11 June 2020

CMC MARKETS PLC

Final results for the year ended 31 March 2020

Net operating income up 93% to £252.0 million; Profit before tax £98.7 million;

Strong start to Q1 2021

Year ended 31 March £ million (unless otherwise stated)	2020	2019	Change %
Net operating income	252.0	130.8	93%
Profit before tax	98.7	6.3	1,459%
Earnings per share (pence)	30.1	2.0	1,405%
Ordinary dividend per share (pence)	15.0	2.0	640%
CFD gross client income	240.6	216.1	11%
CFD net trading revenue	214.5	110.2	95%
CFD active clients (numbers)	57,202	53,308	7%
CFD revenue per active client (£)	3,750	2,068	81%
Stockbroking net trading revenue	31.8	15.5	106%

Notes:

- *Net operating income represents total revenue net of introducing partners commissions and levies*
- *CFD gross client income represents spreads, financing and commissions charged to clients (client transaction costs)*
- *CFD net trading revenue represents CFD and spread bet gross client income net of rebates, levies and risk management gains or losses*
- *CFD active clients represent those individual clients who have traded with or held a CFD or spread bet position with CMC Markets on at least one occasion during the twelve-month period*
- *CFD revenue per active client represents total trading revenue from CFD and spread bet active clients after deducting rebates and levies*

Response to COVID-19 pandemic

- The Group reacted to the pandemic swiftly, with a smooth transition to remote working for 100% of our staff, with key processes unaffected.
- The Group's CFD platform continued to perform extremely well, with best in class availability and execution times being maintained during the extraordinarily high levels of trading activity within the underlying markets and exchanges.
- The Group has not furloughed or reduced any of its permanent workforce, nor has it requested any government aid in any of its global locations as a response to the COVID-19 pandemic.

Highlights

- Net operating income increased to £252.0 million, up £121.2 million (93%).
- CFD revenue per active client up 81% to £3,750, primarily as a result of improved retention of CFD gross client income.
- CFD active clients increased by 3,894 (7%), demonstrating the continuing attractiveness of the platform.
- Stockbroking net trading revenue up 106% to £31.8m driven by a combination of a full year of revenues for the ANZ Bank partnership, higher market volatility in Q4 and successful product launches.
- The Group continues to invest in its proprietary technology platforms to diversify its offering and generate value through institutional relationships.
  - This has been demonstrated by the success of the ANZ Bank white label partnership which has generated £22.3 million net revenue in 2020.
- Operating expenses increased by 23% to £151.3 million, predominantly due to higher variable remuneration as a result of the significantly improved performance in FY20. Variable remuneration, whilst being significantly higher year on year, is in line with comparable prior years.

- Operating expenses excluding variable remuneration up 14% to £137.3 million.
- Profit before tax up 1,459% to £98.7 million (2019: £6.3 million).

Outlook and dividend

- CFD gross client income at the start of the financial year has been around double that during the same period in the prior financial year and client income retention remains strong.
- The Group has confidence in the underlying performance of the business when market activity becomes normalised, and in conjunction with further progress on its strategic initiatives, looks forward to continuing to generate business growth and value.
- The Group's significant investment in technology development and infrastructure in its institutional ("B2B") business is expected to lead to a moderate increase in costs in the coming financial year.
- It is anticipated that the Group effective tax rate will increase to above the UK corporate tax rate in the new financial year.
- Final dividend for the year of 12.18 pence per share resulting in a total dividend of 15.03 pence per share, in line with the Group's dividend policy of distributing 50% of profit after tax. Given the strength of the balance sheet and confidence in strategic delivery, the Board remains committed to paying a total dividend going forward of 50% of profit after tax.

Peter Cruddas, Chief Executive Officer commented:

"During these extraordinarily difficult times, I would like to take the opportunity to convey my sympathies to everyone who has been impacted by the COVID-19 pandemic. I am extremely proud of the resilience and dedication shown by all of my colleagues at CMC, who are contributing to ensuring that our clients are able to trade throughout a period of extraordinarily high volume and volatility in global markets.

The significant performance improvement in 2020 is a result of the Group's unwavering focus on our strategic initiatives. This has delivered increased diversification of Group revenues, improved CFD client income retention and an increased number of active clients. The growing contribution of B2B revenues is also particularly pleasing and will continue to be an important part of our strategy going forward.

The heightened volatility and trading activity resulting from COVID-19 has continued into the first quarter of the financial year, and CMC continue to provide clients with market leading trading platforms and client service. I am also confident that, once the financial world returns to more normal conditions, the Group will continue to build on the underlying growth that was being displayed prior to the pandemic. This, in combination with our stable dividend policy and positive trading outlook, will enable CMC to continue to deliver considerable value to all of our stakeholders."

Analyst and Investor Presentation

A presentation will be held for equity analysts and investors today at 10.30 a.m. (BST).

A live audio webcast of the presentation will be available via the following link:

https://webcasts.cmcmarkets.com/results/2020fullyear

Alternatively, you can dial into the presentation by registering via the following link:

https://webcasts.cmcmarkets.com/results/2020fullyear/vip_connect

Annual Report and Financial Statements

A copy of the CMC Markets plc (the “Company”) Annual Report and Financial Statements for the year ending 31 March 2020 (the “2020 Annual Report and Financial Statements”) is available within the Investor Relations section of the Company website http://www.cmcmarkets.com/group/results/annual-reports

Pursuant to Listing Rule 9.6.1 the “Company” has submitted the 2020 Annual Report and Financial Statements to the National Storage Mechanism and will shortly be available for inspection at: www.hemscott.com/nsm.do

In compliance with The Disclosure and Transparency Rules (DTR) 6.3.5, the information in the document below is extracted from the Company’s 2020 Annual Report and Financial Statements. This material is not a substitute for reading the 2020 Annual Report and Financial Statements in full and any page numbers and cross references in the extracted information below refer to page numbers and cross-references in the 2020 Annual Report and Financial Statements.

Forthcoming announcement dates

Thursday 30 July	Q1 2021 trading update
Thursday 8 October	H1 2021 pre-close trading update

Enquiries

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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 14 countries, with a significant presence in the UK, Australia, Germany and Singapore. The Group 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") and financial spread bets (in the UK and Ireland only). Clients can also place financial binary bets through Countdowns and, in Australia, access stockbroking services. More information is available at http://www.cmcmarkets.com/group/

Forward Looking Statements

This announcement and Appendix 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.

CHAIRMAN'S STATEMENT

2020 has been an excellent year for the Group. The investment in improving the Group's technology, client service, professional and institutional client base and income diversification has led to a significantly improved financial performance in 2020 and provided a stronger platform for sustaining growth over the longer term.

The Group's ongoing focus on medium to long-term value generation has delivered a significant improvement in performance in 2020, with revenue diversification increased through both the institutional B2B and Australian stockbroking businesses, complemented by strong growth in the core retail ("B2C") business.

The Board's clear vision of the Group's purpose, values and strategy, supported by its culture and engagement with staff, has enabled CMC to build a robust yet agile business.

In March 2020, many countries implemented lockdown measures to mitigate the impact of the Covid-19 outbreak. Our first priority was to support our staff and clients during this unprecedented time.

The Group has performed extremely well during the outbreak, with client services and CFD platform availability being largely unaffected, despite all of our staff working remotely. I would like to thank staff for the dedication and resilience they have shown in this difficult time: a commitment to delivery that gives me great confidence in the future success of the Group.

Results and dividend

The Group's financial performance has been strong throughout the financial year with net operating income increasing 93% to £252.0 million. This has resulted in record profit after tax of £86.9 million. The Board recommends a final dividend payment of 12.18 pence per share, which results in a total dividend payment of 50% of profit after tax.

Regulation

2020 was the Group's first full financial year since the introduction of the European Securities and Markets Authority ("ESMA") measures in August 2018. CMC is supportive of the regulatory change, as we have always operated to the highest standards, and our results for the year show that as a Group we have adapted to these measures and subsequently emerged as a stronger business. This, combined with our focus on higher value, sophisticated clients, many of whom are elective professional clients, has allowed us to benefit from market conditions seen during the latter part of the financial year.

There remains a regulatory overhang with the Australian Securities and Investments Commission ("ASIC") measures, which are not expected to have a material impact in this financial year. We believe we are well placed to be ready to implement these new measures when we are required to do so and with minimal disruption through utilising experience gained from our implementation of ESMA intervention measures in 2018. We look forward to the overhang being lifted so that we can focus on growing the business in an industry with more closely harmonised regulations in our major markets.

Board and governance

As commented on in last year's Annual Report, Grant Foley, Chief Operating and Financial Officer, stepped down from the Board to pursue other interests in June 2019. Euan Marshall, Grant's deputy in Finance, was asked by the Board to fulfil the role of Chief Financial Officer on an interim basis whilst due consideration was given to a permanent successor. Several of the other operating responsibilities of a non-finance nature within Grant's remit were re-allocated amongst the other Executive Directors. After due consideration, the Board concluded that Euan Marshall should be appointed as the Group's Chief Financial Officer as an Executive Director of the Company.

Further, as also advised in last year's Annual Report, it was decided, due to the increased importance of the APAC & Canada region to the Group, to appoint Matthew Lewis, Head of Asia Pacific & Canada, as an Executive Director of the Company. I am very pleased to report that the appropriate regulatory approvals resulted in both appointments to the Board being approved on 15 October 2019 and effective 1 November 2019.

Our Company Secretary, Jonathan Bradshaw, resigned during the year taking effect on 27 February 2020. On behalf of the Board I would like to thank Jonathan for his considerable and considerate assistance over many years. I am also pleased to add that Jonathan was succeeded by Patrick Davis, an external appointment. Patrick joined the Company on 5 February 2020 and was appointed as Company Secretary on 27 February 2020.

