13 June 2023

CMC MARKETS PLC

(“CMC” or the “Company”)

Final results for the year ended 31 March 2023

Net operating income a new record high outside of the pandemic period, in line with guidance

Building a best-in-class, one stop financial trading and investment services platform

For the year ended	31 March 2023	31 March 2022	Change %
Net operating income (£ million)	288.4	281.9	2%
Trading net revenue (£ million)	*233.1*	*229.6*	*1%*
Investing net revenue (£ million)	*37.9*	*48.0*	*(21%)*
Interest income (£ million)	*13.9*	*0.8*	*1,569%*
Other operating income (£ million)	*3.5*	*3.5*	*-*
Profit before tax (£ million)	52.2	91.5	(43%)
Basic earnings per share (pence)	14.7	24.6	(40%)
Dividend per share (pence)	7.4	12.4	(40%)
Trading gross client income (£ million)	303.5	288.5	5%
Trading client income retention	77%	80%	(3%)
Trading active clients (numbers)	58,737	64,243	(9%)
Trading revenue per active client (£)	3,968	3,575	11%
Investing active clients (numbers)	218,310	246,120	(11%)

Notes:

- *Net operating income represents total revenue net of introducing partner commissions and levies*
- *Trading net revenue represents CFD and spread bet gross client income net of rebates, levies and risk management gains or losses*
- *Investing net revenue represents stockbroking revenue net of rebates*
- *Trading gross client income represents spreads, financing and commissions charged to clients (client transaction costs)*
- *Trading active clients represent those individual clients who have traded with or held a CFD or spread bet position on at least one occasion during the 12-month period*
- *Trading revenue per active client represents trading net revenue from active clients after deducting rebates and levies*
- *Investing active clients represent those individual clients who have traded on at least one occasion during the period*
- *2022 figures restated - more information is available within note 33 of the 2023 Annual Report and Financial Statements.*

Highlights

- Net operating income of £288 million, in line with new guidance issued on 27 March 2023 and up 2% year over year, a new record high outside of the COVID-19 period. Trading net revenue up 1% versus 2022, with interest income up significantly, offset by weaker investing net revenue due to subdued market conditions.
- Significant milestones achieved this year include the launch and expansion of the CMC Invest UK offering, regulatory approval for the imminent launch of CMC Invest Singapore, a larger office in Dubai as part of our institutional expansion, upgrades to our existing trading platforms and the successful transfer of over 600,000 ANZ Share Investing clients, with total assets in excess of AUD$37 billion to CMC.
- 2023 operating expenses excluding variable remuneration increased by 26% to £217 million, reflecting the investment in people and technology to support the ongoing strategic growth initiatives.
- Profit before tax of £52 million (2022: £91 million).

- Underlying liquidity remains strong. Regulatory OFR ratio of 369%. Net available liquidity remained broadly flat at £239 million (2022: £246 million).

Outlook and dividend

- **Growth outlook:** Quiet market conditions in the first two and a half months of 2024 have resulted in client trading activity being down 15-20%, which in turn is expected to negatively impact Q1 2024 net operating income. Expectations of the underlying 30% net operating income growth from 2022 to 2025 remain unchanged, with growth in the existing business driven by ongoing strength of underlying KPIs including client money AUM, new product delivery and assuming a return to normalised market conditions.
- **Strategy:** We will focus on delivering ongoing product diversification and development of a multi-asset interface across our core trading business. We continue to invest in our technology to drive expansion towards B2B partnerships and to open up new markets via our investing and institutional businesses.
- **Costs:** Our 2024 investment plans are expected to increase operating expenses excluding variable remuneration to approximately £240 million. Employee numbers are expected to peak in 2024 following successful hiring of additional staff over the past 12 months. Operating cost expansion is expected to slow in 2025 after two years of significant investment combined with ongoing cost efficiency initiatives.
- **Trading:** Our priority for 2024 is to expand our product range, thereby enhancing our support for our clients' trading and investment portfolios and increasing our share of their wallet. These include cash equities, index options, listed futures, cryptocurrencies and a wider range of investment products.
- **Technology:** Enhancements planned for the following 12 months are set to facilitate expansion through B2B partnerships and full delivery of our API infrastructure. Through shared resources and expertise, CMC and our B2B partners are expected to benefit from cost savings and improved operational efficiency.
- **Investing:** We will expand the development of our Invest platforms across Australia, Singapore and the UK. The UK D2C market continues to pose a significant opportunity, with aggregate AuA standing at c.£290 billion[1] even after weaker capital markets seen over 2022.
- **Institutional expansion:** We will invest in our institutional offering to upgrade our product suite. Over the next 12-18 months we will deliver the regional expansion of our institutional offering via our expanded Dubai office and dedicated sales teams aimed at partnering with large institutional flow aggregators.
- **Dividend:** The Board recommends a final dividend of 3.90 pence per share (2022: 8.88 pence) resulting in a total dividend payment for the year of 7.40 pence per share (2022: 12.38 pence).

Lord Cruddas, Chief Executive Officer commented:

"Since pioneering online trading over 30 years ago, CMC continues to innovate and respond to market changes and challenges. Today the Group boasts a broad financial services offering spanning the globe. Through our new API ecosystem we can add new products and markets quickly, for both our B2B and B2C clients. We believe this breadth and level of flexibility, through one industry standard connection protocol, will be the best-in-class B2B and B2C financial services platform on the market.

During the past year, we have made progress to refine and deliver our diversification strategy. We have improved our product range across our core trading CFD and spread bet businesses, offering our clients access to a wider range of financial instruments through our award-winning platforms. We have leveraged our existing technology to launch a new investment platform in the UK, with a Singapore platform launching imminently, as well as opening a new office in Dubai to support the rapid growth we are seeing in our institutional business.

Through our new API ecosystem we are leveraging our technology to facilitate growth through B2B expansion. By partnering with our clients directly we are able to offer access to our deep liquidity, products, and technology stacks. Fostering additional B2B partnerships is front and centre in our strategy to achieve sustainable long-term growth.

CMC is changing quickly. Investment in our trading platforms continues and over the coming six months we're positioned to launch cash equities, options and listed futures across our various platforms to allow our clients better opportunities to trade or hedge existing portfolio positions. Invest UK will be launching SIPPs and mutual funds, whilst Invest Singapore will initially offer equities, ETFs, options and futures. Additionally, over the course of the next 12 months, we plan to introduce a new multi-asset platform capable of trading a much wider range of instruments. I look forward to updating you later this year on further progress."

[1] *Platforum February 2023.*

Analyst and Investor Presentation

A presentation will be held for equity analysts and investors today at 10.30 a.m. (BST) A live video webcast of the presentation will be available via the following link: Participants need to submit the registration form to access the webcast; Register for Webcast

Alternatively, you can register for the conference call by registering via the following link; Register Conference Call

Annual Report and Financial Statements

A copy of the Company's Annual Report and Financial Statements for the year ended 31 March 2023 (the "2023 Annual Report and Financial Statements") is available within the Investor Relations section of the Company website here; Annual Report

In compliance with The Disclosure Guidance and Transparency Rules (DTR) 6.3.5, the information in the document below is extracted from the Company's 2023 Annual Report and Financial Statements. This material is not a substitute for reading the 2023 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 2023 Annual Report and Financial Statements.

Forthcoming announcement dates

Thursday 27 July 2023	Q1 2023 trading update
Thursday 5 October 2023	H1 2023 pre-close trading update

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.

MAR disclosure statement

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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 12 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 and the UK, access stockbroking services. More information is available at http://www.cmcmarkets.com/group/

CHAIRMAN’S STATEMENT

The Board’s strategy of income diversification through adapting and building on our superior technology continues to develop. Whilst many of the benefits of this diversification will only be seen over the longer term, it is becoming more apparent as we continue to develop our offering how our business will change to the benefit of our stakeholders over time.

We have maintained an ongoing dialogue with our clients and gathered their feedback in order to develop further our products and platforms. Our staff continue to be pivotal to both this development and our growth strategy. As well as continuing to invest in our current people, enhancing engagement processes and career development practices, we have invested in additional resources in order to ensure we are able to continue to adapt at the correct pace to achieve our growth plans.

Results and dividend

Net operating income rose 2% to £288.4 million in the year, following a more challenging environment in the final quarter of 2023 with lower monetisation of client trading activity and increasing costs arising from the fulfilment of our growth strategy.

Profit after tax for the year was £41.4 million. The Board recommends a final dividend of 3.90 pence per share which results in a total dividend payment of 7.40 pence for the year, equal to 50% of profit after tax.

Board

As discussed in the 2022 Annual Report and Financial Statements, we were sorry to lose Clare Salmon from the Board during the year. We were however delighted to welcome both Susanne Chishti and Clare Francis to the Board during the course of the year. Susanne is our Non-Executive Director responsible for workforce engagement, and Clare is Chair of the Group Risk Committee and our Director responsible for Consumer Duty.

People and stakeholders

Our workforce is our most valuable resource, and their efforts towards fulfilling our strategic goals in diversifying our business have resulted in solid progress across all business areas working towards that goal.

Our people strategy this last year has become a much more prominent item in Board and relevant Board Committee meetings. The scope of the work undertaken by Susanne as our designated Non-Executive Director responsible for workforce engagement is set out on page 86 of the 2023 Annual Report and Financial Statements.

The Board would like to express gratitude to all our employees for their significant contributions.

Sustainable growth

Sustainability is an essential factor in the decision-making process for financial institutions that aim to achieve long-term growth. Integrating sustainability into business strategies helps financial institutions to reduce risks, increase opportunities, and enhance their reputation.

At CMC we recognise that customers and investors are increasingly demanding that businesses prioritise sustainability, and financial institutions that fail to do so may face reputational damage or loss of business. Read more in our Sustainability section on pages 34 to 48 of the 2023 Annual Report and Financial Statements.

Outlook

We will continue our diversification strategy and seek growth into new products and geographies. The business is evolving at pace and investment will continue in partnership with our clients in order to maximise opportunities as they arise.

