CMC MARKETS PLC
133 HOUNDSDITCH,
LONDON, EC3A 7BX
+44 (0)20 7170 8200
CMCMARKETS.COM/GROUP

Results Presentation

Half year ended 30 September 2023

16 November 2023

Today’s presenters

Lord Peter Cruddas,
Chief Executive Officer

Albert Soleiman,
Chief Financial Officer

David Fineberg,
Deputy Chief Executive Officer

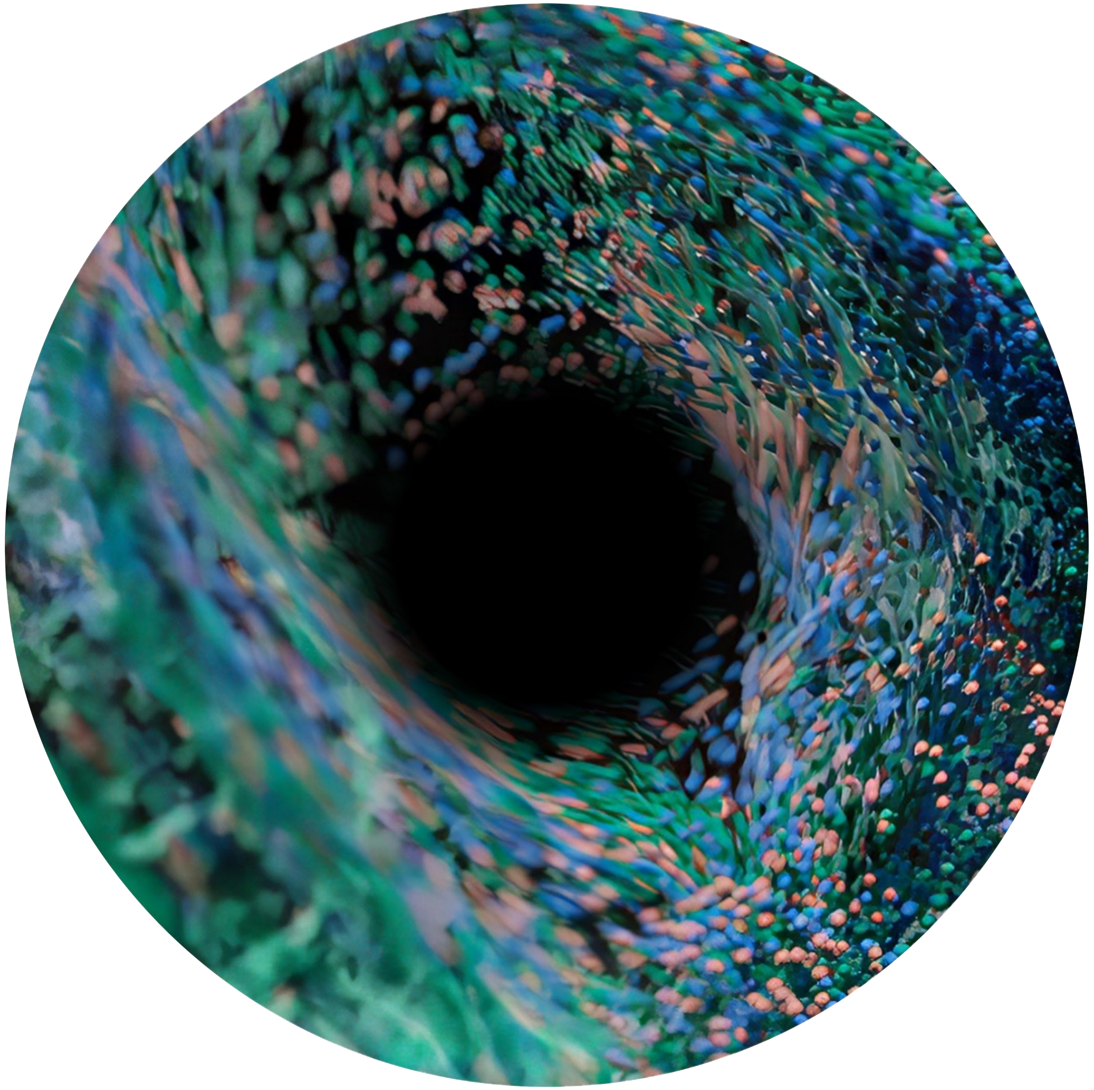
Matthew Lewis,
Head of APAC & Canada

Rollout of strategic initiatives to capture long-term growth opportunity continues

- We have continued to invest in key projects to diversify revenues and drive future growth
- Successful launch of CMC Invest Singapore, demonstrating the transferability of the Invest platform and further diversifying geographic reach
- Expansion of the Dubai subsidiary in the DIFC, providing us with a strong foothold in the Middle East
- Significant development upgrades delivered across existing platforms in recent weeks, including:
    - UK cash equities launched for B2B clients
    - Mutual funds on Invest UK
    - Cryptocurrencies on Invest Australia
- Further product upgrades on track for delivery in H2 2024

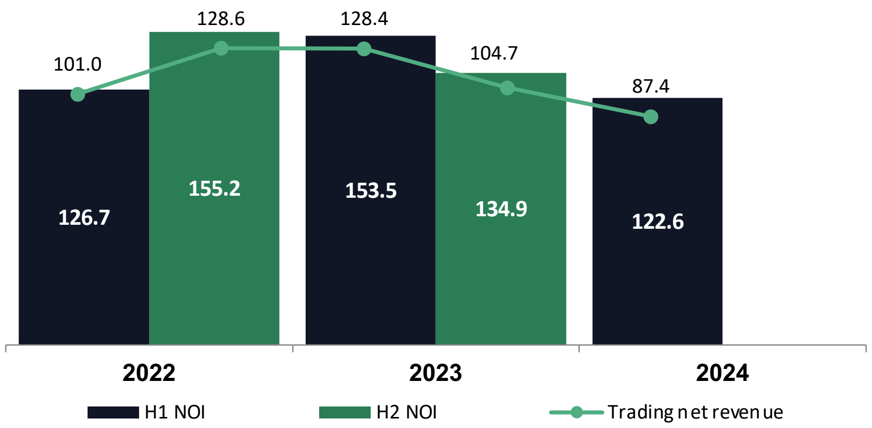
Financial update

Albert Soleiman
CFO

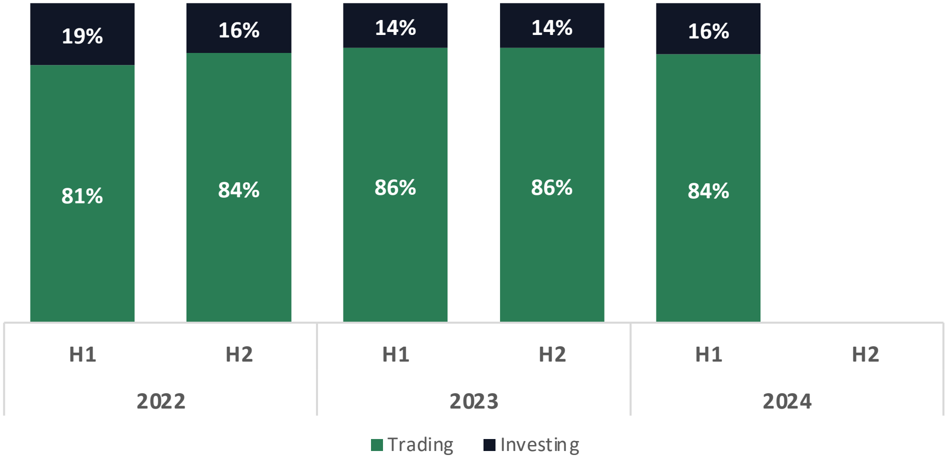


Key Performance Indicators: Group

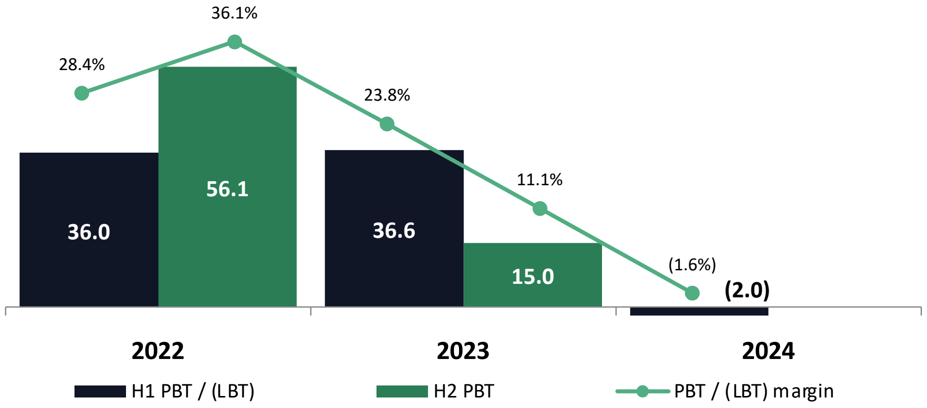
Net operating income[1] (£m)



