cmc markets

# Results presentation

## Half year ended 30 September 2021

17 November 2021

# Introduction
## Today's presenters

**LORD CRUDDAS**
Chief Executive Officer

**EUAN MARSHALL**
Chief Financial Officer

**DAVID FINEBERG**
Deputy Chief Executive Officer

**MATTHEW LEWIS**
Head of APAC & Canada

# H1 2022 highlights

## Record highs for client numbers and AUM in non-leveraged; AUM in leveraged at period-end high

- **H1 2022 leveraged net trading revenue** at £101.0 million (H1 2021: £200.4 million). Leveraged client income retention for the period at 80% with active client numbers at 53,834 down 9% versus H1 2021. Total AUM in the leveraged business stood at £557 million, a new period end record high. Underlying core business metrics are still trending well above pre-pandemic levels (H1 2020) across all business lines.

- **H1 2022 non-leveraged net trading revenue** £24.2 million (H1 2021: £26.3 million) representing 19% of Group net operating income versus 11% in H1 2021. Underlying client numbers increased 10% versus H1 2021, now standing at 185,847 actives.

- **H1 2022 net operating income £126.7 million**. FY 2022 net operating income guidance reiterated at £250-280 million.

- Operating costs for H1 2022, excluding variable remuneration, were £83.7 million (H1 2021: £79.1 million). The increase is primarily a result of the Group's continued investment in technology staff. Variable remuneration costs decreased to £6.0 million (H1 2021: £9.8 million).

- **Announced the acquisition of approximately 500,000 share investing clients** of Australia and New Zealand Banking Group Limited ("ANZ"), with total assets in excess of AUD$45 billion which is due to complete in the next 12-18 months.

- **Interim dividend of 3.50 pence** (H1 2021: 9.20 pence) with a total dividend for the year expected to be in line with policy at 50% of profit after tax.

- **Board to evaluate the viability of separating the businesses** in order to unlock the significant value within the current Group structure. Any managed separation of the Group would be delivered in a manner that allows each business to realise its full potential, maximising value to shareholders and reflects careful shareholder consultation.

# Financial performance

Euan Marshall, CFO

# Business continues to strengthen

## Core KPIs significantly above pre-pandemic levels

In September, we reduced FY 2022 net operating income guidance to settle between £250-280million. This was due to subdued market activity through to the end of August.

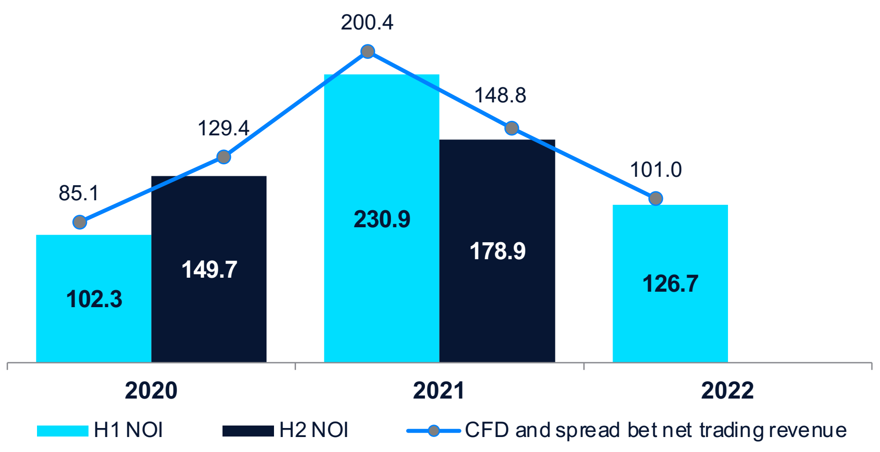
**However, underlying core metrics continue to show positive momentum:**

- **Leveraged Business**
  - H1 2022 client leveraged platform AUM reached a new period-end record high at £557 million, up 65% versus pre-pandemic H1 2020 levels
  - H1 2022 active clients up 29% versus pre-pandemic H1 2020 levels
- **Non-Leveraged Business**
  - Client non-leveraged AUA at new record high at AUD$74.8bn, up 29% versus H1 2021 and up 32% versus pre-pandemic H1 2020
  - H1 2022 client actives up 10% year-on-year, a new record high and up 57% versus pre-pandemic H1 2020

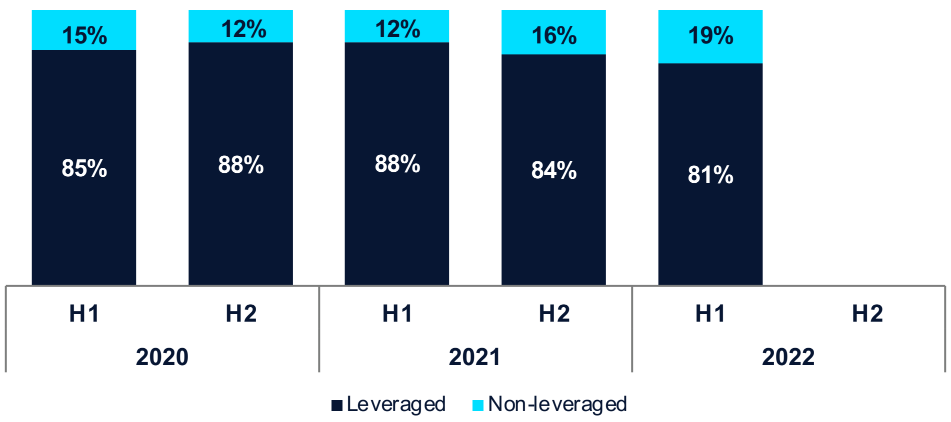
# KPIs

## Normalisation versus strong prior year comparative; continued progress versus 2020

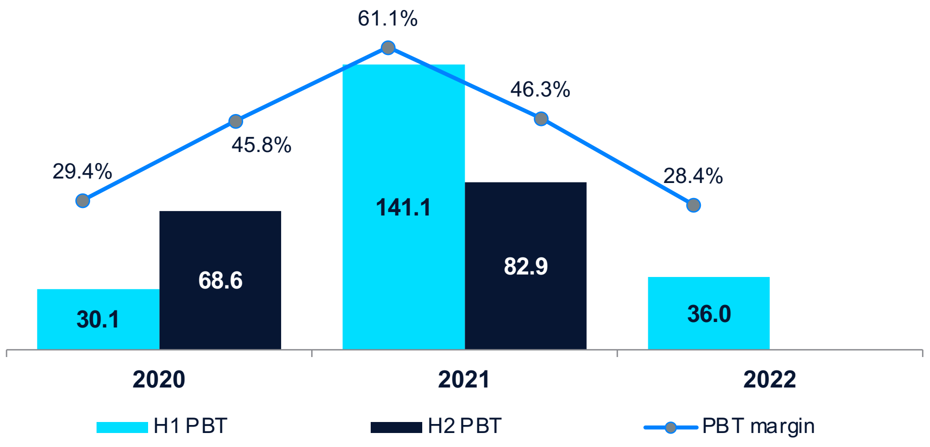
### Net operating income[1] (£m)



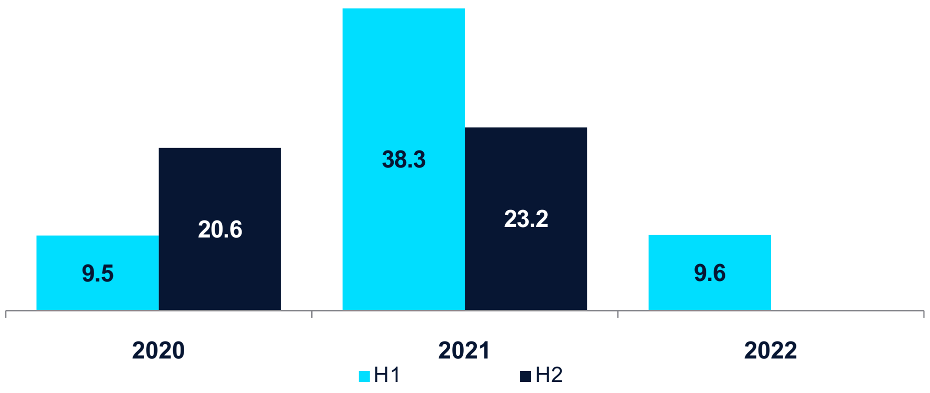

### Net trading revenue mix




### Profit / (loss) before tax (£m and margin)




### Basic earnings per share (pence)



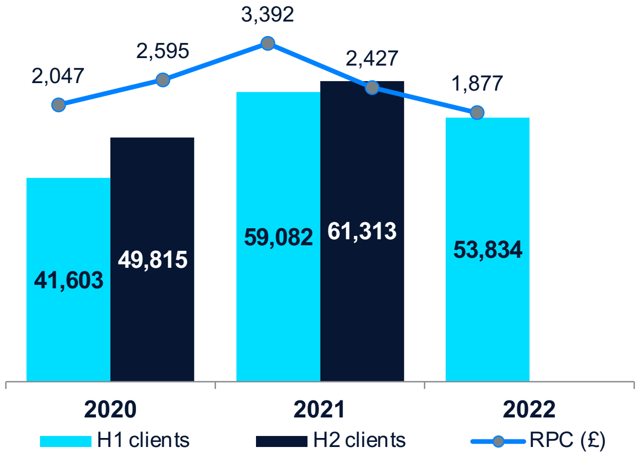



1. Net operating income represents total revenue net of introducing partner commissions and spread betting levies.

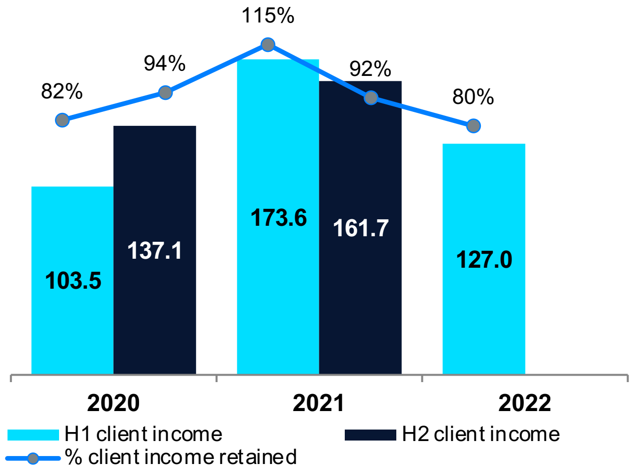
# KPIs

## Leveraged and non-leveraged business lines

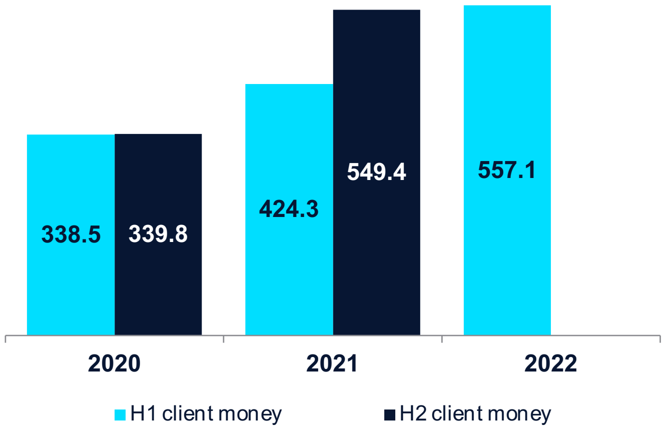
### Active clients¹ and revenue per active client² (RPC)