The Board recognises that this rapid period of growth does place pressure on our resources. The Board regularly discusses the risks and opportunities surrounding our strategy and this will continue to be a key area of consideration over the coming year as our growth plan continues to develop at pace.

The Board will also be carefully monitoring volatility in financial markets and ensuring that the Group is prepared to deal with any unexpected events and taking note of certain market events creating uncertainty in recent months. We have made significant investments in our infrastructure in order to ensure we have a stable foundation on which to continue to grow and maintain our resilience.

James Richards
Chairman
13 June 2023

CEO REPORT

During the past year, we have made progress to refine and deliver our diversification strategy. We have improved our product range across our core trading CFD and spread bet businesses, offering our clients access to a wider range of financial instruments through our award-winning platforms. We have leveraged our existing technology to launch the new investment platform in the UK, with Singapore to follow imminently, as well as opening a larger office in Dubai to support the rapid growth we are seeing in our institutional business.

Our strategy is based on leveraging our technology to facilitate growth through B2B expansion. By partnering with our clients directly we are able to offer them access to our deep liquidity, products, and technology stacks. We have already proven our ability to deliver in Australia, evidenced by the Australia and New Zealand Banking Group Limited ("ANZ") relationship, with an extensive network of B2B partnerships in CMC Invest Australia.

CMC and our B2B partners typically benefit from shared resources and expertise, which can lead to cost savings and improved operational efficiency. Fostering additional B2B partnerships is front and centre in our strategy to achieve sustainable long-term growth.

Trading business investment and expansion

We continue to invest in our trading platforms, and we will be launching cash equities and options across our various platforms over the next six months to allow our clients better opportunities to trade or hedge existing portfolio positions. Over the course of the next 12 months, we plan to introduce a new multi-asset platform capable of trading a much wider range of instruments over and above our traditional CFD and spread betting asset classes.

Investing business expansion

Our focus on the self-directed investment platform space continues, offering improved technology, and client experience, with lower transaction costs and fees. In addition to the successful release of our Invest UK platform, our CMC Invest brand has been rolled out to our existing Australian stockbroking business and I am pleased to announce that we will be imminently launching our CMC Invest Singapore offering as well. In Singapore, CMC Invest will initially offer equities, exchange-traded funds, options, and futures building on the offering in Australia. The UK D2C market represents a significant opportunity, with aggregate assets under administration ("AuA") standing at c.£290 billion[1] even after weaker capital markets seen over 2022.

Our Invest UK platform, which launched to the general public in September 2022, has delivered a number of milestones this year, with the current offering now including equities, ETFs, ESG screening and flexible ISAs. Expansion into mutual funds and SIPPs will shortly follow. We see significant potential in the UK market, including great B2B opportunities, and while B2C client numbers are currently low given the recent launch, we expect these to grow significantly over the coming years.

In Australia, we have successfully migrated the Share Investing client base of ANZ, which involved over 600,000 clients with total assets exceeding AUD$37 billion.

Whilst market activity had been lower over the past year, the migrated clients will place CMC in a stronger position to deliver enhanced access to improved mobile apps, education tools and resources, and lower brokerage commissions across four major international markets and the local Australian market.

Institutional offering expansion via CMC Connect

In our institutional trading business, we continue to grow volumes as a non-bank liquidity provider and are successfully forging new trading relationships across the globe. We provide global market access to our clients, enabling them to realise their revenue potential through multi-asset liquidity provision and award-winning trading technology.

Through our CMC Connect brand, we offer larger institutions the ability to develop a white-label trading proposition for their client base. This can be custom-built in a bespoke fashion to best suit the needs of our partners. By combining both our natural client order flow and a range of external pricing sources we can offer consistent liquidity, market depth and best execution.

[1] *Platforum February 2023.*

Technology at our core

CMC has been a pioneer of platform technology, providing technology-backed solutions for B2C and B2B clients and partners for over 30 years. This gives us the scale, leverage, and agility to launch new platforms and enter new markets rapidly, as well as drive down transaction costs.

At CMC, we continue to embrace innovative technologies and new ways of working to deliver our digital transformation. We have demonstrated our ability to deliver complex work programmes in the recent delivery of our CMC Invest UK platform, but this is just one example where our internal technology development team continue to excel.

Through our new API ecosystem, we can add new products and markets quickly for our B2B and B2C clients. We believe this breadth and level of flexibility through one industry standard connection protocol, will be the best-in-class B2B and B2C financial services platform on the market. Importantly, it will also allow the Group to grow and add new products quickly so we can expand into different markets around the world.

Our experience gained from the launch of our Invest UK offering will also accelerate the delivery of additional functionality across both our existing trading and institutional business over the coming year. One example is that the Group is now in a strong position to offer cash equities on the Next Generation platform to institutional clients.

Our product development is augmented with the use of cloud technology through our strategic partner Amazon Web Services ("AWS") that provides the foundations for rapid cost-effective delivery of our growth plans. Through its cloud platform, CMC can take advantage of the scale, elasticity and reduced operational burden offered by AWS to deliver an improved customer experience faster and with greater stability.

Financial performance

Over the past 12 months global markets have been volatile, influenced by a variety of factors, including the recovery from the COVID-19 pandemic, geopolitical developments, and shifting economic policies particularly in the adjustment to rising inflation and interest rates.

Activity across our platforms reflected these trends. The trading business benefited from the volatility seen in global FX rates whilst on the other hand activity was lower in our Invest Australia business with lower client activity than had been seen in the prior year, primarily driven by the reversal seen in global equity markets from the peaks of 2021. Nevertheless, complementing the volatility on global exchange rates, commodity price fluctuations also presented a significant opportunity for our clients. Our wide-ranging, and expanding, product offering across both our trading and investing business gives me confidence in our ability to deliver returns for shareholders regardless of the wider macroeconomic environment.

Interest income increased substantially in the period at £13.9 million (versus £0.8 million in 2022) due to increases in global interest rates and resulting income from client and own cash balances. Overall, the Group net operating income increased 2% versus the prior period, to £288.4 million. The Group's total cost base increased by 24% from £190.4[1] million to £236.2 million during the year, mainly because of the significant investments in people and technology to deliver our diversification and growth strategy.

Variable remuneration increased by £0.6[3] million to £16.7 million reflecting the increase in staff over the period. Profit before tax at £52.2 million was £39.3[1] million lower than the previous year. Our dividend policy remains unchanged, at 50% of profit after tax, therefore resulting in a proposed final dividend per share of 3.90 pence.

Despite market volatility, the Group's underlying fundamentals remain strong in the trading business. The Group's strategy of targeting and retaining higher value, sophisticated clients continues to prove successful, with client money levels remaining close to record highs seen in the prior year, an encouraging indicator of future investing potential.

The number of active clients within Invest Australia has decreased by 12% to 216,665, with B2C clients increasing by 120% to 123,681, and B2B clients decreasing by 51% to 92,984. Active clients within the trading business decreased by 9% to 58,737 but monthly average active clients remain 25% above pre-COVID-19 levels.

[1] 2022 figure restated, refer to note 33 of the 2023 Annual Report and Financial Statements for more information.
[2] A definition of net available liquidity can be found on page 65 of the 2023 Annual Report and Financial Statements.
[3] 2022 figures restated to include social taxes on annual discretionary bonus within variable remuneration.

The Group's balance sheet reflects its strong financial position, with net available liquidity[2] of £239.2 million and a regulatory own funds requirement ratio ("OFR") of 369% at year end. This compares with £245.9 million and a regulatory OFR ratio of 489% at year-end 2022.

Regulatory change

The regulatory framework has proved to be stable over the past 12 months. The last meaningful change occurred on 29 March 2021, when ASIC implemented measures regarding CFDs. These measures helped to harmonise regulatory conditions globally, allowing the Group to focus on growing its business. As expected, the new measures have reduced the notional value of retail client trading in Australia and, combined with lower market volatility, resulted in less active client trading than in the prior period.

In April 2022, ASIC extended its product intervention order for CFDs, which imposes conditions on the issue and distribution of CFDs for another five years, until 23 May 2027. This extension has provided greater regulatory visibility for the Group, ensuring that it can continue to operate within the regulatory framework while growing its business.

People and sustainability

As the focus on sustainability continues to shape the financial markets, our objective is to equip our clients and employees with the necessary resources and knowledge to make responsible and confident investment decisions. We recognise and embrace the responsibility bestowed upon the finance industry to contribute to the world-wide sustainability efforts. Furthermore, we understand that incorporating sustainable practices can bring tangible business benefits. These advantages not only bolster the long-term sustainability of the Group but also empower us to fulfil our mission of delivering our clients an unmatched technology-driven investment experience, along with exceptional access to capital markets.

Clients

At the core of our business, we prioritise our clients and their satisfaction. We remain committed to developing our platforms and investing in innovation to ensure that our user experience remains industry leading, promoting client retention and lifetime value. We are pleased to welcome over 600,000 new clients to our Invest Australia business now fully transitioned from ANZ Share Investing, and we look forward to providing them with new functionality and an enhanced experience.

Furthermore, we have already embarked on partnering with new investors over the long term through our Invest UK and Singapore platforms, aiming to help them achieve prosperity at every stage of their investment journey.

Share buyback programme

On 15 March 2022, the Company initiated a share buyback programme of up to £30 million, demonstrating its strong capital position and consideration of ongoing investment requirements for the business. This buyback programme was part of the Group's balanced approach to shareholder returns, in conjunction with the current dividend policy and was completed on 17 October 2022.

Dividend

The Board has proposed a final dividend payment of £10.9 million, which equates to 3.90 pence per share (compared to 8.88 pence in 2022), resulting in a total dividend payment of 7.40 pence per share for the year (compared to 12.38 pence in 2022). This amount represents 50% of profit after tax, in accordance with Group policy. This policy results in sharing the benefits of profitable growth to shareholders through a distribution alongside retaining an equal amount of profits in the business, which are largely equivalent to cash generation, to invest in future growth. The Group Board considers the liquidity and regulatory capital risks associated with paying a dividend in accordance with the policy through the review of and consideration of stress scenarios.