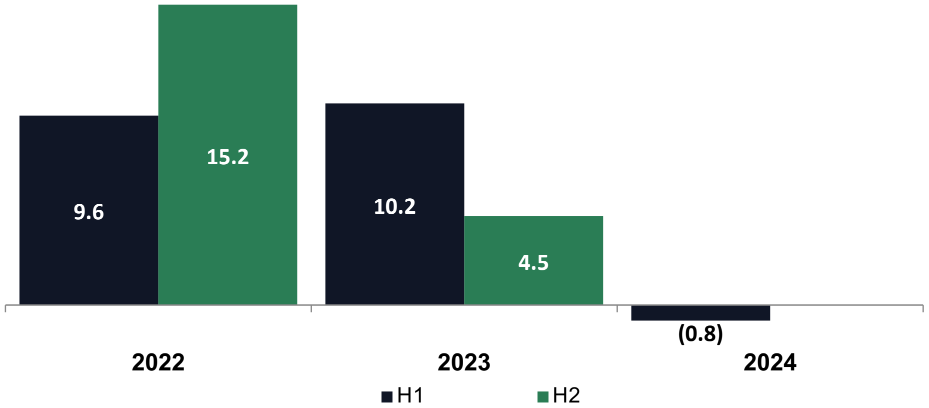
Net revenue mix



Profit / (loss) before tax (£m)



Basic earnings/ (loss) per share (pence)

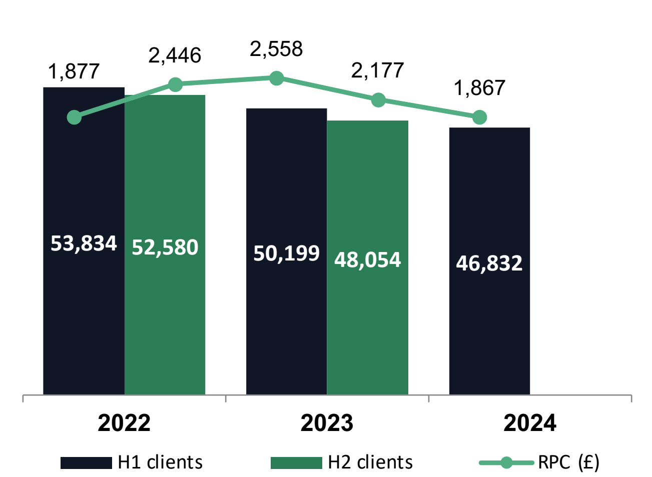


1. Net operating income represents total revenue net of introducing partner commissions and spread betting levies.

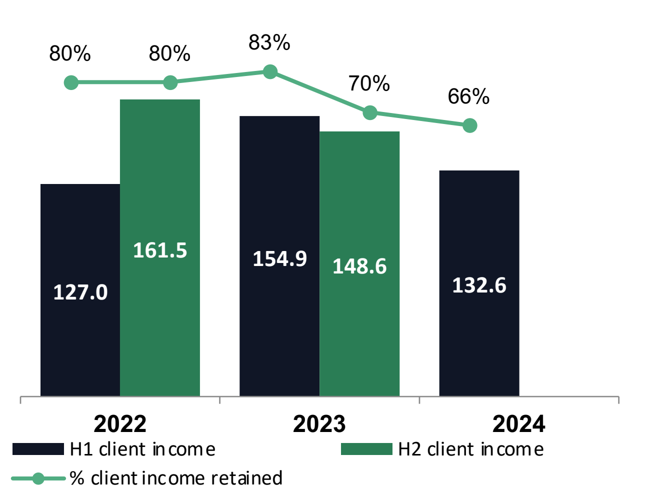
Key Performance Indicators: Trading and Investing

Trading

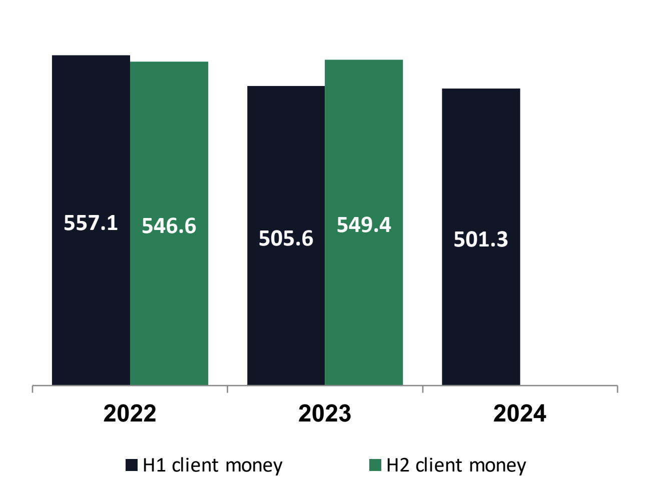
Active clients[1] and revenue per active client[2] (RPC)



Gross client income[3] (£m) and retention (%)

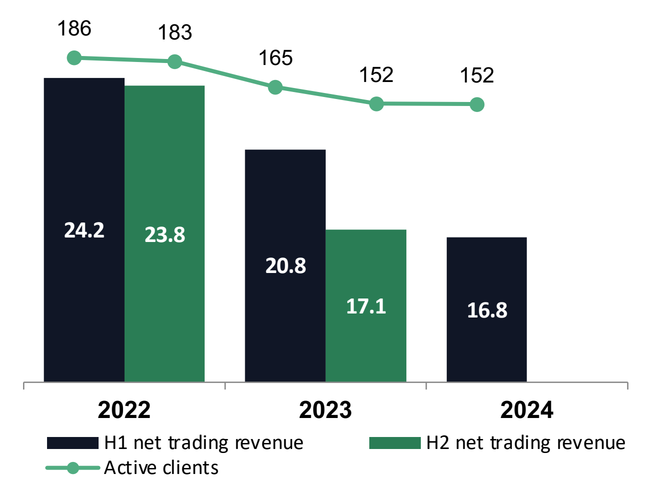


Client money (AuM) (£m)

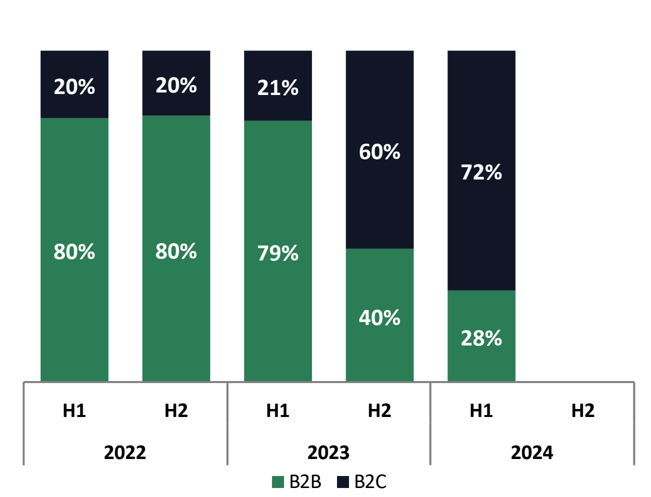


Investing

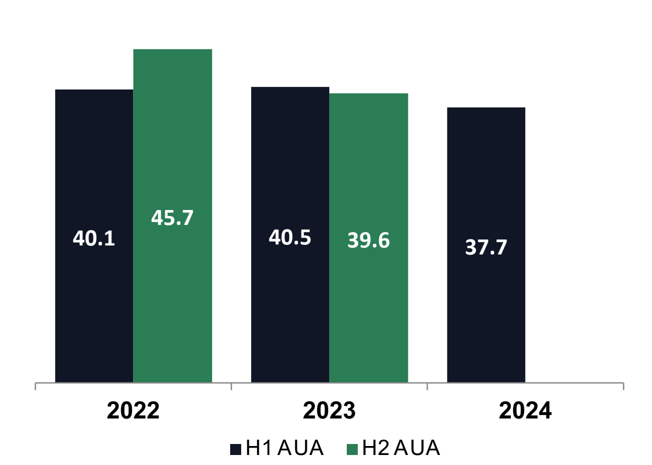
Investing net revenue (£m) and active clients[1] ('000s)



Investing net revenue: B2C and B2B mix[4]



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 or who traded on the stockbroking platform 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 8 for further detail.
4. Shift in client mix from H2 2023 is driven by the migration of the ANZ Share Investing client base to CMC. Before migration, revenue from these clients was classified as B2B; subsequently, these clients are classified as B2C.