People and stakeholders

Our staff are our greatest asset and their work towards delivering against our strategic initiatives has driven an excellent performance across the business. I would like to thank them all for their considerable contribution on behalf of the Board.

Last year I highlighted that a plan was being developed to address engagement survey findings. There has been a huge commitment across senior management in improving both the engagement and motivation of the workforce during the year. I am happy to advise that a pulse survey towards the end of the financial year has shown that we are moving in the right direction. This is a continuous journey and we remain committed to delivering improved engagement across the business. More details of what we have been doing are presented in the People section on page 34 in of the 2020 Annual Report and Financial Statements.

Our stakeholders are an important consideration in our decision making processes at the Board level and in the way we operate our business. Details of our various stakeholders and our associated engagement strategies and outcomes can be found on pages 10 to 11 of the 2020 Annual Report and Financial Statements.

Outlook

Global financial markets have continued to be volatile throughout the start of the new financial year as a result of economic uncertainties resulting from the ongoing Covid-19 pandemic. This has resulted in the Group benefiting from higher levels of client trading activity than would ordinarily be expected. I am confident that, as markets and people's lives return to more normalised conditions, the Group's focus on its strategic initiatives will continue to deliver revenue diversification and profitable growth for the Group.

Costs remain well controlled, although the Board recognises that continued investment is key to ensuring that the Group continues to offer market-leading technology platforms and client service.

James Richards
Chairman
10 June 2020

CEO REPORT

Financial performance

The Group's performance in 2020 improved significantly. I see this as a vindication of our long-term strategy of acquiring and retaining high value, sophisticated clients as well as the result of us delivering on our strategic initiatives. As we continue to provide and develop superior technology for our clients and partners, I believe that our business will further diversify and grow.

All of our thoughts are with those impacted by the current COVID-19 pandemic. During the rapid acceleration of the crisis in the first half of this calendar year, our first priority was, and continues to be, to protect the health, safety and wellbeing of our employees and support our clients. Our continuous investment in technology and infrastructure has meant that our CFD trading platform has remained resilient during these times of extremely high trading activity. I am impressed by the dedication our teams have shown in preventing client disruption while working in unprecedented circumstances, and would therefore like to thank all of my colleagues for their continued hard work during these tough times.

Revenue growth has been strong across our B2C and institutional B2B businesses as well as in our stockbroking business. The CFD business has seen significant revenue growth as a result of our ongoing focus on our high value, sophisticated global client base and improvements and changes to our business model which have resulted in retaining more net trading revenue from client income (client trading costs). The stockbroking business also contributed material revenue and profitability in the first full year since the implementation of the ANZ Bank stockbroking partnership. This resulted in a 93% increase in net operating income to £252.0 million.

While we continued to manage the cost base tightly we have still invested in growth. The Group's cost base excluding variable remuneration increased by 14% to £137.3 million during the year, mainly as a result of the significantly enlarged Australian stockbroking business, but also due to increasing investment in our strategic initiatives. Variable remuneration increased by £11.4 million to £14.0 million as a result of the improvement in financial performance meaning that total operating costs increased by 23% to £151.3 million.

As a result, profit before tax at £98.7 million was £92.4 million higher than the previous year.

As well as the significant improvement in profitability, the underlying fundamentals of the business remain strong. CFD active clients for the year were up 7% to 57,202; and we continue to target and retain higher value, sophisticated clients in order to grow client income. Levels of client money, which are an indicator of future trading potential, remain robust. The benefits of the ANZ Bank white label partnership and the rollout of international shares and online traded options in our stockbroking business have also assisted growth, with stockbroking active clients increasing 47% to 181,630. Of this increase, stockbroking B2C clients increased 25% to 31,541, with B2B increasing by 53% to 150,089.

The balance sheet continues to reflect the strong financial position of the Group. At the end of the year, the Group's net available liquidity was £189.1 million and the regulatory capital ratio was 23.3%.

Risk management

Strong and robust risk management is crucial to the ongoing success of the Group, and the Group's risk management is constantly reviewed to ensure it is as effective as possible. Our continued focus on quantitative analytics and data driven decisions allowed the Group to offer very competitive spreads and liquidity versus the underlying market. Our analytics continued to evolve throughout the year, yielding higher internalisation ratios. Intelligent hedging strategies helped keep execution hedge costs low and we successfully managed arbitrage driven client trading activity by identifying trades generated through third party software programmes that exploit latency in pricing from exchanges.

Following implementation of ESMA regulations, which resulted in a material change in client trade duration, the Group refined its risk management strategies in the final months of our prior financial year. As a consequence, this year the Group internalised more client flow than previously, particularly in the more highly traded and liquid instruments, which resulted in lower hedge costs.

The change increased the daily revenue ranges and market risk exposure, which was supported by the Group's strong regulatory capital ratio, and yielded higher net trading revenue

Having made this change in 2019, the Group made no further changes to its risk management policy throughout 2020, even during the volatile periods in February and March. The Group continues to operate at all times within the Board-approved risk appetite and Risk Management Framework.

Regional review

The performance of all regions benefited from a globally aligned focus on acquiring and retaining high value clients as well as the increased market activity which we saw in Q4 2020.

The UK and Europe regions performed strongly, with higher revenue per active client, up 34% and 68% in the UK and Europe respectively. This was a result of UK and Europe CFD net trading revenue increasing by 42% and 61% to £67.1 million and £43.5 million respectively, despite the prior year including four months of pre-ESMA trading activity.

The APAC & Canada region also had an exceptionally strong year where active client numbers increased by 19% to 24,972 and revenue per active client increased by 144% to £4,160. CFD net trading revenue therefore increased by 191% to £103.9 million.

The Australian stockbroking business continued to build upon the successes of 2019, with net trading revenue up 106% to £31.8 million, driven by market volatility in Q4 substantially increasing trade volumes and this being the first full year of revenue since the implementation of the ANZ Bank white label partnership. The release of a wider product offering during calendar year 2019 was also a contributing factor to the revenue increase, in particular in international shares. Net trading revenue for the ANZ Bank stockbroking relationship increased by £13.6 million (157%) to £22.3 million and the core business also increased £2.7 million (40%) to £9.5 million. New client numbers in the core business increased 58% to 25,990 during the year and total shareholdings comprised £3.3 billion for domestic shares and £34 million for international. New ANZ Bank client numbers increased 197% to 36,651 during the year and total shareholdings comprised £15.9 billion for domestic shares and £282 million for international.

Regulation

The Group is supportive of regulatory change to ensure that all providers operate to the highest standards, ensuring fair client outcomes. Having seen the impact of the regulatory changes introduced by ESMA, we believe that similar changes implemented by regulators in the major regions will result in a stronger and better industry. Our historical focus on high value clients and high regulatory standards puts us in a great position to remain a leading force in the industry.

The overall regulatory environment was more stable in 2020, with clients in Europe and the UK having adapted to the new margin requirements. It remains likely that further regulatory changes will be made in Australia, although implementation dates remain unknown. The Australian regulator, ASIC, set out its proposals in a consultation paper in August 2019. These proposals included increasing margin requirements for retail clients to a level similar to those required in the ESMA region and cover other requirements such as standardised warning notices, and cost disclosures.

ESMA regulations have now been in place for over 18 months and we continue to see retail clients trading at around 30-40% of their levels pre-regulatory change, whilst using more of their cash on account to trade and holding their trades for longer periods. This is an encouraging sign for the medium and long-term success of the Group as it demonstrates that clients still have an appetite to trade in a more regulated environment.

The continued global standardisation of regulations will create a more level playing field and remove some of the practices that we have seen during this period. However, it has been seen that some providers still seek to circumvent changing regulation by basing themselves in jurisdictions outside highly regulated countries so that they can offer lower margin requirements to existing and new clients.

Brexit

In order to guarantee the Group's permission to operate in the European Union on an uninterrupted basis, the Group established a new subsidiary in Germany which commenced onboarding German resident clients during the financial year. As previously communicated, the Group's headquarters will remain in the UK.

Strategic progress

In 2020, we refined our strategic priorities, focusing on three established markets, our institutional offering and on how we optimise our client journey. The implementation of this strategy has delivered significant value throughout the financial year. More details are provided below.

Institutional offering

The ANZ Bank white label stockbroking transaction, completed in September 2018, was the largest migration of client accounts in Australian Stock Exchange history and makes CMC the second largest retail stockbroker in Australia. As well as migrating 500,000+ clients, CMC also acquired a further 103 intermediaries. This business continues to grow and the stockbroking business has continued to onboard B2B relationships during 2020.

Our CFD institutional business, which provides B2B API connectivity as both a white and grey label solution and which we expect will become an increasing part of the Group, continues to grow. Throughout the year we have invested in our technology and personnel, including expanding our focus outside the UK and Europe. We also continue to focus on making improvements to the institutional trading experience to optimise client experience.

Established markets

Our established markets consist of the UK, Germany and Australia. Our Australian business continues to perform well with growth in CFD net trading revenue during the year rising to £58.0 million, which now accounts for 27% of CFD net trading revenue for the Group. The Group has learnt from the ESMA regulatory experience and is well prepared for any regulatory changes implemented by ASIC in the future. I am especially pleased to see a return to growth in the UK and Germany as our clients adjust to the new regulatory environment. Independent surveys show that we remain a leader in client satisfaction.

Optimising our client journey

Throughout the year we have continued to make improvements to our client journey to improve the user experience and the client conversion rates, as well as focusing on acquiring higher value clients. We are now beginning to see these improvements coming through, justifying our marketing spend in this area.

We continue to focus on providing both our retail and institutional clients with best-in-class platforms that deliver an intuitive and personalised experience which they can utilise to achieve their trading goals quickly and efficiently.

