cmc markets

16 November 2022

CMC MARKETS PLC

("CMC" or the "Company")

Interim results for the half year ended 30 September 2022

Net operating income 21% higher versus H1 2022.
Three year growth plan on track. CMC Invest successfully launched in the UK, with Singapore to follow.

For the half year ended	30 September 2022	30 September 2021	Change
Net operating income (£ million)	153.5	126.7	21%
Trading net revenue (£ million)	*128.4*	*101.0*	*27%*
Investing net revenue (£ million)	*20.8*	*24.2*	*(14%)*
Other income (£ million)	*4.3*	*1.5*	*173%*
Profit before tax (£ million)	36.6	36.0	1%
Basic earnings per share (pence)	10.2	9.6	6%
Dividend per share (pence)	3.50	3.50	-
Trading gross client income (£ million)	154.9	127.0	22%
Trading client income retention	83%	80%	
Trading active clients (numbers)	50,199	53,834	(7%)
Trading revenue per active client (£)	2,558	1,877	36%
Investing active clients (numbers)	164,632	185,847	(11%)

Notes:
- *Net operating income represents total revenue net of introducing partner commissions and levies*
- *Trading net revenue represents contracts for difference ("CFD") and spread bet gross client income net of rebates, levies and risk management gains or losses*
- *Investing net revenue represents stockbroking revenue net of rebates*
- *Trading gross client income represents spreads, financing and commissions charged to clients (client transaction costs)*
- *Active clients represent those individual clients who have traded with or held a CFD or spread bet position or who traded on the stockbroking platform on at least one occasion during the six-month period*
- *Trading revenue per active client represents total trading revenue from trading active clients after deducting rebates and levies*
- *A reconciliation of revenue alternative performance measures ("APMs") to the Group's primary statements can be found on page 34*

H1 2023 Financial Highlights

- Net operating income of £153.5 million (H1 2022: £126.7 million +21% yoy).
- Trading net revenue was £128.4 million (H1 2022: £101.0 million +27% yoy).
- Investing net revenue was £20.8 million (H1 2022: £24.2 million -14% yoy).
- Operating costs (excluding variable remuneration) of £106.3 million (H1 2022: £83.1 million[1] +28% yoy) and £115.6 million (H1 2022: £89.7 million[1] +29% yoy) including variable remuneration. The majority of the cost increase reflects investment for growth across CMC's investing and trading platforms.
- Regulatory total capital ratio of 610% (FY 2022: 489%) and net available liquidity of £254.2 million (FY 2022: £245.9 million).
- Interim dividend of 3.50 pence per share (H1 2022: 3.50 pence) with a total dividend for the year expected to be in line with policy at 50% of profit after tax.

Operational Highlights

- Plans to grow Group net operating income by 30% over three years based on the 2022 results and underlying conditions, remain on track.
- Significant development upgrades delivered across existing trading platforms in H1 2023. These include enhanced FX liquidity functionality, new trading analytics, new pricing functions and enhanced onboarding initiatives. Further product upgrades on track for delivery in H2 2023.

- Expansion of CMC Invest continues. The recent launch of the UK investment platform, CMC Invest UK, which will see new product additions over the coming months, will be followed by the launch of CMC Invest Singapore by the end of FY 2023. Further regional expansion in New Zealand and Canada also being considered.
- Trading active client figures decreased by 7% although all regions saw an increase in revenue per client (+36% yoy) largely due to higher client income along with an increase in client income retention to 83% (H1 2022: 80%). CMC's marketing focus on premium customers continues to act as a successful strategy for the Group.
- Operating cost guidance for FY 2023 remains unchanged at £215 million excluding variable remuneration. Ongoing GBP weakness and the rate of recruitment for the delivery of strategic initiatives could result in higher costs.

1 30 September 2021 figures restated to include social taxes on FY 2022 annual discretionary bonus to be within variable remuneration

Lord Cruddas, Chief Executive Officer, commented:

"I am pleased to report another strong performance for the first six months of the year. We saw an acceleration in activity across FX and commodities in addition to the normal activity across our index flow during a period of heightened focus on monetary policy action around the globe and a pickup in market volatility and trading volumes.

Against this backdrop, we are on track to deliver our three-year expansion initiatives aimed at driving higher revenues and diversifying our earnings. We remain committed to improving our offering across our core trading CFD and spread bet businesses, allowing our clients to access a wider range of products through our award-winning platforms. In our Institutional trading business, we continue to grow volumes as a non-bank liquidity provider in the FX spot market. I am also pleased to have launched our new UK investing business, CMC Invest UK. This move in the UK into self-directed investing marks a significant milestone for us and complements our already sector-leading stockbroking business in Australia. CMC Invest UK will see significant new product additions in coming months, enhancing the platform to include ISAs, multi-currency accounts, mutual funds, and SIPPs. The UK wealth market remains an attractive environment and we are on target to offer retail investors a market-leading solution for long-term investment and wealth creation.

I am also excited about the ongoing geographical expansion of our offering into new regions like Singapore. We have committed to launch CMC Invest Singapore by the end of FY 2023. This will complement our already substantial business in Australia, where the migration of the approximately 500,000 ANZ Share Investing client base is set to be completed on time, by the end of this financial year.

We are on a fast track to diversification, using our existing platform technology to win B2B and B2C investing business. Our strategic growth plans are on track and set to deliver significant new business expansion as we introduce new products across our retail, institutional and stockbroking businesses."

An analyst and investor presentation will be held on 16 November 2022 9:00am UK time. Participants need to register using the links below to access the webcast.

Webcast:
https://www.lsegissuerservices.com/spark/CMCMarkets/events/fd562c32-760a-4137-a993-c9ada1ca9232

Conference Line:
https://cossprereg.btci.com/prereg/key.process?key=PFDJXXVAE

Forthcoming announcement dates

25 January 2023	Q3 2023 trading update
14 April 2023	FY 2023 pre-close update

Forward looking statements

This trading update may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring after the date such statements are published.

MAR disclosure statement

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is considered to be in the public domain.

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Notes to Editors

CMC Markets Plc ("CMC"), whose shares are listed on the London Stock Exchange under the ticker CMCX (LEI: 213800VB75KAZBFH5U07), was established in 1989 and is now one of the world's leading online financial trading businesses. The Company serves retail and institutional clients through regulated offices and branches in 12 countries, with a significant presence in the UK, Australia, Germany and Singapore. CMC Markets offers an award-winning, online and mobile trading platform, enabling clients to trade over 10,000 financial instruments across shares, indices, foreign currencies, commodities and treasuries through contracts for difference ("CFDs"), financial spread bets (in the UK and Ireland only) and, in Australia and the UK, access stockbroking services. More information is available at http://www.cmcmarketsplc.com

CHIEF EXECUTIVE OFFICER'S REVIEW

Our strategy 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, is on track. These new business additions are complemented by continued investment in our established CFD and spread bet trading businesses in line with our mission to constantly offer a superior and unrivalled technology experience for our clients.

Financial performance

We closed the first six months with a pickup in market volatility and client trading volumes driving an improvement in net operating income versus last year. H1 2023 trading net revenue was £128.4 million (H1 2022: £101.0 million), up 27% year-on-year. H1 2023 investing net revenue, which currently relates exclusively to CMC Invest Australia, was £20.8 million (H1 2022: £24.2 million), down 14% year-on-year driven by lower activity and unfavourable market conditions resulting from the uncertainty around the global economic outlook, inflationary pressures and the resultant impact on interest rates.