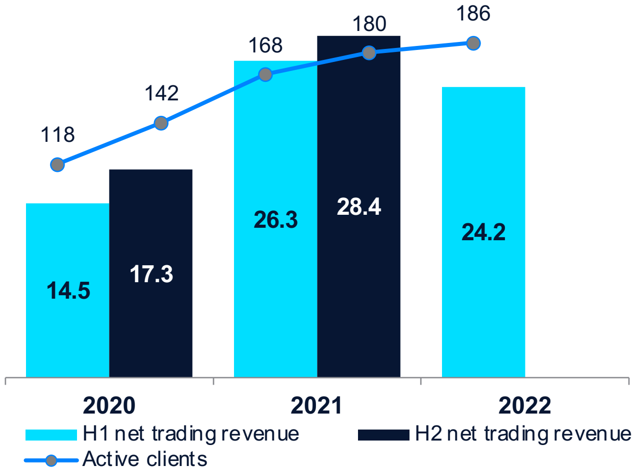

### Gross client income³ (£m) and retention (%)



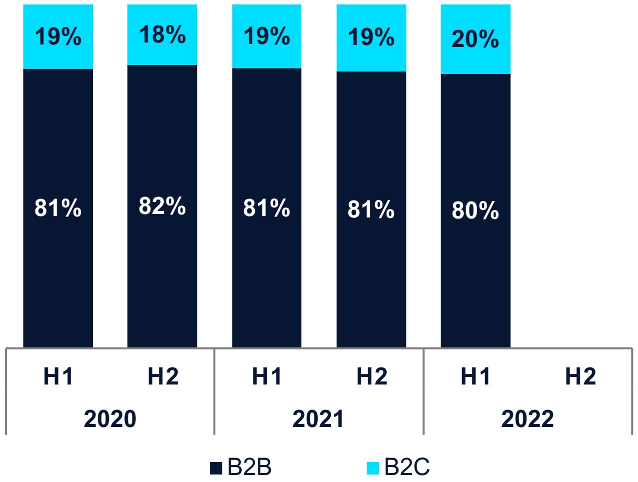

### Client money (AUM) (£m)



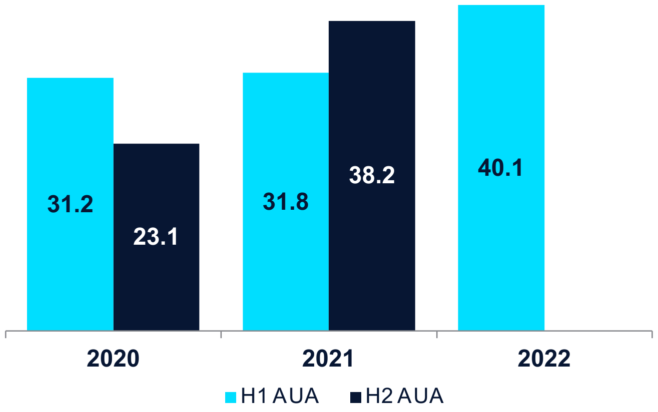

### Non-leveraged net revenue (£m) and active clients ('000s)




### Non-leveraged net trading revenue: B2C and B2B mix




### Assets under administration (£bn)




1. Active clients represent those individual clients who have traded with or held CFD or spread bet positions with CMC Markets on at least one occasion during the period.
2. Revenue per active client represents total trading revenue from CFD and spread bet active clients after deducting rebates and levies.
3. CFD gross client income represents spreads, financing and commissions charged to clients (client transaction costs) before rebates and levies. See slide 12 for further detail.

# Income statement

## Non-leveraged resilience

| Group (£m) | H1 2022 | H1 2021 | YoY % |
|---|---|---|---|
| Leveraged net trading revenue[1] | 101.0 | 200.4 | (50%) |
| Non-leveraged net trading revenue | 24.2 | 26.3 | (8%) |
| Interest income | 0.3 | 0.5 | (27%) |
| Sundry income | 1.2 | 3.7 | (67%) |
| **Net operating income[2]** | **126.7** | **230.9** | **(45%)** |
| Operating expenses (excl. variable remuneration) | (83.7) | (79.1) | (6%) |
| Variable remuneration[3] | (6.0) | (9.8) | 39% |
| Finance costs | (1.0) | (0.9) | (11%) |
| **Profit before taxation** | **36.0** | **141.1** | **(74%)** |
| PBT margin | 28.4% | 61.1% | |
| Tax | (8.1) | (30.3) | 73% |
| **Profit after tax** | **27.9** | **110.8** | **(75%)** |

| | | | |
|---|---|---|---|
| **Profit before taxation** | **36.0** | **141.1** | **(74%)** |
| Leveraged | 27.1 | 130.1 | (79%) |
| Non-leveraged | 8.9 | 11.0 | (19%) |

### Net operating income

- Leveraged net trading revenue decreased by 50% (£99.4m) following an exceptionally strong prior year comparative
  - Gross client income significantly lower than H1 2020 (down 27% or £46.5m), which included periods of increased client trading activity and market volatility in the early months of the pandemic
  - Client income retention of 80% in H1 2022 whilst the prior year saw exceptionally strong performance at 115%
- Non-leveraged net trading revenue down £2.1m (8%) as a result of more subdued market conditions.
- Fall in sundry income due to non-recurring items in the prior year

### Operating expenses

- Increase in operating expenses (excluding variable remuneration) primarily driven by higher net staff costs, as a result of new hires to help deliver strategic projects

1. Includes binary products.
2. Net operating income represents total revenue net of introducing partner commissions and spread betting levies.
3. Includes share based payments



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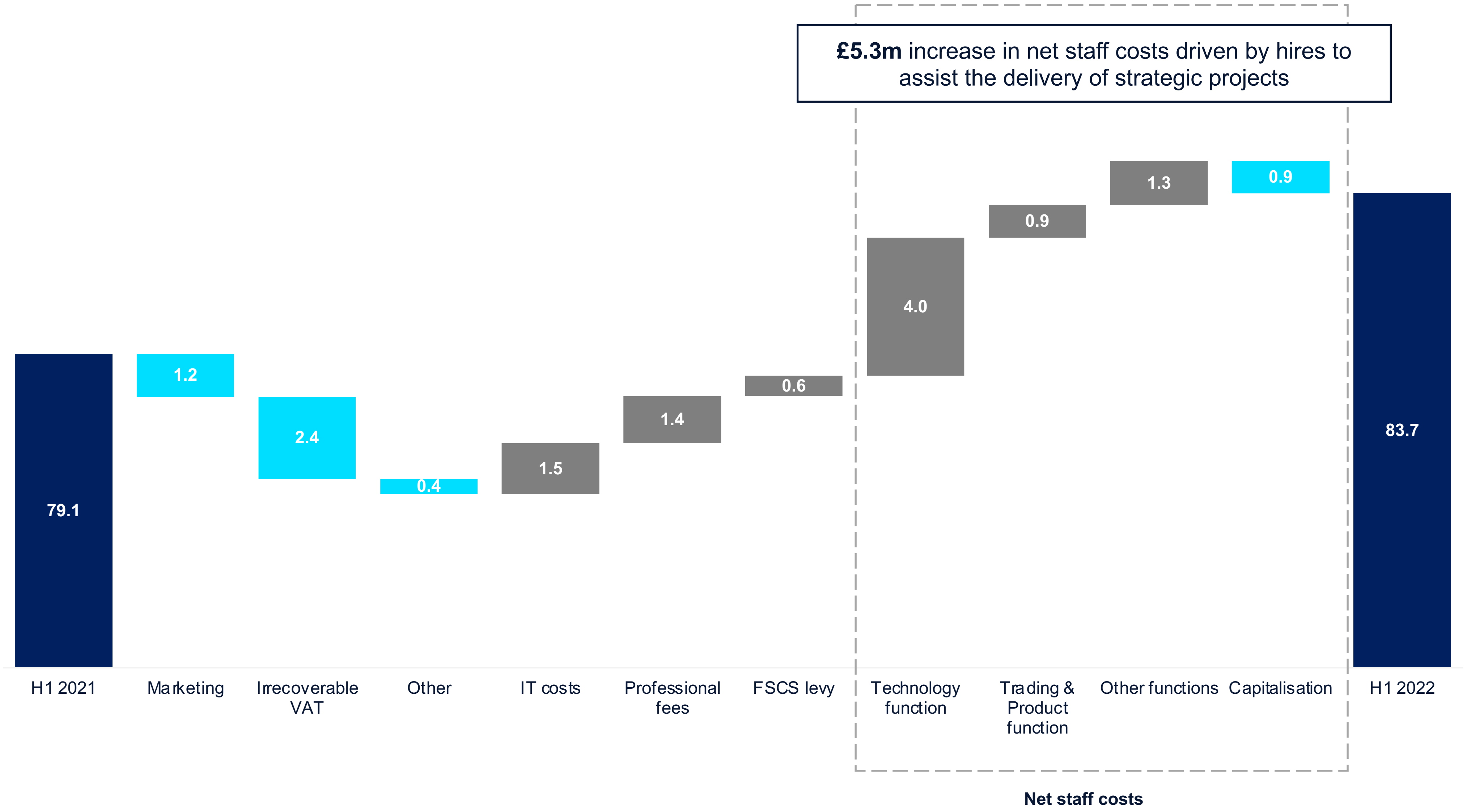
# Operating cost[1] bridge