Outlook

We acknowledge the current uncertainty prevailing not only in the financial markets but also in various sectors and industries. Our experience in the past few years has reinforced the importance of being prepared for the unexpected and the extraordinary.

Our platforms have demonstrated their ability to continue servicing clients robustly even in extreme market volatility, and, as a result, we have earned trust and a reputation for stability.

Over the past year we have made significant investments in our infrastructure, which have served us well and will continue to do so, providing a solid foundation for us to explore future opportunities.

Our performance this year reflects our focus on our trading and investment businesses and ongoing success with B2B technology partnerships. We have a large addressable market, and we see an enormous opportunity to grow with a more predictable and stable revenue stream.

As we continue to evolve and expand our investment offering, we are leveraging our technology to enter new markets and geographies.

We are looking forward to updating investors on our strategy's short-term and long-term expansion.

Lord Cruddas
Chief Executive Officer
13 June 2023

FINANCIAL REVIEW

Net operating income of £288.4 million increased by £6.5 million compared to 2022, driven by increased client income, particularly in the institutional B2B channel, and a significant increase in interest income as a result of global interest rate rises. Operating expenses[1] increased by £45.6 million as a result of the Group's significant investments in technology, people, and product throughout the year along with the impact of the elevated inflationary environment seen across all regions. This resulted in a statutory profit before tax of £52.2 million (2022[1]: £91.5 million).

The Group saw a decrease in active clients across both its trading and investing businesses in 2023. The decrease in investing clients was a result of unfavourable market conditions for long-term investors persisting throughout much of the year, leading to lower overall client activity. On the trading side, the decrease was largely driven by the cohort onboarded during the "meme stock" period in the first calendar quarter of 2021. However, the Group's continued focus on high value, sophisticated retail and institutional clients resulted in higher client income year on year. The Group also exited the year with significant prospects for future client growth, with the development of the CMC Invest platforms in the UK and Singapore along with a significant expansion in our institutional product offering giving multiple channels for both client acquisition and revenue per client expansion.

Our ambitious digital transformation and technology investment plan has made significant progress throughout 2023 with more frequent product enhancements along with the retail launch of the CMC Invest platform in the UK and the rollout of the platform in Singapore on track for release imminently. The improvements to our product offering within the institutional space has also seen an immediate impact, with notional volumes in the B2B business up 95% year on year and our ambition for ongoing 20%+ CAGR in volumes remaining on track.

The Group Own Funds Ratio ("OFR") remains strong at 369%. Our total available liquidity decreased to £414.1 million (2022: £469.0 million) primarily due to the share buyback programme that completed in October 2022. The strong liquidity and capital position gives the Group an exceptional platform to continue investing in its core strategic initiatives.

Summary income statement

£m	2023	2022	Change	Change %
Net operating income	**288.4**	**281.9**	**6.5**	**2%**
Operating expenses[1]	(233.9)	(188.3)	(45.6)	(24%)
Operating profit	**54.5**	**93.6**	**(39.1)**	**(42%)**
Finance costs[1]	(2.3)	(2.1)	(0.2)	(7%)
Profit before taxation[1]	**52.2**	**91.5**	**(39.3)**	**(43%)**

PBT margin[1,2]	**18.1%**	**32.5%**	**(14.4%)**	**—**

Profit after tax[1]	**41.4**	**71.5**	**(30.1)**	**(42%)**

Pence	2023	2022	Change	Change %
Basic EPS[1]	**14.7**	**24.6**	**(9.9)**	**(40%)**
Ordinary dividend per share[3]	**7.4**	**12.4**	**(5.0)**	**(40%)**

Summary

Net operating income for the year increased by £6.5 million (2%) to £288.4 million, primarily through a result of strong growth in interest income and the institutional business, offset by a decrease in revenue in the investing business. On the trading side, increases in institutional volumes resulted in higher client income, with retail client income remaining broadly flat despite an overall drop in active clients, and risk management remaining solid, albeit with client income retention falling slightly from the levels seen in 2022. The investing business saw a decrease in trading activity as a result of unfavourable market conditions throughout the year. 2023 net operating income represents a record for the Group when excluding the COVID-19 impacted 2021.

Total costs[1] have increased by £45.8 million (24%) to £236.2 million, with the primary driver being investments in our strategic initiatives resulting in higher personnel costs, professional fees and technology costs. The high global inflationary environment also impacted the cost base in all three regions that the Group operates in.

Profit before tax[1,2] decreased to £52.2 million from £91.5 million and PBT margin[1,2] decreased to 18.1% from 32.5%, reflecting the high level of operational gearing in the business.

[1] 2022 figures restated - more information is available within note 33 of the 2023 Annual Report and Financial Statements.
[2] Statutory profit before tax as a percentage of net operating income.
[3] Ordinary dividends paid/proposed relating to the financial year, based on issued share capital as at 31 March of each financial year.

Net operating income overview

£m	2023	2022	Change %
Trading net revenue	233.1	229.6	1%
Investing net revenue (excl. interest income)	37.9	48.0	(21%)
Net revenue[1]	**271.0**	**277.6**	**(2%)**
Interest income	13.9	0.8	1,569%
Other operating income	3.5	3.5	—
Net operating income	**288.4**	**281.9**	**2%**

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

Trading net revenue increased by £3.5 million (1%) driven by increases in gross client income being largely offset by client income retention decreasing to 77%. The increase in gross client income was a result of market volatility broadly remaining at levels seen in H2 2022, resulting in higher levels of client trading, despite an overall decrease in active clients. Client income retention was lower during the period at 77% (2022: 80%) as a result of a change in the mix of asset classes traded by clients. This resulted in revenue per active client ("RPC") increasing by £393 (11%) to £3,968.

Trading active client numbers decreased by 9% in comparison to 2022; however, monthly average active clients remain 25% above pre-COVID-19 levels, demonstrating the structural shift in the Group's client base.

Investing net revenue was 21% lower at £37.9 million (2022: £48.0 million), with an unfavourable market environment resulting from uncertainty around the global economic outlook, inflationary pressures and the resultant impact on interest rates dampening client activity.

B2B and B2C net trading revenue

	2023			2022			Change %		
£m	B2C	B2B	Total	B2C	B2B	Total	B2C	B2B	Total
Trading net revenue	173.0	60.1	233.1	185.5	44.1	229.6	(7%)	36%	1%
Investing net revenue	14.6	23.3	37.9	9.6	38.4	48.0	53%	(39%)	(21%)
Net revenue	**187.6**	**83.4**	**271.0**	**195.1**	**82.5**	**277.6**	**(4%)**	**1%**	**(2%)**

B2C trading net revenue fell 7% due to decreases in active clients and lower client income retention. The increase in B2B revenue was a result of the enhancements to the institutional product offering attracting new clients and higher trading levels from current clients, with an associated increase in net revenue.

The investing business saw a shift from B2B to B2C as a result of the completion of the transfer of the ANZ Bank Share Investing clients during the year.

Regional performance overview: trading

	2023				2022				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 & Ireland	88.8	114.8	14,717	6,035	78.8	107.1	16,264	4,848	12%	7%	(10%)	24%
Europe	50.2	61.3	14,254	3,520	43.7	51.1	15,747	2,778	15%	20%	(9%)	27%
UK & Europe	**139.0**	**176.1**	**28,971**	**4,797**	**122.5**	**158.2**	**32,011**	**3,827**	**13%**	**11%**	**(9%)**	**25%**
APAC & Canada	94.1	127.4	29,766	3,160	107.1	130.3	32,232	3,322	(12%)	(2%)	(8%)	(5%)
Total	**233.1**	**303.5**	**58,737**	**3,968**	**229.6**	**288.5**	**64,243**	**3,575**	**1%**	**5%**	**(9%)**	**11%**

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

Trading

UK and Europe

Net revenue and client income grew by £16.5 million (13%) and £17.8 million (11%) to £139.0 million and £176.0 million respectively. This was despite a 9% (3,040) decrease in active clients, resulting in RPC growth of 25% (£970).

UK

Client income increased by 7% against the prior year to £114.8 million (2022: £107.1 million), driven by growth in the B2B business. The drop in active clients was predominantly driven by the B2C business, which saw a commensurate drop in client income.

Europe

Europe comprises offices in Austria, Germany, Norway, Poland and Spain. Client income and net revenue grew by 20% (£10.2 million) and 15% (£6.5 million) to £61.3 million and £50.2 million respectively, driven by B2B growth. RPC increased by 27% to £3,520 (2022: £2,778) due to the higher net revenue achievement combined with a 9% (1,493) decrease in the number of active clients.

APAC & Canada

Our APAC & Canada business services clients from our Sydney, Auckland, Singapore, Toronto and Shanghai offices along with other regions where we have no physical presence. Active clients were down 8% to 29,766 (2022: 32,232); however, the region continues to retain its high value client base resulting in a comparatively smaller drop in client income of 2% to £127.4 million (2022: £130.3 million).

Investing

Investing net revenue from the Invest Australia business fell 21% to £37.9 million (2022: £48.0 million) impacted by heightened geopolitical uncertainties and the resultant inflationary pressures, dampening investor appetite for cash equities. Partially offsetting the impact was a material increase in interest income at £6.5 million (2022: £0.9 million).

While active clients decreased 12% to 217k (2022: 246k), client logins across all platforms were up 5%, indicating strong client engagement and readiness to trade at the right market opportunity. Further, AuA at AUD$73 billion, remained stable despite reduced discretionary expenditure.

Interest income

Global interest rates, having remained at historically low levels for many years, saw significant increases in all regions from the second half of calendar year 2022, resulting in interest income increasing to £13.9 million from £0.8 million in 2022.

The majority of the Group's interest income is earned through our segregated client deposits in our UK, Australia, New Zealand and Invest Australia subsidiaries. Our investing business generated 47% of the Group's interest income, with 53% being generated in our trading business. The Group continually monitors its returns on both own and segregated client deposits to ensure optimal returns.