Diversification

The new strategic initiatives, supported by our technology and proprietary platform, have allowed, and will continue to allow, us to grow an already geographically diverse client base and revenue stream. In particular, we expect our stockbroking and our other B2B businesses will become a greater proportion of the Group, relative to our B2C CFD business.

People

Our people are crucial to our success and throughout the year I have been consistently impressed by the quality and hard work of our employees. Despite the challenges in the prior financial year, our employees have shown impressive passion and dedication to the success of the Group, which is demonstrated in this year’s financial results.

The Board is keen to do more to improve staff engagement. As a result of feedback from a global engagement survey in early 2019, a number of initiatives have been implemented in an attempt to enhance engagement and I am happy that they have resulted in an improvement to a number of measures.

On behalf of the Board, I would like to thank all of our employees for their continued dedication and hard work and look forward to improving engagement across the Group on an ongoing basis.

Clients

Our clients continue to be at the heart of everything we do, and I’d like to thank them for their continued support. We have been ramping up our efforts to make customer input intrinsic to our business processes across product development, marketing, and client services. We have invested in user experience research capacity to facilitate this activity and ensure our customer needs are championed across the business. We believe this will enable us to build and distribute better products that delight our clients and positively drive client retention and lifetime value.

Dividend

The Board recommends a final dividend payment of £35.2 million. This is 12.18 pence per share (2019: 0.68 pence), resulting in a total dividend payment for the year of 15.03 pence per share (2019: 2.03 pence). This represents a payment of 50% of profit after tax, in line with policy. The Board believes that this is an appropriate payment for the year after considering both the Group’s capital and liquidity position and forecast requirements in the year ahead to support business growth.

Outlook

CMC is now a much more balanced business than it has ever been. We have a larger stockbroking business, a growing B2B business and a B2C business that has returned to growth. Like others, we continue to adapt to the short-term and potential long-term consequences of the COVID-19 pandemic but we do so from a position of strength. Our technology not only makes us operationally resilient, it also provides our clients with a high quality service and enables the Group to access many innovative investment opportunities. This makes us an attractive choice for a wide array of clients and partners around the world.

I feel that the Group has proven that regulatory change is a positive driver in our markets and for CMC. I strongly believe that, through continuing to invest in our technology, continuing to focus on our strategic initiatives, capitalising on market opportunities as they arise and building engagement across all of our stakeholder groups, the Group will be in the best possible position for success in the next financial year and beyond.

Peter Cruddas
Chief Executive Officer
10 June 2020

FINANCIAL REVIEW

Summary income statement

£m	2020	2019	Change	Change %
Net operating income	**252.0**	**130.8**	**121.2**	**93%**
Operating expenses	(151.3)	(123.1)	(28.2)	(23%)
Operating profit	**100.7**	**7.7**	**93.0**	**1,196%**
Finance costs	(2.0)	(1.4)	(0.6)	(42%)
Profit before taxation	**98.7**	**6.3**	**92.4**	**1,459%**
PBT margin[1]	**39.2%**	**4.8%**	**34.4%**	**—**
Profit after tax	**86.9**	**5.9**	**81.0**	**1,379%**

Pence	2020	2019	Change	Change %
Basic EPS	**30.1**	**2.0**	**28.1**	**1,405%**
Ordinary dividend per share[2]	**15.0**	**2.0**	**13.0**	**640%**

[1]Statutory profit before tax as a percentage of net operating income.
[2]Ordinary dividends paid/proposed relating to the financial year

Summary

Net operating income for the year increased by £121.2 million (93%) to £252.0 million, primarily driven by significantly improved CFD trading revenue performance through higher retention of client income throughout the year following changes to the Group's risk management strategy and higher gross client income mainly as a result of high market volatility in the latter part of Q4 2020. This was complemented by significant growth in the stockbroking business, through a combination of a full year of revenues from the ANZ Bank white label stockbroking partnership, higher market volatility in Q4 2020 and successful product launches.

CFD active client numbers increased by 3,894 (7%) to 57,202, predominantly due to high market volatility relating to the Covid-19 pandemic encouraging dormant clients to reactivate and new clients to onboard onto our platform. This increase is particularly pleasing given that 2019 included four months of pre-ESMA client activity. The Group is encouraged by this metric and continues to focus on attracting and retaining high value clients.

The increase in CFD net trading revenue has resulted in revenue per active client ("RPC") increasing by £1,682 (81%) to £3,750.

Gross CFD client income increased by £24.5 million (11%) to £240.6 million, despite 2019 having four months of pre-ESMA trading activity, with increased client numbers and heightened trading as a result of market volatility being the main drivers.

Total operating expenses have increased by £28.2 million (23%) to £151.3 million, mainly as a result of an increase in variable remuneration of £11.4 million due to the significant improvement in financial performance. One-off increases in regulatory fees, volume-driven bank transaction charges and higher bad debt costs also contributed to the year-on-year cost increase.

Profit before tax increased to £98.7 million from £6.3 million, reflecting the high level of operational gearing in the business whereby much of the increase in net operating income directly benefits the bottom line.

Net operating income overview

£m	2020	2019	Change %
CFD and spread bet net trading revenue	214.5	110.2	95%
Stockbroking net trading revenue (excl. interest income)	31.8	15.5	106%
Net trading revenue[1]	**246.3**	**125.7**	**96%**
Interest income	3.3	3.4	(3%)
Other operating income	2.4	1.7	36%
Net operating income	**252.0**	**130.8**	**93%**

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

B2B and B2C net trading revenue

£m	2020			2019			Change %		
	B2C	B2B	Total	B2C	B2B	Total	B2C	B2B	Total
CFD and spread bet net trading revenue	186.8	27.7	214.5	89.3	20.9	110.2	109%	32%	95%
Stockbroking net trading revenue	5.8	26.0	31.8	4.1	11.4	15.5	42%	129%	106%
Net trading revenue	**192.6**	**53.7**	**246.3**	**93.4**	**32.3**	**125.7**	**106%**	**66%**	**96%**

The improved performance of the Group was reflected within both our B2C and B2B businesses, with year-on-year increases in net trading revenue of 106% and 66% respectively. Within stockbroking, B2B net trading revenue increased by 129% mainly due to 2020 having a full year of revenues for the ANZ Bank white label partnership, but also supported by significant growth in the underlying business.

Regional performance overview: CFD and spread bet

	2020				2019				Change %			
	Net trading revenue £m	Gross client income £m[1]	Active Clients	RPC £	Net trading revenue £m	Gross client income £m[1]	Active Clients	RPC £	Net trading revenue	Gross client income[1]	Active Clients	RPC
UK	67.1	86.4	13,883	4,835	47.3	83.3	13,181	3,597	42%	4%	5%	34%
Europe	43.5	43.6	18,347	2,370	27.1	43.2	19,159	1,413	61%	1%	(4%)	68%
ESMA region	**110.6**	**130.0**	**32,230**	**3,432**	**74.4**	**126.5**	**32,340**	**2,300**	**49%**	**3%**	**—**	**49%**
APAC & Canada	103.9	110.6	24,972	4,160	35.8	89.6	20,968	1,705	191%	23%	19%	144%
Total	**214.5**	**240.6**	**57,202**	**3,750**	**110.2**	**216.1**	**53,308**	**2,068**	**95%**	**11%**	**7%**	**81%**

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

ESMA Region

The ESMA region consists of two of our market segments, the UK and Europe. It was impacted by regulatory changes which were implemented on 1 August 2018, placing leverage restrictions on retail clients. Encouragingly, despite the 2019 comparative including four months of pre-ESMA client activity, gross client income grew by £3.5 million (3%) and RPC increased by £1,132 (49%).

UK

The number of active clients in the region increased by 5% to 13,883 (2019: 13,181). Gross client income grew a commensurate amount, up 4% against the prior year to £86.4 million (2019: £83.3 million). The increases were predominantly driven by the retail business, despite 2019 having four months of pre-ESMA client activity.

Europe

Europe comprises offices in Austria, Germany, Norway, Poland and Spain. Gross client income increased 1% to £43.6 million (2019: £43.2 million) driven by strong growth in the Germany and Austria offices. RPC also grew significantly by 68% to £2,370 (2019: £1,413) with the region benefiting from the improved performance in client income retention. The number of active clients decreased 4% to 18,347 (2019: 19,159) due to the prior year comparative benefitting from four months before the introduction of ESMA measures.

APAC & Canada

Our APAC & Canada business services clients from our Sydney, Auckland, Singapore, Toronto and Shanghai offices along with other regions where we have no physical presence. Gross client income increased by 23% to £110.6 million (2019: £89.6 million), primarily driven by increased client activity in the second half in line with market conditions. Active clients were up 19% to 24,972 (2019: 20,968), with strong increases across the region. Despite the increase in active clients, the APAC & Canada region saw the greatest year-on-year increase in RPC, up 144% to £4,160 (2019: £1,705).

Stockbroking

The Australian stockbroking business has grown significantly during the year, building on the successful implementation of the ANZ Bank white label partnership at the end of H1 2019. Revenue increased 106% to £31.8 million (2019: £15.5 million) driven by a combination of product launches, heightened market activity in Q4 2020 and a full year of revenues for the ANZ Bank partnership. Core business revenue was up 40% on prior year predominantly driven by volatility events in Q4 2020.

Interest income

The low interest rate environment remained largely the same as the prior year, with interest income decreasing slightly, down 3% to £3.3 million (2019: £3.4 million). The majority of the Group's interest income is earned through our segregated client deposits in our UK, Australia, New Zealand and stockbroking subsidiaries.

Expenses

Total operating expenses increased by £28.2 million (23%) to £151.3 million.