Income Statement

Group (£m)	H1 2024	H1 2023	YoY %
Trading net revenue	87.4	128.4	(32%)
Investing net revenue	16.8	20.8	(20%)
Interest income	16.1	2.9	464%
Other operating income	2.3	1.4	70%
Net operating income[1]	**122.6**	**153.5**	**(20%)**
Operating expenses (excl. variable remuneration)[2]	(121.9)	(106.3)	(15%)
Variable remuneration[2]	(1.7)	(9.3)	82%
Finance costs	(0.9)	(1.3)	34%
Profit / (loss) on share of associates	(0.1)	-	-
Profit / (loss) before taxation	**(2.0)**	**36.6**	**-**
PBT / (LBT) margin	**(1.6%)**	**23.8%**	
Tax	(0.4)	(7.6)	95%
Profit / (loss) after tax	**(2.4)**	**29.0**	**-**

Net operating income

Net operating income of £122.6m was £30.9m (20%) lower than prior year, driven by a 32% (£40.7m) decrease in trading net revenue as a result of:

- Lower gross client income, down £22.3m (14%) primarily due to a decrease in client trading amid subdued markets
- A decrease in client income retention, down to 66% (H1 2023: 83%).

Investing net revenue was also down £4.1m (20%) due to a lower number of active clients and less favourable market conditions for investors

Interest income was up £13.2m (464%), with the entire period benefitting from higher global interest rates

Operating expenses

The increase in operating expenses (excl. variable remuneration) was mainly driven by:

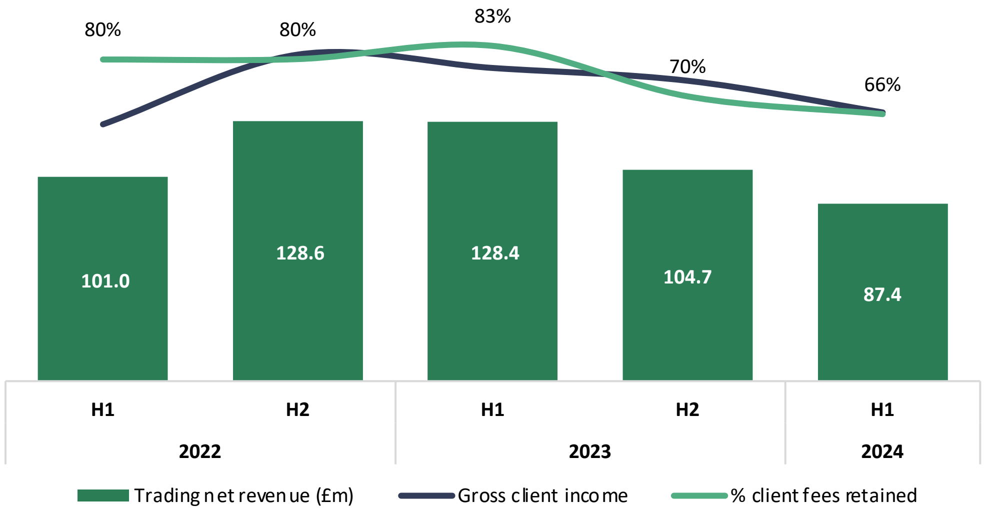
- Investment in headcount and IT to support the delivery of strategic projects; and
- Impairment of assets relating to UK Invest and cash equities products
- These adverse variances are partially offset by a lower FSCS levy

Decrease in variable remuneration reflects weaker Group financial performance in the current period

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

Trading net revenue

£m	2022 H1	2022 H2	2022 Full year	2023 H1	2023 H2	2023 Full year	2024 H1	H1 2024 vs H1 2023 £m	H1 2024 vs H1 2023 %
Trading gross client income[1]	127.0	161.5	288.5	154.9	148.6	303.5	132.6	(22.3)	(14%)
Rebates and levies	(8.3)	(12.3)	(20.6)	(11.5)	(8.9)	(20.4)	(8.6)	2.9	26%
Trading net client income	**118.7**	**149.2**	**267.9**	**143.4**	**139.7**	**283.1**	**124.1**	**(19.4)**	**(14%)**
Risk management gains / (losses)	(9.0)	(4.1)	(13.1)	6.3	(11.0)	(4.7)	(16.9)	(23.2)	(368%)
Hedging costs	(8.7)	(16.5)	(25.2)	(21.3)	(24.0)	(45.3)	(19.7)	1.6	7%
Trading net revenue	**101.0**	**128.6**	**229.6**	**128.4**	**104.7**	**233.1**	**87.4**	**(41.0)**	**(32%)**
% client income retained	*80%*	*80%*	*80%*	*83%*	*70%*	*77%*	*66%*		

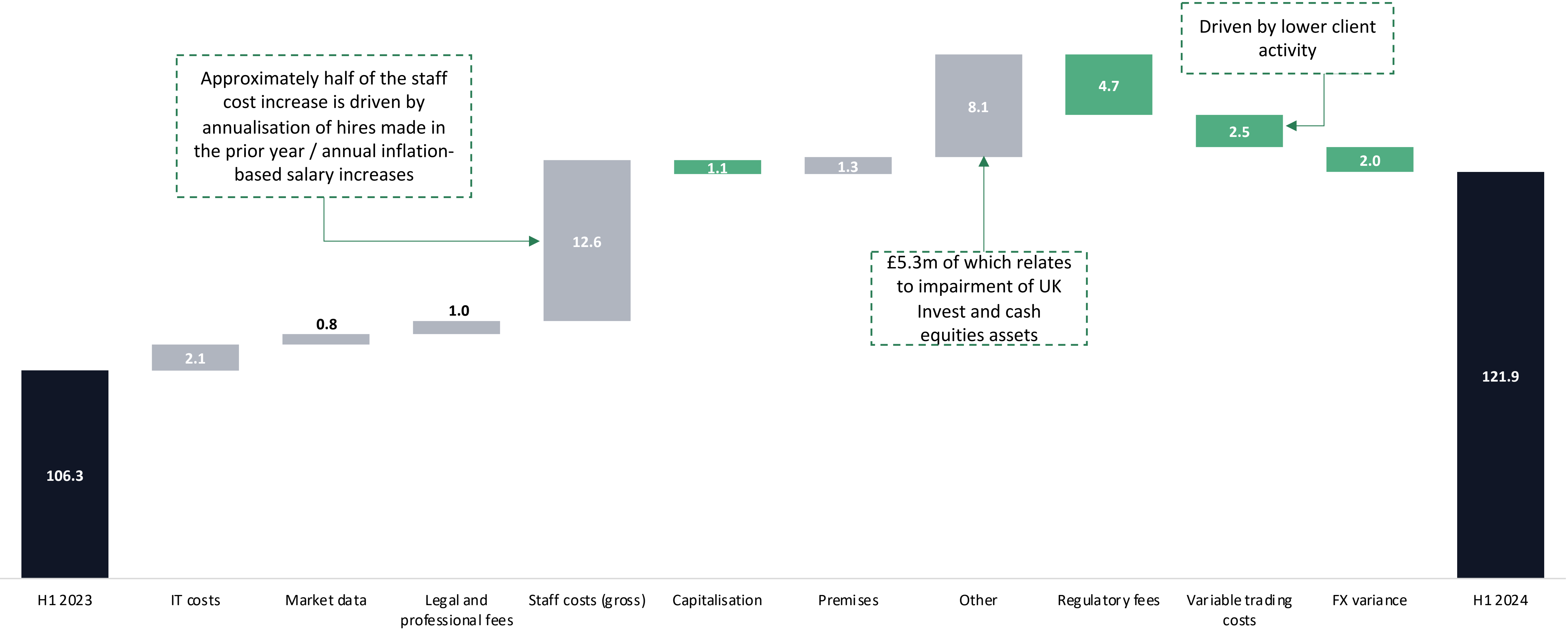


- 32% decrease in trading net revenue to £87.4m was driven by a combination of lower gross client income and lower client income retention
- Lower gross client income down £22.3m (14%) driven by sustained lower market volatility in the current period
  - Conversely the prior year comparative included periods of heightened volatility such as Russia/Ukraine, and GBP volatility in September 2022
- Weaker risk management performance due to a short period of unprecedented concentration in our book

1. Trading gross client income represents spreads, financing and commissions charged to clients (client transaction costs) on CFD and spread bet products before rebates and levies.