Expenses

Total costs[1] increased by £45.8 million (24%) to £236.2 million.

£m	2023	2022	Change %
Net staff costs – fixed (excluding variable remuneration)[1]	84.9	68.8	(23%)
IT costs	33.7	28.7	(17%)
Marketing costs	32.3	24.5	(32%)
Sales-related costs	6.0	2.8	(110%)
Premises costs[2]	5.7	4.5	(27%)
Legal and professional fees	8.6	8.6	—
Regulatory fees	9.4	5.6	(69%)
Depreciation and amortisation[2]	15.6	12.4	(26%)
Irrecoverable sales tax	3.0	2.8	(7%)
Other	18.0	13.5	(33%)
Operating expenses excluding variable remuneration[2]	**217.2**	**172.2**	**(26%)**
Variable remuneration[1]	16.7	16.1	(3%)
Operating expenses including variable remuneration[2]	**233.9**	**188.3**	**(24%)**
Interest[2]	2.3	2.1	(7%)
Total costs[2]	**236.2**	**190.4**	**(24%)**

Net staff costs

Net staff costs including variable remuneration increased £16.7 million (20%) to £101.6 million following significant investment across the business, particularly within technology, marketing and product functions, to support the delivery of strategic projects. The global inflationary environment and post COVID-19 employment market also resulted in growth in gross pay within certain areas of the business to ensure the Group continues to remunerate staff in line with market rates to assist talent retention within the organisation. Variable remuneration increased in line with headcount growth, offset by reductions in the Group discretionary bonus in line with performance.

£m	2023	2022	Change %
Gross staff costs excluding variable remuneration[1]	92.9	72.4	(28%)
Performance related pay[1]	14.5	13.7	(5%)
Share-based payments	2.2	2.4	8%
Total employee costs	**109.6**	**88.5**	**(24%)**
Contract staff costs	3.1	3.9	20%
Net capitalisation	(11.1)	(7.5)	48%
Net staff costs	**101.6**	**84.9**	**(20%)**

[1] 2022 figures restated to include social taxes for annual discretionary bonus within variable remuneration. Social tax for annual discretionary bonus were previously included within net staff costs.
[2] 2022 figures restated - more information is available within note 33 in the 2023 Annual Report and Financial Statements.

Depreciation and amortisation costs

Depreciation and amortisation have increased by £3.2 million (26%) to £15.6 million, primarily due to amortisation of staff development costs which were capitalised at the end of the previous financial year and increased depreciation and amortisation of IT assets delivering the product roadmap.

Marketing costs

Marketing costs increased by £7.8 million (32%) to £32.3 million driven by £2.6 million of marketing for the new Invest UK platform, £2.4 million of additional marketing within Invest Australia and increased spend across all regions within the trading business.

Sales-related costs

Sales-related costs increased by £3.2 million (110%) to £6.0 million primarily due to a release of provisions for client complaints within 2022 and additional client-related costs during the year following the relaxing of COVID-19 restrictions.

IT costs

IT costs increased by £5.0 million (17%) to £33.7 million as a result of a larger IT systems footprint given the expanded product offering.

Regulatory fees

Regulatory fees increased by £3.8 million (69%) primarily as a result of a higher FSCS levy.

Premises costs

Premises costs increased £1.2 million (27%) due to global inflationary pressures, predominantly across utilities.

Other expenses

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

Taxation

The effective tax rate for 2023 was 20.6%, down from the 2022 effective tax rate, which was 21.9%. The effective tax rate has decreased in the period due to a lower proportion of Group PBT being generated in Australia, where the corporation tax rate is higher than the UK.

Profit after tax for the year

The decrease in profit after tax for the year of £30.1 million (42%) was due to higher net operating income being offset by increases in expenses incurred as part of the investment roadmap and the impacts of the global inflationary environment.

Dividend

Dividends of £35.0 million were paid during the year (2022: £72.6 million), with £25.3 million relating to a final dividend for the prior year paid in August 2022, and a £9.8 million interim dividend paid in January 2023 relating to current year performance. The Group has proposed a final ordinary dividend of 3.90 pence per share (2022: 8.88 pence per share).

Non-Statutory Summary Group Balance Sheet

£m	2023	2022
Intangible assets	35.3	30.4
Property, plant and equipment	14.1	13.0
Net lease liability	(2.7)	(4.1)
Fixed Assets	**46.7**	**39.3**
Cash and cash equivalents	146.2	176.6
Net amounts due from brokers	179.3	196.5
Financial investments	30.6	27.9
Other assets	2.0	13.4
Net derivative financial instruments	1.1	(0.4)
Title transfer funds	(49.5)	(44.1)
Own Funds	**309.7**	**369.9**
Working capital	8.2	(43.0)
Net tax (payable) / receivable	8.6	—
Deferred tax net asset	0.8	2.7
Net Assets	**374.0**	**368.9**

The table above is a non-statutory view of the Group Balance Sheet and line names do not necessarily have their statutory meanings. A reconciliation to the primary statements can be found on page 188 in the 2023 Annual Report and Financial Statements.

2022 figures restated, more information is available within note 33 of the 2023 Annual Report and Financial Statements.

Fixed assets

Intangible assets increased by £4.9 million to £35.3 million (2022: £30.4 million) as a result of the capitalisation of internal resource dedicated to the development of new products and functionality in 2023.

Net lease liability decreased by £1.4 million during the year due to the net length of lease contracts being lower at the end of 2023 than the prior year.

Own funds

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

Cash and cash equivalents have decreased during the year primarily as a result of the Group’s share buyback scheme that commenced in March 2022 and completed in October 2022 and £9.0 million payments to ANZ Bank to complete the transition of its Share Investing clients, partially offset by the Group’s operating performance, in addition to the Group holding less cash at our brokers for margining purposes.

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

Title transfer funds increased by £5.4 million, reflecting the high levels of account funding by a small population of mainly institutional clients.

Working capital

The £51.2 million decrease in working capital requirements year on year is primarily as a result of the increased market volatility in Q4 of the prior year, which significantly increased the value of stockbroking payables yet to settle at the prior year end.

Net tax receivable

Tax moved to a net receivable position due to overpayments in the UK and Australia.

Deferred tax net asset

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

Impact of climate risk

We have assessed the impact of climate risk on our balance sheet and have concluded that there is no material impact on the Financial Statements for the year ended 31 March 2023.

Regulatory capital resources

The Group and its UK regulated subsidiaries fall into scope of the FCA's Investment Firms Prudential Regime ("IFPR"), with the Group's German subsidiary, CMC Markets Germany GmbH, subject to the provisions of the Investment Firms Regulation and Directive ("IFR/IFD").

The Group's total capital resources increased to £326.8 million (2022: £311.5 million) with increases in retained earnings for the year being partly offset by the interim and proposed final dividend distribution. In accordance with the IFPR all deferred tax assets must now be fully deducted from core equity tier 1 capital ("CET1 capital").

At 31 March 2023 the Group had a total OFR ratio of 369%, down from 489% in 2022 as a result of an increase in own funds requirements.

The following table summarises the Group's capital adequacy position at the year end. The Group's approach to capital management is described in note 30 in the 2023 Annual Report and Financial Statements.

£m	2023	2022
CET1 capital[1]	363.1	344.5
Less: intangibles and net deferred tax assets[2]	(36.3)	(33.0)
Total capital resources after relevant deductions	**326.8**	**311.5**
Own funds requirements ("OFR")[3]	88.6	63.6
Total OFR ratio (%)[4]	**369%**	**489%**

[1] Total audited capital resources as at the end of the financial year of £374.0 million, less proposed dividends.
[2] In accordance with the IFPR, all deferred tax assets must be fully deducted from CET1 capital. Deferred tax assets are the net of assets and liabilities shown in note 14 of the 2023 Annual Report and Financial Statements.
[3] The minimum capital requirement in accordance with MIFIDPRU 4.3.
[4] The OFR ratio represents CET1 capital as a percentage of OFR.

Liquidity

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

- **Own funds:** The primary source of liquidity for the Group. It represents the funds that the business has generated historically, including any unrealised gains/ losses on open hedging positions. All cash held on behalf of segregated clients is excluded. Own funds consist mainly of cash and cash equivalents. They also include investments in UK government securities, of which the majority are held to meet the Group's regulatory liquidity requirements, 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 30 of the 2023 Annual Report and Financial Statements.
- **Title transfer funds ("TTFs"):** This represents funds received from professional clients and eligible counterparties (as defined in the FCA Handbook) that are held under a title transfer collateral agreement ("TTCA"), a means by which a professional client or eligible counterparty may agree that full ownership of such funds is unconditionally transferred to the Group. The Group does not require clients to sign a TTCA in order to be treated as a professional client and as a result their funds remain segregated. The Group considers these funds as an ancillary source of liquidity and places no reliance on them for its stability.
- **Available committed facility (off-balance sheet liquidity):** The Group has access to a facility of up to £55.0 million (2022: £55.0 million) in order to fund any potential fluctuations in margins required to be posted at brokers to support the risk management strategy. The facility consists of a one-year term facility of £27.5 million (2022: £27.5 million) and a three-year term facility of £27.5 million (2022: £27.5 million). The maximum amount of the facility available at any one time is dependent upon the initial margin requirements at brokers and margin received from clients. There was no drawdown on the facility as at 31 March 2023 (2022: £nil).

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

- **Blocked cash:** Amounts held for operational purposes to meet the requirements of local regulators and exchanges, in addition to liquidity in subsidiaries in excess of local segregated client requirements to meet potential future client requirements. Cash committed to the purchase of shares within a buyback programme is also classified as blocked cash. This was £nil at 31 March 2023 (2022: £28.0 million).
- **Initial margin requirement at broker:** The total GBP equivalent initial margin required by prime brokers to cover the Group's hedge derivative and cryptocurrency positions.

Own funds have decreased by £60.2 million to £309.7 million (2022: £369.9 million).