£m	2020	2019	Change %
Net staff costs – fixed (excluding variable remuneration)	53.8	49.1	(10%)
IT costs	21.5	20.0	(7%)
Marketing costs	14.9	14.1	(6%)
Sales-related costs	3.2	2.2	(44%)
Premises costs	3.1	7.3	58%
Legal and professional fees	5.2	4.6	(12%)
Regulatory fees	5.2	2.9	(76%)
Depreciation and amortisation	11.0	7.3	(50%)
Irrecoverable sales tax	5.1	5.2	3%
Other	14.3	7.8	(89%)
Operating expenses excluding variable remuneration	**137.3**	**120.5**	**(14%)**
Variable remuneration	14.0	2.6	(439%)
Operating expenses including variable remuneration	**151.3**	**123.1**	**(23%)**
Interest	2.0	1.4	(42%)
Total costs	**153.3**	**124.5**	**(23%)**

Net staff costs

Net staff costs including variable remuneration increased £16.1 million (31%) to £67.8 million due to higher performance-related pay and share-based payments, in addition to costs of restructuring the business during the first half of the year, reinvestment in technology personnel to accelerate delivery of the Group's strategy in Q4 2020, and lower capitalisation of development costs in the current year. Variable remuneration, whilst significantly higher year on year, is in line with comparable prior year awards.

£m	2020	2019	Change %
Wages and salaries	51.7	46.5	(11%)
Performance related pay	11.7	1.8	(555%)
Share-based payments	2.3	0.8	(186%)
Total employee costs	**65.7**	**49.1**	**(34%)**
Contract staff costs	3.1	5.1	39%
Net capitalisation	(1.0)	(2.5)	(61%)
Net staff costs	**67.8**	**51.7**	**(31%)**

Marketing costs

Marketing costs have increased by £0.8 million (6%) to £14.9 million as the Group looked to capitalise on market opportunities as they arose throughout the year, whilst ensuring that spend was targeted through the most efficient channels. The success of this targeted approach is borne out within the increases in both active clients and revenue per active client.

Other expenses

IT costs increased £1.5 million (7%) to £21.5 million, with increases due to the annualisation of costs in the enlarged stockbroking business, higher software maintenance charges, and higher market data costs, particularly during Q4 2020 as a result of increased client activity.

Premises costs reduced due to a change in accounting standards, resulting in the rental costs of leases in excess of one year being re-categorised from premises costs to depreciation and interest charges.

Other costs increased due to a number of factors, with the main drivers being volume driven increases in both bank charges as a result of higher client payment volumes, and bad debt charges.

Taxation

The effective tax rate for the year was 12% (2019: 7%). The ongoing low rate resulted from the recognition of additional Australian tax credits in the year due to higher forecast profitability of the Australian entities. It is anticipated that the Group's effective tax rate will rise to in excess of the UK rate of corporation tax in 2021.

Profit after tax for the year

The increase in profit after tax for the year of £81.0 million (1,379%) was due to higher net operating income and the operational gearing in the business.

Dividend

Dividends of £10.2 million were paid during the year (2019: £21.1 million), with £2.0 million relating to a final dividend for the prior year paid in August 2019, and an £8.2 million interim dividend paid in December 2019 relating to current year performance. The Group has proposed a final ordinary dividend of 12.18 pence per share (2019: 0.68 pence per share).

Group statement of financial position

£m	2020	2019
Intangible assets	4.6	5.0
Property, plant and equipment	28.1	18.1
Deferred tax assets	16.5	11.6
Financial investments	-	11.3
Trade and other receivables	2.3	2.7
Total non-current assets	**51.5**	**48.7**
Trade and other receivables	186.3	118.0
Derivative financial instruments	5.4	2.9
Financial investments	25.4	10.7
Current tax recoverable	0.8	3.4
Amount due from brokers	134.3	88.1
Cash and cash equivalents	84.3	48.7
Total current assets	**436.5**	**271.8**
Total assets	**488.0**	**320.5**
Trade and other payables	177.2	100.6
Derivative financial instruments	2.3	4.3
Borrowings	0.9	1.1
Lease liabilities	4.7	-
Short-term provisions	0.5	0.2
Total current liabilities	**185.6**	**106.2**
Trade and other payables	-	4.8
Borrowings	0.8	1.2
Lease liabilities	14.6	-
Deferred tax liabilities	2.2	1.2
Long-term provisions	1.9	2.0
Total non-current liabilities	**19.5**	**9.2**
Total liabilities	**205.1**	**115.4**
Total equity	**282.9**	**205.1**
Total equity and liabilities	**488.0**	**320.5**

Non-current assets

The Group is committed to maintaining its Next Generation trading platform and these costs are expensed as incurred. The decrease in intangible assets was a result of amortisation during the year, offset by £1.0 million of internal development costs in developing new functionality of the Next Generation and stockbroking platforms that were capitalised during the year.

Property, plant and equipment increased during the year due to the recognition of right-of-use assets under the newly adopted accounting standard IFRS 16 “Leases”, which was applicable to the Group from 1 April 2019.

Deferred tax assets increased during the year due to the recognition of a higher amount of tax losses on the balance sheet relating to Australian tax credits.

Financial investments both in non-current and current assets mainly relate to the Financial Conduct Authority ("FCA") requirement to hold eligible assets in order to meet the Group's liquid asset buffer ("LAB"). The decrease in non-current financial investments and increase in current financial investments is due to a change in the maturity profile of Gilts held by the Group. Non-current trade and other receivables largely relate to property deposits held by landlords.

Current assets

Trade and other receivables largely relate to client receivables from stockbroking positions yet to settle, an escrow deposit, prepayments and other client debtors. The increase year on year is primarily as a result of the increased market volatility in Q4, which significantly increased the value of the stockbroking receivables yet to settle at the year end.

Amounts due from brokers relate to cash held at brokers either for initial margin or balances in excess of this for cash management purposes.

Cash and cash equivalents have increased significantly during the year as a result of the Group's operating performance.

Current liabilities

Trade and other payables consist mainly of accruals and deferred income, amounts due on stockbroking trades yet to settle and amounts due to clients in relation to title transfer funds.

Non-current liabilities

The lease liabilities balance is due to the recognition of future lease obligations due to the adoption of IFRS 16 "Leases" within non-current liabilities.

Borrowings relate to lease agreements associated with IT equipment purchases.

Regulatory capital resources

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

The Group's total capital resources increased to £236.7 million (2019: £192.6 million) with retained earnings for the year being partly offset by the interim and proposed final dividend distribution and an increase in deferred tax assets.

At 31 March 2020 the Group had a total capital ratio of 23.3% (2019: 17.4%). The increase in the total capital ratio resulted from a lower total risk exposure; this was driven mainly by a decrease in market risk capital requirement and an increase in total capital resources. The following table summarises the Group's capital adequacy position at the year end. The Group's approach to capital management is described in note 29 to the Financial Statements.

	2020	2019
Total capital resources (£m)[1]	236.7	192.6
Total risk exposure (£m)[2]	1,017.9	1,108.9
Total capital ratio (%)	**23.3%**	**17.4%**

[1]Total audited capital resources as at the end of the financial period, less proposed dividends, intangibles and deferred tax assets.
[2]Calculated in accordance with article 92(3) of the CRR.

On 16 April 2019, the European Parliament adopted a regulation called the Investment Firms Regulation and Directive ("IFR/IFD"), that will become directly applicable in Member States on 26 June 2021. This framework will alter the licensing basis, capital and remuneration requirements and governance and transparency provisions for a wide range of non-bank financial institutions. These rules are currently expected to be implemented in the UK post-Brexit.

The Group's expectation, at this stage, is that the Group and its subsidiaries will fall into scope of the IFR/IFD regime, which will ultimately end the firm's requirement to comply with the existing and incoming CRD/CRR rules in favour of the new regime.

Liquidity

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

- **Own funds** The primary source of liquidity for the Group. It represents the funds that the business has generated historically, including any unrealised gains/losses on open hedging positions. All cash held on behalf of segregated clients is excluded. Own funds consist mainly of cash and cash equivalents. They also include investments in UK government securities, of which the majority are held to meet the Group's LAB as set by the FCA. These UK government securities are FCA Prudential sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") 12.7 eligible securities and are available to meet liabilities which fall due in periods of stress.
- **Title transfer funds ("TTFs")** This represents funds received from professional clients and eligible counterparties (as defined in the FCA Handbook) that are held under a title transfer collateral agreement ("TTCA"), a means by which a professional client or eligible counterparty may agree that full ownership of such funds is unconditionally transferred to the Group. The Group does not require clients to sign a TTCA in order to be treated as a professional client and as a result their funds remain segregated. The Group considers these funds as an ancillary source of liquidity and places no reliance on them for its stability.
- **Available committed facility (off-balance sheet liquidity)** The Group has access to a facility of up to £40.0 million (2019: £40.0 million) in order to fund any potential fluctuations in margins required to be posted at brokers to support the risk management strategy. The facility consists of a one-year term facility of £20.0 million (2019: £20.0 million) and a three-year term facility of £20.0 million (2019: £20.0 million). The maximum amount of the facility available at any one time is dependent upon the initial margin requirements at brokers and margin received from clients. There was no drawdown on the facility at 31 March 2020 (2019: £nil).

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

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

At 31 March 2020, the Group held cash balances of £84.3 million (2019: £48.7 million). In addition, £339.8 million (2019: £332.4 million) was held in segregated client money accounts for clients. The movement in Group cash and cash equivalents is set out in the Consolidated Statement of Cash Flows.

Own funds have increased to £238.3 million (2019: £149.8 million). Own funds include short-term financial investments, amounts due from brokers and amounts receivable/payable on the Group's derivative financial instruments. For more details refer to note 28 of the Financial Statements.

The increase is predominantly due to own funds generated from operating activities.