## Higher costs driven by investment in headcount




1. Excluding variable remuneration

# Liquidity and regulatory capital

## Strong capital and liquidity position to support strategic growth

| Regulatory capital<br>Group (£m) | H1 2022 | FY 2021 |
|---|---|---|
| Core Equity Tier 1 Capital[1] | 351.5 | 338.2 |
| Less: intangibles and deferred tax assets | (25.9) | (10.3) |
| **Capital Resources** | **325.6** | **327.9** |
| Pillar 1 requirement[2] | 130.2 | 127.6 |
| Total risk exposure[3] | 1,627.7 | 1,595.5 |
| **Capital ratio %** | **20.0%** | **20.5%** |

**Regulatory Capital**

- **CET1** up £13.3m due to the addition of H1 profits less foreseeable dividends
- **Intangible assets** increased as a result of the transaction with ANZ (AUD$25m), and the capitalisation of staff costs related to technology projects
- **Capital ratio** of 20.0% (FY21: 20.5%)
- Regulatory regime changes to IFPR from 1 January 2022, no major changes expected

**Liquidity**

- Decrease in **own funds** of £36.2m driven by payment of the FY21 final dividend, offset by H1 profits
- **Initial margin requirements** remain elevated compared to pre-pandemic levels

| Total available liquidity<br>Group (£m) | H1 2021 | FY 2021 |
|---|---|---|
| **Own funds** | **334.2** | **370.4** |
| Non-segregated client and partner funds | 41.9 | 30.7 |
| Available syndicated facility | 55.0 | 55.0 |
| **Total available liquidity** | **431.1** | **456.1** |

| Net available liquidity<br>Group (£m) | H1 2022 | FY 2021 |
|---|---|---|
| **Total available liquidity** | **431.1** | **456.1** |
| Blocked cash[4] | (67.2) | (75.4) |
| Initial margin requirement at broker | (181.2) | (170.1) |
| **Net available liquidity** | **182.7** | **210.6** |

1. Core Equity Tier 1 capital – total audited capital resources and verified profits as at the end of the financial period, less foreseeable dividends
2. Pillar 1 requirement – the minimum capital requirement required to adhere to CRD IV.
3. Total risk exposure – the Pillar 1 requirement multiplied by 12.5, as set out by the FCA.
4. Blocked cash relates to cash needed to support regulatory and overseas subsidiaries operational requirements.

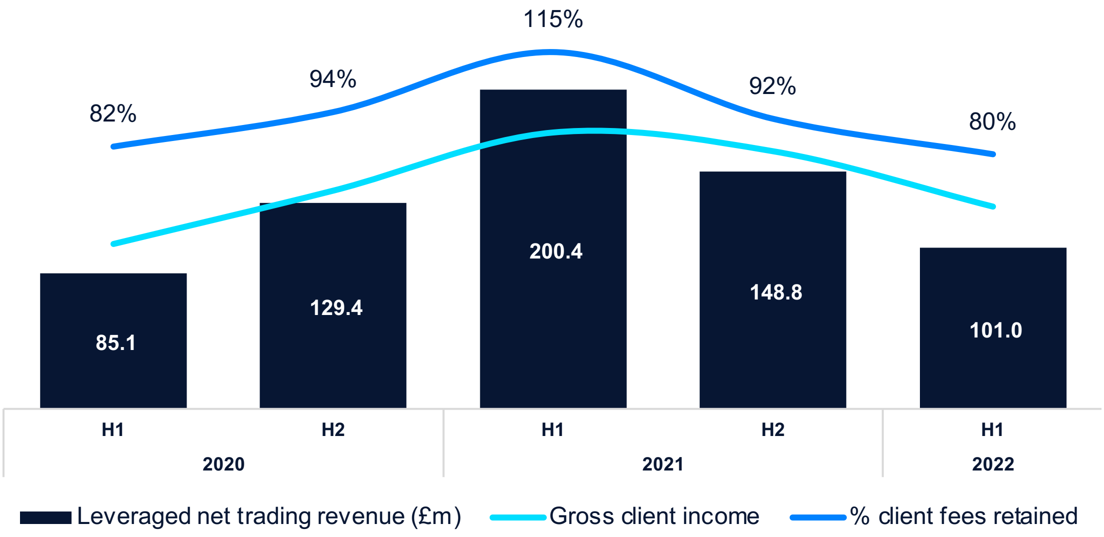
# Client trading and regulation

David Fineberg, Deputy CEO

# Leveraged client income

## Gross client income well in excess of pre-pandemic levels

| £m | 2020 H1 | 2020 H2 | 2020 FY20 | 2021 H1 | 2021 H2 | 2021 FY21 | 2022 H1 | H1 2022 vs H1 2021 £m | H1 2022 vs H1 2021 % |
|---|---|---|---|---|---|---|---|---|---|
| Gross leveraged client income[1] | 103.5 | 137.1 | 240.6 | 173.6 | 161.7 | 335.3 | 127.0 | (46.5) | (27%) |
| Rebates and levies | (7.5) | (9.0) | (16.5) | (10.1) | (10.7) | (20.8) | (8.3) | 1.7 | 17% |
| **Net leveraged client income** | **96.0** | **128.1** | **224.1** | **163.5** | **151.0** | **314.5** | **118.7** | **(44.8)** | **(27%)** |
| Risk management gains / (losses) | 0.6 | 13.1 | 13.7 | 46.9 | 9.9 | 56.8 | (9.0) | (55.9) | (119%) |
| Hedging costs | (11.4) | (11.9) | (23.3) | (10.0) | (12.1) | (22.1) | (8.7) | 1.3 | 13% |
| **Leveraged net trading revenue** | **85.1** | **129.4** | **214.5** | **200.4** | **148.8** | **349.2** | **101.0** | **(99.4)** | **(50%)** |
| *% client income retained* | *82%* | *94%* | *89%* | *115%* | *92%* | *104%* | *80%* | | |

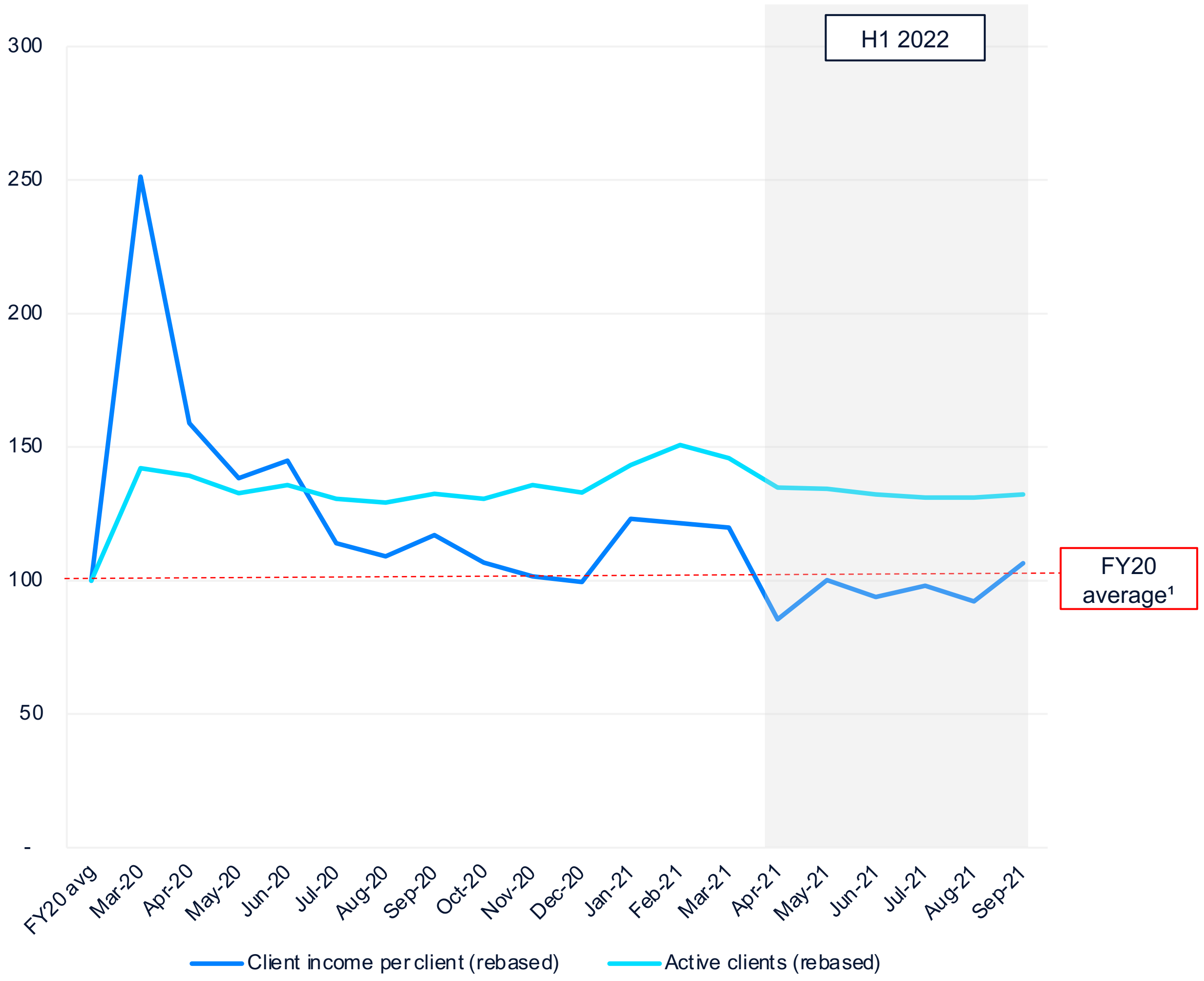



- 50% decrease in leveraged net trading revenue to £101.0m driven by a combination of:
  - 27% fall in gross client income, with a strong prior year comparative driven by heightened activity in light of the coronavirus pandemic
  - Normalisation of risk management performance compared to exceptional client income retention in H1 2021