£m	2023	2022
Own funds	309.7	369.9
Title transfer funds	49.4	44.1
Available committed facility	55.0	55.0
Total available liquidity	**414.1**	**469.0**
Less: blocked cash	(68.8)	(103.1)
Less: initial margin requirement at broker	(106.1)	(120.0)
Net available liquidity	**239.2**	**245.9**
Of which: held as liquid asset requirement	30.6	27.9

Client money

Total segregated client money held by the Group for trading clients was £549.4 million at 31 March 2023 (2022: £546.6 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 and assets held by it on behalf of clients excluding a small number of large clients which have entered a TTCA with the firm. This is in accordance with or exceeding applicable client money regulations in countries in which it operates. The majority of client money requirements fall under the Client Assets Sourcebook ("CASS") rules of the FCA in the UK, BaFin in Germany and ASIC in Australia. All segregated client funds are held in dedicated client money bank accounts with major banks that meet strict internal criteria and are held separately from the Group's own money.

The Group has comprehensive client money processes and procedures in place to ensure client money is identified and protected at the earliest possible point after receipt as well as governance structures which ensure such activities are effective in protecting client money. The Group's governance structure is explained further on pages 79 to 86 of the 2023 Annual Report and Financial Statements.

Viability statement

The Directors of the Company have considered the Group's current financial position and future prospects and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment. In reaching this conclusion, both the prospects and viability considerations have been assessed.

Long-term prospects

During the year the Group's risk management has continued to be optimised and strategic initiatives have progressed well, with the launch of the Invest UK platform to retail clients during the year, Invest Singapore remaining on track for delivery in early 2024 and improvements to the Group's institutional product offering being rolled out throughout the year. This diversification into new geographies and products is anticipated to help the Group achieve its target of 30% revenue growth over the next three years. On this basis, the Group maintains its belief that it will continue to demonstrate delivery of sufficient cash generation to support operations.

Conservative expectations of future business prospects through delivery of the Group strategy (see pages 24 and 25 of the 2023 Annual Report and Financial Statements) are presented to the Board through the budget process. The annual budget process consists of a detailed bottom-up process with a 12-month outlook which involves input from all relevant functional and regional heads. This includes a collection of resource assumptions required to deliver the Group strategy and associated revenue impacts with consideration of key risks. This is used in conjunction with external assumptions such as a region-by-region review of the regulatory environment and incorporation of any anticipated regulatory changes, revenue modelling, market volatility, interest rates and industry growth that could materially impact the business. The process also covers liquidity and capital planning and, in addition to the granular budget, a three-year outlook is prepared using assumptions on industry growth, the effects of regulatory change, revenue growth from strategic initiatives and cost growth required to support initiatives. The budget was reviewed and approved by the Board at the March 2023 Board meeting. The process for ongoing review and monitoring of risks is outlined in the Risk Management section of the 2023 Annual Report and Financial Statements (pages 67 to 73). The Board approved budget is then used to set targets across the Group.

The Directors concluded that three years is an appropriate period over which to provide a viability statement as this is the longest period over which the Board reviews the success of Group strategic projections and this timeline is also aligned with the period over which internal stress testing occurs.

Viability

The Group performs regular stress testing scenarios. Available liquidity and capital adequacy are central to understanding the Group's viability and stress scenarios, such as adverse market conditions and adverse regulatory change, and are considered in the Group's Internal Capital Adequacy and Risk Assessment ("ICARA") document, which is shared with the FCA on request. The results of the stress testing showed that, due to the robustness of the business, the Group would be able to withstand scenarios, including combined scenarios across multiple principal risks, over the financial planning period by taking management actions that have been identified within the scenario stress tests.

The Group’s revenue, which is driven by client transaction fees and interest income on both own and client funds, has seen increases resulting from client trading activity and increases in global interest rates during the year, despite lower overall active client numbers. Projections of the Group’s revenue have included revenue benefits from new product releases over the three-year period, which will serve to reduce risks to the Group’s viability as a result of increased revenue diversity. In addition, conservative estimates of market volatility were assumed for the current businesses over the three-year period. Projections also include assumptions on interest rates that are derived from central bank rate forecasts, where available. No significant changes to regulatory capital and liquidity requirements have been assumed over the forecasting period.

In addition to considering the above, the Group also monitors performance against pre-defined budget expectations and risk indicators, along with strategic progress updates, which provide early warning to the Board, allowing management action to be taken where required including the assessment of new opportunities.

The Directors have no reason to believe that the Group will not be viable over a longer period, given existing and known future changes to relevant regulations.

Going concern

The Group satisfies its ongoing working capital requirements through its available liquid assets. The Group’s liquid assets exclude any funds held in segregated client money accounts. In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors considered the resilience of the Group, taking account of its liquidity position and cash generation, the adequacy of capital resources, the availability of external credit facilities and the associated financial covenants, stress testing of liquidity and capital adequacy that take into account the principal risks faced by the business. Further details of these principal risks and how they are mitigated and managed are documented in the Risk Management section on page 67 of the 2023 Annual Report and Financial Statements.

Having given due consideration to the nature of the Group’s business, and risks emerging or becoming more prominent, the Directors consider that the Company and the Group are going concerns and the Financial Statements are prepared on that basis.

Euan Marshall
Chief Financial Officer
13 June 2023

PRINCIPAL RISKS

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

To assist the Board in discharging its responsibilities, it has in place a Risk Management Framework to support identification, mitigation and management of risk exposures. The Group regularly reviews the risk framework, risk capabilities and tools to maintain effective ongoing risk management to ensure it remains commensurate with current operations alongside its aspirations and diversification objectives.

During the period, an external review was commissioned of the Group's Enterprise Risk Management ("ERM'') Framework and several recommendations for improvement were made which are being taken forward by the business. Heightened monitoring was in place during periods of market volatility and, although the Group was not materially impacted, lessons learnt were identified and will be actioned accordingly.

The Board, through its Group Risk Committee, is ultimately responsible for the implementation of an appropriate risk strategy and the main areas which it encompasses are:

- identifying, evaluating and monitoring the principal and emerging risks to which the Group is exposed;
- implementing 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.

Risk management is acknowledged to be a core responsibility of all colleagues at CMC and the oversight of risk and controls management is provided by Management and Board Committees as well as the Group risk and compliance functions.

The Group's risk management and internal controls framework is designed to manage rather than eliminate risk and follows the "three lines of defence" model. Risk management and the implementation of controls is the responsibility of the business teams which constitute the first line. Oversight and guidance are provided primarily by the Group's risk and compliance functions which constitute the second line, and third line independent assurance is provided by the Group's internal audit function. This construct ensures that the Group is effectively identifying, managing and reporting its risks.

The Board has implemented a governance structure which is appropriate for the operations of an online financial services group and is aligned to the delivery of the Group's strategic objectives including its diversification into investing businesses. The structure is regularly reviewed and monitored and any changes are subject to Board approval. Furthermore, management regularly considers updates to the processes and procedures to embed good corporate governance throughout the Group.

The Board undertakes a robust assessment of the principal risks and emerging risks facing the Group as well as a review of risk appetite on at least an annual basis.

The Group's risk appetite is an articulation of the nature and type of risks that the Group is willing to accept, or wants to avoid, in order to achieve its business objectives and strategy. This process is assessed as part of the Board's review of the Group's Risk Appetite Statement ("RAS") which is a unified view of the Group's risk appetites and tolerances. It is important that the integrated risk appetite remains in line with business strategy to support the Group's strategic objectives. Risk appetite plays a key part in the Group's risk, capital and liquidity management, with the setting of risk appetites being an essential element in achieving effective risk control across the Group and achieving positive client outcomes.

The Board has carried out an assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity. We have determined that climate change will remain categorised as an emerging risk due to the result of the current assessment which concluded that critical thresholds are not expected to breach. More information is available within the TCFD report on pages 50 to 59 of the 2023 Annual Report and Financial Statements.

The principal risks reported here are those attracting the greatest focus, and to which the Group has the largest exposure. The principal risks are linked to risk appetite and key risk indicator (“KRI’’) measures for reporting. In assessing all risks, CMC considers the reputational impacts of risks materialising and the impacts on its clients, of negative publicity, and risks to the achievement of business objectives. The following top principal risks were considered, their management is set out in note 30 to the Financial Statements, and they are:

- **Regulatory and compliance risk:** there has been an increasing conduct focus on the sector from various regulators globally. CMC must meet regulatory expectations including delivering in line with the upcoming FCA Consumer Duty regime to help ensure the right outcomes for clients and in that regard the Group has established a project to deliver the regulation. The Group’s approach to regulatory horizon scanning continues to be strengthened to ensure we keep abreast of key regulatory changes. Regulatory projects within the Group remain prioritised to ensure compliance and ongoing process improvement.
- **Business change risk:** as we continue to grow the business and implement strategic change, project delivery risk naturally becomes heightened. Some challenges have included project pipeline build-up and rapid re-prioritisation; however, the establishment of delivery pillars with ring-fenced resources has helped maintain dedicated resource pools and allocations to strategic projects.
- **People risk:** our people are the key to delivering on our purpose and strategy. Failure in our ability to attract and retain key talent puts at risk our strategic delivery and slows our velocity and our ability to maintain our high service standards. While a number of key people metrics are positive (e.g. retention rates and number of open vacancies), we still face a number of market headwinds and continue to monitor in this regard.
- **Information and data security risk:** cyber-criminal activity continues to increase in sophistication, severity and frequency and attacks in the form of ransomware and Distributed Denial of Service (“DDoS’’) are particularly relevant for the Group given the online nature of the business. Dedicated specialist in-house IT security resource, strong partnerships with leading security vendors and continued improvement to internal controls and governance help to mitigate the risk to CMC.

