and these are detailed above in the current schemes section. Movements in the number of share options outstanding are as follows:

GROUP	Year ended 31 March 2022 Number	Year ended 31 March 2021 Number
At beginning of year	2,038,686	4,046,690
Awarded (including dividend equivalents)	890,633	858,829
Forfeited	(93,628)	(148,280)
Exercised	(1,123,572)	(2,718,553)
At end of year	1,712,119	2,038,686

32. Retirement benefit plans

A defined contribution plan is a post-employment benefit plan into which the Group pays fixed contributions to a third-party pension provider and has no legal or constructive obligation to pay further amounts. Contributions are recognised as staff expenses in the income statement in the years during which related employee services are fulfilled.

The Group operates defined contribution pension schemes for its Directors and employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

The pension charge for these plans for the year ended 31 March 2022 was £2,230,000 (year ended 31 March 2021: £1,916,000).

33. Related party transactions

Company

The amounts outstanding with Group entities at year end were as follows:

COMPANY	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Amounts due from subsidiaries	1,013	159
Amounts due to subsidiaries	—	(13,549)

Notes to the consolidated and parent company financial statements continued
For the year ended 31 March 2022

33. Related party transactions continued
Group
Transactions between the Group and its other related parties are disclosed below:

Compensation of key management personnel

GROUP	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Key management compensation:		
Short-term employee benefits	**2,599**	3,750
Post-employment benefits	**50**	60
Share-based payments	**462**	256
	3,111	4,066
Aggregate remuneration of highest paid Director	**858**	1,460

Key management comprises the Board of CMC Markets plc only. Compensation of key management personnel is disclosed in the Directors' remuneration report on page 91.

A related party transaction amounting to £818.40 took place between CMC Markets UK plc and Peter Cruddas Foundation relating to royalties on books purchased.

Directors' transactions
A number of the Directors have company credit cards and have, during the course of the year, used the company credit cards for personal expenses. All personal expenses have been reimbursed by the Directors.

There were no other transactions with Directors.

34. Contingent liabilities
The Group operates in a number of jurisdictions around the world and as a result uncertainties exist regarding the interpretation of regulatory, tax and legal matters in these territories. In addition, the Group engages in partnership contracts that could result in non-performance claims and from time-to-time is involved in disputes during the ordinary course of business.

Sometimes legal disputes can have a financially significant face value, but the Group's experience is that such claims are usually resolved without any material loss. The Group provides for claims where costs are likely to be incurred.

Where there are uncertainties regarding regulatory, tax and legal matters and a provision has not been made and there are no contingent liabilities where the Group considers any material adverse financial impact to be probable.

Brexit approach
There is regulatory uncertainty regarding the Group's historical approach to the use of reverse solicitation provisions allowing EEA clients to trade with UK subsidiaries after 31 December 2020. The risk to the approach has now been mitigated given the majority of EEA clients' activities with the UK subsidiary ceased prior to 31 March 2021. The Group continues to engage with the regulatory authorities in the EEA markets where the UK subsidiary continued to service clients after 31 December 2020. Whilst it is possible that regulatory censure may result from these matters, they are in their early stages and such an outcome is not currently considered probable.

UK banking surcharge
In the absence of them qualifying for a specific exemption, the Group's regulated companies in the UK would be subject to the Bank Corporation Tax surcharge of 8% on taxable profits over £25m. The Group has concluded that the relevant entities meet the exemption requirements and therefore the related tax charge, which would amount to £21.8m (31 March 2021: £15.0m) in respect of all relevant periods, has not been provided for. The Group's position is supported by external advice although it is possible that it could be challenged.

35. Ultimate controlling party
The Group's ultimate controlling party is Lord Cruddas by virtue of his majority shareholding in CMC Markets plc.

36. Events after the Reporting Period
On 31 May 2022, the Group received notice of a class action lawsuit being brought against one of its operating entities. The Group is currently reviewing the statement of claim and at this time it is not possible to reliably estimate the possible financial effect, if any, on the Group.

In continuation of the buyback programme commenced in March 2022, during the period starting 1 April 2022 and up to 7 June 2022, the Company repurchased and cancelled 3,480,149 Ordinary Shares with a nominal value of 25 pence for an aggregate purchase amount of £9,744,000. The average price of shares purchased was £2.80.

Shareholder information

Group history

CMC Markets plc began trading in 1989 as a foreign exchange broker, led by founder Lord Peter Cruddas. In 1996, the Group launched the world's first online retail forex trading platform, offering its clients the opportunity to take advantage of markets previously only accessible to institutional traders.

CMC Markets plc has since become a global leader in online trading. There have been a number of significant milestones for the Group over the past 30 years, as it has expanded into new markets around the world and continues to promote innovation and new trading technology.