1. Client income refers to spreads, financing and commissions charged to clients. Includes binary products.

# Client trading trends

## Normalisation of gross client income per client with sustained higher actives

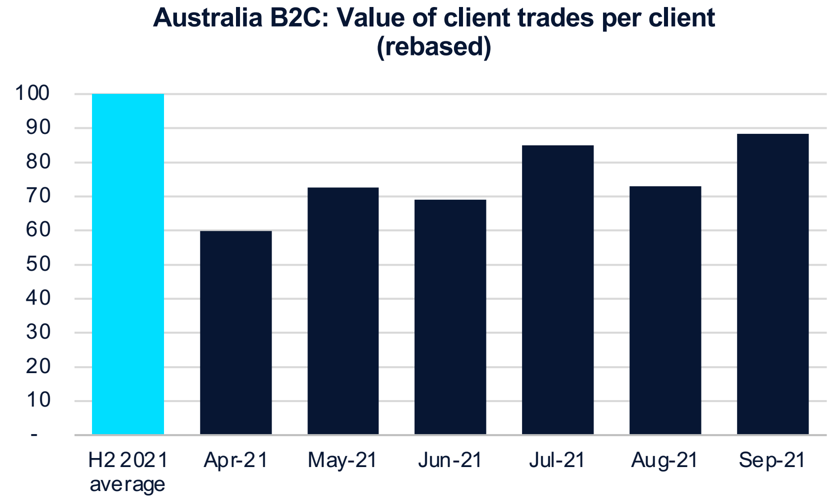


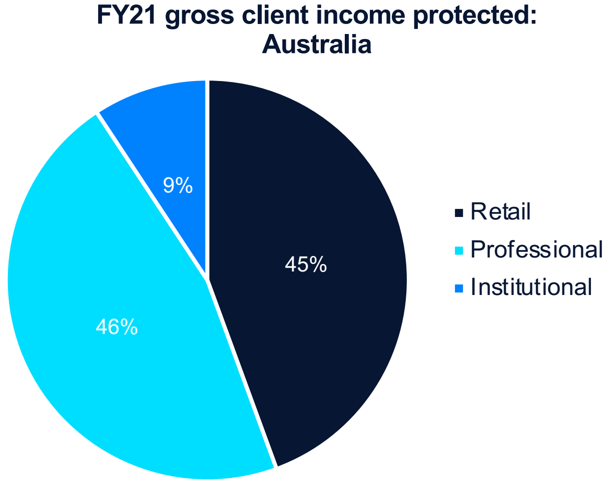

- After periods of volatility in the last financial year, **gross client income per client** has returned to more normalised levels during H1 2022
- Monthly **active clients** remain steady at around a third higher than pre-pandemic levels
  - A sustained larger active client base gives confidence that gross client income will remain at a new, elevated base
- Clients onboarded since the start of the pandemic continue to display similar characteristics to historical cohorts, giving confidence in their quality and longevity
  - Attrition rates are in line with pre-pandemic clients
  - Gross client income per client is in line with historical cohorts

1. Data rebased to FY20 monthly average, excluding March 2020 outlier

# Regulatory matters

## ASIC impact broadly in line with expectations




- The Australian regulator, ASIC, implemented intervention measures on the sale and distribution of CFDs on 29 March 2021
- Monthly client activity from Australia B2C clients initially fell by c.40%[1] following the implementation of leverage limits at the end of March
  - Client activity has started to recover as clients adjust and market conditions have improved
- Behaviour of non-Professional clients has been broadly in line with our expectations, and with that seen in the ESMA region in FY19
  - ESMA measures resulted in a decrease in client trading activity from non-Professional clients, and a short-term decrease in the number of active clients
- 46% of FY21 Australia gross client income has been protected by clients successfully applying for a professional designation
  - This increases to 55% with the inclusion of institutional clients

1. Compared to the H2 2021 monthly average

# Non-leveraged update

Matthew Lewis, Head of APAC & Canada



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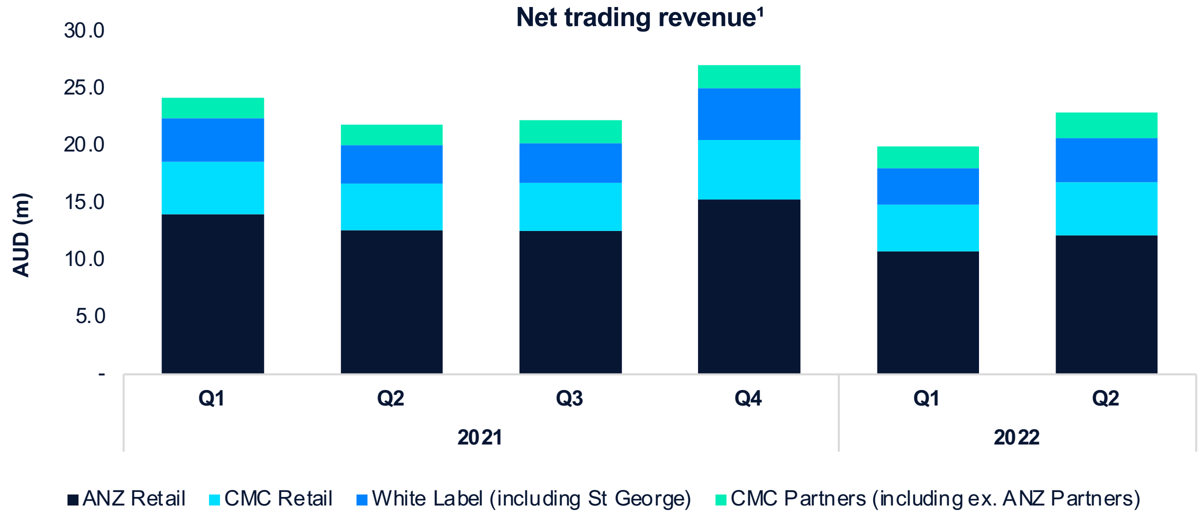
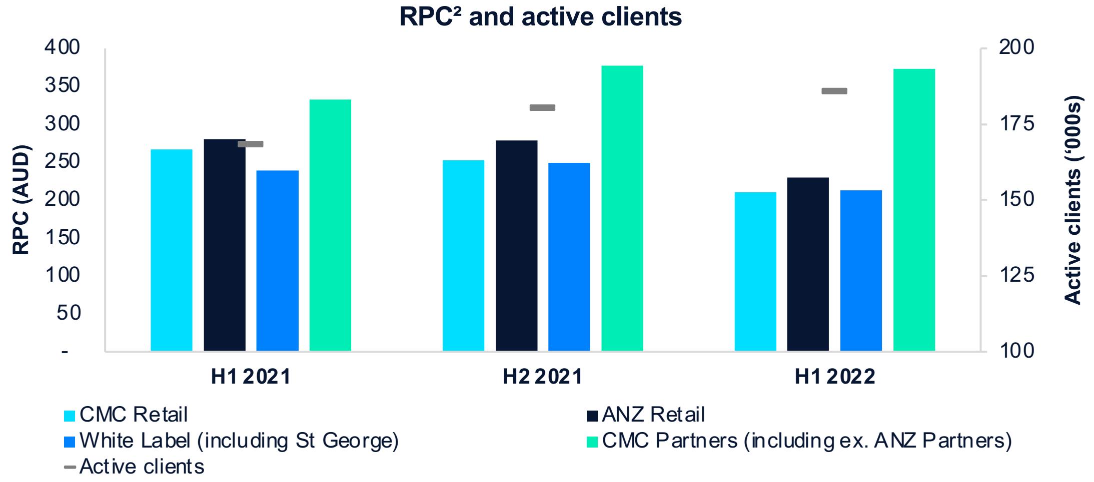
# Non-leveraged update

## Active clients remain elevated following record year



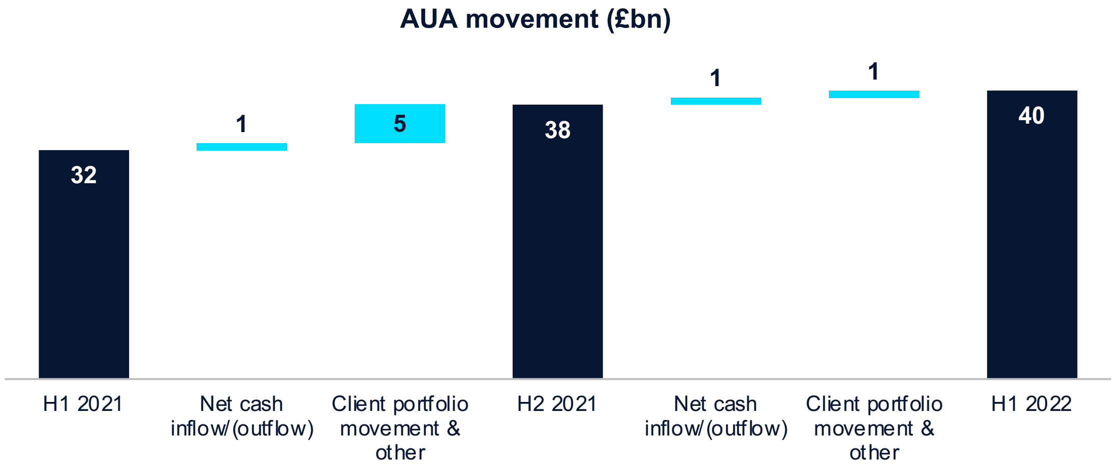



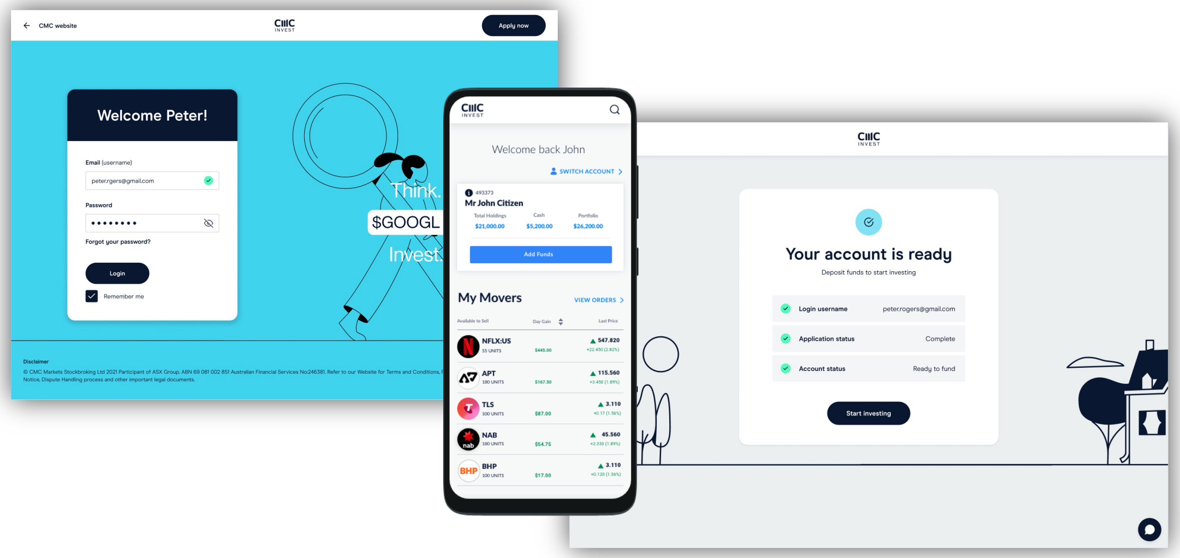

- Non-leveraged trading net revenue is 8% (£2.1m) lower year-on-year, following a record performance year
  - Brokerage revenue down 11%
  - FX revenue up 20%
- Active clients up 10% year-on-year, a record half year
- Record AUA at £40.1bn (CHESS: £34.7bn; Cash: £4.3bn; International: £1.1bn)
- Market conditions continued to be favourable throughout the period with:
  - Persisting low interest rate environment leading to a 'hunt for yield'
  - Increased client engagement
  - Market growth