Client trading assets under management ("AuM") finished at c. £506 million, below the historical period-end record of c. £560 million but remaining at elevated levels compared to pre-COVID-19. H1 2023 active trading clients were lower compared to H1 2022 (down 7% to 50,199), nevertheless all regions saw a significant increase in revenue per client (up 36%) largely as a result of growth in client income as well as improved client income retention to 83% (H1 2022: 80%). Our marketing focus is set on positioning ourselves and our platforms towards the premium customer segment. This continues to play to our strengths.

In H1 2023 our Australian investing business, rebranded to CMC Invest Australia, finished the period with a modest reduction in assets under administration ("AuA") from historical record levels. Net revenue decreased 14% driven by lower active clients and unfavourable market conditions resulting in fewer investment opportunities for clients. However, this was partially offset by a significant increase (279% or £1.2m) in interest income driven by higher interest rates. Overall activity remains elevated versus pre-pandemic levels. The migration of approximately 500,0000 clients as part of the ANZ Share Investing acquisition is on track and scheduled to finish in H2 this financial year.

Operating costs

Operating costs for H1 2023, excluding variable remuneration, were £106.3 million (H1 2022: £83.1 million). Operating cost guidance for FY 2023 remains unchanged at £215 million excluding variable remuneration. Currency fluctuations, in particular any resumption in GBP weakness, would put pressure on non-GBP denominated costs, but nevertheless would be expected to have a net positive effect on profit due to non-GBP denominated revenue.

Investing (non-leveraged) business expansion update

CMC Invest UK was launched to the UK public on 30 September, marking the first move for CMC into the UK's significant self-directed investing market. It is a natural progression for the Group, complementing our already market-leading stockbroking business in Australia. New product additions in coming months will include ISAs, multi-currency accounts, mutual funds, ESG investment screening and SIPPs. Once this functionality is delivered, we will continue to enhance and invest, providing unrivalled market access to investors through the best technology at lower transactional costs and fees compared to our competitors. We are confident that we will be able to capture an increasing part of the available market over time. As part of our UK growth strategy, we will also deliver a full B2B offering, a strategy we have successfully implemented in Australia which has resulted in CMC becoming the second largest stockbroker in the country.

In Australia the migration of approximately 500,000 Share Investing client accounts following the acquisition of the ANZ Bank investing business continues and is expected to be completed by the end of FY 2023. The CMC Invest Australia platform will offer these new clients a wide range of additional benefits, including access to enhanced market-leading mobile apps and complementary educational tools and resources, as well as lower brokerage commissions across four major international markets and the local Australian market. Our platform offering continues to receive accolades and I am proud to say our Australian stockbroking business won the Canstar Broker of the Year award again in 2022; the twelfth year in a row we have received this prestigious award. At the same time, we continue to pursue growth through B2B partnerships as well as investing and expanding our product offering across the region, which will include physical cryptocurrencies by the end of FY 2023.

We have ambitious plans to continue this expansion in various other countries. The expansion of CMC Invest to our Singapore office continues as planned. More than half of the Singaporean population over the age of sixteen have investments in stocks and equities, equating to around 1.5 million people, and over time the platform will offer B2B and white label opportunities along with the potential to allow further expansion into Asian markets.

Trading (leveraged) business expansion update

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.

On our trading platforms, we continue to invest in new enterprises to drive revenue growth. Our institutional business continues to capture the significant growth we are seeing in global FX trading where Spot FX represents some $2.1 trillion of average daily volume according to recent Bank for International Settlements data. The investment in our traditional business has intensified over the past year and we are also working towards being able to offer new trade types, routing, and custody options on a range of asset classes. These include cash equities, physical cryptocurrencies, and options.

This is a multi-phase programme with the first phase offering our institutional customers the ability to trade physical equities in the US market via the CMC Markets Connect platform and is due to be delivered early in FY 2024. All this forms part of our focus to diversify our client mix by both type and geography. It will also benefit the expansion across other CMC Markets growth strategies

Managed separation update

With the launch of CMC Invest, and its growing B2B platform business, the Group boasts two strong underlying businesses, trading and investing, each having robust growth prospects in sizeable markets with excellent competitive positions. In this context, on 15 November 2021 CMC Markets announced that it had initiated a strategic review to evaluate the merits of a managed separation of the trading and investing businesses of the Group. The review was consistent with the Board's continuous evaluation of strategic opportunities to maximise shareholder value.

The review has concluded that given the strong commercial and operational synergies between the Trading and Investing businesses, shareholder's interests would be best served by ensuring that both businesses operate within the current Group structure for the time being rather than by pursuing a planned separation at this stage.

Regulation

The regulatory framework remains unchanged as reported at our FY 2022 results. The most recent significant change was the intervention by the Australian Securities and Investments Commission ("ASIC") relating to CFDs on 29 March 2021. This change further harmonised the global regulatory environment, allowing us to focus on growing our business in an industry where regulatory arbitrage is reduced. 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 core to our success and we have a strong team across all our business units. We continue to invest in attracting the best talent to our business to support the delivery of our core strategic initiatives. Likewise, the Group understands it has a duty to help improve the prospects and living environment for our employees and the local community. Sustainability and social awareness are part of our core values and culture. We continue to develop our core KPIs associated with our sustainability strategy "Our Tomorrow: taking a positive position". Further details of our targets and goals will be presented within our FY 2023 Annual Report and Financial Statements.

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 after having considered the capital and liquidity requirements for ongoing investment in the business. This buyback programme formed part of a normal balanced approach to shareholder returns alongside the current dividend policy. The share buyback programme was completed on 17 October 2022.

Dividend

The Group is maintaining its dividend policy of paying 50% of profit after tax. The Board has declared an interim dividend of 3.50 pence per share (H1 2022: 3.50 pence per share), with a view to paying a final dividend in line with the Group's policy. The interim dividend will be paid on 5 January 2023 to those members on the register at the close of business on 2 December 2022.

Outlook

Our three-year growth plans remain unchanged and on track. New business expansion is expected to grow net operating income by 30% over the next three years based on the FY 2022 result and underlying conditions, with expansion in profit margins expected from FY 2024 onwards. The targeted growth is expected to be broadly linear over that period. New growth investment will focus on initiatives aiming to enhance functionality and capture a broader share of wallet as we evolve our execution services and investment platforms. As already discussed, we will continue to utilise our technology to enter new markets and expand our investing offering. The impact of this growth and diversification will reduce revenue volatility in the medium term and grow pre-tax profit margins from FY 2024.

In respect of operating costs, guidance for FY 2023 remains unchanged at £215 million excluding variable remuneration. Currency volatility still leads to some uncertainty over non-GBP costs although any sustained GBP weakness would have a net positive effect on profit due to non-GBP denominated revenue. We expect inflationary pressures to persist in H2 and we continue to monitor the rate of recruiting success for the delivery of core strategic initiatives for the remainder of the year. Further expansion into the institutional space and the geographic expansion of the investment business is expected to cause some cost increases in FY 2024 when comparing against FY 2023.

OPERATING REVIEW

Summary

Net operating income increased by £26.8 million (21%) to £153.5 million, with higher trading net revenue being driven by increased client income, particularly through the B2B channel, as well as increased interest income. This was partly offset by a decrease in investing net revenue.