Further information on the structure and workings of the Board and Management Committees is included in the corporate governance report on pages 79 to 118 of the 2023 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. • Group Head of Corporate Development appointed ensuring alignment of business and strategic risk. • 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 five independent Non-Executive Directors including 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 impact the Group's performance. Such changes could result in the Group's product offering becoming less profitable, more difficult to offer to clients, or an outright ban on the product offering in one or more of the countries where the Group operates.	• Active dialogue with regulators, auditor, consultants and industry bodies. • Monitoring of market and regulator sentiment towards the product offering by way of ongoing horizon scanning (utilised via an automatic screening tool as well as monthly key stakeholder meetings). • Monitoring by, and advice from, compliance department on impact of actual and possible regulatory change. • A business model and proprietary technology that are responsive to changes in regulatory requirements.
	Reputational risk	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. • Proactive engagement with the Group's regulators and active participation with trade and industry bodies as well as positive development of media relations with strictly controlled media contact. • Systems and controls (including brand tracking) 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 automated liquidation functionality. This is where the client positions are reduced should the total equity of the account fall below a pre-defined percentage of the required margin for the portfolio held. • 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). • Position limits which 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. • Monitoring and reporting counterparty exposures against policy limits • Monitoring the creditworthiness of counterparties by observing and reporting key quantitative metrics (including, where available: share price; relative performance against index; CDS spreads; volatility skew; and credit ratings), as well as qualitatively, by reviewing industry commentary.
	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. • Annual review of all policies to ensure comprehensive levels of cover are maintained. • Rigorous claim management procedures are in place with the broker. • Full engagement with relevant business areas regarding risk and coverage requirements and related disclosure to brokers and insurers
	Tax and financial reporting risk	The risk that financial, statutory or regulatory reports including VAT and similar taxes are submitted late, are 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 Investment Firms Prudential Regime ("IFPR"). The Group utilises a combination of liquidity forecasting and stress testing to identify any potential liquidity risks under both normal and stressed conditions. • The 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 and managing liquidity to a series of Board approved metrics and key risk indicators. • A committed bank facility of up to £55 million is in place (access to the facility is tested regularly) and provides a means to meet its liabilities, including funding broker margin, if CMC's own on balance sheet liquidity resources are insufficient at a point in time. • 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 30 to the 2023 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 arrangements. This significantly reduces the Group's revenue sensitivity to individual asset classes and instruments. • Financial risk management runs stress scenarios on the residual portfolio, comprising a number of single and combined company-specific and market-wide events in order to assess potential financial and capital adequacy impacts to ensure the Group can withstand severe moves in the risk drivers to which it is exposed. For further information see note 30 to the 2023 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. • 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, terrorism financing, antibribery and corruption, market abuse, fraud or sanctions evasion.	• Establishing and maintaining a risk-based approach towards assessing and managing the money laundering, terrorism financing, anti-bribery and corruption, market abuse, fraud or sanctions evasion 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. • Establishing and maintaining procedures relating to mitigation of risk derived from clients that are repeat offenders of market abuse. • 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 Anti Money Laundering / 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. • Regular system access reviews implemented across the business.

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. • 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 lead to litigation proceedings.	• Compliance with legal and regulatory requirements including relevant codes of practice. • Early engagement with legal advisers and other risk managers, and where appropriate external counsel. • Appropriately managed complaints which have a legal/litigious aspect. • An early assessment of the impact and implementation of changes in the law.
	Operations (processing) risk	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. • Implementation of robust, preventative controls and processes as required. • Enhanced staff training and oversight in key business processing areas. • Monitoring and robust analysis of errors and losses and underlying causes.
	Procurement and outsourcing risk	The risk of third-party organisations inadequately performing, 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 under the Senior Managers and Certification Regime, with the accountability to ensure compliance to the Group procurement process and completion of key activities, based on the risk profile of the service required by the organisation. • Outsourcing only employed where there is a strategic gain in resource or experience, which is not available in house. • Outsourcing arrangements require assessment as to their materiality to the business. Material outsourcing arrangements need to be reported to the FCA. • 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 Group and local Boards, the Group Audit Committee and the 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.	• Treating Customers Fairly ("TCF") and Conduct Committees are in place across the Group. • Robust Management Information focusing on good client outcomes. • Effective conduct policy ensuring conduct-related matters, including any serious concerns, breaches of the Group or local Codes of Conduct, serious complaints specific to an employee or any concerns with a senior management or certified function are addressed
	Client money segregation risk	The risk that the Group fails to implement adequate controls and processes to ensure that client money and assets are segregated in accordance with applicable regulations.	• The Client Money and Asset Protection Committee ("CMAPC") is a fundamental part of the Group's client money and assets governance framework. • Robust Client Money and Asset Protection policy. • Comprehensive Client Money resolution pack.

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

The directors are required by the Disclosure Guidance 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.

Each of the directors, whose names and functions are listed below, confirm to the best of their knowledge that:

- the Group Financial Statements contained in the 2023 Annual Report and Financial Statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and results of the Group;
- the Strategic Report contained in the 2023 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 2023 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.

CMC Markets plc Board of Directors

James Richards (Chairman)

Lord Cruddas (Chief Executive Officer)

David Fineberg (Deputy Chief Executive Officer)

Euan Marshall (Chief Financial Officer)

Matthew Lewis (Head of Asia Pacific & Canada)

Paul Wainscott (Senior Independent Director)

Sarah Ing (Non-Executive Director)

Susanne Chishti (Non-Executive Director)

Clare Francis (Non-Executive Director)

Consolidated income statement

For the year ended 31 March 2023

£'000	Note	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Revenue		**311,210**	**325,809**
Net interest income		13,927	834
Total revenue	3	**325,137**	**326,643**
Introducing partner commissions and betting levies		(36,714)	(44,693)
Net operating income	2	**288,423**	**281,950**
Operating expenses	4	(233,945)	(188,291)
Operating profit		**54,478**	**93,659**
Finance costs		(2,315)	(2,164)
Profit before taxation		**52,163**	**91,495**
Taxation	5	(10,724)	(20,016)
Profit for the year attributable to owners of the parent		**41,439**	**71,479**
Earnings per share			
Basic earnings per share (p)	**6**	**14.7**	**24.6**
Diluted earnings per share (p)	6	14.6	24.5

Consolidated statement of comprehensive income

For the year ended 31 March 2023

£'000	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Profit for the year	**41,439**	**71,479**
Other comprehensive income / (expense):		
Items that may be subsequently reclassified to income statement		
Loss on net investment hedges, net of tax	(86)	(1,089)
Gains recycled from equity to the income statement	237	—
Currency translation differences	(1,760)	1,761
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	(210)	(54)
Other comprehensive (expense) / income for the year	**(1,819)**	**618**
Total comprehensive income for the year attributable to owners of the parent	**39,620**	**72,097**

Consolidated statement of financial position

At 31 March 2023

Company registration number: 05145017

£'000	Note	31 March 2023	31 March 2022 (Restated)
ASSETS			
Non-current assets			
Intangible assets	8	35,342	30,328
Property, plant and equipment	9	22,771	23,170
Deferred tax assets		4,768	6,022
Financial investments		34	13,448
Trade and other receivables	10	2,666	1,797
Total non-current assets		**65,581**	**74,765**
Current assets			
Trade and other receivables	10	130,616	148,208
Derivative financial instruments		14,231	8,788
Current tax recoverable		9,066	1,649
Other assets		1,984	13,443
Financial investments	11	30,572	14,497
Amounts due from brokers		188,154	208,882
Cash and cash equivalents	12	146,218	176,578
Total current assets		**520,841**	**572,045**
TOTAL ASSETS		**586,422**	**646,810**
LIABILITIES			
Current liabilities			
Trade and other payables	13	182,284	212,626
Amounts due to brokers		8,927	12,394
Derivative financial instruments		2,033	3,679
Share buyback liability		—	27,264
Borrowings		—	194
Lease liabilities	14	5,590	4,949
Current tax payable		431	1,729
Provisions		815	369
Total current liabilities		**200,080**	**263,204**
Non-current liabilities			
Lease liabilities	14	6,228	9,302
Deferred tax liabilities		4,012	3,309
Provisions		2,087	2,117
Total non-current liabilities		**12,327**	**14,728**
TOTAL LIABILITIES		**212,407**	**277,932**
EQUITY			
Share capital		70,573	73,193
Share premium		46,236	46,236
Capital redemption reserve		2,901	281
Own shares held in trust		(1,509)	(1,094)
Other reserves		(50,535)	(75,980)
Retained earnings		306,349	326,242
Total equity		**374,015**	**368,878**
TOTAL EQUITY AND LIABILITIES		**586,422**	**646,810**

Consolidated statement of changes in equity

For the year ended 31 March 2023

£'000	Share capital	Share premium	Capital redemption reserve	Own shares held in trust	Other reserves	Retained earnings	Total equity
At 31 March 2021 (As previously reported)	**73,299**	**46,236**	**—**	**(382)**	**(49,334)**	**330,698**	**400,517**
Correction of errors	—	—	—	—	—	(968)	(968)
At 1 April 2021 (Restated)	**73,299**	**46,236**	**—**	**(382)**	**(49,334)**	**329,730**	**399,549**
Profit for the year	—	—	—	—	—	71,479	71,479
Loss on net investment hedges, net of tax	—	—	—	—	(1,089)	—	(1,089)
Currency translation differences	—	—	—	—	1,761	—	1,761
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	—	—	—	—	(54)	—	(54)
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**618**	**71,479**	**72,097**
New shares issued	175	—	—	—	—	—	175
Acquisition of own shares held in trust	—	—	—	(1,006)	—	—	(1,006)
Utilisation of own shares held in trust	—	—	—	294	—	—	294
Share buyback	(281)	—	281	—	(27,264)	(2,975)	(30,239)
Share-based payments	—	—	—	—	—	59	59
Tax on share-based payments	—	—	—	—	—	553	553
Dividends	—	—	—	—	—	(72,604)	(72,604)
At 31 March 2022 (Restated)	**73,193**	**46,236**	**281**	**(1,094)**	**(75,980)**	**326,242**	**368,878**
Profit for the year	—	—	—	—	—	41,439	41,439
Loss on net investment hedges, net of tax	—	—	—	—	(86)	—	(86)
Gains recycled from equity to the income statement	—	—	—	—	237	—	237
Currency translation differences	—	—	—	—	(1,760)	—	(1,760)
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	—	—	—	—	(210)	—	(210)
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**(1,819)**	**41,439**	**39,620**
Acquisition of own shares held in trust	—	—	—	(1,106)	—	—	(1,106)
Utilisation of own shares held in trust	—	—	—	691	—	—	691
Share buyback	(2,620)	—	2,620	—	27,264	(27,264)	—
Share-based payments	—	—	—	—	—	972	972
Dividends	—	—	—	—	—	(35,040)	(35,040)
At 31 March 2023	**70,573**	**46,236**	**2,901**	**(1,509)**	**(50,535)**	**306,349**	**374,015**