Operating cost[1] bridge

Higher costs driven by investment to deliver growth and impairment of UK Invest and cash equities assets



1. Excluding variable remuneration.

Liquidity and regulatory capital

Regulatory capital		
Group (£m)	H1 2024	2023
Core Equity Tier 1 Capital[1]	353.4	363.1
Less: intangibles, investment in associates and deferred tax assets[2]	(36.9)	(36.3)
Capital Resources	**316.5**	**326.8**
Own funds requirements[3] ("OFR")	88.0	88.6
Total OFR ratio %[4]	**360%**	**369%**

Liquidity

- Decrease in **own funds** to £272.8m driven by payment of the 2023 final dividend and movements in working capital
- Increase in **non-segregated funds** driven by a small number of high net-worth clients
- **Blocked cash** increase largely driven by capital injections in Dubai and UK Invest

Total available liquidity		
Group (£m)	H1 2024	2023
Own funds	**272.8**	**309.7**
Non-segregated client and partner funds	107.8	49.4
Available syndicated facility	55.0	55.0
Total available liquidity	**435.6**	**414.1**

Net available liquidity		
Group (£m)	H1 2024	2023
Total available liquidity	**435.6**	**414.1**
Blocked cash[5]	(75.7)	(68.8)
Initial margin requirement at broker	(122.7)	(106.1)
Net available liquidity	**237.2**	**239.2**

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. In accordance with IFPR, all deferred tax assets must be fully deducted from CET1 capital.
3. The minimum capital requirement in accordance with MIDIFPRU 4.3.
4. The OFR ration represents CET1 capital as a percentage of OFR.
5. Blocked cash relates to cash needed to support regulatory and overseas subsidiaries operational requirements.

CMC

Financial Outlook

Net operating income:

- Quiet market conditions in the first half have resulted in lower client trading activity in both the trading and investing businesses. These conditions have continued into the second half
- Maintaining full year net operating income guidance of £250 - £280 million
- Interest income expectations remain as guided at full year
- Delivery of new initiatives remains on track and we expect to deliver net operating income in FY 2025 in line with consensus[1], based on more normalised trading conditions

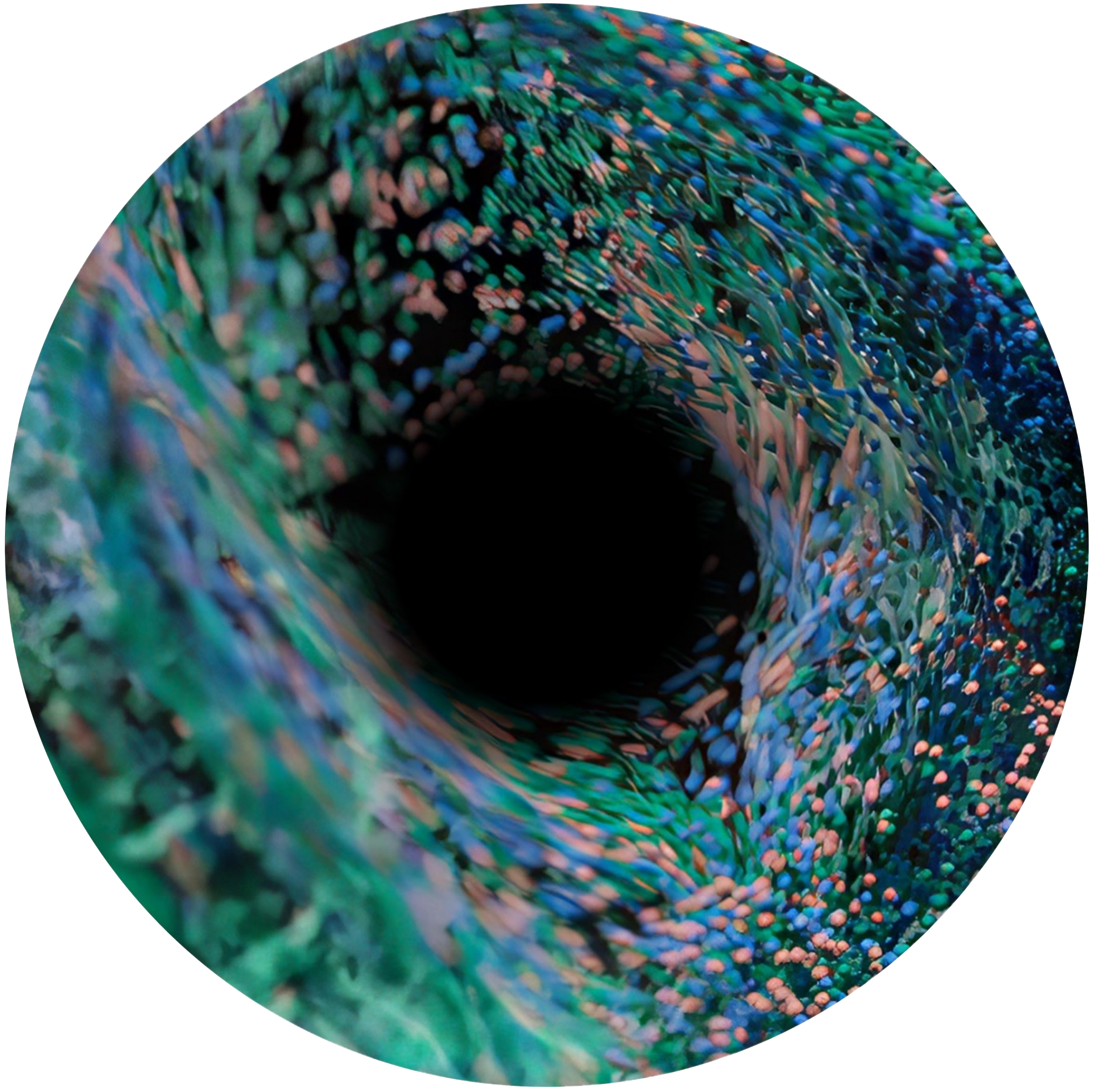
- **Operating costs (excluding variable remuneration)** expected to be in line with prior guidance of £240 million
  - We have reached the peak of our investment cycle, although we will continue to invest in the core functionality of our platforms
  - As we come to the end of our investment programme, we are now in a position to drive operational synergies and will provide a further update at the FY 2024 results

- **Effective tax rate** expected to be 30%

1. A company compiled analyst consensus, as at November 2023, is available at: https://www.cmcmarkets.com/group/investors/analysts-coverage

Investing business update (APAC)