1. Represents revenue received from brokerage and FX spread on client trades, less rebates
2. Revenue per active client (RPC) represents net trading revenue divided by active clients

# Non-leveraged update

## A pedigree of growth and innovation




- The business continued to expand on its market leading offering:
  - Mobile and iPad App (iOS and Android)
  - New 'look and feel' UX
  - Trading strategies
- Looking ahead to H2, we see further value and growth in:
  - Continuous improvement of our product offering through platform enhancements including:
    - New simplified onboarding journey
    - Model portfolios
    - Extended hours US trading
    - Further UX upgrades

# ANZ Share Investing acquisition

## CMC acquires approximately 500,000 clients with assets in excess of $45 billion

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ANZ

- In September, CMC signed an agreement with ANZ to transition their share trading client base to CMC.
- It is anticipated to take 12 to 18 months to fully transition clients.
- Post transition, CMC will be able to offer clients:
    - Attractive Pricing
    - Products:
        - Mobile and iPad app
        - Education
        - Trading strategies
        - Opportunity to trade CFDs
    - End-to-end ownership of customer journey
    - Any new features/enhancements rolled out in future



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# Financial outlook

Euan Marshall, CFO

# FY22 financial outlook

## Guidance re-iterated

- **Net operating income**
  - Current trading conditions:
    - Fundamentals of the leveraged business remain strong:
      - Monthly active client numbers continue to remain around one third above the levels pre-pandemic
      - Client AUM remains around record levels
    - Active clients in the non-leveraged business have continued to grow during H1 2022
    - FY22 net operating income expected to be within £250-280 million
- **Operating costs:** Excluding variable remuneration, H2 2022 costs are projected to be in line with current consensus expectations at around 10% higher than H1 2022, mainly due to higher personnel costs and marketing costs
- **Tax:** Effective tax rate expected to be in the region of 23%
- **Financial strength:** The Group continues to have a strong balance sheet and net available liquidity position, providing the opportunity to continue investing in new opportunities, including the UK non-leveraged business and the integration of the ANZ Bank client base into the Australian non-leveraged business
- **Dividend:** Board confident of medium-term strategic delivery and remains committed to paying a total dividend of 50% of profit after tax

# Strategic outlook and UK non-leveraged platform launch

Lord Cruddas, CEO

# Reviewing strategic non-leveraged and leveraged business separation

## Board to evaluate a prospective managed separation of the Group

- On 10 June 2021 the Group announced with its full year 2021 results that as part of its strategy beyond leveraged trading (CFDs, it will be launching its new UK investment D2C and B2B platforms next year, offering investment products, physical shares, tax wrappers and third party funds.

- Further to this, on 16 September 2021, the Group announced that the B2B white label deal with ANZ was ending and will be replaced by the acquisition of approximately 500,000 of ANZ's Share Investing clients with total assets in excess of £25 billion (AUD$45 billion), increasing combined Group client~~s~~ assets to approximately £40 billion.

- As a consequence of this acquisition, the growing size of investing clients, and their assets, the launch of the new UK investment platform, and its growing B2B platform business, the Group boasts two strong underlying businesses, leveraged and non-leveraged.

- Both businesses have benefited from significant investment and each have strong growth prospects in sizeable markets with excellent competitive positions.

- In this context, and in discussions with its advisers, the Board intends to undertake an exploratory review to consider the viability of a managed separation of the Group's non-leveraged and leveraged businesses in the interests of maximising shareholder value. As these discussions are exploratory at this stage, they may or may not lead to a managed separation of these businesses in due course.

- The Board is expected to start its review before year end and complete it by June 2022 and will update the market in due course.

# Repositioning CMC

## Significant benefits of repositioning towards non-leveraged products

| | | | | | |
|---|---|---|---|---|---|
| Operational risk reduction<br><br>Reduced risk of regulatory change | Opportunity for greater geographical coverage | Plays to CMC's technology strengths and disruption capabilities | Reduces volatility in earnings to drive higher market multiple | Increases product offering across multiple asset classes | Non-leveraged wealth management growth trend at >2x that of leveraged sector |

CMC:

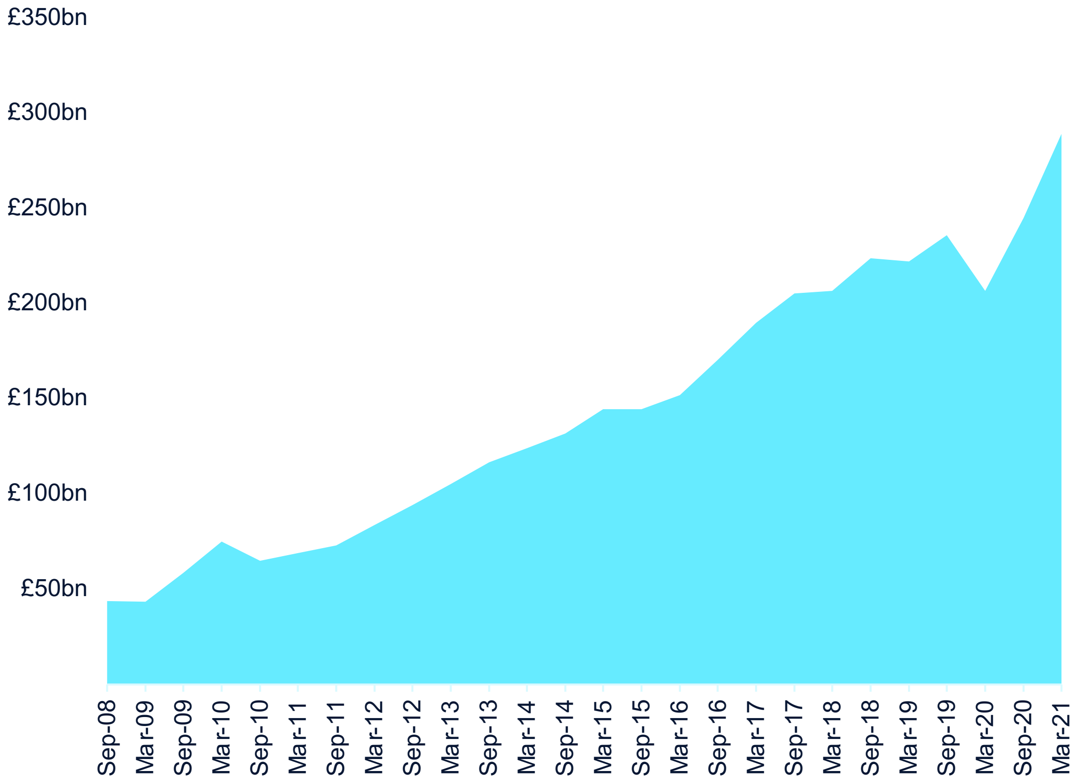
Provider of unrivalled access to capital markets through both leveraged and non-leveraged products, with additional products to allow clients to make informed investment choices dependent on goals and profiles

# Market size and structure of UK D2C opportunity

## Direct platform AUA growth has averaged over 16% p.a. since 2008[1]

- UK direct platform AUA increased by 18% in the six months to 31 March 2021 to £289.1bn, and has grown by over 16% p.a. since 2008
- Total share dealing volumes increased by 123% from 2019 to 2020:
  - UK share dealing volumes increased by 112%
  - International share dealing volumes increased by 226%
- Consolidation through M&A activity: Expect heightened competition and consolidation in the sector
- Ownership of own technology is a significant differentiator, allowing fast product stream development

**UK D2C Platform AUA[1]**



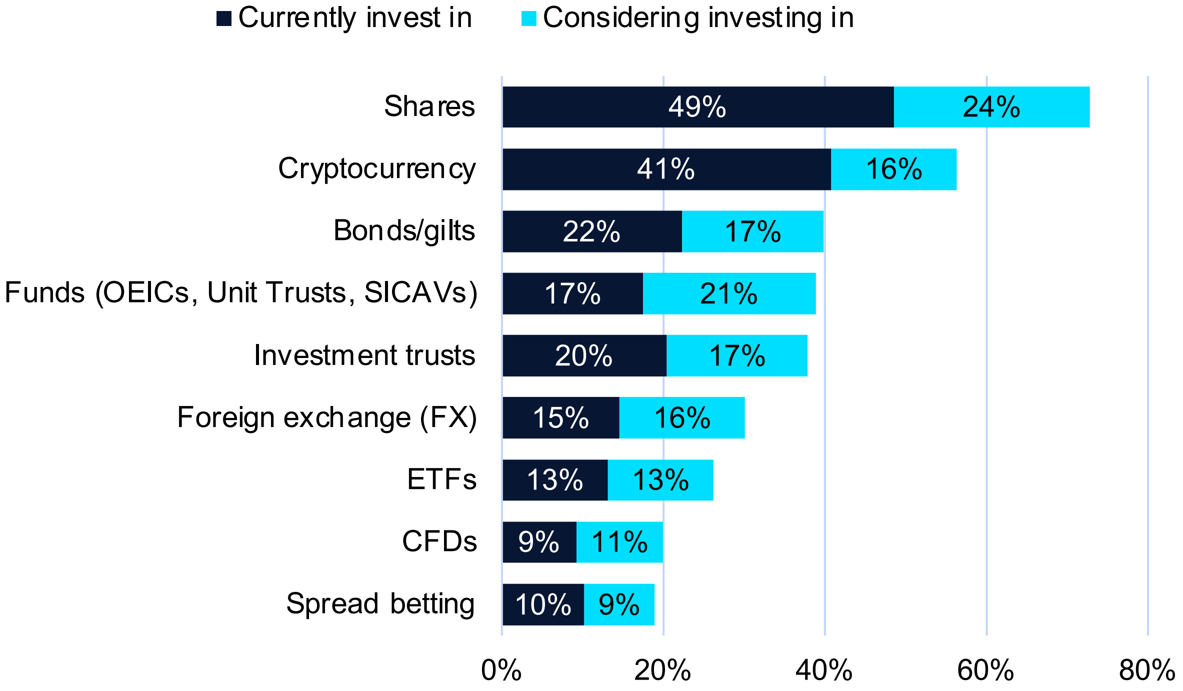



1. Source: Platforum, June 2021

# CMC to provide a multi-asset solution

## Investors require a broad product offering

***What new investors are interested in…***




- New investors seek a multi-functional mobile platform covering both traditional and new asset classes
- UK tax wrapping ability with ISAs and SIPPs also seen as important to long-term asset aggregation
- Frictionless onboarding and transfer capabilities
- Competitive and transparent trading costs
- First class UX and customer support