Trading net revenue increased by £27.4 million (27%) mainly driven by an increase in client income. This was primarily driven by an increase in client income from B2B clients, although it was also positively impacted by heightened market volatility in H1 2023 compared to the prior year. Client income retention was also slightly higher during the period at 83% (H1 2022: 80%). This resulted in revenue per active client ("RPC") increasing by £681 (36%) to £2,558.

Trading active client numbers decreased by 7% in comparison to H1 2022, although monthly active clients remain significantly above pre-COVID-19 levels.

Investing net revenue is 14% lower at £20.8 million (H1 2022: £24.2 million) driven by lower active clients and unfavourable market conditions resulting from the uncertainty around the global economic outlook, inflationary pressures and the resultant impact on interest rates.

Interest income increased by £2.6m (719%) as a result of the rise in global interest rates. The majority of the Group's interest income is earned through our segregated client deposits, with investing interest income growing by £1.2m (279%) compared to prior year.

Statutory profit before tax was in line with the prior year at £36.6 million (H1 2022: £36.0 million) with an increase in net operating income offset by higher operating expenses as the Group continues to invest in its strategic growth plans. Profit before tax margin[1] decreased by 4.6% from 28.4% to 23.8%.

Net operating income overview

For the half year ended £ million	30 September 2022	30 September 2021	Change	Change %
Trading net revenue	128.4	101.0	27.4	27%
Investing net revenue	20.8	24.2	(3.4)	(14%)
Total net revenue[2]	**149.2**	**125.2**	**24.0**	**19%**
Interest income	2.9	0.3	2.6	719%
Other operating income	1.4	1.2	0.2	13%
Net operating income	**153.5**	**126.7**	**26.8**	**21%**

B2B and B2C net revenue

For the half year ended	30 September 2022			30 September 2021			Change		
£ million	B2C[3]	B2B[4]	Total	B2C	B2B	Total	B2C	B2B	Total
Trading net revenue	92.3	36.1	128.4	85.0	16.0	101.0	9%	125%	27%
Investing net revenue	4.4	16.4	20.8	4.9	19.3	24.2	(11%)	(15%)	(14%)
Total net revenue	**96.7**	**52.5**	**149.2**	**89.9**	**35.3**	**125.2**	**8%**	**49%**	**19%**

[1] Statutory profit before tax as a percentage of net operating income
[2] CFD and spread bet gross client income net of rebates, levies and risk management gains or losses and stockbroking revenue net of rebates
[3] Business to Consumer ("B2C") – revenue from retail and professional clients
[4] Business to Business ("B2B") – revenue from institutional clients

Regional performance overview: Trading (Leveraged) Business

For the half year ended	30 September 2022				30 September 2021				Change			
	Trading net revenue (£m)	Gross client income[1] (£m)	Active Clients	RPC (£)	Trading net revenue (£m)	Gross client income[1] (£m)	Active Clients	RPC (£)	Trading net revenue	Gross client income[1]	Active Clients	RPC
UK	54.5	61.3	12,576	4,333	34.5	47.6	13,590	2,543	58%	29%	(7%)	70%
Europe	24.9	31.5	12,705	1,961	18.6	20.6	13,664	1,359	34%	53%	(7%)	44%
UK & Europe	79.4	92.8	25,281	3,141	53.1	68.2	27,254	1,946	50%	36%	(7%)	61%
APAC & Canada	49.0	62.1	24,918	1,968	47.9	58.8	26,580	1,802	2%	6%	(6%)	9%
Total	**128.4**	**154.9**	**50,199**	**2,558**	**101.0**	**127.0**	**53,834**	**1,877**	**27%**	**22%**	**(7%)**	**36%**

[1]Spreads, financing and commissions on CFD client trades.

All regions saw an increase in RPC largely as a result in growth in client income against the prior year, but also due to improved client income retention to 83% (H1 2022: 80%). Active client figures reduced by a similar level in all regions.

UK

Active clients decreased by 7% to 12,576 (H1 2022: 13,590), although remained significantly above pre-COVID-19 levels (H1 2020: 9,259). Gross client income increased by 29% to £61.3 million (H1 2022: £47.6 million) largely driven by growth in B2B trading, whilst B2C client income also grew due to increased high value client trading.

Revenue per active client increased by 70% to £4,333 (H1 2022: £2,543) due to both higher gross client income and a slight increase in client income retention leading to higher net revenue.

Europe

Europe comprises offices in Austria, Germany, Norway, Poland and Spain. Active client numbers were 7% lower than prior year, although gross client income increased by 53% to £31.5 million as a result of increased volume in both B2B and B2C trading, particularly in smaller offices in the region.

As a result, revenue per active client increased by 44% to £1,961 (H1 2022: £1,359) with higher gross client income and a slight increase in client income retention leading to higher net revenue.

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.

Active client numbers decreased by 6% to 24,918 (H1 2022: 26,580), however, activity remains materially above pre-COVID-19 levels (H1 2020: 18,479). Gross client income increased by 6% to £62.1 million (H1 2022: £58.8 million), which in turn led to a 9% increase in revenue per client to £1,968 (H1 2022: £1,802).

Investing (non-leveraged) performance overview

Investing net revenue

For the half year ended £ million	30 September 2022	30 September 2021	Change	Change %
B2B net revenue	16.4	19.3	(2.9)	(15%)
B2C net revenue	4.4	4.9	(0.5)	(11%)
Total investing net revenue	**20.8**	**24.2**	**(3.4)**	**(14%)**

Active clients

For the half year ended	30 September 2022	30 September 2021	Change %
B2C active clients	45,226	41,590	9%
B2B active clients	119,406	144,257	(17%)
Total investing active clients	**164,632**	**185,847**	**(11%)**

Investing net revenue decreased 14% driven by lower active clients and unfavourable market conditions resulting in fewer investment opportunities for clients. However, this was partially offset by a significant increase (279% or £1.2m) in interest income.

Operating expenses

For the half year ended £m	30 September 2022	30 September 2021	Change %
Net staff costs – fixed (excluding variable remuneration)[1]	40.0	33.5	(19%)
IT costs	16.3	14.2	(15%)
Marketing costs	15.2	10.8	(41%)
Sales-related costs	2.1	0.9	(143%)
Premises costs	2.1	1.8	(17%)
Legal and professional fees	5.6	4.7	(20%)
Regulatory fees	7.0	3.2	(117%)
Depreciation and amortisation	7.3	6.4	(13%)
Other	10.7	7.6	(39%)
Operating expenses excluding variable remuneration	**106.3**	**83.1**	**(28%)**
Variable remuneration[1]	9.3	6.6	(41%)
Operating expenses including variable remuneration	**115.6**	**89.7**	**(29%)**
Interest	1.3	1.0	(33%)
Total costs	**116.9**	**90.7**	**(29%)**

1 30 September 2021 figures restated to include social taxes on FY 2022 annual discretionary bonus to be within variable remuneration.

Operating expenses excluding variable remuneration increased by £23.2 million (28%) to £106.3 million. This was driven by an increase in staff costs (£6.5 million) as a result of significant investment in technology and client services staff over the period, and higher marketing costs (£4.4 million). The increase in marketing was driven both by additional spend in the Australia Invest business to replace the ANZ Bank acquisition funnel, and by higher costs in the trading business against a prior year comparative where less favourable market conditions meant there were fewer opportunities for targeted marketing.