£m	2020	2019
Own funds	238.3	149.8
Title transfer funds	8.7	7.6
Available committed facility	21.3	40.0
Total available liquidity	**268.3**	**197.4**
Less: blocked cash	(40.2)	(25.8)
Less: initial margin requirement at broker	(39.0)	(68.3)
Net available liquidity	**189.1**	**103.3**
Of which: held as LAB	25.4	22.0

Client money

Total segregated client money held by the Group was £339.8 million at 31 March 2020 (2019: £332.4 million).

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

Client money governance

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

The Group has comprehensive client money processes and procedures in place to ensure client money is identified and protected at the earliest possible point after receipt as well as governance structures which ensure such activities are effective in protecting client money. The Group's governance structure is explained further on pages 57 to 59 of the 2020 Annual Report and Financial Statements.

Euan Marshall
Chief Financial Officer
10 June 2020

PRINCIPAL RISKS

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

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

The Board has put in place a governance structure which is appropriate for the operations of an online retail financial services group and is aligned to the delivery of the Group's strategic objectives. The structure is regularly reviewed and monitored and any changes are subject to Board approval. Furthermore, management regularly considers updates to the processes and procedures to embed good corporate governance throughout CMC Markets. As part of the Group Risk Management Framework, the business is subject to independent assurance by internal audit (third line of defence). The use of independent compliance monitoring, risk reviews (second line of defence) and risk and control self-assessments (first line of defence) provides additional support to the integrated assurance programme and ensures that the Group is effectively identifying, managing and reporting its risks. The Group continues to make enhancements to its Risk Management Framework and governance to provide a more structured approach to identifying and managing the risks to which it is exposed. The Board has undertaken a robust assessment of the principal risks facing the Group. Top and emerging risks are considered those that would threaten its business model, future performance, solvency or liquidity. These are outlined below and details of financial risks and their management are set out in note 29 to the Financial Statements.

Top and emerging risks during the year, which form either a subset of one or multiple principal risks and continue to be at the forefront of the Group discussions, are:

- COVID-19: The emergence, rapid spread and unknown ongoing impact of COVID-19 poses a significant, multi-faceted risk to the Group. Given that the business is predominantly online in nature and client trading activity has been heightened as a result of the outbreak, the business is unlikely to suffer deteriorating revenue performance unless financial exchanges close globally for a sustained period of time. However, market and counterparty credit risk resulting from the increased trading activity is actively monitored. From an operational risk perspective, the Group has put significant measures in place aimed at mitigating specific risks relating to its people and operational activities and continues to actively monitor the situation and closely follow governmental advice.
- Market risk management: the Group's risk management is constantly reviewed to ensure it is optimised and as efficient as possible.
- Regulatory change: The Australian regulator, ASIC, set out proposals for regulatory intervention in the market for binary options and CFDs in August 2019. These proposals are broadly similar to those implemented by ESMA in 2018. The key changes proposed as part of the product intervention consultation include:
  - prohibition of the issue and distribution of OTC binary options to retail clients;
  - implementation of CFD leverage ratio limits;
  - protection against negative balances;
  - standardised approach to the automatic close-out of retail client positions;
  - prohibition on firms offering monetary and non-monetary benefits to retail investors; and
  - enhanced transparency of CFD pricing, execution, costs and risks.

  The implementation dates are unknown, but current indications are that the measures will not have a material impact in the coming financial year. The Group continues to believe that in the medium to long term these changes present opportunities for the Group and the Group's strong balance sheet and increasing diversification put it in a strong position to deal with, and take advantage of, these changes.

- The UK's exit from the European Union ("Brexit"): the impact that Brexit has on the Group is closely monitored. A new subsidiary has been set up in Germany which mitigates the impact on client acquisition and revenue generation arising from the potential that the UK could lose its MiFID II passport rights as a result of Brexit. The new subsidiary commenced onboarding German resident clients from December 2019.

Further information on the structure and workings of Board and Management Committees is included in the Corporate Governance report on page 57 to 59 of the 2020 Annual Report and Financial Statements.

Principal Risk	Risk	Description	Management and mitigation
Business and strategic risks	**Acquisitions and disposals risk**	The risk that mergers, acquisitions, disposals or other partnership arrangements made by the Group do not achieve the stated strategic objectives or that they give rise to ongoing or previously unidentified liabilities.	• Robust corporate governance structure including strong challenge from independent Non-Executive Directors. • Vigorous and independent due diligence process. • Align and manage the businesses to Group strategy as soon as possible after acquisition.
	Strategic / business model risk	The risk of an adverse impact resulting from the Group's strategic decision making as well as failure to exploit strengths or take opportunities. It is a risk which may cause damage or loss, financial or otherwise, to the Group as a whole.	• Strong governance framework established including three independent Non-Executive Directors and the Chairman sitting on the Board. • Robust governance, challenge and oversight from independent Non-Executive Directors. • Managing the Group in line with the agreed strategy, policies and risk appetite.
	Preparedness for regulatory change risk	The risk that changes to the regulatory framework the Group operates in impacts the Group's performance. Such changes could result in the Group's product offering becoming less profitable, more difficult to offer to clients, or an outright ban on the product offering in one or more of the countries where the Group operates.	• Active dialogue with regulators and industry bodies. • Monitoring of market and regulator sentiment towards the product offering. • Monitoring by and advice from compliance department on impact of actual and possible regulatory change. • A business model and proprietary technology that is responsive to changes in regulatory requirements.
	Reputational risk	The risk of damage to the Group's brand or standing with shareholders, regulators, existing and potential clients, the industry and the public at large.	• The Group is conservative in its approach to reputational risk and operates robust controls to ensure significant risks to its brand and standing are appropriately mitigated. • Examples include: - proactive engagement with the Group's regulators and active participation with trade and industry bodies; and positive development of media relations with strictly controlled media contact; and - systems and controls to ensure we continue to offer a good service to clients and quick and effective response to address any potential issues.

Principal Risk	Risk	Description	Management and mitigation
Financial risks	**Credit and counterparty risk**	The risk of losses arising from a counterparty failing to meet its obligations as they fall due.	**Client counterparty risk** The Group's management of client counterparty risk is significantly aided by the automated liquidation functionality. This is where the client positions are reduced should the total equity of the account fall below a predefined percentage of the required margin for the portfolio held. Other platform functionality mitigates risk further: • tiered margin requires clients to hold more collateral against bigger or higher risk positions; • mobile phone access allowing clients to manage their portfolios on the move; • guaranteed stop loss orders allow clients to remove their chance of debt from their position(s); and • position limits can be implemented on an instrument and client level. The Instrument level enables the Group to control the total exposure the Group takes on in a single instrument. At a client level this ensures that the client can only reach a pre-defined size in any one instrument. In Europe CMC offers negative balance protection to retail clients limiting the liability of a retail investor to the funds held in their trading account. However, after mitigations, there is a residual risk that the Group could incur losses relating to clients (excluding negative balance protection accounts) moving into debit balances if there is a market gap. **Credit institution credit risk** Risk management is carried out by a central Liquidity Risk Management ("LRM") team under the Counterparty Concentration Risk Policy. Mitigation is achieved by: • monitoring concentration levels to counterparties and reporting these internally/externally on a monthly/quarterly basis; and • monitoring the credit ratings and credit default swap ("CDS") spreads of counterparties and reporting internally on a weekly basis.
	Insurance risk	The risk that an insurance claim by the Group is declined (in full or in part) or there is insufficient insurance coverage.	• Use of a reputable insurance broker who ensures cover is placed with financially secure insurers. • Comprehensive levels of cover maintained. • Rigorous claim management procedures are in place with the broker. The Board's appetite for uninsured risk is low and as a result the Group has put in place established comprehensive levels of insurance cover.
	Tax and financial reporting risk	The risk that financial, statutory or regulatory reports including VAT and similar taxes are submitted late, incomplete or are inaccurate.	• Robust process of checking and oversight in place to ensure accuracy. • Knowledgeable and experienced staff undertake and overview the relevant processes.

Principal Risk	Risk	Description	Management and mitigation
	Liquidity risk	The risk that there is insufficient available liquidity to meet the liabilities of the Group as they fall due.	• Risk management is carried out by a central LRM team under policies approved by the Board and in line with the FCA's Individual Liquidity Adequacy Standards ("ILAS") regime. The Group utilises a combination of liquidity forecasting and stress testing to identify any potential liquidity risks under both normal and stressed conditions. The forecasting and stress testing fully incorporates the impact of all liquidity regulations in force in each jurisdiction that the Group operates in and any other impediments to the free movement of liquidity around the Group. Risk is mitigated by: • the provision of timely daily, weekly and monthly liquidity reporting and real-time broker margin requirements to enable strong management and control of liquidity resources; • maintaining regulatory and Board-approved buffers; • managing liquidity to a series of Board-approved metrics and Key Risk Indicators; • a committed bank facility of up to £40 million to meet short-term liquidity obligations to broker counterparties in the event that the Group does not have sufficient access to its own cash; and • a formal Contingency Funding Plan ("CFP") is in place that is designed to aid senior management to assess and prioritise actions in a liquidity stress scenario. For further information see note 29 to the 2020 Annual Report and Financial Statements.
	Market risk	The risk that the value of our residual portfolio will decrease due to changes in market risk factors. The three standard market risk factors are price moves, interest rates and foreign exchange rates.	• Trading risk management monitors and manages the exposures it inherits from clients on a real-time basis and in accordance with Board-approved appetite. • The Group predominantly acts as a market maker in linear, highly liquid financial instruments in which it can easily reduce market risk exposure through its prime broker ("PB") arrangements. This significantly reduces the Group's revenue sensitivity to individual asset classes and instruments. • The Financial risk management team runs stress scenarios on the residual portfolio, comprising a number of single and combined company-specific and market-wide events in order to assess potential financial and capital adequacy impacts to ensure the Group can withstand severe moves in the risk drivers it is exposed to. For further information see note 29 to the 2020 Annual Report and Financial Statements.
Operational risks	**Business change risk**	The risk that business change projects are ineffective, fail to deliver stated objectives, or result in resources being stretched to the detriment of business-as-usual activities.	• Governance process in place for all business change programmes with Executive and Board oversight and scrutiny. • Key users engaged in development and testing of all key change programmes. • Significant post-implementation support, monitoring and review procedures in place for all change programmes. • Strategic benefits and delivery of change agenda communicated to employees.