Source: Platforum, May 2021
What products do you currently invest in?
What products are you considering investing in?
Base: 206 UK adults aged 18+ that started investing in the last 2 years

# CMC Markets' differentiators

## Building on our existing strengths

Built award-winning platforms
(Market Maker followed by Next Generation)

Built renowned trading app
Proven D2C and B2B capabilities

Front-end development expertise

Deep access to markets through existing risk management systems and PB relationships

**Additional features**

New features and look
Built-in tax wrappers, (ISAs, SIPPs)

Mirroring the new platform features in app / mobile form

Back office
Tax wrapper administration

Physical settlements and custodian partnerships

USPs: Multi currency accounts, funds, global equities, ESG overlay

**Launch date expected mid-2022**

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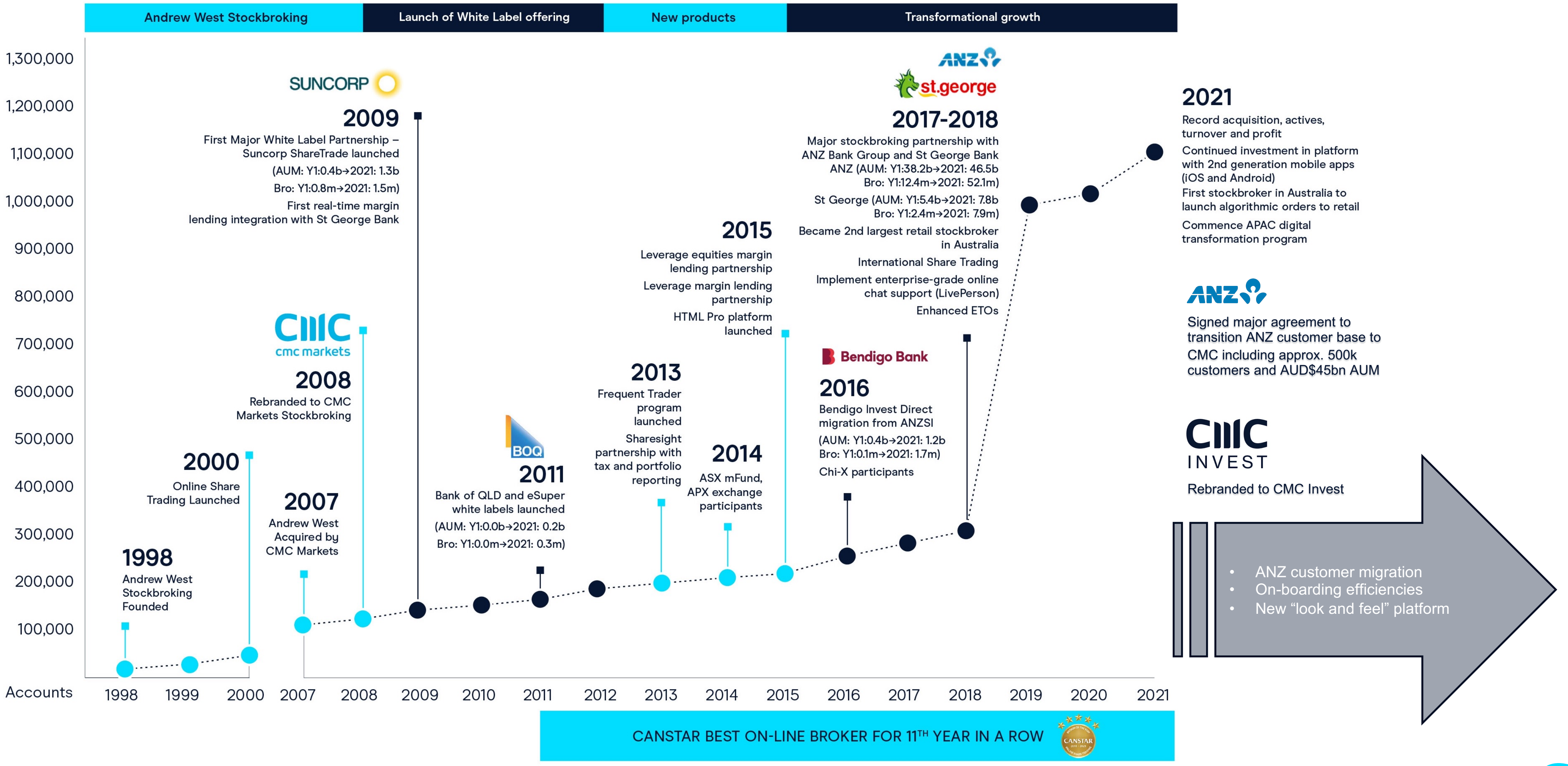
# Evolution of CMC Invest in Australia

## A history of innovation and a pedigree of B2B partnerships




Note: AUM (bn) and Brokerage (m) reported in AUD

# UK non-leveraged platform launch

## Waiting lists to be launched imminently

# Q&A

# Appendices

# Appendix 1

## Selected KPIs by half year

| Leveraged gross client income (£m) | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| UK | 37.4 | 49.0 | 86.4 | 63.3 | 59.9 | 123.2 | 47.6 |
| Europe | 17.1 | 26.5 | 43.6 | 28.3 | 25.4 | 53.7 | 20.6 |
| APAC & Canada | 49.0 | 61.6 | 110.6 | 82.0 | 76.4 | 158.4 | 58.8 |
| **Total** | **103.5** | **137.1** | **240.6** | **173.6** | **161.7** | **335.3** | **127.0** |

| Leveraged net trading revenue[1] (£m) | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| UK | 29.7 | 37.4 | 67.1 | 66.4 | 55.6 | 122.0 | 34.5 |
| Europe | 15.9 | 27.6 | 43.5 | 38.7 | 26.1 | 64.8 | 18.6 |
| APAC & Canada | 39.5 | 64.4 | 103.9 | 95.3 | 67.1 | 162.4 | 47.9 |
| **Total** | **85.1** | **129.4** | **214.5** | **200.4** | **148.8** | **349.2** | **101.0** |

| Active clients[2] | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| UK | 9,259 | 12.009 | 13,883 | 14,871 | 15,921 | 20,077 | 13,590 |
| Europe | 13,865 | 16,487 | 18,347 | 17,191 | 16,593 | 20,280 | 13,664 |
| APAC & Canada | 18,479 | 21,319 | 24,972 | 27,020 | 28,799 | 36,234 | 26,580 |
| **Total** | **41,603** | **49,815** | **57,202** | **59,082** | **61,313** | **76,591** | **53,834** |

1. Leveraged net revenue represents total trading revenue generated from CFD and spread bet clients after the impact of Rebates & Levies. Geographic segmentation is according to location of office which on-boards client, rather than client place of residence.
2. Active clients represent those individual clients who have traded with or held CFD or spread bet positions with CMC Markets on at least one occasion during the preceding 6 months for half year figures and 12 months for full year.

# Appendix 2

## ESMA client trading[1]

| Leveraged net trading revenue (£m) | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| ESMA Professional | 27.6 | 32.5 | 60.1 | 44.8 | 45.2 | 90.0 | 31.0 |
| ESMA Retail | 18.0 | 32.5 | 50.5 | 60.3 | 36.5 | 96.8 | 22.1 |
| **Total ESMA Region** | **45.6** | **65.0** | **110.6** | **105.1** | **81.7** | **186.8** | **53.1** |

| Active clients | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| ESMA Professional | 2,002 | 2,046 | 2,232 | 1,951 | 2,236 | 2,442 | 2,336 |
| ESMA Retail | 21,122 | 26,450 | 29,998 | 30,111 | 30,278 | 37,915 | 24,918 |
| **Total ESMA Region** | **23,124** | **28,496** | **32,230** | **32,062** | **32,514** | **40,357** | **27,254** |

1. Data based on regulatory classification as at period end.

# Appendix 3

## Non-leveraged KPIs

| Net brokerage[1] (AUD m) | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| ANZ Retail | 11.2 | 15.1 | 26.3 | 23.5 | 23.9 | 47.4 | 20.2 |
| CMC Retail | 4.3 | 5.2 | 9.5 | 7.6 | 7.3 | 14.9 | 6.9 |
| White label (incl. ex-ANZ Partners) | 3.8 | 4.6 | 8.4 | 6.5 | 6.6 | 13.1 | 6.1 |
| CMC Partners | 3.9 | 4.0 | 7.9 | 3.4 | 3.5 | 6.9 | 3.6 |
| **Total** | **23.2** | **28.9** | **52.1** | **41.0** | **41.3** | **82.3** | **36.8** |

| Turnover (AUD m) | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| ANZ Retail | 10,698 | 13,082 | 23,780 | 19,266 | 18,434 | 37,700 | 16,455 |
| CMC Retail | 3,022 | 3,550 | 6,572 | 4,945 | 5,263 | 10,208 | 4,996 |
| White label (incl. ex-ANZ Partners) | 3,607 | 4,292 | 7,899 | 6,255 | 4,907 | 11,162 | 5,534 |
| CMC Partners | 7,980 | 7,088 | 15,068 | 5,643 | 7,120 | 12,763 | 6,172 |
| **Total** | **25,307** | **28,012** | **53,319** | **36,109** | **35,724** | **71,833** | **33,157** |

| Active clients ('000s) | 2020 | | | 2021 | | | 2022 |
|---|---|---|---|---|---|---|---|
| | H1 | H2 | Full year | H1 | H2 | Full year | H1 |
| ANZ Retail | 66.1 | 80.1 | 102.8 | 95.0 | 100.2 | 130.1 | 100.0 |
| CMC Retail | 20.4 | 25.2 | 31.5 | 32.2 | 37.3 | 46.4 | 41.6 |
| White label (incl. ex-ANZ Partners) | 20.3 | 25.1 | 32.0 | 30.2 | 32.2 | 41.8 | 33.3 |
| CMC Partners | 11.7 | 11.1 | 15.3 | 10.9 | 10.6 | 14.0 | 10.9 |
| **Total** | **118.5** | **141.5** | **181.6** | **168.3** | **180.3** | **232.1** | **185.8** |