Regulatory fees increased by £3.8 million as a result of a higher FSCS levy.

IT costs increased by £2.1 million due to higher market data charges and investments in strategic projects. Sales-related costs increased by £1.2 million (143%), primarily driven by the release of provisions in H1 2022 which reduced the prior year comparative.

Other expenses increased by £3.1m (39%) due to a number of factors, the main drivers being higher bank charges, recruitment costs and FX losses on balance sheet revaluation, partly offset by lower irrecoverable sales taxes.

Variable remuneration increased to £9.3 million (H1 2022: £6.6 million), primarily due to increases in headcount and a lower discretionary bonus accrual percentage in H1 2022 due to revenue performance in the period.

Taxation

The effective tax rate for H1 2023 was 20.8%, down from the H1 2022 effective tax rate, which was 22.7%. The effective tax rate has decreased in the period due to a lower proportion of Group PBT being generated in Australia, where the corporation tax rate is higher.

Balance sheet and own funds

Intangible assets increased by £3.2 million to £33.5 million (31 March 2022: £30.3 million) due to capitalisation of staff costs related to technology projects, partially offset by amortisation within the period.

Amounts due from brokers increased by £8.4 million to £204.5 million due to an increase in excess cash held at brokers.

Other assets decreased by £9.4 million to £4.1 million due to a reduction in client cryptocurrency exposures driving a corresponding drop in assets held at brokers for hedging purposes.

Cash and cash equivalents decreased during the period, with a cash outflow for the prior year final dividend of £25.3 million, higher amounts held at brokers in the period and cash utilised for the Group's share buy back purchases in the period (£25.0 million), being partially offset by cash inflows from the Group's operating performance, resulting in a £35.7 million decrease.

Title transfer funds increased by £8.9 million, reflecting the ongoing high levels of account funding by a small population of mainly institutional clients.

Own funds decreased by £44.0 million to £326.0 million (31 March 2022: £369.9 million) during the six month period with the decrease largely due to the payment of the final FY22 dividend and funds utilised for the Group's share buy back programme.

Principal risks and uncertainties

Details of the Group's approach to risk management and its principal risks and uncertainties were set out on pages 50 to 56 of the 2022 Group Annual Report and Financial Statements (available on the Group website https://www.cmcmarketsplc.com). During the six months to 30 September 2022 and up to the date of approval of the condensed consolidated financial statements, there have been no significant changes to the Group's risk management framework. The Group categorises its principal risks into three categories: business and strategic risks; financial risks; and operational risks. The Group's top and emerging risks, which form either a subset of one or multiple principal risks within the three principal risk categories, and continue to be at the forefront of Group discussions over the remaining six months of the financial year and beyond, are regulatory relations across the Group, people risk, cyber risk and project delivery risk.

RESPONSIBILITY STATEMENT

The Directors listed below (being all the Directors of CMC Markets plc) confirm that to the best of our knowledge, these condensed consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last annual report.

Neither the Group nor the Directors accept any liability to any person in relation to the interim results for the half year ended 30 September 2022, except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A and Schedule 10A of the Financial Services and Markets Act 2000.

By order of the Board of Directors

Lord Cruddas
Chief Executive Officer

16 November 2022

CMC Markets plc Board of Directors

Executive Directors
Lord Peter Cruddas (Chief Executive Officer)
David Fineberg (Deputy Chief Executive Officer)
Matthew Lewis (Head of Asia Pacific and Canada)
Euan Marshall (Chief Financial Officer)

Non-Executive Directors
James Richards (Chairman)
Sarah Ing
Susanne Chishti
Paul Wainscott

CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 September 2022

£ '000	Note	30 September 2022	30 September 2021
Revenue	**3**	**171,559**	**148,767**
Interest income		2,851	348
Total revenue		**174,410**	**149,115**
Introducing partner commissions and betting levies		(20,950)	(22,377)
Net operating income	2	**153,460**	**126,738**
Operating expenses	4	(115,485)	(89,667)
Net impairment losses on financial assets		(88)	(21)
Operating profit		**37,887**	**37,050**
Finance costs		(1,330)	(1,002)
Profit before taxation		**36,557**	**36,048**
Taxation	5	(7,605)	(8,173)
Profit for the period attributable to owners of the parent		**28,952**	**27,875**

Earnings per share

Basic earnings per share (p)	**6**	**10.2**	**9.6p**
Diluted earnings per share (p)	6	10.1	9.6p

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the half year ended 30 September 2022

£ '000	30 September 2022	30 September 2021
Profit for the period	**28,952**	**27,875**
Other comprehensive income/(expense):		
Items that may be subsequently reclassified to income statement		
(Loss)/Gain on net investment hedges, net of tax	(86)	1,179
Gains recycled from equity to the income statement	269	—
Currency translation differences	2,696	(1,810)
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	(527)	(5)
Other comprehensive income/(expense) for the period	**2,352**	**(636)**
Total comprehensive income for the period	**31,304**	**27,239**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2022

£'000	Note	30 September 2022	31 March 2022
ASSETS			
Non-current assets			
Intangible assets	8	33,512	30,328
Property, plant and equipment	9	25,075	24,941
Deferred tax assets		5,995	6,022
Financial investments	13	14,418	13,448
Trade and other receivables	10	2,260	1,797
Total non-current assets		**81,260**	**76,536**
Current assets			
Trade and other receivables	10	128,544	156,917
Derivative financial instruments	11	6,142	2,359
Current tax recoverable		941	—
Other assets	12	4,065	13,443
Financial investments	13	13,127	14,497
Amounts due from brokers		204,502	196,117
Cash and cash equivalents	14	140,879	176,578
Total current assets		**498,200**	**559,911**
TOTAL ASSETS		**579,460**	**636,447**
LIABILITIES			
Current liabilities			
Trade and other payables	15	176,381	215,853
Derivative financial instruments	11	4,166	2,362
Share buyback liability		2,303	27,264
Borrowings		—	194
Lease liabilities	16	5,778	4,916
Current tax payable		—	429
Provisions		336	369
Total current liabilities		**188,964**	**251,387**
Non-current liabilities			
Lease liabilities	16	8,398	9,269
Deferred tax liabilities		2,901	3,309
Provisions		2,118	2,117
Total non-current liabilities		**13,417**	**14,695**
TOTAL LIABILITIES		**202,381**	**266,082**
EQUITY			
Share capital		70,832	73,193
Share premium		46,236	46,236
Capital redemption reserve		2,642	281
Own shares held in trust		(599)	(1,094)
Other reserves		(48,667)	(75,980)
Retained earnings		306,635	327,729
Total equity		**377,079**	**370,365**
TOTAL EQUITY AND LIABILITIES		**579,460**	**636,447**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 September 2022