Principal Risk	Risk	Description	Management and mitigation
	Business continuity and disaster recovery risk	The risk that a business continuity event or system failure results in a reduced ability or inability to perform core business activities or processes.	• Multiple data centres and systems to ensure core business activities and processes are resilient to individual failures. • Dedicated alternate office sites for Tier 1 offices. Remote access systems to enable staff to work from home or other locations in the event of a disaster recovery or business continuity requirement. • Periodic testing of business continuity processes and disaster recovery. • Robust incident management processes and policies to ensure prompt response to significant systems failures or interruptions.
	Financial crime risk	The risk that the Group is not committed to combatting financial crime and ensuring that our platform and products are not used for the purpose of money laundering, sanctions evasion or terrorism financing.	Adherence with applicable laws and regulations regarding Anti-Money Laundering (AML), Counter Terrorism Financing (CTF), Sanctions and Anti-Bribery & Corruption is mandatory and fundamental to our AML/CTF framework. We have strict and transparent standards and we continuously strengthen our processes to ensure compliance with applicable laws and regulations. CMC Markets reserves the right to reject any client, payment, or business that is not consistent with our Risk Appetite. • Establishing and maintaining a risk based approach towards assessing and managing the money laundering and terrorist financing risks to the Group. • Establishing and maintaining risk- based know your customer ("KYC") procedures, including enhanced due diligence ("EDD") for those customers presenting higher risk, such as politically exposed persons ("PEPs"). • Establishing and maintaining risk based systems for surveillance and procedures to monitor ongoing customer activity. • Procedures for reporting suspicious activity internally and to the relevant law enforcement authorities or regulators as appropriate. • Maintenance of appropriate records for the minimum prescribed record keeping periods. • Training and awareness for all employees. • Provision of appropriate MI and reporting to senior management of the Group's compliance with the requirements. • Oversight of Group entities for financial crime in line with the Group AML/CTF Oversight Framework.
	Information and data security risk	The risk of unauthorised access to or external disclosure of client or Company information, including those caused by cyber attacks.	• Dedicated information security and data protection expertise within the Group. • Technical and procedural controls implemented to minimise the occurrence or impact of information security and data protection breaches. • Access to information and systems only provided on a need-to-know and least privilege basis consistent with the user's role and also requires the appropriate authorisation.

Principal Risk	Risk	Description	Management and mitigation
	Information technology and infrastructure risk	The risk of loss of technology services due to loss of data, system or data centre or failure of a third party to restore services in a timely manner.	• Continuous investment in increased functionality, capacity and responsiveness of systems and infrastructure, including investment in software that monitors and assists in the detection and prevention of cyber attacks. • Software design methodologies, project management and testing regimes to minimise implementation and operational risks. • Constant monitoring of systems performance and, in the event of any operational issues, changes to processes are implemented to mitigate future concerns. • Operation of resilient data centres to support each platform (two in the UK to support Next Generation and two in Australia to support Stockbroking). • Systems and data centres designed for high availability and data integrity enabling continuous service to clients in the event of individual component failure or larger system failures. • Dedicated Support and Infrastructure teams to manage key production systems. Segregation of duties between Development and Production Support teams where possible to limit development access to production systems.
	Legal (commercial / litigation) risks	The risk that disputes deteriorate into litigation.	• Compliance with legal and regulatory requirements including relevant codes of practice. • Early engagement with legal advisers and other risk managers. • Appropriately managed complaints which have a legal/litigious aspect. • An early assessment of the impact and implementation of changes in the law.
	Operations (processing) risks	The risk that the design or execution of business processes is inadequate or fails to deliver an expected level of service and protection to client or Company assets.	• Investment in system development and upgrades to improve process automation. • Enhanced staff training and oversight in key business processing areas. • Monitoring and robust analysis of errors and losses and underlying causes.
	Procurement and outsourcing risks	The risk that third party organisations inadequately perform, or failing to provide or perform the outsourced activities or contractual obligations to the standards required by the Group.	• Responsibility for procurement, vendor management and general outsourcing owned by the Chief Financial Officer and Director of Operations under the Senior Manager and Certification Regime, with the accountability to ensure compliance to the Group procurement process and completion of key activities, based on the risk profile of the service required by the organisation. • Outsourcing only employed where there is a strategic gain in resource or experience, which is not available in house. • Due diligence performed on service supplier ahead of outsourcing being agreed. • Service level agreements in place and regular monitoring of performance undertaken.

Principal Risk	Risk	Description	Management and mitigation
	People risk	The risk of loss of key staff having insufficient skilled and motivated resources available or failing to operate people related processes to an appropriate standard.	• The Board has directed that the Group maintains active People, Succession and Resource Plans for the Group and all key individuals and teams, which will mitigate some of the risk of loss of key persons. It will adopt policies and strategies commensurate with its objectives of: - attracting and nurturing the best staff; - retaining and motivating key individuals; - managing employee related risks; - achieving a high level of employee engagement; - developing personnel capabilities; - Optimising continuous professional development; and - Achieving a reputation as a good employer with an equitable remuneration policy.
	Regulatory and compliance risk	The risk of regulatory sanction or legal proceedings as a result of failure to comply with regulatory, statutory or fiduciary requirements or as a result of a defective transaction.	• Internal audit outsourced to an independent third-party professional services firm. • Effective compliance oversight and advisory/technical guidance provided to the business. • Comprehensive monitoring and surveillance programmes, policies and procedures designed by compliance. • Strong regulatory relations and regulatory horizon scanning, planning and implementation. • Controls for appointment and approval of staff holding a senior management or certified function and annual declarations to establish ongoing fitness and propriety. • Governance and reporting of regulatory risks through the Risk Management Committee, Group Audit Committee and Group Risk Committee. • Robust anti-money laundering controls, client due diligence and sanctions checking.
	Conduct risk	The risk that, through our culture, behaviours or practices we fail to meet the reasonable expectations of our customers, shareholders or regulators.	The Treating Customers Fairly ("TCF") and Conduct Committee reports into the Risk Management Committee ("RMC"). The Committee is chaired by the TCF Champion', a member of the distribution team. The Committee is comprised of senior management and subject matter experts and meets regularly to review the TCF MI and any emerging issues or incidents which could impact on issues of client fairness. It also reports to the Board via the RMC on TCF matters and reviews and recommends approval of the TCF Policy.
	Client money segregation risk	The risk that the firm fails to implement adequate controls and processes to ensure that client money is segregated in accordance with applicable regulations.	• The Client Money Review Group ("CMRG"), which reports into the RMC, is a fundamental part of the Group's client money governance and oversight procedures. The CMRG is chaired by the Director of Operations, an FCA-approved person, who is responsible for overseeing the controls and procedures in place to protect client money. The Committee is comprised of senior management from across the Group who oversee functions which impact client money. The CMRG forms a key part of the oversight of client money in addition to compliance, internal audit and PricewaterhouseCoopers LLP as external auditors.

DIRECTORS' STATEMENT PURSUANT TO THE FCA'S DISCLOSURE AND TRANSPARENCY RULES

The directors are required by the Disclosure and Transparency Rules to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The directors listed below (being all the directors of CMC Markets plc) confirm to the best of their knowledge that:

- the Group Financial Statements contained in the 2020 Annual Report and Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Group; and
- the Strategic Report contained in the 2020 Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face; and
- the 2020 Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

The Directors' statement was approved by the Board of Directors on 10 June 2020 and signed on its behalf by:

Peter Cruddas
Chief Executive Officer

Euan Marshall
Chief Financial Officer

CMC Markets plc Board of Directors

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

Non-Executive Directors
James Richards (Chairman)
Paul Wainscott (Senior Independent Director)
Sarah Ing
Clare Salmon

Consolidated income statement
For the year ended 31 March 2020

£'000	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue		**294,727**	**162,569**
Interest income		3,345	3,444
Total revenue	3	**298,072**	**166,013**
Introducing partner commissions and betting levies		(46,067)	(35,184)
Net operating income	2	**252,005**	**130,829**
Operating expenses	4	(151,267)	(123,058)
Operating profit		**100,738**	**7,771**
Finance costs		(2,052)	(1,442)
Profit before taxation		**98,686**	**6,329**
Taxation	5	(11,749)	(451)
Profit for the year attributable to owners of the parent		**86,937**	**5,878**

Earnings per share

Basic earnings per share (p)	**6**	**30.1p**	**2.0p**
Diluted earnings per share (p)	6	29.9p	2.0p

Consolidated statement of comprehensive income

For the year ended 31 March 2020

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Profit for the year	**86,937**	**5,878**
Other comprehensive (expense) / income:		
Items that may be subsequently reclassified to income statement		
Gain / (loss) on net investment hedges net of tax	1,817	(499)
Currency translation differences	(3,828)	38
Changes in the fair value of debt instruments at fair value through other comprehensive income	4	84
Other comprehensive expense for the year	**(2,007)**	**(377)**
Total comprehensive income for the year attributable to owners of the parent	**84,930**	**5,501**