1. Figures represent net brokerage only and excludes other income that is included in non-leveraged net trading revenue, such as foreign exchange fees

# Appendix 4

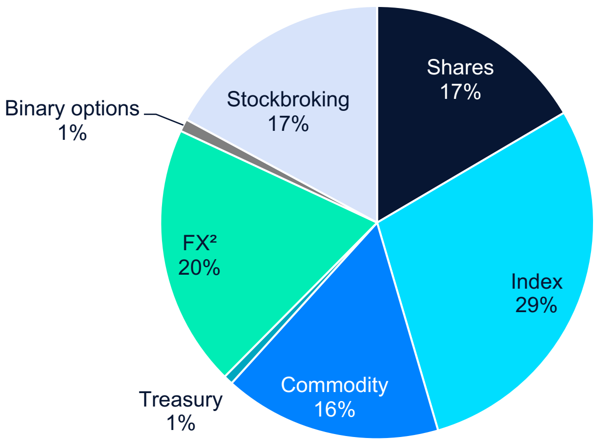
## Institutional (“B2B”) and retail (“B2C”) revenue

| | H1 2022 | | | H1 2021 | | | Growth (£m) | | | Growth (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net trading revenue (£m)** | **B2C** | **B2B** | **Total** | **B2C** | **B2B** | **Total** | **B2C** | **B2B** | **Total** | **B2C** | **B2B** | **Total** |
| CFD & spread bet net revenue | 85.0 | 16.0 | 101.0 | 183.0 | 17.4 | 200.4 | (98.0) | (1.4) | (99.4) | (54%) | (8%) | (50%) |
| Stockbroking net revenue | 4.9 | 19.3 | 24.2 | 4.8 | 21.5 | 26.3 | 0.1 | (2.2) | (2.1) | 1% | (10%) | (8%) |
| **Net trading revenue** | **89.9** | **35.3** | **125.2** | **187.8** | **38.9** | **226.7** | **(97.9)** | **(3.6)** | **(101.5)** | **(52%)** | **(9%)** | **(45%)** |
| **% share of Group** | **72%** | **28%** | | **83%** | **17%** | | | | | | | |

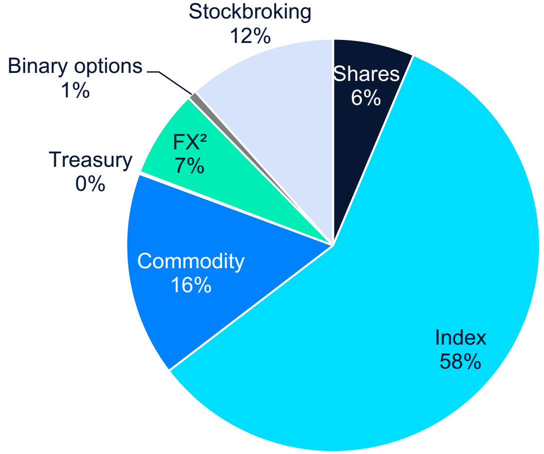
# Appendix 5

## Revenue composition

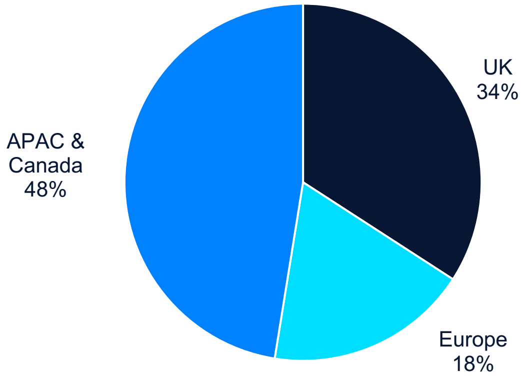
### H1 2022 leveraged and non-leveraged revenue[1] by asset class



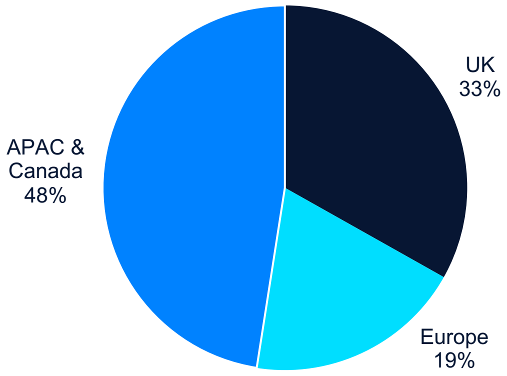

### H1 2021 leveraged and non-leveraged revenue[1] by asset class




### H1 2022 leveraged net revenue[3] by region




### H1 2021 leveraged net revenue[3] by region




1. Net revenue generated from leveraged active clients, including Countdowns, after the impact of introducing partner commissions and spread betting levies
2. FX includes cryptocurrencies
3. Leveraged and non-leveraged net revenue represents total revenue after the impact of introducing partner commissions and spread betting levies. Geographic segmentation is according to location of office which on-boards client, rather than client place of residence.

# Appendix 6

## Income statement

| Group (£m) | H1 2022 | H1 2021 | |
|---|---|---|---|
| **Total revenue** | **149.1** | **256.1** | **(42%)** |
| Rebates & levies | (22.4) | (25.2) | (11%) |
| **Net operating income[1]** | **126.7** | **230.9** | **(45%)** |
| Operating expenses | (89.7) | (88.9) | (1%) |
| Finance costs | (1.0) | (0.9) | (11%) |
| **Profit before taxation** | **36.0** | **141.1** | **(74%)** |
| Taxation | (8.1) | (30.3) | 73% |
| **Profit after tax** | **27.9** | **110.8** | **(75%)** |
| Dividend per share (pence) | **3.50** | **9.20** | (62%) |
| Basic EPS (pence) | **9.6** | **38.3** | **(75%)** |

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

# Appendix 7

## Operating expenses breakdown

| Group (£m) | H1 2022 | H1 2021 | YoY % |
|---|---|---|---|
| Net staff costs (excl. variable remuneration) | 34.1 | 28.8 | (18%) |
| IT costs | 14.2 | 12.7 | (12%) |
| Sales and marketing | 11.7 | 14.8 | 21% |
| Premises | 1.8 | 1.7 | (2%) |
| Legal and professional fees | 4.7 | 3.3 | (40%) |
| Regulatory fees | 3.2 | 2.6 | (23%) |
| Depreciation and amortisation | 6.4 | 5.5 | (5%) |
| Other | 7.6 | 9.7 | 17% |
| **Operating expenses (excl. variable remuneration)** | **83.7** | **79.1** | **(6%)** |
| Leveraged operating expenses | 68.4 | 64.9 | (5%) |
| Non-leveraged operating expenses | 15.3 | 14.2 | (8%) |
| Variable remuneration[2] | 6.0 | 9.8 | 39% |
| Finance costs | 1.0 | 0.9 | (11%) |
| **Total costs** | **90.7** | **89.8** | **(1%)** |
| **Average headcount** | **909** | **780** | **17%** |
| Average leveraged headcount | 693 | 598 | 16% |
| Average non-leveraged headcount | 216 | 182 | 19% |

- Operating expense[1] increase of £4.6m (6%) largely driven by net staff costs, which increased by 18% due to:
  - Increase in salaries as a result of a higher headcount to support the delivery of strategic projects
  - Offset by capitalisation of staff development costs
- Increase in IT costs due to higher software maintenance and market data costs
- Higher legal and professional fees driven by tax advisory and consultancy costs across a number of projects
- Increase in regulatory fees due to a higher FSCS levy
- These increases were partially offset by:
  - Lower sales and marketing costs, with the decision made last year to increase spend in light of favourable market conditions
  - A decrease in other costs due lower client debt and irrecoverable VAT

1. Excluding variable remuneration
2. Includes share based payments

# Appendix 8
## Balance sheet

| Group (£m) | | 30 September 2021 (unaudited) | 31 March 2021 | Variance % |
|---|---|---|---|---|
| **Non-current assets** | Intangible assets | 25.9 | 10.3 | 151% |
| | Property, plant and equipment | 26.6 | 26.1 | 2% |
| | Deferred tax assets | 5.3 | 6.4 | (17%) |
| | Trade and other receivables | 1.8 | 1.8 | (1%) |
| | **Total non-current assets** | **59.6** | **44.6** | **34%** |
| **Current assets** | Trade and other receivables | 128.6 | 127.2 | 1% |
| | Derivative financial instruments | 2.8 | 3.2 | (13%) |
| | Financial investments | 28.1 | 28.1 | 0% |
| | Amounts due from brokers | 180.9 | 253.9 | (28%) |
| | Other assets | 35.5 | 1.5 | 2,238% |
| | Cash and cash equivalents | 131.6 | 118.9 | 11% |
| | Current tax recoverable | 2.2 | 1.7 | 28% |
| | **Total current assets** | **509.7** | **533.0** | **(4%)** |
| **Current liabilities** | Trade and other payables | 181.6 | 152.3 | 19% |
| | Derivative financial instruments | 2.9 | 3.1 | (5%) |
| | Borrowings | 0.2 | 0.9 | (80%) |
| | Lease liabilities | 4.9 | 4.6 | 6% |
| | Short term provisions | 0.9 | 1.9 | (53%) |
| | **Total current liabilities** | **190.5** | **162.8** | **17%** |
| **Non-current liabilities** | Borrowings | - | 0.2 | (100%) |
| | Deferred tax liabilities | 1.4 | 1.6 | (11%) |
| | Lease liabilities | 10.7 | 10.7 | (1%) |
| | Long term provisions | 1.6 | 1.8 | (10%) |
| | **Total non-current liabilities** | **13.7** | **14.3** | **(4%)** |
| | **Total equity** | **365.1** | **400.5** | **(9%)** |