£'000	Share capital	Share premium	Capital redemp-tion reserve	Own shares held in trust	Other reserves	Retained earnings	Total Equity
At 31 March 2021	**73,299**	**46,236**	—	**(382)**	**(49,334)**	**330,698**	**400,517**
New shares issued	175	—	—	—	—	—	175
Profit for the period	—	—	—	—	—	27,875	27,875
Other comprehensive expense for the period	—	—	—	—	(636)	—	(636)
Acquisition of own shares held in trust	—	—	—	(277)	—	—	(277)
Utilisation of own shares held in trust	—	—	—	218	—	—	218
Share-based payments	—	—	—	—	—	(1,107)	(1,107)
Tax on share-based payments	—	—	—	—	—	779	779
Dividends	—	—	—	—	—	(62,414)	(62,414)
At 30 September 2021	**73,474**	**46,236**	—	**(441)**	**(49,970)**	**295,831**	**365,130**
At 31 March 2022	**73,193**	**46,236**	**281**	**(1,094)**	**(75,980)**	**327,729**	**370,365**
Profit for the year	—	—	—	—	—	28,952	28,952
Other comprehensive income for the period	—	—	—	—	2,352	—	2,352
Acquisition of own shares held in trust	—	—	—	(130)	—	—	(130)
Utilisation of own shares held in trust	—	—	—	625	—	—	625
Share buyback	(2,361)	—	2,361	—	24,961	(24,961)	—
Share-based payments	—	—	—	—	—	165	165
Dividends	—	—	—	—	—	(25,250)	(25,250)
At 30 September 2022	**70,832**	**46,236**	**2,642**	**(599)**	**(48,667)**	**306,635**	**377,079**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 September 2022

£ '000	Note	30 September 2022	30 September 2021 (Restated)
Cash flows from operating activities			
Cash generated from operations	17	37,437	92,198
Interest income		3,023	875
Finance costs		(1,330)	(985)
Tax paid		(9,294)	(7,051)
Net cash generated from operating activities		**29,836**	**85,037**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,452)	(2,340)
Investment in intangible assets		(10,118)	(3,593)
Purchase of financial investments		(14,725)	(14,805)
Proceeds from maturity of financial investments and coupon receipts		14,414	14,255
(Outflow)/inflow on net investment hedges		(7)	1,361
Net cash used in investing activities		**(12,888)**	**(5,122)**
Cash flows from financing activities			
Proceeds from borrowings		—	9,999
Repayment of borrowings		(194)	(10,944)
Principal elements of lease payments		(2,919)	(3,038)
Acquisition of own shares		(130)	(102)
Payments for Share buyback		(24,961)	—
Dividends paid		(25,250)	(62,414)
Net cash used in financing activities		**(53,454)**	**(66,499)**
Net (decrease)/increase in cash and cash equivalents		**(36,506)**	**13,416**
Cash and cash equivalents at the beginning of the period		176,578	118,921
Effect of foreign exchange rate changes		807	(718)
Cash and cash equivalents at the end of the period		**140,879**	**131,619**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 September 2022

1. Basis of preparation

Basis of accounting and accounting policies

The condensed consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The condensed consolidated financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Within the notes to the condensed consolidated financial statements, all current and comparative data covering periods to (or as at) 30 September is unaudited.

The Group's statutory financial statements for the year ended 31 March 2022 have been prepared in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee and with the requirements of the Companies Act 2006. These financial statements have been delivered to the Registrar of Companies. The auditors' opinion on those financial statements was unqualified and did not contain a statement made under Section 498 of the Companies Act 2006. The 31 March 2022 balances presented in these condensed consolidated financial statements are from those financial statements and are audited.

The accounting policies and methods of computation applied in these condensed consolidated financial statements are consistent with those applied in the Group's statutory financial statements for the year ended 31 March 2022. The condensed consolidated financial statements should be read in conjunction with the statutory financial statements for the year ended 31 March 2022. In the year ending 31 March 2022 the consolidated financial statements of the Group have been prepared in accordance with IFRS as adopted by the UK Endorsement Board. This change in basis of preparation is required by UK company law for the purpose of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in accounting framework. There is no impact on recognition, measurement or disclosure between the two frameworks in the period reported.

The condensed consolidated financial statements have been prepared 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.

Future accounting developments

The Group did not implement the requirements of any Standards or Interpretations that were in issue but were not required to be adopted by the Group at the half year. No other Standards or Interpretations have been issued that are expected to have an impact on the Group's financial statements.

There is no material impact expected of reference rate reform for the half year ended 30 September 2022 and will not lead to a remeasurement gain or loss.

Significant accounting judgements and estimates

The preparation of condensed consolidated financial statements in conformity with IFRS 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. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the condensed consolidated financial statements are:

Contingent liabilities

Judgement has been applied in evaluating the accounting treatment of the specific matters described in Note 22 (Contingent Liabilities), notably the probability of any obligation or future payments arising.

Accounting for cryptocurrencies

The Group has recognised £4,065,000 (31 March 2022: £13,443,000) of cryptocurrency assets and rights to cryptocurrency assets on its Statement of Financial Position as at 30 September 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 Condensed Consolidated Statement of Financial Position.

Intangible assets

The Group has recognised £14,322,000 (31 March 2022: £14,237,000) of customer relationship intangible assets under development on its Statement of Financial Position as at 30 September 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.

Key financial estimates

Intangible assets

The Group has recognised £9,712,000 (31 March 2022: £6,054,000) of internally generated software in intangible assets on its Statement of Financial Position as at 30 September 2022 relating to the development of UK CMC Invest trading platform. In performing the interim 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 disclosures are provided in Note 8.

Going concern

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 a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. They therefore continue to adopt the going concern basis in preparing these condensed consolidated financial statements.

Seasonality of operations

The Directors consider that given the impact of market volatility and the growth in overseas business there is no predictable seasonality to the Group's operations.

2. Segmental reporting

The Group's principal business is providing leveraged online retail financial services 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; spread bets only 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:

- Trading - CFD and Spreadbet - UK and Ireland ("UK & IE");
- Trading - CFD - Europe;
- Trading - CFD - Australia, New Zealand and Singapore ("APAC") and Canada; and
- Investing - Stockbroking - Australia

These segments are in line with the management information received by the Chief Operating Decision Maker (CODM).

Revenues and segment operating expenses are allocated to the segments that originated the transaction.

Operating expenses in the Central segment relate to costs that are not directly related to activities in one region or are not controlled by regional management. These centrally generated costs 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.

	Trading			Investing		
30 September 2022 £ '000	**UK & IE**	**Europe**	**APAC & Canada**	**Australia**	**Central**	**Total**
Revenue	57,794	25,894	55,924	31,947	—	171,559
Interest income	336	—	818	1,697	—	2,851
Total revenue	**58,130**	**25,894**	**56,742**	**33,644**	—	**174,410**
Introducing partner commissions and betting levies	(2,500)	(957)	(6,375)	(11,118)	—	(20,950)
Net operating income	**55,630**	**24,937**	**50,367**	**22,526**	—	**153,460**
Segment operating expenses	(12,994)	(3,646)	(12,657)	(7,123)	(79,153)	(115,573)
Segment contribution	**42,636**	**21,291**	**37,710**	**15,403**	**(79,153)**	**37,887**
Allocation of central operating expenses	(25,086)	(16,125)	(22,881)	(15,061)	79,153	—
Operating profit	**17,550**	**5,166**	**14,829**	**342**	—	**37,887**
Finance costs	(303)	(295)	(99)	(94)	(539)	(1,330)
Allocation of central finance costs	(269)	(83)	(187)	—	539	—
Profit before taxation	**16,978**	**4,788**	**14,543**	**248**	—	**36,557**

30 September 2021 £ '000	Trading UK & IE	 Europe	 APAC & Canada	Investing Australia	 Central	 Total
Revenue	39,361	19,200	52,574	37,632	—	**148,767**
Interest income	(253)	(1)	156	446	—	348
Total revenue	**39,108**	**19,199**	**52,730**	**38,078**	—	**149,115**
Introducing partner commissions and betting levies	(4,244)	(578)	(4,181)	(13,374)	—	(22,377)
Net operating income	**34,864**	**18,621**	**48,549**	**24,704**	—	**126,738**
Segment operating expenses	(8,680)	(2,957)	(11,939)	(5,756)	(60,356)	(89,688)
Segment contribution	**26,184**	**15,664**	**36,610**	**18,948**	**(60,356)**	**37,050**
Allocation of central operating expenses	(17,328)	(14,737)	(18,397)	(9,894)	60,356	—
Operating profit	**8,856**	**927**	**18,213**	**9,054**	—	**37,050**
Finance costs	(250)	(14)	(103)	(87)	(548)	(1,002)
Allocation of central finance costs	(237)	(106)	(205)	—	548	—
Profit before taxation	**8,369**	**807**	**17,905**	**8,967**	—	**36,048**

The measurement of net operating income for segmental analysis is consistent with that in the income statement.