Consolidated statement of cash flows

For the year ended 31 March 2023

£'000	Note	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Cash flows from operating activities			
Cash generated from operations	15	76,584	171,128
Interest income		13,950	1,742
Finance costs		(2,315)	(2,138)
Tax paid		(17,060)	(14,651)
Net cash generated from operating activities		**71,159**	**156,081**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,091)	(3,500)
Investment in intangible assets		(21,130)	(12,313)
Purchase of financial investments		(17,345)	(28,337)
Proceeds from maturity of financial investments		14,415	27,511
Outflow on net investment hedges		(8)	(998)
Net cash used in investing activities		**(31,159)**	**(17,637)**
Cash flows from financing activities			
Repayment of borrowings		(1,194)	(10,945)
Proceeds from borrowings		1,000	10,000
Principal elements of lease payments		(5,454)	(4,808)
Acquisition of own shares		(1,106)	(831)
Payments for share buyback		(27,264)	(2,975)
Dividends paid		(35,040)	(72,604)
Net cash used in financing activities		**(69,058)**	**(82,163)**
Net (decrease)/increase in cash and cash equivalents		**(29,058)**	**56,281**
Cash and cash equivalents at the beginning of the year	12	176,578	118,921
Effect of foreign exchange rate changes		(1,302)	1,376
Cash and cash equivalents at the end of the year	**12**	**146,218**	**176,578**

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 2022 and 2023 but is derived from those financial statements. The Annual Report and Financial Statements for the year ended 31 March 2022 have been delivered to the Registrar of Companies and those for the year ended 31 March 2023 will be delivered following the Company's Annual General Meeting to be held on 27 July 2023. 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 UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority for the periods presented, 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. The financial statements presented are at and for the years ending 31 March 2023 and 31 March 2022. Financial annual years are referred to as 2023, and 2022 in the financial statements.

The financial information for the year ended 31 March 2022 has been restated. See note 33 of the Group Financial Statements contained in the 2023 Annual Report and Financial Statements for more detail.

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 areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the Consolidated Financial Statements are:

Contingent liabilities

Judgement has been applied in evaluating the accounting treatment of the specific matters described in note 35 of the 2023 Annual Report and Financial Statements (Contingent Liabilities), notably the probability of any obligation or future payments arising.

Accounting for cryptocurrencies

The Group has recognised £1,984,000 (31 March 2022: £13,443,000) of cryptocurrency assets and rights to cryptocurrency assets on its Statement of Financial Position as at 31 March 2023. These assets are used for hedging purposes and held for sale in the ordinary course of business. A judgement has been made to apply the measurement principles of IFRS 13 "Fair Value Measurement" in accounting for these assets. The assets are presented as 'other assets' on the Consolidated Statement of Financial Position. Please refer to Note 2 of the 2023 Annual Report and Financial Statements for other assets accounting policy.

Intangible assets

The Group has recognised £13,550,000 (31 March 2022: £14,237,000) of customer relationship intangible on its Statement of Financial Position as at 31 March 2023 relating to the transaction with Australia and New Zealand Banking Group Limited ("ANZ'') to transition its portfolio of Share Investing clients to CMC for AUD$25 million. A judgement has been made to apply the recognition and measurement principles of IAS 38 "Intangibles" in accounting for these assets.

Key financial estimates

The Group has recognised £11,316,000 (31 March 2022: £7,965,000) of internally generated software in intangible assets on its Statement of Financial Position as at 31 March 2023, of which £5,016,000 (31 March 2022: £6,054,000) relates to the development of CMC Invest UK trading platform. In performing the annual impairment assessment, which concluded that no impairment was required, it was determined that the recoverable amount of the asset is a source of estimation uncertainty which is sensitive to the estimated future revenues from the CMC Invest UK business. We found the recoverable amount of the intangible asset to have been based on reasonable, supportable assumptions. B2B revenue, discount rates, useful economic life, cost per trading customer acquisition, customer retention rates and average portfolio sizes represent significant sources of estimation uncertainty. Relevant disclosure is included in note 12 of the 2023 Annual Report and Financial Statements.

2. Segmental reporting

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

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

These segments are in line with the management information received by the chief operating decision maker ("CODM"). Revenues and segment operating expenses are allocated to the segments that originated the transaction.

Operating expenses in the central segment relate to costs that are not directly related to activities in one region or are not controlled by regional management. These centrally generated costs are allocated to segments on an equitable basis, mainly based on revenue, headcount or active client levels, or where central costs are directly attributed to specific segments. An impairment of £432,000 relating to internally generated computer software assets was recognised in trading segment in UK and Ireland during the period.

Year ended 31 March 2023 £ '000	Trading				Investing		
	UK & IE	Europe	APAC & Canada	Trading total	Australia	Central	Total
Revenue	98,579	50,620	106,329	255,528	55,682	—	311,210
Net interest income	3,762	239	3,390	7,391	6,536	—	13,927
Total revenue	**102,341**	**50,859**	**109,719**	**262,919**	**62,218**	—	**325,137**
Introducing partner commissions and betting levies	(7,398)	(353)	(11,209)	(18,960)	(17,754)	—	(36,714)
Net operating income	**94,943**	**50,506**	**98,510**	**243,959**	**44,464**	—	**288,423**
Segment operating expenses	(28,147)	(7,405)	(26,459)	(62,011)	(14,282)	(157,652)	(233,945)
Segment contribution	**66,796**	**43,101**	**72,051**	**181,948**	**30,182**	**(157,652)**	**54,478**
Allocation of central operating expenses	(48,075)	(32,649)	(45,861)	(126,585)	(31,067)	157,652	—
Operating profit	**18,721**	**10,452**	**26,190**	**55,363**	**(885)**	—	**54,478**
Finance costs	(566)	(331)	(199)	(1,096)	(179)	(1,040)	(2,315)
Allocation of central finance costs	(513)	(163)	(364)	(1,040)	—	1,040	—
Profit before taxation	**17,642**	**9,958**	**25,627**	**53,227**	**(1,064)**	—	**52,163**

Year ended 31 March 2022 (Restated) £ '000	Trading				Investing		
	UK & IE	Europe	APAC & Canada	Trading total	Australia	Central	Total
Revenue	87,168	45,312	118,911	251,391	74,418	—	325,809
Net interest income	(413)	—	335	(78)	912	—	834
Total revenue	**86,755**	**45,312**	**119,246**	**251,313**	**75,330**	—	**326,643**
Introducing partner commissions and betting levies	(6,277)	(1,517)	(10,527)	(18,321)	(26,372)	—	(44,693)
Net operating income	**80,478**	**43,795**	**108,719**	**232,992**	**48,958**	—	**281,950**
Segment operating expenses	(19,421)	(6,480)	(22,755)	(48,656)	(10,422)	(129,213)	(188,291)
Segment contribution	**61,057**	**37,315**	**85,964**	**184,336**	**38,536**	**(129,213)**	**93,659**
Allocation of central operating expenses	(35,527)	(30,597)	(40,689)	(106,813)	(22,400)	129,213	—
Operating profit	**25,530**	**6,718**	**45,275**	**77,523**	**16,136**	—	**93,659**
Finance costs	(419)	(290)	(195)	(904)	(168)	(1,092)	(2,164)
Allocation of central finance costs	(474)	(207)	(411)	(1,092)	—	1,092	—
Profit before taxation	**24,637**	**6,221**	**44,669**	**75,527**	**15,968**	—	**91,495**

The measurement of net operating income for segmental analysis is consistent with that in the income statement and is broken down by geographic location and business line below.

	Year ended 31 March 2023 £ '000			Year ended 31 March 2022 £ '000		
£ '000	Trading	Investing	Total	Trading	Investing	Total
UK	94,943	—	94,943	80,478	—	80,478
Australia	46,850	44,464	91,314	49,020	48,958	97,978
Other countries	102,166	—	102,166	103,494	—	103,494
Total net operating income	**243,959**	**44,464**	**288,423**	**232,992**	**48,958**	**281,950**

The Group uses "segment contribution" to assess the financial performance of each segment. Segment contribution comprises operating profit for the year before finance costs and taxation and an allocation of central operating expenses.

The measurement of segment assets for segmental analysis is consistent with that in the balance sheet. The total of non-current assets other than deferred tax assets, broken down by location and business line of the assets, is shown below.