Matthew Lewis
Head of APAC & Canada

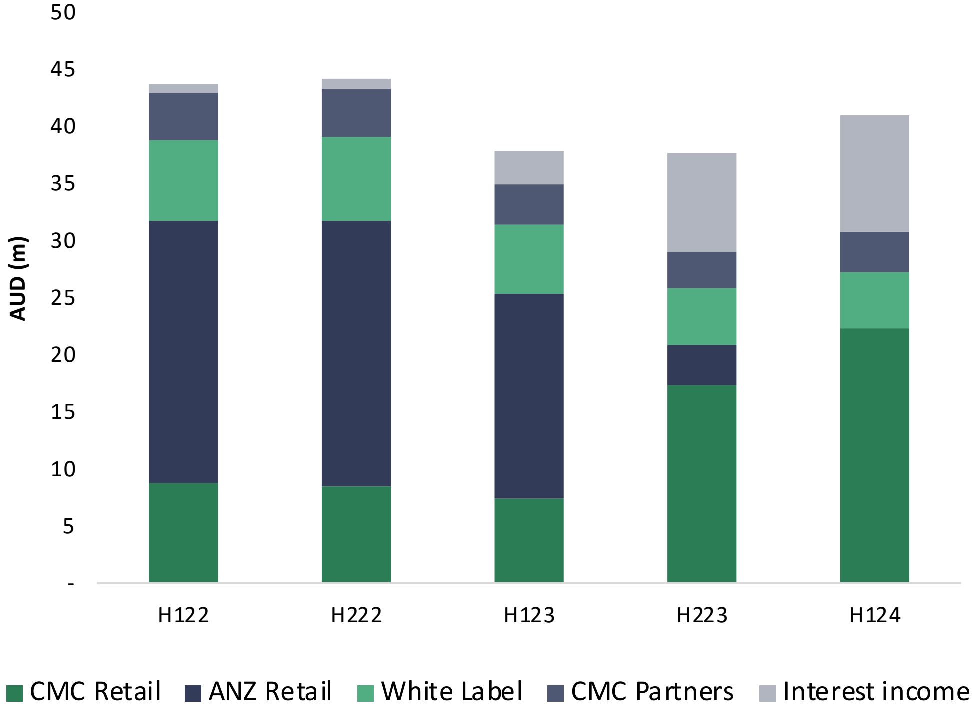


CMC

CMC Invest Australia

Despite heightened macro risk, underlying performance in local currency grew 7% year-on-year

Net Operating Income[1,2]



Financial performance

- H1 **net operating income** down £0.5m (2%) year-on-year, with £1.5m (7%) growth in underlying performance in local currency, offset by a £2.0m negative impact on group consolidation due to unfavourable currency movements in the period

Investing net revenue down £4.1 (20%), driven by:

- Underlying performance in local currency down £2.3m (12%), largely driven by 24% reduction in domestic turnover[3], partially offset by 34% increase in FX revenue from international trading
- Negative impact of £1.8m due to unfavourable currency movement on group consolidation

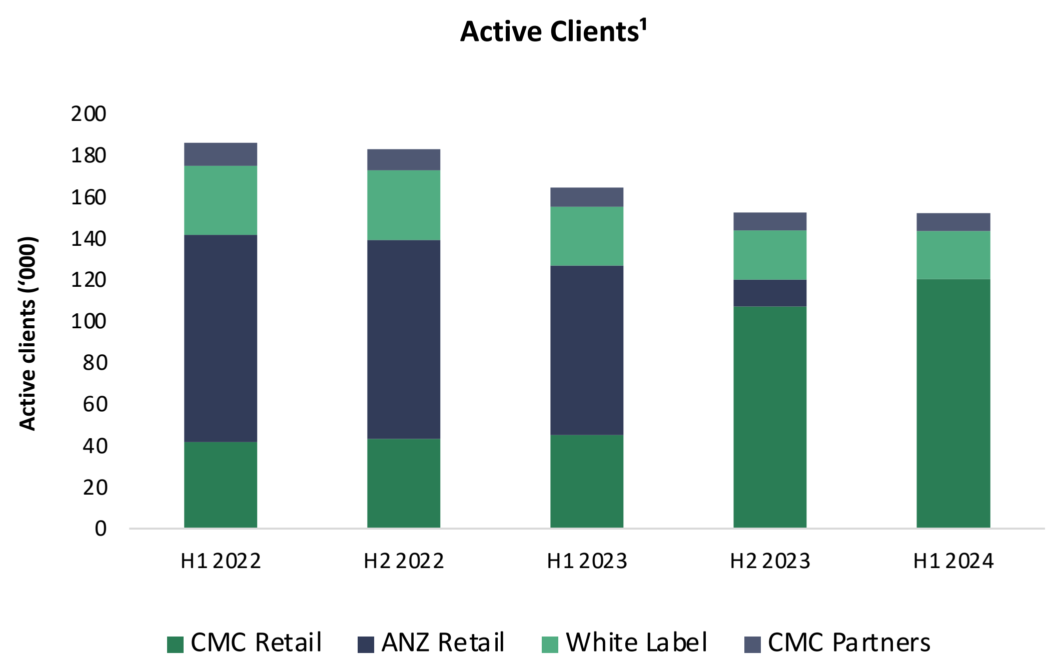
Interest income up £3.6m (214%), driven by:

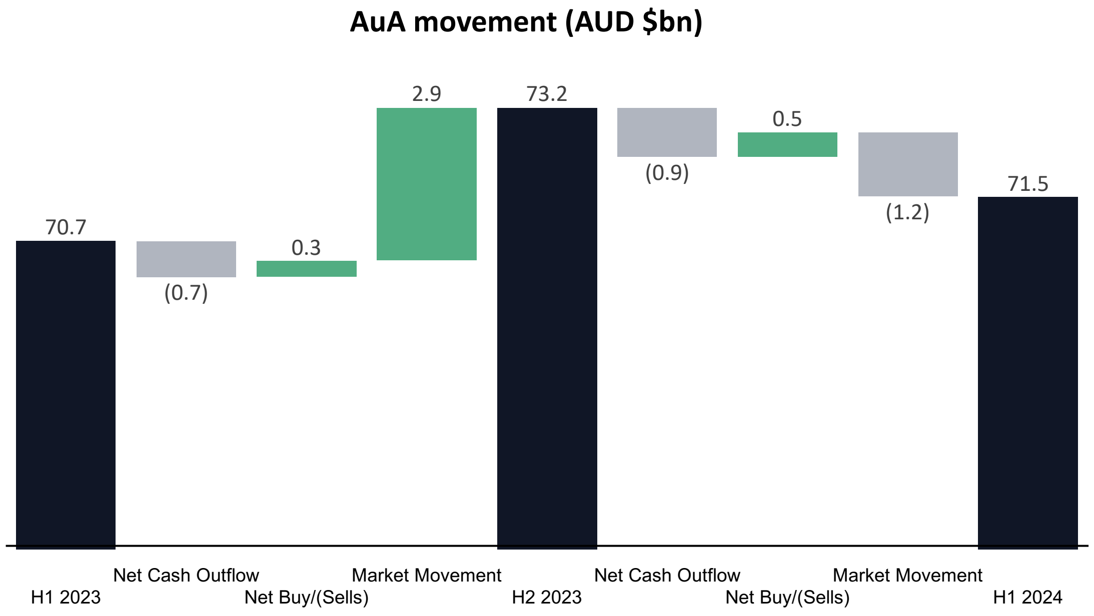
- £3.8m (247%) underlying growth in local currency; partially offset by
- Negative impact of £0.2m due to unfavourable currency movement on group consolidation

1. Net operating income includes investing net revenue (split by brands) and interest income. Investing net revenue includes net brokage revenue and FX revenue.
2. ANZ Retail customers are managed as CMC Retail customers after integration in March 2023
3. Based on IRESS data on Australian domestic market turnover. By comparison, direct competitors declined 26% YoY

CMC Invest Australia

Assets under Administration remain close to all-time highs





Active clients:

- Active clients of 152,000, down 8% year-on-year; but stable against H2 2023

Assets under Administration (AuA):

- AuA at AUD $71.5bn, remaining stable over the past 12 months
- Cash relatively stable despite aggressive interest rate hikes

1. ANZ Retail customers are managed as CMC Retail customers after integration in March 2023

CMC Invest: Strategic expansion on track

Successful launch of Invest Singapore and physical crypto

Product expansion

- First mainstream broker to introduce physical crypto driven by significant client demand, all within a single platform
- Brand new front-end build
- New platform features including thematic investing and research tools