Consolidated statement of financial position

At 31 March 2020

Company registration number: 05145017

£'000	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Intangible assets	8	4,588	4,961
Property, plant and equipment	9	28,138	18,105
Deferred tax assets		16,530	11,649
Financial investments	11	—	11,332
Trade and other receivables	10	2,269	2,693
Total non-current assets		**51,525**	**48,740**
Current assets			
Trade and other receivables	10	186,263	117,991
Derivative financial instruments		5,353	2,885
Current tax recoverable		848	3,384
Financial investments	11	25,445	10,747
Amounts due from brokers		134,276	88,035
Cash and cash equivalents	12	84,307	48,729
Total current assets		**436,492**	**271,771**
TOTAL ASSETS		**488,017**	**320,511**
LIABILITIES			
Current liabilities			
Trade and other payables	13	177,185	100,572
Derivative financial instruments		2,369	4,303
Borrowings		880	1,088
Lease liabilities	14	4,686	—
Short term provisions		548	246
Total current liabilities		**185,668**	**106,209**
Non-current liabilities			
Trade and other payables	13	—	4,810
Borrowings		751	1,247
Lease liabilities	14	14,587	—
Deferred tax liabilities		2,206	1,155
Long term provisions		1,926	2,010
Total non-current liabilities		**19,470**	**9,222**
TOTAL LIABILITIES		**205,138**	**115,431**
EQUITY			
Share capital		72,899	72,892
Share premium		46,236	46,236
Own shares held in trust		(433)	(604)
Other reserves		(51,836)	(49,829)
Retained earnings		216,013	136,385
Total equity		**282,879**	**205,080**
TOTAL EQUITY AND LIABILITIES		**488,017**	**320,511**

Consolidated statement of changes in equity
For the year ended 31 March 2020

£'000	Share capital	Share premium	Own shares held in trust	Other reserves	Retained earnings	Total Equity
At 1 April 2018	**72,872**	**46,236**	**(567)**	**(49,452)**	**150,941**	**220,030**
New shares issued	20	—	—	—	—	20
Profit for the year	—	—	—	—	5,878	5,878
Other comprehensive expense for the year	—	—	—	(377)	—	(377)
Acquisition of own shares held in trust	—	—	(130)	—	—	(130)
Utilisation of own shares held in trust	—	—	93	—	—	93
Share-based payments	—	—	—	—	715	715
Tax on share-based payments	—	—	—	—	(57)	(57)
Dividends	—	—	—	—	(21,092)	(21,092)
At 31 March 2019	**72,892**	**46,236**	**(604)**	**(49,829)**	**136,385**	**205,080**
Change in accounting policy	—	—	—	—	621	621
Adjusted at 1 April 2019	**72,892**	**46,236**	**(604)**	**(49,829)**	**137,006**	**205,701**
New shares issued	7	—	—	—	—	7
Profit for the year	—	—	—	—	86,937	86,937
Other comprehensive expense for the year	—	—	—	(2,007)	—	(2,007)
Acquisition of own shares held in trust	—	—	(32)	—	—	(32)
Utilisation of own shares held in trust	—	—	203	—	—	203
Share-based payments	—	—	—	—	2,130	2,130
Tax on share-based payments	—	—	—	—	141	141
Dividends	—	—	—	—	(10,201)	(10,201)
At 31 March 2020	**72,899**	**46,236**	**(433)**	**(51,836)**	**216,013**	**282,879**

Consolidated statement of cash flows

For the year ended 31 March 2020

£'000	Note	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
Cash generated from operations	15	74,393	24,036
Interest income		3,178	3,444
Tax paid		(13,079)	(7,590)
Net cash generated from operating activities		**64,492**	**19,890**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,645)	(3,804)
Investment in intangible assets		(1,628)	(2,907)
Purchase of financial investments		(14,446)	(11,353)
Proceeds from maturity of financial investments and coupon receipts		11,245	10,613
Inflow / (outflow) on net investment hedges		1,084	(341)
Net cash used in investing activities		**(6,390)**	**(7,792)**
Cash flows from financing activities			
Repayment of borrowings		(11,494)	(109,946)
Proceeds from borrowings		10,175	109,500
Principal elements of lease payments (year ended 31 March 2019: Principal elements of finance lease payments)		(5,746)	(839)
Acquisition of own shares		(25)	(110)
Dividends paid		(10,201)	(21,092)
Finance costs		(2,052)	(1,442)
Net cash used in financing activities		**(19,343)**	**(23,929)**
Net increase / (decrease) in cash and cash equivalents		**38,759**	**(11,831)**
Cash and cash equivalents at the beginning of the year		48,729	60,468
Effect of foreign exchange rate changes		(3,181)	92
Cash and cash equivalents at the end of the year		**84,307**	**48,729**

1. Basis of preparation

Basis of accounting

The financial information set out herein does not constitute the Group's statutory accounts for the years ended 31 March 2020 and 2019, but is derived from those financial statements. The Annual Report and Financial Statements for the year ended 31 March 2019 have been delivered to the Registrar of Companies and those for the year ended 31 March 2020 will be delivered following the Company's Annual General Meeting to be held on 30 July 2020. The external auditor has reported on those financial statements; its reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

While the financial information included in this announcement has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRSs"), IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs.

The Financial Statements have been prepared in accordance with the going concern basis, under the historical cost convention, except in the case of "Financial instruments at fair value through profit or loss ("FVPL")" and "Financial instruments at fair value through other comprehensive income ("FVOCI")".The financial information is rounded to the nearest thousand, except where otherwise indicated.

The Group's principal accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, with the exception of the adoption of IFRS 16 "Leases" on 1 April 2020. All other policies have been consistently applied to all years presented. The financial statements presented are at and for the years ending 31 March 2020 and 31 March 2019. Financial annual years are referred to as 2020, and 2019 in the financial statements.

Significant accounting judgements

The preparation of Financial Statements in conformity with IFRSs requires the use of certain significant accounting judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The only area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the Financial Statements, is:

Deferred taxes

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Segmental reporting

The Group's principal business is online retail financial services including stockbroking and providing its clients with the ability to trade contracts for difference ("CFD") and financial spread betting on a range of underlying shares, indices, foreign currencies, commodities and treasuries. The Group also makes these services available to institutional partners through white label and introducing broker arrangements. The Group's CFDs are traded worldwide, whereas the financial spread betting products are only available to trade in the UK and Ireland and the Group provides stockbroking services only in Australia. The Group's business is generally managed on a geographical basis and, for management purposes, the Group is organised into four segments:

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

Stockbroking was previously reported within the APAC & Canada segment, however is now presented as an individual segment due to the growing significance of the business to the Group's performance. These segments are in line with the management information received by the chief operating decision maker ("CODM").

Revenues and costs are allocated to the segments that originated the transaction. Costs generated centrally are allocated to segments on an equitable basis, mainly based on revenue, headcount or active client levels, or where central costs are directly attributed to specific segments.

Year ended 31 March 2020	CFD and Spread bet			Stockbroking		
£'000	UK & IE	Europe	APAC & Canada	Australia	Central	Total
Segment revenue net of introducing partner commissions and betting levies	68,577	43,665	104,602	31,816	—	248,660
Interest income	1,631	2	1,499	213	—	3,345
Net operating income	**70,208**	**43,667**	**106,101**	**32,029**	**—**	**252,005**
Segment operating expenses	(15,375)	(9,763)	(15,970)	(6,711)	(103,448)	(151,267)
Segment contribution	**54,833**	**33,904**	**90,131**	**25,318**	**(103,448)**	**100,738**
Allocation of central operating expenses	(30,715)	(26,802)	(30,154)	(15,777)	103,448	—
Operating profit	**24,118**	**7,102**	**59,977**	**9,541**	**—**	**100,738**
Finance costs	(554)	(21)	(529)	(36)	(912)	(2,052)
Allocation of central finance costs	(401)	(168)	(343)	—	912	—
Profit before taxation	**23,163**	**6,913**	**59,105**	**9,505**	**—**	**98,686**

Year ended 31 March 2019	CFD and Spread bet			Stockbroking		
£'000	UK & IE	Europe	APAC & Canada	Australia	Central	Total
Segment revenue net of introducing partner commissions and betting levies	48,170	27,090	36,369	15,756	—	127,385
Interest income	1,558	1	1,595	290	—	3,444
Net operating income	**49,728**	**27,091**	**37,964**	**16,046**	—	**130,829**
Segment operating expenses	(14,001)	(9,521)	(13,599)	(4,875)	(81,062)	(123,058)
Segment contribution	**35,727**	**17,570**	**24,365**	**11,171**	**(81,062)**	**7,771**
Allocation of central operating expenses	(22,889)	(21,738)	(23,853)	(12,582)	81,062	—
Operating profit	**12,838**	**(4,168)**	**512**	**(1,411)**	—	**7,771**
Finance costs	(136)	(1)	—	—	(1,305)	(1,442)
Allocation of central finance costs	(565)	(294)	(446)	—	1,305	—
Profit before taxation	**12,137**	**(4,463)**	**66**	**(1,411)**	—	**6,329**

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 year before finance costs and taxation.

3. Total revenue

Revenue

£'000	Year ended 31 March 2020	Year ended 31 March 2019
CFD and spread bet	236,866	130,372
Stockbroking	55,516	30,485
Other	2,345	1,712
Total	**294,727**	**162,569**

Interest income

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Bank and broker interest	3,136	3,341
Interest on financial investments	167	103
Other interest income	42	—
Total	**3,345**	**3,444**

The Group earns interest income from its own corporate funds and from segregated client funds.

4. Operating expenses

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Net staff costs	67,797	51,659
IT costs	21,497	20,017
Sales and marketing	18,065	16,320
Premises	3,108	7,312
Legal and Professional fees	5,161	4,612
Regulatory fees	5,150	2,925
Depreciation and amortisation	10,959	7,325
Irrecoverable sales tax	5,086	5,225
Other	14,477	7,897
	151,300	**123,292**
Capitalised internal software development costs	(33)	(234)
Operating expenses	**151,267**	**123,058**

The above presentation reflects the breakdown of Operating expenses by nature of expense.