The Group uses 'Segment contribution' to assess the financial performance of each segment. Segment contribution comprises operating profit for the period before finance costs, 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 non-current assets other than deferred tax assets, broken down by location of the assets, is shown below.

£ '000	30 September 2022	31 March 2022
UK	44,731	41,168
Australia	27,153	26,254
Other countries	3,380	3,092
Total non-current assets	**75,264**	**70,514**

3. Revenue

£ '000	30 September 2022	30 September 2021
Trading	138,258	110,035
Investing	31,952	37,540
Other	1,349	1,192
Revenue	**171,559**	**148,767**

Trading revenue (previously presented as leveraged revenue) represents CFD and Spread bet revenue (net of hedging costs) accounted for in accordance with IFRS 9 "Financial Instruments". Investing revenue (previously presented as non-leveraged revenue) represents stockbroking revenue accounted for in accordance with IFRS 15 "Revenue from Contracts with Customers".

4. Operating Expenses

£ '000	30 September 2022	30 September 2021
Net staff costs	49,221	40,081
IT costs	16,324	14,156
Sales and marketing	17,325	11,653
Premises	2,061	1,754
Legal and Professional fees	5,601	4,654
Regulatory fees	7,044	3,240
Depreciation and amortisation	7,277	6,429
Bank charges	4,363	3,176
Irrecoverable sales tax	236	970
Other	6,183	3,554
	115,635	**89,667**
Capitalised internal software development costs	(150)	—
Operating expenses	**115,485**	**89,667**

5. Taxation

£ '000	30 September 2022	30 September 2021
Analysis of charge for the period:		
Current tax		
Current tax on profit for the period	7,954	7,462
Adjustments in respect of previous periods	29	—
Total current tax	**7,983**	**7,462**
Deferred tax		
Origination and reversal of temporary differences	(394)	1,049
Adjustments in respect of prior periods	—	(338)
Impact of change in tax rate	16	—
Total deferred tax	**(378)**	**711**
Total tax	**7,605**	**8,173**

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 for the half year ended 30 September 2022 was 20.80% (Half year ended 30 September 2021: 22.67%) differs from the standard rate of corporation tax of 19% (half year ended 30 September 2021: 19%). The differences are explained below:

£ '000	30 September 2022	30 September 2021
Profit before taxation	**36,557**	**36,048**
Profit multiplied by the standard rate of corporation tax in the UK of 19% (30 September 2021: 19%)	6,946	6,849
Adjustment in respect of foreign tax rates	506	1,334
Adjustments in respect of prior periods	29	(338)
Impact of change in tax rate	16	126
Expenses not deductible for tax purposes	30	142
Income not subject to tax	—	(42)
Share awards	52	87
Tax losses for which no deferred tax asset recognised	16	—
Other differences	10	15
Total tax	**7,605**	**8,173**

£ '000	30 September 2022	30 September 2021
Tax on items recognised directly in Equity		
Tax on share-based payments	—	(779)

6. 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 period 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 conversion of all dilutive potential weighted average ordinary shares, which consists of share options granted to employees and shares issuable to client investors at IPO.

£ '000	30 September 2022	30 September 2021
Earnings attributable to ordinary shareholders (£ '000)	**28,952**	**27,875**
Weighted average number of shares used in the calculation of basic earnings per share ('000)	285,048	290,669
Dilutive effect of share options ('000)	1,403	1,016
Weighted average number of shares used in the calculation of diluted earnings per share ('000)	**286,451**	**291,685**
Basic earnings per share (p)	**10.2p**	**9.6p**
Diluted earnings per share (p)	10.1p	9.6p

For the half year ended 30 September 2022, 1,403,000 (Half year ended 30 September 2021: 1,016,000) potentially dilutive weighted average ordinary shares in respect of share options in issue were included in the calculation of diluted EPS.

7. Dividends

£ '000	30 September 2022	30 September 2021
Prior year final dividend of 8.88p per share (30 September 2021: 21.43p)	25,250	62,414

An interim dividend for 2023 of 3.50p per share, amounting to £9,830,000 has been approved by the board but has not been included as a liability at 30 September 2022. The dividend will be paid on 5 January 2023 to those members on the register at the close of business on 2 December 2022.

8. Intangible assets

£ '000	Goodwill	Computer software	Trademarks and trading licences	Client relationships	Assets under development	Total
At 31 March 2022						
Cost	11,500	132,187	1,052	3,095	23,608	171,442
Accumulated amortisation	(11,500)	(125,612)	(907)	(3,095)	—	(141,114)
Carrying amount	**—**	**6,575**	**145**	—	**23,608**	**30,328**
Half year ended 30 September 2022						
Carrying amount at the beginning of the period	—	**6,575**	**145**	—	**23,608**	**30,328**
Additions	—	288	—	—	4,911	5,199
Transfers	—	10,375	—	—	(10,375)	—
Amortisation charge	—	(2,086)	(15)	—	—	(2,101)
Foreign currency translation	—	9	—	—	77	86
Carrying amount at the end of the period	**—**	**15,161**	**130**	**—**	**18,221**	**33,512**
At 30 September 2022						
Cost	11,500	143,001	1,056	3,113	18,221	176,891
Accumulated amortisation	(11,500)	(127,840)	(926)	(3,113)	—	(143,379)
Carrying amount	—	**15,161**	**130**	—	**18,221**	**33,512**

Computer software includes capital development costs of £26,487,000 relating to the Group's Next Generation trading platform which has been fully amortised.

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 annually. There was no impairment identified in the period ended 30 September 2022 (year ended 31 March 2022: £nil).

Impairment sensitivity analysis

The recoverable amount of the asset under development relating to the UK CMC Invest platform has been determined using value-in-use discounted cashflow calculation. This uses the most recent board-approved forecast results, a discount rate of 9.0% and long-term growth rate (beyond the forecasting period) of 0%. The carrying value of the net assets was £9,712,000 (31 March 2022: £6,054,000).

The recoverable amount is sensitive to changes in forecast revenues. A 2% reduction in projected revenues would determine a recoverable amount equal to the carrying value of £9,712,000. A 12% reduction in projection would result in the full impairment of the asset.