Regional expansion

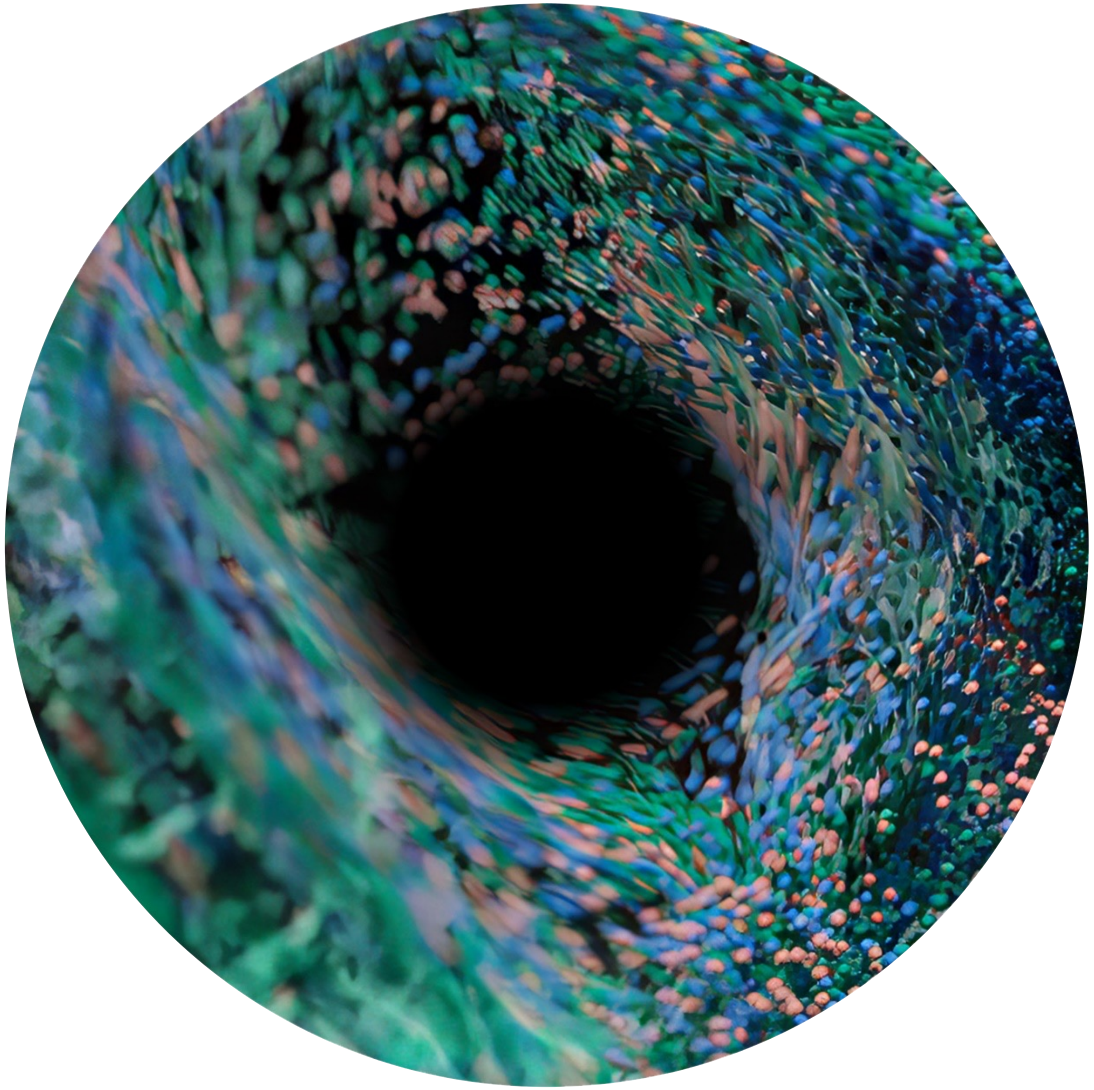
- Invest Singapore successfully launched September 2023
- Attractive market that is established and growing, with a target addressable market of c.1.5m investors
- Importantly, serves as a hub for the wider south-east Asia region, with a target addressable market of c.10m investors

Future expansion initiatives

- International shares stock-lending offering on track for H2
- Continuous platform updates to enhance user experience, features and security, including the imminent launch of instantaneous funds transfer (new payment platform)

Strategic update

David Fineberg
Deputy CEO



CMC

Progress against key strategic milestones

Increased geographic diversification through Invest platform and B2C and B2B capability

Delivered

- **Invest Singapore** Launched in September
- **Invest UK** Mutual funds launched in October
- **Geo-Expansion** Dubai presence enhanced
- **Trading B2B** Cash equities launched in October

Pipeline

- **Products** OTC Options rollout
- **Invest UK** SIPPs launch in H2
- **Invest Australia** Expanding APAC offering
- **Trading B2B** Capturing FX opportunity

Areas of growth

Investing: Focus on continuing to build out our B2B capability and moving into new markets

\+

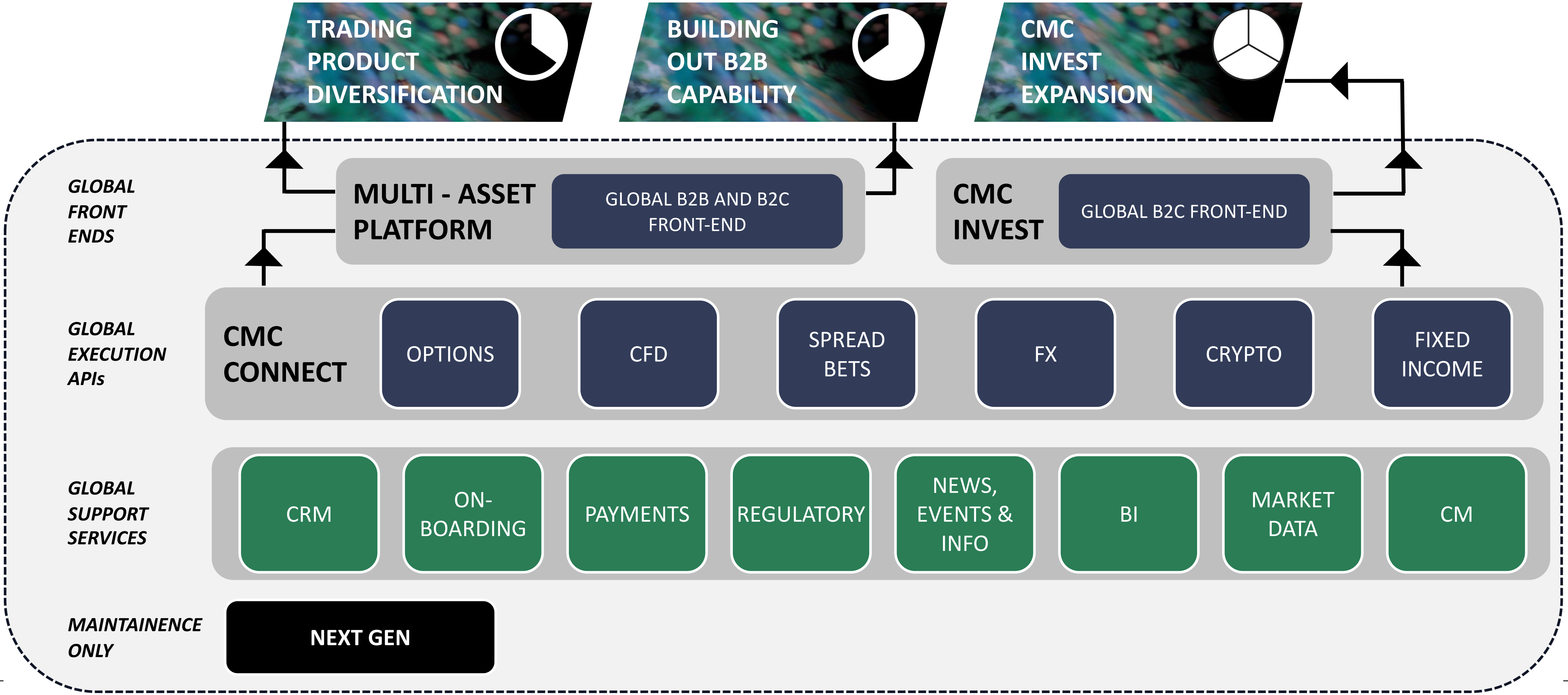
Trading B2B: Focus on growth through additional products and geographical expansion