5. Taxation

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Analysis of charge for the year:		
Current tax		
Current tax on profit for the year	15,806	2,069
Adjustments in respect of previous years	(107)	(70)
Total current tax	**15,699**	**1,999**
Deferred tax		
Origination and reversal of temporary differences	(3,968)	(1,697)
Adjustments in respect of previous years	181	136
Impact of change in tax rate	(163)	13
Total deferred tax	**(3,950)**	**(1,548)**
Total tax	**11,749**	**451**

The standard rate of UK corporation tax charged was 19% with effect from 1 April 2017. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The effective tax rate of 11.91% (year ended 31 March 2019: 7.13%) differs from the standard rate of UK corporation tax of 19% (year ended 31 March 2019: 19%). The differences are explained below:

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Profit before taxation	**98,686**	**6,329**
Profit multiplied by the standard rate of corp. tax in the UK of 19% (31 March 2019: 19%)	18,750	1,203
Adjustment in respect of foreign tax rates	2,394	54
Adjustments in respect of previous years	74	66
Impact of change in tax rate	(163)	13
Expenses not deductible for tax purposes	303	290
Income not subject to tax	—	(9)
Recognition of previously unrecognised tax losses	(10,162)	(1,594)
Other differences	553	428
Total tax	**11,749**	**451**

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Tax on items recognised directly in Equity		
Tax credit / (charge) on Share based payments	141	(57)

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 year excluding those held in employee share trusts which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue, excluding those held in employee share trusts, is adjusted to assume conversion of all dilutive potential weighted average ordinary shares, which consists of share options granted to employees during the year ended 31 March 2019.

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Earnings attributable to ordinary shareholders (£ '000)	**86,937**	**5,878**
Weighted average number of shares used in the calculation of basic earnings per share ('000)	288,632	288,353
Dilutive effect of share options ('000)	2,530	3,184
Weighted average number of shares used in the calculation of diluted earnings per share ('000)	**291,162**	**291,537**
Basic earnings per share (p)	**30.1p**	**2.0p**
Diluted earnings per share (p)	**29.9p**	2.0p

For the year ended 31 March 2020, 2,530,000 (Year ended 31 March 2019: 3,184,000) potentially dilutive weighted average ordinary shares in respect of share options in issue were included in the calculation of diluted EPS.

7. Dividends

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Declared and paid in each year		
Final dividend for 2019 at 0.68p per share (2018: 5.95p)	1,965	17,191
Interim dividend for 2020 at 2.85p per share (2019: 1.35p)	8,236	3,901
Total	**10,201**	**21,092**

The final dividend for 2020 of 12.18 pence per share, amounting to £35,215,000, was proposed by the Board on 10 June 2020 and has not been included as a liability at 31 March 2020. The dividend will be paid on 11 September 2020, following approval at the Company's AGM, to those members on the register at the close of business on 7 August 2020.

The dividends paid or declared in relation to the financial year are set out below:

pence	Year ended 31 March 2020	Year ended 31 March 2019
Declared per share		
Interim dividend	2.85p	1.35p
Final dividend	12.18p	0.68p
Total dividend	**15.03p**	**2.03p**

8. Intangible assets

£ '000	Goodwill	Computer software	Trademarks and trading licences	Client relationships	Assets under development	Total
At 31 March 2019						
Cost	11,500	123,010	1,448	2,959	9	138,926
Accumulated amortisation	(11,500)	(118,468)	(1,038)	(2,959)	—	(133,965)
Carrying amount	**—**	**4,542**	**410**	**—**	**9**	**4,961**
Year ended 31 March 2020						
Carrying amount at 31 March 2019	—	**4,542**	**410**	—	**9**	**4,961**
Additions	—	575	—	—	1,053	1,628
Research and development grant	—	(277)	—	—	—	(277)
Amortisation charge	—	(1,396)	(54)	—	—	(1,450)
Foreign currency translation	—	(266)	—	—	(8)	(274)
Carrying amount at 31 March 2020	**—**	**3,178**	**356**	**—**	**1,054**	**4,588**
At 31 March 2020						
Cost	11,500	121,085	1,409	2,684	1,054	137,732
Accumulated amortisation	(11,500)	(117,907)	(1,053)	(2,684)	—	(133,144)
Carrying amount	**—**	**3,178**	**356**	**—**	**1,054**	**4,588**

9. Property, plant and equipment

£ '000	Leasehold improvements	Furniture, fixtures and equipment	Computer hardware	Right-of-use assets	Total
At 31 March 2019					
Cost	21,339	10,942	36,944	—	69,225
Accumulated depreciation	(11,424)	(9,176)	(30,520)	—	(51,120)
Carrying amount	**9,915**	**1,766**	**6,424**	**—**	**18,105**
Year ended 31 March 2020					
Carrying amount at 31 March 2019	**9,915**	**1,766**	**6,424**	**—**	**18,105**
Change in accounting policy	(860)	—	(1,763)	16,947	14,324
Adjusted Carrying amount at 1 April 2019	**9,055**	**1,766**	**4,661**	**16,947**	**32,429**
Additions	110	323	4,442	1,646	6,521
Disposals	(91)	(104)	(2)	(145)	(342)
Depreciation charge	(2,416)	(639)	(2,130)	(4,324)	(9,509)
Foreign currency translation	(214)	(62)	(129)	(556)	(961)
Carrying amount at 31 March 2020	**6,444**	**1,284**	**6,842**	**13,568**	**28,138**
At 31 March 2020					
Cost	18,600	9,807	31,008	17,657	77,072
Accumulated depreciation	(12,156)	(8,523)	(24,166)	(4,089)	(48,934)
Carrying amount	**6,444**	**1,284**	**6,842**	**13,568**	**28,138**

The net book value amount of property, plant and equipment on 31 March 2019 included £1,763,000 in respect of computer hardware held under finance leases.

10. Trade and other receivables

£'000	31 March 2020	31 March 2019
Current		
Gross trade receivables	10,840	8,185
Less: provision for impairment of trade receivables	(5,853)	(3,528)
Trade receivables	4,987	4,657
Prepayments and accrued income	8,045	12,391
Stock broking debtors	158,113	82,510
Other debtors	15,118	18,433
	186,263	**117,991**
Non-current		
Other debtors	2,269	2,693
Total	**188,532**	**120,684**

Stock broking 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 13).

As part of the transaction with ANZ bank, the Group has deposited AUD 25,000,000 (£12,348,000) in escrow, which is included in other debtors above.

11. Financial investments

£'000	31 March 2020	31 March 2019
UK Government securities:		
At 1 April	22,013	21,152
Purchase of securities	14,446	11,287
Maturity of securities and coupon receipts	(11,245)	(10,613)
Accrued interest	167	103
Changes in the fair value of debt instruments at fair value through other comprehensive income	4	84
At 31 March	**25,385**	**22,013**
Equity securities		
At 1 April	66	—
Purchase of securities	—	66
Foreign currency translation	(6)	—
At 31 March	**60**	**66**
Total	**25,445**	**22,079**
Split as:		
Non-current	—	11,332
Current	25,445	10,747
Total	**25,445**	**22,079**

12. Cash and cash equivalents

£'000	31 March 2020	31 March 2019
Gross cash and cash equivalents	424,077	381,139
Less: Client monies	(339,770)	(332,410)
Cash and cash equivalents	**84,307**	**48,729**
Analysed as:		
Cash at bank	84,307	48,729
Short-term deposits	—	—

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments, with maturities of three months or less. Cash at bank earns interest at floating rates, based on daily bank deposit rates.

13. Trade and other payables

£'000	31 March 2020	31 March 2019
Current		
Gross trade payables	348,442	340,042
Less: Client monies	(339,770)	(332,410)
Trade payables	8,672	7,632
Tax and social security	112	27
Stock broking creditors	139,534	75,752
Accruals and deferred income	28,867	17,161
	177,185	**100,572**
Non-current		
Accruals and deferred income	—	4,810
Total	**177,185**	**105,382**

Stockbroking creditors represent the amount payable in respect of equity security transactions executed on behalf of clients with a corresponding balance included within trade and other receivables (note 10).

14. Leases

The Group leases several assets including leasehold properties and computer hardware. The average lease term is 2.2 years.

The movements in lease liabilities during the year were as follows:

£'000	31 March 2020
Lease liabilities recognised on adoption of IFRS 16 on 1 April 2019	24,433
Additions of new leases during the year	1,481
Interest expense	1,001
Lease payments made during the year	(6,747)
Foreign currency translation	(895)
At 31 March 2020	**19,273**

£'000	31 March 2020
Analysis of lease liabilities	
Non-current	14,587
Current	4,686
Total	**19,273**

The lease payments for the year ended 31 March 2020 relating to short-term leases amounted to 273,000.

15. Cash generated from operations

£'000	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities		
Profit before taxation	98,686	6,329
Adjustments for:		
Interest income	(3,345)	(3,444)
Finance costs	2,052	1,442
Depreciation	9,509	5,989
Amortisation of intangible assets	1,450	1,336
Research and development tax credit	(223)	(233)
Loss on disposal of Property, plant and equipment	151	—
Other non-cash movements including exchange rate movements	666	179
Share-based payment	2,043	800
Changes in working capital		
(Increase) / decrease in trade and other receivables	(67,111)	(70,610)
(Increase) / decrease in amounts due from brokers	(46,241)	68,852
Increase / (decrease) in trade and other payables	80,139	8,297
(Increase) / decrease in net derivative financial instruments	(3,669)	4,673
Increase in provisions	286	426
Cash generated from operations	**74,393**	**24,036**

The movement in trade and other receivables for the year ended 31 March 2020 also includes £180,000 (31 March 2019: £310,000) of exceptional litigation income received during the year. This exceptional income was recognised in the year ended 31 March 2016.