In 2000, CMC Markets plc expanded its business to become a CFD broker. A year later, the Group launched an online financial spread betting service, becoming the first spread betting company to release the daily Rolling Cash® bet. The groundbreaking daily Rolling Cash® concept was to become an industry benchmark. In 2002, CMC Markets plc opened its first overseas office in Sydney, launching into the Australian market as an online CFD and forex provider. By 2007, the Group had expanded its global footprint with offices in New Zealand, Germany, Canada, Singapore and Sweden. Further global growth followed over the next few years, with offices opened across Europe – and most recently in Poland, in 2015. The Group continued to grow its product offering during the year, following the launch of its fixed-odds Countdowns product in 2015.

The Company successfully listed on the London Stock Exchange in February 2016. In April 2016 CMC Markets plc successfully introduced Digital 100s. Later in the year it unveiled Knock-Outs in Germany and Austria, as CMC Markets plc became the first CFD provider to offer the product in Germany, reinforcing its position as a global leader in innovation.

Further cementing its place as one of the industry leaders, the Group was awarded a number of important accolades during the year. In the 2016 Investment Trends UK Leveraged Trading Report, which measures customer satisfaction, CMC Markets plc ranked first across 17 service categories among CFD traders. The Group achieved the highest rating for overall satisfaction, mobile trading, platform features and charting in all three product segments of spread betting, CFD trading and FX. Additional notable recognition came as the Company won Financial Services Provider of the Year for the fourth successive year, an award voted for by the readers of Shares Magazine.

The Company also received Best CFD Broker for its burgeoning institutional offering, in line with one of its core strategic objectives.

The Company successfully completed the white label stockbroking partnership with ANZ Bank in Australia during 2018, representing the largest migration of client accounts in Australian Stock Exchange history and making the Company the second largest retail stockbroker in the country.

In 2021 CMC Markets launched the dedicated institutional brand, CMC Connect, positioning the Company to service the ever-growing number of client types interested in its products.

Timeline

1989 – CMC Markets plc begins operations in the UK

1996 – Launches the world's first online retail FX trading platform

2000 – Starts offering CFDs in the UK

2001 – Launches online spread betting service in the UK

2002 – Opens first non-UK office in Sydney, Australia

2005 – Offices opened in Beijing, Canada and Germany

2007 – Singapore and Sweden offices opened; and Goldman Sachs purchases 10% stake

2008 – CMC Markets (Australia) starts offering a stockbroking service following the acquisition of local stockbroker Andrew West & Co

2010 – Next Generation platform is launched; offices opened in Italy and France; and spread betting iPhone app launched in the UK

2011 – CMC Markets plc wins Financial Services Provider of the Year (Shares Magazine)

2012 – Spread betting app for Android™ launched

2013 – CMC Markets plc wins 33 industry awards globally

2014 – CMC Markets plc celebrates 25 years of being a world leader in online trading

2015 – Countdowns launched; Poland and Austria offices opened; and Stockbroking Pro platform launched

2016 – CMC Markets plc lists on the London Stock Exchange, trading as CMCX; and Digital 100s and Knock-Outs launched

2018 – CMC Markets (Australia) completes the ANZ Bank white label stockbroking transaction

2019 – CMC Markets plc celebrates its 30th year and launches exclusive cryptocurrency, forex and commodity indices

2020 – CMC Markets plc releases dedicated institutional brand, CMC Connect

2022 – CMC Invest launched in the UK, offering stockbroking services to UK clients

Shareholder information continued

Five-year summary

Group income statement

	For the year ended 31 March 2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Net operating income	**281.9**	409.8	252.0	130.8	187.1
Operating expenses	**(187.6)**	(184.0)	(151.3)	(123.1)	(125.9)
Operating profit	**94.3**	225.8	100.7	7.7	61.2
Finance costs	**(2.2)**	(1.8)	(2.1)	(1.4)	(1.1)
Profit before tax	**92.1**	224.0	98.7	6.3	60.1
Taxation	**(20.1)**	(45.9)	(11.7)	(0.5)	(10.4)
Profit after tax	**72.0**	178.1	86.9	5.8	49.7

Other metrics

	2022	2021	2020	2019	2018
Own funds generated from operations (£m)	**91.4**	199.3	102.0	8.2	55.5
Profit margin					
PBT margin (%)	**32.7**	54.7	39.2	4.8	32.1
Earnings per share ("EPS")					
Basic EPS (pence)	**24.8**	61.5	30.1	2.0	17.3
Diluted EPS (pence)	**24.7**	61.2	29.9	2.0	17.1
Dividend per share					
Interim dividend per share (pence)	**3.50**	9.20	2.85	1.35	2.98
Final dividend per share (pence)	**8.88**	21.43	12.18	0.68	5.95
Total ordinary dividend per share (pence)	**12.38**	30.63	15.03	2.03	8.93

Client metrics (unaudited)

	2022	2021	2020	2019	2018
Leveraged revenue per active client (£)	**3,575**	4,560	3,750	2,068	2,964
Leveraged number of active clients	**64,243**	76,591	57,202	53,308	59,165