\+

Trading B2C: Focus on increasing share of wallet through multi-asset offering

Leveraging our technology

Our API ecosystem is a core competitive advantage

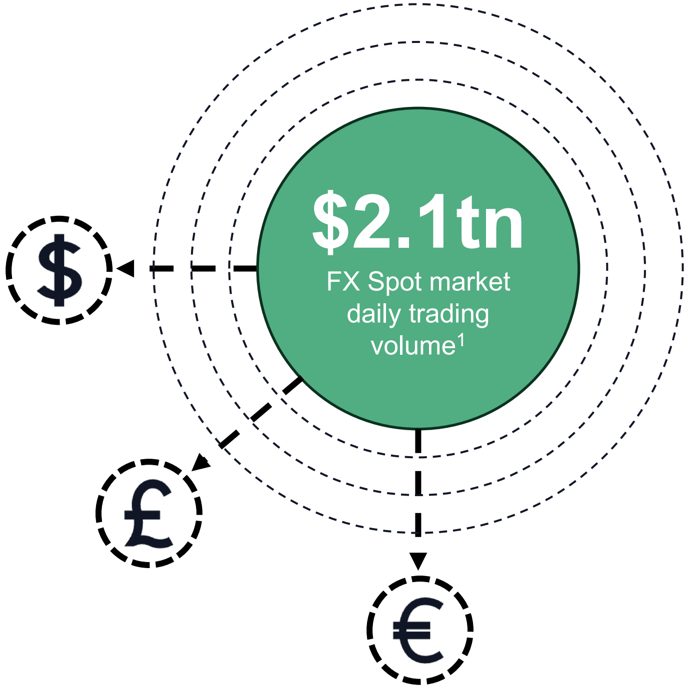


Institutional (“B2B”) Offering

Building capabilities within the B2B business

B2B Expansion

- Targeting the mid-market gap to further diversify revenue opportunities
- Leverages our strong in-house technology
- Key differential against competitors



Delivered to-date

- LumeFX connectivity platform driving scalability of pricing and execution
- Institutional grade cash equities platform and API launched for UK clients
- Dubai office expanded to target institutional clients across GCC region

H2 Pipeline

- Further optimisation of our FX product and technology connecting to more execution venues, ECN’s and client types
- Launch of further global exchanges for Cash Equities, in line with our CFD offering
- Futures & Options platform for both Exchange and OTC based execution

1. BIS Triennial Central Bank Survey: OTC Foreign Exchange Turnover in April 2022 (October 2022)

Strategic Outlook

Well-positioned through successful operational delivery

Diversified revenue through our key business divisions

- Institutional business
- Invest platforms
- Trading platform

Business investment – with significant investment made to date we have reached the peak of the investment cycle, which will unlock value over the coming years

Strategic delivery – drive operational efficiency, with a disciplined approach to delivering future technological and product upgrades

Costs – guidance unchanged at £240m for the full year, with a cost review planned for H2 to enhance profitability and margins

Delivering the best-in-class one stop financial trading and investment services platform of the future

Q&A

Appendices

Appendix 1

Income statement

Group (£m)	H1 2024	H1 2023	YoY %
Total revenue	**135.8**	**174.4**	**(22%)**
Rebates & levies	(13.2)	(20.9)	(37%)
Net operating income[1]	**122.6**	**153.5**	**(20%)**
Operating expenses	(123.6)	(115.6)	(7%)
Profit / (loss) on share of associates	(0.1)	–	–
Finance costs	(0.9)	(1.3)	34%
Profit before taxation	**(2.0)**	**36.6**	–
Taxation	(0.4)	(7.6)	95%
Profit after tax	**(2.4)**	**29.0**	–
Dividend per share (pence)	1.00	3.50	(71%)
Basic EPS (pence)	(0.8)	10.2	–

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

Appendix 2

Operating expenses breakdown

Group (£m)	H1 2024	H1 2023	YoY %
Net staff costs (excl. variable remuneration)	51.5	40.0	29%
IT costs	19.2	16.3	18%
Sales and marketing	16.6	17.3	(4%)
Premises	3.4	2.1	65%
Legal and professional fees	6.6	5.6	17%
Regulatory fees	2.3	7.0	(67%)
Depreciation, amortisation and impairment	12.9	7.3	77%
Other	9.4	10.7	(13%)
Operating expenses (excl. variable remuneration)	**121.9**	**106.3**	**15%**
Variable remuneration[3]	1.7	9.3	(82%)
Share of results of associates and joint ventures	0.1	-	-
Finance costs	0.9	1.3	(34%)
Total costs	**124.6**	**116.9**	**7%**
Average headcount	**1,236**	**1,021**	**21%**

Operating expenses[1] increase of £15.6m (15%) driven by investment in strategic projects

- **Net staff costs** increased by £11.5m (29%) due to:
    - Increase in salaries, driven by higher average headcount compared to the prior period
    - Higher staff termination benefits
    - This has been partially offset by higher capitalisation of staff development costs
- Increase in **IT costs** driven by higher software maintenance and market data costs
- Higher **legal and professional fees** were driven by increases in audit fees and consultancy costs with the latter largely project driven
- Higher **premises** costs were due to higher energy and utility costs as well as rent for a larger office in Dubai
- The decrease in **regulatory fees** driven by a lower FSCS levy
- The decrease in **other** expenses was driven by lower bank charges, higher FX gains and lower recruitment fees, partially offset by higher unrecoverable taxes and higher bad debts and other corporate expenses

CMC

1. Excluding variable remuneration.
2. Includes share-based payments.

Appendix 3

Balance sheet

Group (£m)		30 September 2023 (unaudited)	31 March 2023	Variance %
Non-current assets	Intangible assets	33.5	35.3	(5%)
	Property, plant and equipment	27.4	22.8	20%
	Deferred tax assets	4.0	4.8	(17%)
	Financial investments	--	--	--
	Trade and other receivables	2.6	2.7	(2%)
	Investment in associates and joint ventures	2.7	--	--
	Total non-current assets	**70.2**	**65.6**	**7%**
Current assets	Trade and other receivables	92.1	130.6	(29%)
	Derivative financial instruments	16.2	14.2	14%
	Financial investments	28.3	30.6	(7%)
	Amounts due from brokers	184.1	188.2	(2%)
	Cash and cash equivalents	176.8	146.2	21%
	Other assets	2.2	2.0	13%
	Current tax recoverable	10.7	9.0	18%
	Total current assets	**510.5**	**520.8**	**(2%)**
Current liabilities	Trade and other payables	185.5	182.3	2%
	Derivative financial instruments	2.4	2.0	17%
	Amounts due to brokers	11.1	8.9	25%
	Lease liabilities	5.0	5.6	(10%)
	Current tax payable	0.4	0.4	(10%)
	Short term provisions	1.0	0.8	26%
	Total current liabilities	**205.5**	**200.1**	**3%**
Non-current liabilities	Deferred tax liabilities	3.4	4.0	(15%)
	Lease liabilities	12.3	6.2	98%
	Long term provisions	0.2	2.1	(93%)
	Total non-current liabilities	**15.9**	**12.3**	**29%**
	Total equity	**359.3**	**374.0**	**(4%)**