9. Property, Plant and Equipment

£ '000	Leasehold improvements	Furniture, fixtures and equipment	Computer hardware	Right-of-use assets	Construction in progress	Total
At 31 March 2022						
Cost	16,883	8,922	37,375	24,557	—	87,737
Accumulated depreciation	(13,521)	(8,280)	(28,359)	(12,636)	—	(62,796)
Carrying amount	**3,362**	**642**	**9,016**	**11,921**	—	**24,941**
Half year ended 30 September 2022						
Carrying amount at the beginning of the period	**3,362**	**642**	**9,016**	**11,921**	—	**24,941**
Additions	8	309	1,967	2,749	168	5,201
Transfers	23	—	—	—	(23)	—
Disposals	(44)	(9)	(1)	—	—	(54)
Depreciation charge	(753)	(206)	(1,765)	(2,452)	—	(5,176)
Foreign currency translation	8	7	18	126	4	163
Carrying amount at the end of the period	**2,604**	**743**	**9,235**	**12,344**	**149**	**25,075**
At 30 September 2022						
Cost	16,201	9,225	39,425	27,027	149	92,027
Accumulated depreciation	(13,597)	(8,482)	(30,190)	(14,683)	—	(66,952)
Carrying amount	**2,604**	**743**	**9,235**	**12,344**	**149**	**25,075**

10. Trade and other receivables

£ '000	30 September 2022	31 March 2022
Current		
Gross trade receivables	27,553	15,256
Less: Loss allowance	(6,293)	(6,219)
Trade receivables	21,260	9,037
Prepayments	12,693	10,622
Accrued income	1,117	521
Stockbroking debtors	89,569	134,324
Other debtors	3,905	2,413
	128,544	**156,917**
Non-current		
Other debtors	2,260	1,797
Total	**130,804**	**158,714**

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 15).

11. Derivative financial instruments

Assets	30 September 2022 Notional amount £m	30 September 2022 Carrying Amount £ '000	31 March 2022 Notional amount £m	31 March 2022 Carrying amount £'000
Held for trading				
Index, commodity, foreign, cryptocurrency and treasury futures	165.1	1,794	97.5	1,774
Forward foreign exchange contracts	221.6	3,704	90.2	417
Held for hedging				
Forward foreign exchange contracts – economic hedges	21.2	644	14.0	78
Forward foreign exchange contracts – net investment hedges	—	—	40.0	90
Total	**407.9**	**6,142**	**241.7**	**2,359**

Liabilities	30 September 2022 Notional amount £m	30 September 2022 Carrying Amount £ '000	31 March 2022 Notional amount £m	31 March 2022 Carrying amount £'000
Held for trading				
Index, commodity, foreign, cryptocurrency and treasury futures	133.1	(1,833)	107.6	(1,690)
Forward foreign exchange contracts	159.4	(1,122)	79.4	(131)
Held for hedging				
Forward foreign exchange contracts – economic hedges	35.8	(1,211)	36.0	(530)
Forward foreign exchange contracts – net investment hedges	—	—	4.7	(11)
Total	**328.3**	**(4,166)**	**227.7**	**(2,362)**

The fair value of derivative contracts are based on the market price of comparable instruments at the balance sheet date. All derivative financial instruments have a maturity of less than one year.

12. Other assets

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 follows:

£ '000	30 September 2022	31 March 2022
Exchange	3,115	953
Vaults	950	12,490
	4,065	**13,443**

13. Financial investments

£ '000	30 September 2022	31 March 2022
UK Government securities:		
At the beginning of the period / year	27,875	28,037
Purchase of securities	14,725	28,337
Maturity of securities and Coupon receipts	(14,689)	(28,428)
Accrued interest	103	(17)
Changes in the fair value of debt instruments at fair value through other comprehensive income	(527)	(54)
At the end of the period / year	**27,487**	**27,875**
Equity securities:		
At the beginning of the period / year	70	67
Changes in the fair value of equity instruments at fair value through profit and loss	(12)	—
Foreign currency translation	—	3
At the end of the period / year	**58**	**70**
Total	**27,545**	**27,945**

£ '000	30 September 2022	31 March 2022
Analysis of financial investments		
Non-current	14,418	13,448
Current	13,127	14,497
Total	**27,545**	**27,945**

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.

14. Cash and cash equivalents

£ '000	30 September 2022	31 March 2022
Cash and cash equivalents	**140,879**	**176,578**
Analysed as:		
Cash at bank	140,879	176,578

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.

15. Trade and other payables

£ '000	30 September 2022	31 March 2022
Client payables	56,798	47,360
Tax and social security	958	2,242
Stockbroking creditors	81,345	123,875
Accruals and other creditors	37,280	42,376
	176,381	**215,853**

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 10).

16. Lease liabilities

£ '000	30 September 2022	31 March 2022
At the beginning of the period / year	14,185	15,326
Additions / Modifications of new leases during the period / year	2,767	4,658
Interest expense	344	700
Lease payments made during the year	(3,263)	(6,662)
Foreign currency translation	143	163
At the end of the period / year	**14,176**	**14,185**

£ '000	30 September 2022	31 March 2022
Analysis of lease liabilities		
Non-current	8,398	9,269
Current	5,778	4,916
Total	**14,176**	**14,185**

17. Cash generated from operations

£ '000	30 September 2022	30 September 2021 (Restated)
Cash flows from operating activities		
Profit before taxation	36,557	36,048
Adjustments for:		
Interest income	(2,851)	(348)
Finance costs	1,330	1,002
Depreciation	5,176	5,083
Amortisation of intangible assets	2,101	1,346
Profit on disposal of property, plant and equipment	54	—
Share-based payment	790	(886)
Other non-cash movements including exchange rate movements	2,014	(1,101)
Changes in working capital:		
Decrease/(increase) in trade and other receivables and other assets	27,980	(1,391)
(Increase)/decrease in amounts due from brokers	(8,385)	71,456
Decrease/(increase) in other assets	9,378	(34,024)
(Decrease)/increase in trade and other payables	(34,553)	16,077
(Decrease)/increase in net derivative financial instruments liabilities	(2,058)	81
Decrease in provisions	(96)	(1,145)
Cash generated from operations	**37,437**	**92,198**

18. Share buyback

On 14 March 2022, the Board approved a share buyback programme with up to £30.0 million to be returned to shareholders. On this date, 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.

In H1 2023, the Group repurchased and cancelled 9,444,362 (H1 2022: nil) Ordinary Shares with nominal value 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 £2,361,000 (H1 2022: £nil).

The share buyback reserve amount, presented within Other reserves 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. For H1 2023, this amounted to £24,961,000 (H1 2022: £nil).

19. Liquidity

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

- **Own funds**. Own funds are calculated in order to provide a clear presentation of the Group's potential cash resources. Own funds consist of cash and cash equivalents, amounts due from brokers, other assets and also includes investments in UK government securities, of which the majority are held to meet the Group's regulatory liquidity requirements. Own funds also include any unrealised gains / losses on open hedging positions and all cash in the form of title transfer funds is excluded. Own funds on 30 September 2022 were £325,978,000 (31 March 2022: £369,947,000).
- **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 considers these funds as an ancillary source of liquidity and places no reliance on its stability.
- **Available committed facility** (off-balance sheet liquidity). The Group has access to a syndicated revolving credit facility of up to £55.0 million (31 March 2022: £55.0 million) in order to fund any potential fluctuations in margins required to be posted at brokers to support our risk management strategy. 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. The facility consists of a one year term facility of £27.5 million and a three year term facility of £27.5 million, both of which were renewed in March 2022. Under the terms of the syndicated revolving credit facility agreement, the Group is required to comply with financial covenants covering minimum Tangible net worth and a minimum EBITDA: Interest expense ratio for the Group at a consolidated level. The Group has complied with all covenants throughout the reporting period.