£ '000	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
UK	30,996	39,397
Australia	25,348	26,254
Other countries	4,469	3,092
Total non-current assets	**60,813**	**68,743**

3. Total revenue

Revenue

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Trading	252,012	247,987
Investing	55,687	74,326
Other	3,511	3,496
Total	**311,210**	**325,809**

Net interest income

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Bank and broker interest	13,482	825
Interest on financial investments	440	9
Other interest income	5	—
Total	**13,927**	**834**

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

4. Operating expenses

£'000	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Net staff costs	101,560	84,862
IT costs	33,723	28,721
Sales and marketing	38,304	27,363
Premises	5,706	4,510
Legal and professional fees	8,605	8,568
Regulatory fees	9,436	5,576
Depreciation and amortisation	15,637	12,388
Bank charges	7,362	7,642
Irrecoverable sales tax	2,972	2,789
Other	10,810	6,344
	234,115	**188,763**
Capitalised internal software development costs	(170)	(472)
Operating expenses	**233,945**	**188,291**

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

5. Taxation

£'000	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Analysis of charge for the year:		
Current tax:		
Current tax on profit for the year	9,873	18,521
Adjustments in respect of previous years	(991)	(465)
Total current tax	**8,882**	**18,056**
Deferred tax:		
Origination and reversal of temporary differences	1,180	1,698
Adjustments in respect of previous years	200	409
Impact of change in tax rate	462	(147)
Total deferred tax	**1,842**	**1,960**
Total tax	**10,724**	**20,016**

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 20.56% (year ended 31 March 2022: 21.86%) differs from the standard rate of UK corporation tax of 19% (year ended 31 March 2022: 19%). The differences are explained below:

£'000	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Profit before taxation	**52,163**	**91,495**
Profit multiplied by the standard rate of corp. tax in the UK of 19% (31 March 2022: 19%)	9,911	17,384
Adjustment in respect of foreign tax rates	1,205	2,500
Adjustments in respect of previous years	(791)	(56)
Impact of change in tax rate	462	(147)
Expenses not deductible for tax purposes	49	291
Income not subject to tax	—	(62)
Recognition of previously unrecognised tax losses	(132)	—
Tax losses for which no deferred tax asset recognised	173	(43)
Other differences	(153)	149
Total tax	**10,724**	**20,016**

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Tax on items recognised directly in Equity		
Tax credit on share-based payments	—	553

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 vesting of all dilutive potential weighted average Ordinary Shares and that vesting is satisfied by the issue of new Ordinary Shares.

£'000	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
Earnings attributable to Ordinary Shareholders (£ '000)	**41,439**	**71,479**
Weighted average number of shares used in the calculation of basic EPS ('000)	282,295	290,815
Dilutive effect of share options ('000)	1,598	1,022
Weighted average number of shares used in the calculation of diluted EPS ('000)	**283,893**	**291,837**
Basic EPS (p)	**14.7**	**24.6**
Diluted EPS (p)	14.6	24.5

For the year ended 31 March 2023, 1,598,000 (year ended 31 March 2022: 1,022,000) potentially dilutive weighted average Ordinary Shares in respect of share awards in issue were included in the calculation of diluted EPS.

7. Dividends

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Declared and paid in each year		
Final dividend for 2022 at 8.88 per share (2021: 21.43p)	25,250	62,410
Interim dividend for 2023 at 3.50p per share (2022: 3.50p)	9,790	10,194
Total	**35,040**	**72,604**

The final dividend for 2023 of 3.90 pence per share, amounting to £10,913,000 was proposed by the Board on 12 June 2023 and has not been included as a liability at 31 March 2023. The dividend will be paid on 11 August 2023, following approval at the Company's Annual General Meeting, to those members on the register at the close of business on 14 July 2023. The dividends paid or declared in relation to the financial year are set out below:

pence	Year ended 31 March 2023	Year ended 31 March 2022
Declared per share		
Interim dividend	3.50	3.50
Final dividend	3.90	8.88
Total dividend	**7.40**	**12.38**

8. Intangible assets

£ '000	Goodwill	Computer software	Trademarks and trading licences	Client relationships	Assets under development	Total
At 31 March 2022						
Cost	11,500	132,187	1,052	3,095	23,608	171,442
Accumulated amortisation	(11,500)	(125,612)	(907)	(3,095)	—	(141,114)
Carrying amount at 31 March 2022	**—**	**6,575**	**145**	**—**	**23,608**	**30,328**
Additions	—	291	23	—	11,316	11,630
Transfers	—	12,803	—	14,103	(26,906)	—
Amortisation charge	—	(4,441)	(34)	(768)	—	(5,243)
Impairment	—	(432)	—	—	—	(432)
Foreign currency translation	—	(109)	(2)	(519)	(311)	(941)
Carrying amount at 31 March 2023	**—**	**14,687**	**132**	**12,816**	**7,707**	**35,342**
At 31 March 2023						
Cost	11,500	143,991	1,046	16,495	7,707	180,739
Accumulated amortisation	(11,500)	(129,304)	(914)	(3,679)	—	(145,397)
Carrying amount	**—**	**14,687**	**132**	**12,816**	**7,707**	**35,342**

9. Property, plant and equipment

£ '000	Leasehold improvements	Furniture, fixtures and equipment	Computer hardware	Right-of-use assets	Construction in progress	Total
At 31 March 2021 (As previously reported)						
Cost	19,273	9,656	36,249	19,146	—	84.324
Accumulated amortisation	(14,393)	(8,795)	(27,235)	(7,796)	—	(58,219)
Correction of error	—	—	—	(1,134)	—	(1,134)
Carrying amount at 1 April 2021 (Restated)	**4,880**	**861**	**9,014**	**10,216**	—	**24,971**
Additions	106	198	3,196	4,213	—	7,713
Disposals	3	(6)	(14)	(94)	—	(111)
Depreciation charge	(1,642)	(414)	(3,225)	(4,287)	—	(9,568)
Foreign currency translation	15	3	44	103	—	165
Carrying amount at 31 March 2022 (Restated)	**3,362**	**642**	**9,015**	**10,151**	—	**23,170**
Additions	722	479	5,788	2,872	211	10,072
Disposals	(48)	(13)	(239)	(12)	—	(312)
Depreciation charge	(1,585)	(407)	(3,749)	(4,221)	—	(9,962)
Foreign currency translation	(14)	(4)	(56)	(118)	(5)	(197)
Carrying amount at 31 March 2023	**2,473**	**715**	**10,759**	**8,672**	**152**	**22,771**
At 31 March 2023						
Cost	16,565	9,321	42,420	22,634	152	91,092
Accumulated amortisation	(14,092)	(8,606)	(31,661)	(13,962)	—	(68,321)
Carrying amount	**2,473**	**715**	**10,759**	**8,672**	152	**22,771**

10. Trade and other receivables

£'000	31 March 2023	31 March 2022 (Restated)
Current		
Gross trade receivables	8,721	6,546
Less: loss allowance	(4,247)	(6,219)
Trade receivables	4,474	327
Prepayments	14,985	10,621
Accrued income	2,335	522
Stockbroking debtors	105,103	134,325
Other debtors	3,719	2,413
	130,616	**148,208**
Non-current		
Other debtors	2,666	1,797
Total	**133,282**	**150,005**

Stockbroking debtors represent the amount receivable in respect of equity security transactions executed on behalf of clients with a corresponding balance included within trade and other payables (note 13).

At 31 March 2023 the Group has lease receivables amounting to £384,000 (31 March 2022: £nil). The Group is an intermediate lessor on these leases and has recognised finance income of £5,000 during the year ended 31 March 2023 (year ended 31 March 2022: £nil).

11. Financial investments

£'000	31 March 2023	31 March 2022
UK Government securities:		
At 1 April	27,875	28,037
Purchase of securities	17,345	28,337
Maturity of securities and coupon receipts	(14,878)	(28,428)
Net accrued interest	440	(17)
Changes in the fair value of debt instruments at fair value through other comprehensive income	(210)	(54)
At 31 March	**30,572**	**27,875**
Equity securities		
At 1 April	70	67
Impairment	(34)	—
Foreign currency translation	(2)	3
At 31 March	**34**	**70**
Total	**30,606**	**27,945**
Split as:		
Non-current	34	13,448
Current	30,572	14,497
Total	**30,606**	**27,945**

12. Cash and cash equivalents

£'000	31 March 2023	31 March 2022
Cash and cash equivalents	**146,218**	176,578
Analysed as:		
Cash at bank	**146,218**	176,578

Cash and cash equivalents comprises of cash on hand and short-term deposits. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. This includes money market funds. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the ECL is immaterial for the year ended 31 March 2023 (year ended 31 March 2022: £nil).

13. Trade and other payables

£'000	31 March 2023	31 March 2022 (Restated)
Client payables	49,409	44,133
Tax and social security	1,272	2,242
Stockbroking creditors	98,428	123,875
Accruals and other creditors	33,175	42,376
Total	**182,284**	**212,626**

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

14. Lease liabilities

The Group leases several assets including leasehold properties and computer hardware to meet its operational business requirements. The average lease term is 2.6 years.

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

£'000	31 March 2023	31 March 2022 (Restated)
At 1 April (Restated)	14,251	15,386
Additions / modifications of new leases during the year	3,223	3,510
Interest expense	658	687
Lease payments made during the year	(6,112)	(5,495)
Foreign currency translation	(202)	163
At 31 March	**11,818**	**14,251**

£'000	31 March 2023	31 March 2022 (Restated)
Analysis of lease liabilities		
Non-current	6,228	9,302
Current	5,590	4,949
Total	**11,818**	**14,251**

The lease payments for the year ended 31 March 2023 relating to short-term leases amounted to £402,000 (year ended 31 March 2022: £207,000)

As at 31 March 2023 the potential future undiscounted cash outflows that have not been included in the lease liability due to lack of reasonable certainty the lease extension options might be exercised amounted to £nil (31 March 2022: £nil).

Refer to note 29 of the 2023 Annual Report and Financial Statements for maturity analysis of lease liabilities.

15. Cash generated from operations

£'000	Year ended 31 March 2023	Year ended 31 March 2022
Cash flows from operating activities		
Profit before taxation	52,163	91,495
Adjustments for:		
Interest income	(13,927)	(834)
Finance costs	2,315	2,164
Depreciation	9,962	9,568
Amortisation of intangible assets	5,675	2,820
Research and development tax credit	(651)	(743)
(Profit)/Loss on disposal of property, plant and equipment	(27)	86
Other non-cash movements including exchange rate movements	980	(681)
Share-based payment	1,651	356
Changes in working capital		
Decrease/(Increase) in trade and other receivables and other assets	17,222	(18,492)
Decrease in amounts due from/due to brokers	17,261	57,523
Decrease/(Increase) in other assets	11,459	(13,443)
(Decrease)/Increase in trade and other payables	(20,792)	44,828
Increase in net derivative financial instruments liabilities	(7,167)	(1,705)
Increase/(Decrease) in provisions	460	(1,814)
Cash generated from operations	**76,584**	**171,128**