Five-year summary continued

Group statement of financial position

	At 31 March				
	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
ASSETS					
Non-current assets					
Intangible assets	**30.3**	10.3	4.6	5.0	4.4
Property, plant and equipment	**24.9**	26.1	28.1	18.1	20.7
Deferred tax assets	**6.0**	6.4	16.5	11.6	8.8
Financial investments	**13.5**	—	—	11.3	10.8
Trade and other receivables	**1.8**	1.8	2.3	2.7	2.2
	76.5	44.6	51.5	48.7	46.9
Current assets					
Trade and other receivables	**156.9**	127.2	186.3	118.0	48.0
Derivative financial instruments	**2.4**	3.2	5.4	2.9	7.3
Current tax recoverable	**—**	1.7	0.8	3.4	—
Financial investments	**14.5**	28.1	25.4	10.7	10.3
Other assets	**13.4**	—	—	—	—
Amounts due from brokers	**196.1**	253.9	134.3	88.1	156.9
Cash and cash equivalents	**176.6**	118.9	84.3	48.7	60.5
	559.9	533.0	436.5	271.8	283.0
Total assets	**636.4**	577.6	488.0	320.5	329.9
LIABILITIES					
Current liabilities					
Trade and other payables	**215.8**	152.3	177.1	100.6	91.8
Derivative financial instruments	**2.4**	3.1	2.4	4.3	3.9
Share buyback liability	**27.3**	—	—	—	—
Borrowings	**0.2**	0.9	0.9	1.1	1.3
Lease liabilities	**4.9**	4.6	4.7	—	—
Current tax payable	**0.4**	—	—	—	2.3
Short-term provisions	**0.4**	1.9	0.5	0.2	0.1
	251.4	162.8	185.6	106.2	99.4
Non-current liabilities					
Trade and other payables	**—**	—	—	4.8	5.5
Borrowings	**—**	0.2	0.8	1.2	2.3
Lease liabilities	**9.2**	10.7	14.6	—	—
Deferred tax liabilities	**3.3**	1.6	2.2	1.2	0.7
Long-term provisions	**2.1**	1.8	1.9	2.0	2.0
	14.6	14.3	19.5	9.2	10.5
Total liabilities	**266.0**	177.1	205.1	115.4	109.9
EQUITY					
Total equity	**370.4**	400.5	282.9	205.1	220.0
Total equity and liabilities	**636.4**	577.6	488.0	320.5	329.9

Shareholder information continued

Proposed final dividend for the year ended 31 March 2022

Ex-dividend date: Thursday 14 July 2022

Record date: Friday 15 July 2022

Dividend payment date: Thursday 11 August 2022

Annual General Meeting

The 2022 AGM will be held at 10.00 a.m. on Thursday 28 July 2022 at 133 Houndsditch, London EC3A 7BX.

Registrars/shareholder enquiries

Link Group can be contacted to deal with any questions regarding your shareholding using the contact details listed below. Alternatively, you can access www.cmcmarketsshares.co.uk, where you can view and manage all aspects of your shareholding securely.

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Calls to 0371 664 0300 are charged at the standard geographic rate and will vary by provider.

Calls outside the United Kingdom are charged at the applicable international rate.

Phone lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

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Appendices

Appendix: Alternative Performance Measures

Reconciliation of gross client income to net operating income

GROUP	2022 £m	2021 £m
Gross client income	288.5	335.3
Rebates and levies	(20.6)	(20.8)
Net client income	267.9	314.5
Risk management gains/(losses)	(38.3)	34.7
Leveraged net trading revenue	229.6	349.2
Non-leveraged net trading revenue	48.0	54.8
Other operating income	3.5	5.1
Revenue net of introducing partner commissions and betting levies (note 3)	281.1	409.1
Interest income	0.8	0.7
Net operating income	281.9	409.8

Reconciliation of non-statutory summary Group Balance Sheet to Primary Statements

Fixed assets

GROUP	Mar-22 £'000	Mar-21 £'000
Intangible assets (note 12)	30,328	10,330
Property, plant and equipment (note 13)	24,941	26,105
Lease liabilities (note 23)	(14,185)	(15,326)
Fixed assets	41,084	21,109
Fixed assets (rounded to £m)	41.1	21.1

Working Capital

GROUP	Mar-22 £'000	Mar-21 £'000
Trade and other receivables (note 16)	158,714	128,919
Trade and other payables (note 21)	(215,853)	(152,253)
Share buyback liability (note 25)	(27,264)	—
Borrowings (note 22)	(194)	(1,139)
Provisions (note 24)	(2,486)	(3,700)
Title transfer funds[1]	44,133	30,679
Working Capital	(42,950)	2,506
Working Capital (rounded up to £m)	(43.0)	2.6

1 Amounts deducted from 'own funds'.

Deferred tax net asset

GROUP	Mar-22 £'000	Mar-21 £'000
Deferred tax assets (note 14)	6,022	6,370
Deferred tax liabilities (note 14)	(3,309)	(1,622)
Deferred tax net asset	2,713	4,748
Deferred tax net asset (rounded to £m)	2.7	4.7

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