Appendix 4

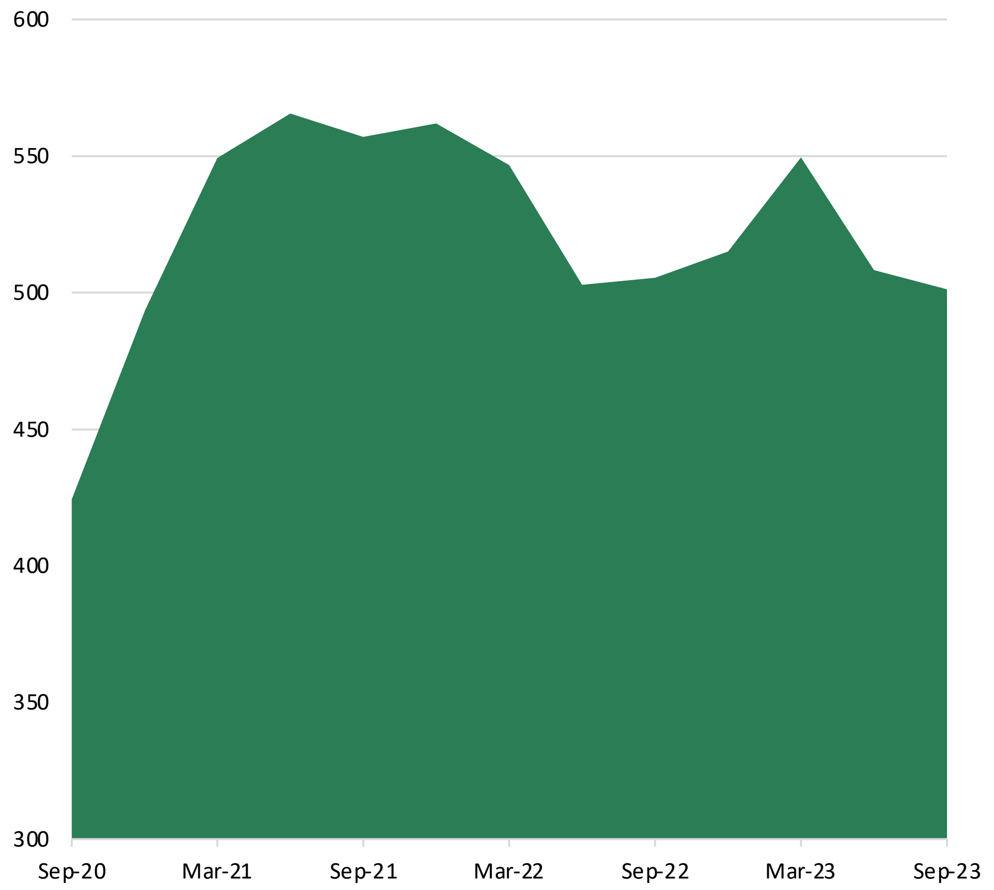
Own funds flow statement

Group (£m)	H1 2024	FY 2023
Operating activities		
Profit / (loss) before tax	**(2.0)**	**52.2**
Depreciation and amortisation	12.9	15.6
Other non-cash adjustments	(0.5)	1.6
Tax paid	(2.0)	(17.0)
Own funds generated from operating activities	**8.4**	**52.4**
Movement in working capital	**(17.5)**	**(14.0)**
Outflow from investing activities		
Net Purchase of property, plant and equipment and intangible assets	(9.7)	(28.2)
Other inflow/(outflow) from investing activities	(2.8)	-
Outflow from financing activities		
Share buyback	-	(35.0)
Dividends paid	(10.9)	(27.3)
Other inflow/(outflow) from financing activities	(3.0)	(6.8)
Total inflow/(outflow) from investing and financing activities	**(26.4)**	**(97.3)**
Decrease in own funds	**(35.5)**	**(58.9)**
Own funds at the beginning of the year	309.7	369.9
Effect of foreign exchange rate changes	(1.4)	(1.3)
Own funds at the end of the year	**272.8**	**309.7**

Appendix 5

Client money and broker margin requirements

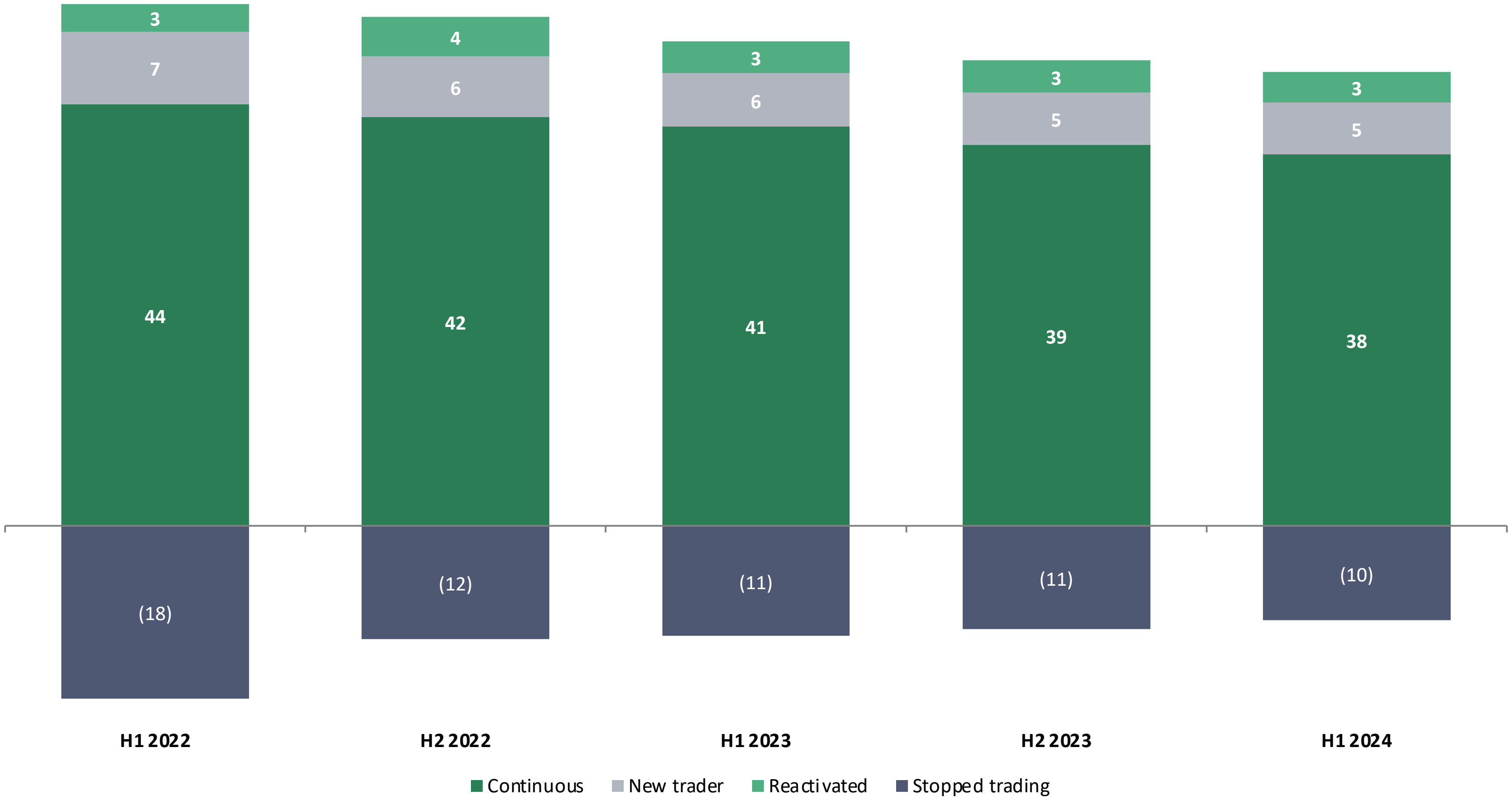
Client money ("AUM" - £m)



Broker margin requirements (£m)

Appendix 6

Half yearly client churn ('000s)



Disclaimer

Certain statements in this presentation constitute or may constitute forward-looking statements. Any statement in this presentation that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is or may be a forward-looking statement. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those projected or implied in any forward-looking statement. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this presentation. As a result, you are cautioned not to place any reliance on such forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of this presentation and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this presentation should be construed as a profit forecast or profit estimate and no statement in this presentation should be interpreted to mean that the future earnings per share of the Company for current or future financial years will necessarily match or exceed the historical or published earnings per share of the Company.
This communication is directed only at (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001; or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. Persons within the United Kingdom who receive this communication (other than those falling within (i) and (ii) above) should not rely on or act upon the contents of this communication. Nothing in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion contained in the Financial Services and Markets Act 2000.

This presentation has been furnished to you solely for information and may not be reproduced, redistributed or passed on to any other person, nor may it be published in whole or in part, for any other purpose.
This presentation does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities of CMC Markets PLC ("CMC", or the "Company") in any jurisdiction nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This presentation does not constitute a recommendation regarding the securities of CMC. Without limitation to the foregoing, these materials do not constitute an offer of securities for sale in the United States. Securities may not be offered or sold into the United States absent registration under the US Securities Act of 1933 or an exemption there from.

CMC has not verified any of the information set out in this presentation. Without prejudice to the foregoing, neither CMC nor its associates nor any officer, director, employee or representative of any of them accepts any liability whatsoever for any loss however arising, directly or indirectly, from any reliance on this presentation or its contents.

This presentation is not being issued, and is not for distribution in, the United States (with certain limited exceptions in accordance with the US Securities Act of 1933) or in any jurisdiction where such distribution is unlawful and is not for distribution to publications with a general circulation in the United States.

Certain figures contained in this presentation, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this presentation may not conform exactly to the total figure given as percentage movements have been calculated from the underlying data before rounding.
By attending or reading this presentation you agree to be bound by the foregoing limitations.

CMC MARKETS PLC

133 HOUNDSDITCH,
LONDON, EC3A 7BX

+44 (0)20 7170 8200

CMCMARKETS.COM/GROUP