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

- **Blocked cash.** Amounts held to meet the requirements of local market regulators and amounts held at overseas subsidiaries in excess of local segregated client requirements to meet potential future client requirements.
- **Initial margin requirement at broker.** The total GBP equivalent initial margin required by prime brokers to cover the Group's hedge derivative positions.

Net available liquidity

£ '000	**30 September 2022**	**31 March 2022**
Cash and cash equivalents	140,879	176,578
Amount due from brokers	204,502	196,117
Other assets	4,065	13,443
Financial investments	27,545	27,945
Derivative financial instruments (Current Assets)	6,142	2,359
	383,133	416,442
Less: Title transfer funds	(52,989)	(44,133)
Less: Derivative financial instruments (Current Liabilities)	(4,166)	(2,362)
Own Funds	**325,978**	**369,947**
Title transfer funds	52,989	44,133
Available committed facility	55,000	55,000
Total Available liquidity	**433,967**	**469,080**
Less: Blocked cash	(81,422)	(103,089)
Less: Initial margin requirement at broker	(98,367)	(120,078)
Net available liquidity	**254,178**	**245,913**

The following Own Funds Flow Statement summarises the Group's generation of own funds during each period and excludes all cash flows in relation to monies held on behalf of clients.

£ '000	**30 September 2022**	**31 March 2022 (Restated)**
Operating activities		
Profit before tax	**36,557**	**92,136**
Adjustments for:		
Finance costs	1,330	2,177
Depreciation and amortisation	7,277	12,901
Other non-cash adjustments	2,240	(1,124)
Tax paid	(9,294)	(14,651)
Own funds generated from operating activities	**38,110**	**91,439**
Movement in working capital	**(15,525)**	**9,887**
Outflow from investing activities		
Net Purchase of property, plant and equipment and intangible assets	(12,570)	(16,668)
Other outflow from investing activities	(7)	(998)
Outflow from financing activities		
Interest paid	(1,330)	(2,177)
Dividends paid	(25,250)	(72,604)
Payments for Share buyback	(24,961)	(2,975)
Other outflow from financing activities	(3,243)	(7,738)
Total outflow from investing and financing activities	**(67,361)**	**(103,160)**
Decrease in own funds	**(44,776)**	**(1,834)**
Own funds at the beginning of the period / year	369,947	370,405
Effect of foreign exchange rate changes	807	1,376
Own funds at the end of the period / year	**325,978**	**369,947**

20. Fair value measurement disclosures

The Group's assets and liabilities that are measured at fair value are derivative financial instruments and financial investments. 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; or
- 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)

30 September 2022 **£ '000**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial investments	27,487	—	58	27,545
Derivative financial instruments (Current Assets)	—	6,142	—	6,142
Derivative financial instruments (Current Liabilities)	—	(4,166)	—	(4,166)
	27,487	**1,976**	**58**	**29,521**

31 March 2022 **£ '000**	**Level 1**	**Level 2**	**Level 3**	**Total**
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**

Valuation techniques used to determine fair values of Derivative Financial instruments

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- for foreign currency forwards – present value of future cash flows based on the forward exchange rates at the balance sheet date.

All of the resulting fair value estimates are included in level 2.

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities not held at fair value approximates to their carrying value:

- Cash and cash equivalents
- Amounts due from brokers
- Trade and other receivables
- Trade and other payables
- Share buyback liability

21. Related party transactions

There have been no significant changes to the nature of related parties disclosed in the statutory financial statements for the Group as at and for the year ended 31 March 2022. The basis of remuneration of key management personnel remains consistent with that disclosed in the statutory financial statements for the Group as at and for the year ended 31 March 2022.

Directors’ transactions

There were no director transactions during the half year ended 30 September 2022 and 30 September 2021.

22. 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, there are no contingent liabilities where the Group considers any material adverse financial impact to be probable.

Since the publication of the annual report on 8 June 2022, there have been no significant updates or developments, including to the matter listed within the events after the reporting period note, which would require additional disclosure within the interim financial statements.

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 £25.0 million. The group has concluded that the relevant entities meet the exemption requirements and therefore the related tax charge, which would amount to £22.7 million (31 March 2022: £21.8 million) 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.

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 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, such an outcome is not currently considered probable.

23. Forward looking statements

This announcement may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date such statements are published.

24. Subsequent events

There are no events after the interim period that have not been reflected in the condensed consolidated financial statements.

25. Correction of error

The Group acquired a portfolio of Share Investing clients from Australia and New Zealand Banking Group Limited (“ANZ”) in a transaction amounting to AUD$25.0 million (£13,317,000) during September 2021. This investment in intangible assets was presented in the condensed consolidated statement of cash flows as having been settled in cash during the period ended 30 September 2021. This transaction was presented incorrectly in the condensed consolidated statement of cash flows as no cash was paid as at 30 September 2021 to settle the associated liability. Comparative periods have been restated to reflect this correction in the tables below. Total settlements up to 30 September 2022 amounted to AUD$16.7 million (£9,591,000).

a. Condensed consolidated statement of cash flows

£ '000	Note	30 September 2021 (Reported)	Correction of error	30 September 2021 (Restated)
Cash flows from operating activities				
Cash generated from operations	17	105,515	(13,317)	92,198
Net cash generated from operating activities		**98,354**	**(13,317)**	**85,037**
Cash flows from investing activities				
Investment in intangible assets		(16,910)	13,317	(3,593)
Net cash used in investing activities		**(18,439)**	**13,317**	**(5,122)**

b. Cash generated from operations

£ '000	30 September 2021 (Reported)	Correction of error	30 September 2021 (Restated)
Changes in working capital:			
(Decrease)/increase in trade and other payables	29,394	(13,317)	16,077
Cash generated from operations	**105,515**	**(13,317)**	**92,198**

INDEPENDENT REVIEW REPORT TO CMC MARKETS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises the Consolidated Interim Income Statement and the Consolidated Interim Statement of Comprehensive Income, the Consolidated Interim Statement of Financial Position, the Consolidated Interim Statement of Changes in Equity, the Consolidated Interim Statement of Cash Flows and related notes 1 to 25.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
15 November 2022

Appendix: Alternative performance measures

a. Reconciliation of trading gross client income to trading net revenue

£m	30 September 2022	30 September 2021
Trading gross client income	154.9	127.0
Client rebates introducing partner commissions and levies	(11.5)	(8.3)
Risk management gains / (losses)	(15.0)	(17.7)
Trading net revenue	**128.4**	**101.0**

b. Reconciliation of investing net revenue

£m	Note	30 September 2022	30 September 2021
Investing gross revenue		31.9	37.5
Introducing partner commissions	2	(11.1)	(13.3)
Investing net revenue		**20.8**	**24.2**

c. Reconciliation of trading net revenue, investing net revenue to net operating income

£m	Note	30 September 2022	30 September 2021
Trading net revenue (a)		128.4	101.0
Investing net revenue (b)		20.8	24.2
Other revenue	3	1.4	1.2
Interest income	2	2.9	0.3
Net operating income		**153.5**	**126.7**