# Appendix 9

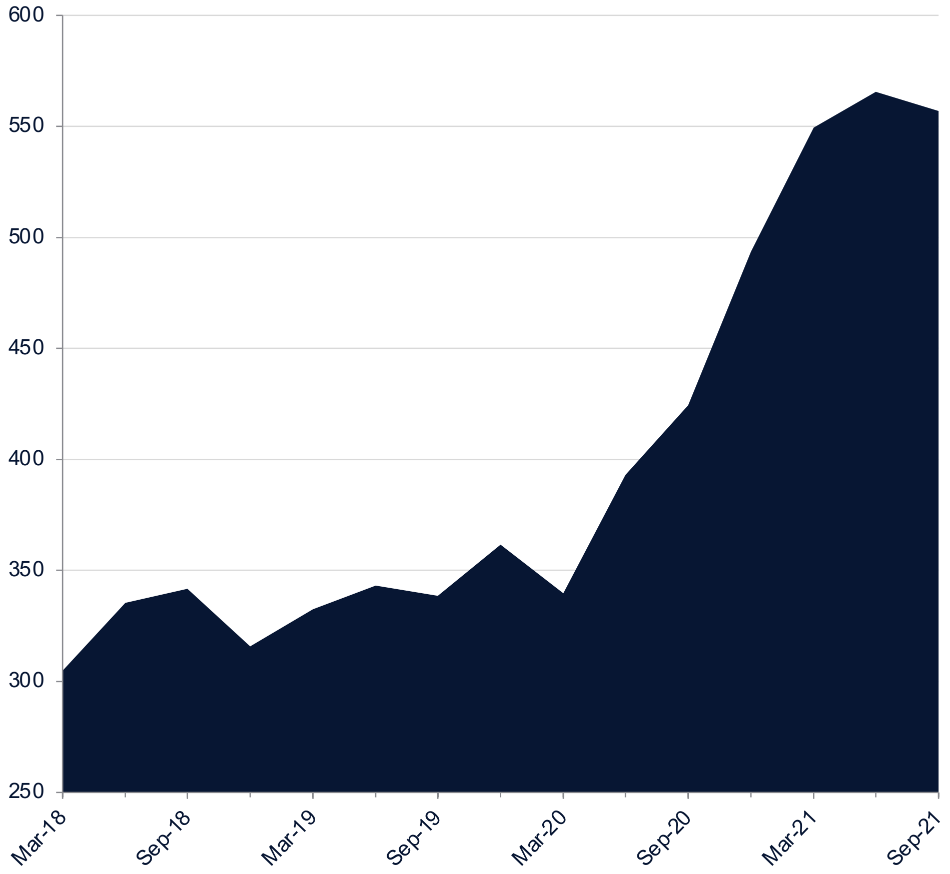
## Own funds flow statement

| Group (£m) | H1 2022 | H1 2021 | YoY % |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit before tax** | **36.0** | **141.1** | (74%) |
| Adjustments for: | | | |
| Finance costs | 1.0 | 0.9 | 11% |
| Depreciation and amortisation | 6.4 | 5.5 | 17% |
| Other non-cash adjustments | (2.0) | (2.9) | 26% |
| Tax paid | (7.1) | (13.6) | 48% |
| **Own funds generated from operating activities** | **34.3** | **130.9** | (74%) |
| **Movement in working capital** | **15.6** | **1.0** | 1459% |
| **(Outflow)/Inflow from investing activities** | | | |
| Net Purchase of property, plant and equipment and intangible assets | (19.3) | (6.4) | (200%) |
| Other inflow/(outflow) from investing activities | 1.4 | (1.8) | 175% |
| **Outflow from financing activities** | | | |
| Proceeds from issue of ordinary shares | - | 0.1 | (100%) |
| Interest paid | (1.0) | (0.9) | (11%) |
| Dividends paid | (62.4) | (35.4) | (76%) |
| Other inflow/(outflow) from financing activities | (4.1) | (4.2) | 3% |
| **Total inflow/(outflow) from investing and financing activities** | **(85.4)** | **(48.7)** | (75%) |
| **Increase/(decrease) in own funds** | **(35.5)** | **83.3** | (143%) |
| Own funds at the beginning of the year | 370.4 | 238.3 | 55% |
| Effect of foreign exchange rate changes | (0.7) | 4.5 | (116%) |
| **Own funds at the end of the year** | **334.2** | **326.1** | **2%** |

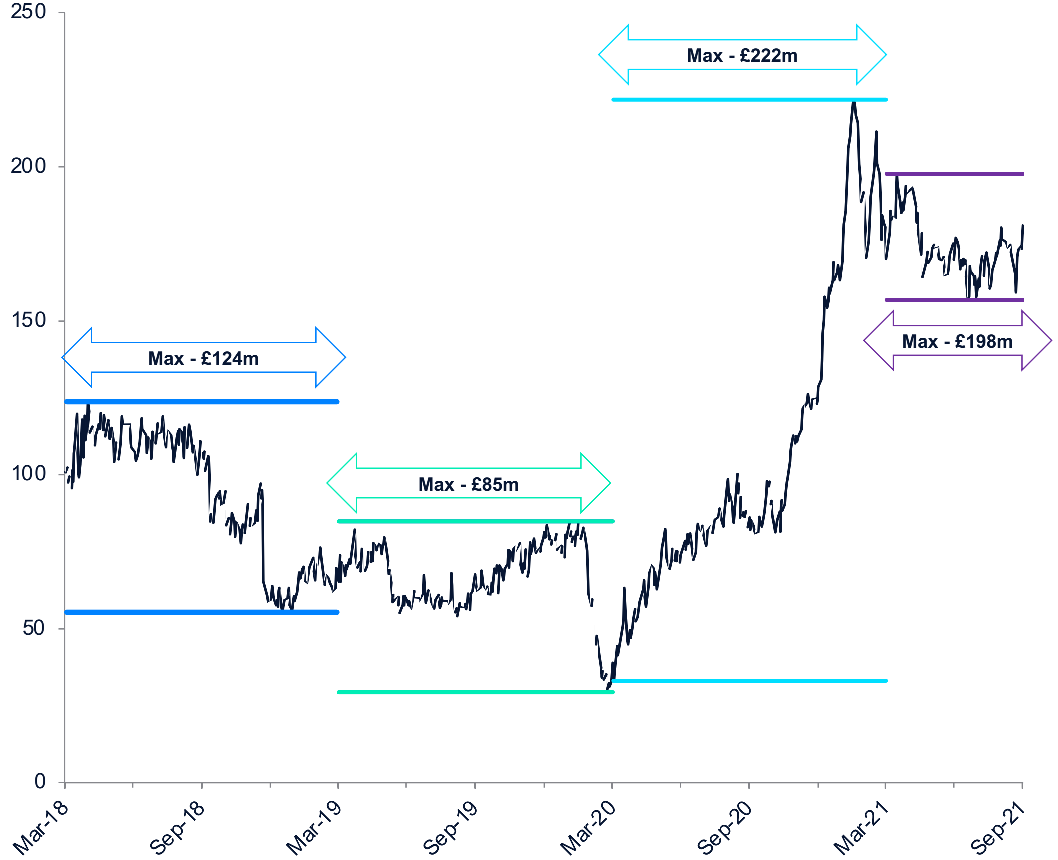
# Appendix 10

## Client assets and prime broker requirements

### Assets under management (AUM) or total client money (£m)

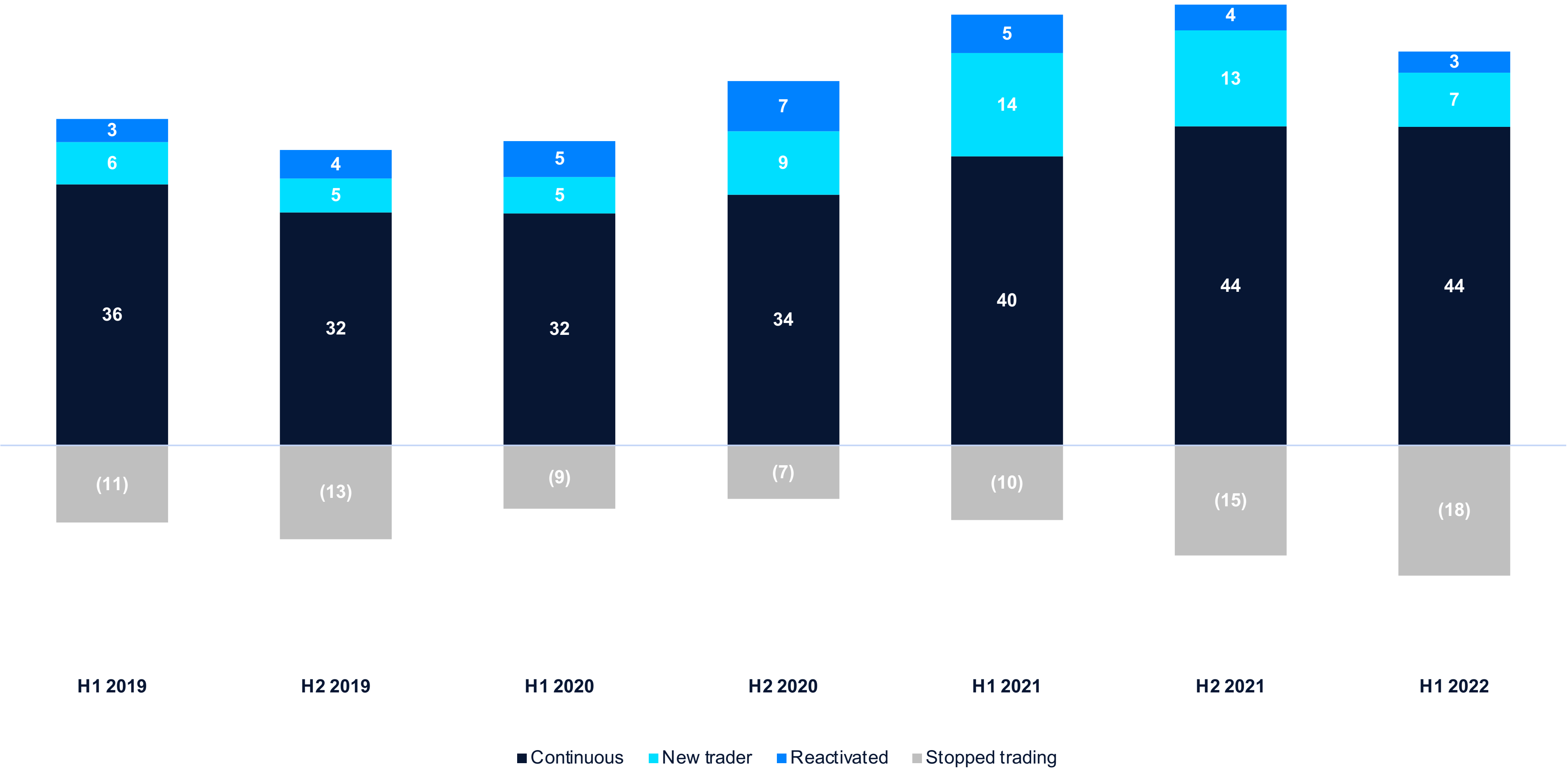



### Broker margin requirements (£m)



# Appendix 11

## Half yearly client churn ('000s)



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